

20 July 2018

Committee Secretary
Senate Legal and Constitutional Affairs Committee
PO Box 6100
Parliament House
Canberra ACT 2600

By email: legcon.sen@aph.gov.au

Dear Sir,

Inquiry into the Modern Slavery Bill 2018

Governance Institute of Australia (Governance Institute) is the only independent professional association with a sole focus on whole-of-organisation governance. Our education, support and networking opportunities for directors, company secretaries, governance professionals and risk managers are unrivalled.

Our members have primary responsibility for developing and implementing governance and risk frameworks in public listed, unlisted and private companies. They are frequently those with the primary responsibility for dealing and communicating with regulators such as the Australian Securities and Investments Commission (ASIC) and the Australian Prudential Regulation Authority (APRA). In listed companies, they have primary responsibility for dealing with the Australian Securities Exchange (ASX) and interpreting and implementing the Listing Rules. Our members have a thorough working knowledge of the *Corporations Act 2001* (the Corporations Act). Our members also play an important role in the external reporting by public listed, unlisted and private companies. We have drawn on their experience in our submission.

Governance Institute welcomes the opportunity to provide comments to the Committee on the Modern Slavery Bill 2018 (Bill). We participated in consultations carried out by the Attorney General's Department in preparation for the Bill and provided a submission on the proposed reporting requirement.

Our members particularly welcome the following aspects of the Bill:

- The demonstration of leadership to business and civil society through the extension of the reporting requirement to Commonwealth non-corporate entities, companies and corporations
- The \$100 million consolidated revenue threshold for reporting
- The absence of penalties from the Bill which accords with international best practice and which we consider will encourage a 'race to the top' by business
- Entities ability to opt-in to the reporting requirement
- The flexibility allowing entities to report within 6 months after the end of their reporting period which allows for entities with varying year ends, and
- The incorporation of a review after 3 years.

Our members note that the NSW Parliament has recently passed the Modern Slavery Act 2018 (NSW). There are several major points of difference between this Act and the Bill and it is likely that the NSW Act will increase the regulatory burden on entities incorporated in, or operating in NSW. This is because there will be entities that not required to report in relation to the Commonwealth Act but required to report in relation to the NSW Act, given that the lower threshold for reporting in the NSW Act.

Governance Institute encourages state and Commonwealth governments to explore ways of reducing this burden. It would be unfortunate if more states introduced separate legislation so that entities would be in a position where they were meeting the requirements of multiple regulatory schemes in relation to modern slavery reporting.

We note from paragraph 126 of the Explanatory Memorandum to the Bill that the Government intends to issue formal administrative guidance to the Bill and Governance Institute would be happy to take part in consultation about development of this guidance. We would also welcome the opportunity to be involved in further deliberations.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Steven Burrell', with a stylized flourish at the end.

Steven Burrell
Chief Executive Officer