

Aussie businesses not ready to tackle modern slavery

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Credit: UniSA

New research from the University of South Australia finds that Australian businesses are ill-prepared for mandatory modern slavery reporting, with more than two-thirds of ASX 100 companies unable to produce a disclosure statement about potentially exploitative labour practices.

It is a concerning finding given that initial reporting periods have already commenced requiring Australian businesses to deliver their first [modern slavery](#) statements by 31 December 2020.

UniSA researchers Dr. Katherine Christ and Dr. Kathy Rao say that in order to meet the requirements of Australia's Modern Slavery Act, businesses must significantly ramp up their efforts to ensure they have the systems and procedures ready to report on modern [slavery](#).

"Under federal legislation, businesses with turnovers of more than \$100 million must declare what they're doing to eradicate slavery in their operations and supply chains, yet evidence shows the majority of Australian businesses are underprepared," Dr. Katherine Christ says.

"While a third of Australian businesses sampled in

this research were able to produce a modern slavery statement, the volume and quality of their [disclosures](#) was low—typically narrative and descriptive of policy—plus there were many inconsistencies of where and how it was reported.

"The general nature of these disclosures just isn't enough. For Australian businesses to appropriately report on modern slavery, they must be able to produce systematic quantitative data with associated targets and finances."

Modern slavery is the illegal and inappropriate [labour](#) practices that include human trafficking, forced labour, child labour, organ trafficking, sex exploitation, debt bondage and other slavery-like practices. Driven by [consumer demand](#) for cheap goods it is embedded within many of the products used by Australians every day, including 73 per cent of imported computers, mobile phones and laptops (representing an estimated US\$7.0 billion) and 70 per cent of imported clothing and accessories (representing an estimated US\$4.5 billion).

Globally, more than 40 million people are trapped in modern slavery with nearly 25 million of these forced into slave labour. In Australia, 15,000 people are victims of modern slavery.

This research is the first to consider the state of modern slavery disclosures within an Australian context, providing a useful benchmark against which the impact of Australia's Modern Slavery Act can be measured.

Dr. Kathy Rao says that eradicating modern slavery requires commitment across all levels of Australian business.

"Modern slavery is a far-reaching and devastating issue, but the responsibility to eliminate it does not sit with business alone," Dr. Rao says.

"While all businesses have a responsibility to mitigate the risks of modern slavery, addressing modern slavery requires a joint and ongoing commitment from all parties including governments, [business](#) leaders and boards, suppliers, contractors, NGOs, researchers, professional bodies and the general public.

"Only through a committed process of ongoing and continuous improvement will we be able to ensure modern slavery is truly a thing of the past."

More information: Katherine Leanne Christ et al, Accounting for modern slavery: an analysis of Australian listed company disclosures, *Accounting, Auditing & Accountability Journal* (2019). [DOI: 10.1108/AAAJ-11-2017-3242](#)

Provided by University of South Australia

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