

2 October 2019

Southern Sydney Regional Organization of Council (SSROC) Submission 1 to the Legislative Council Standing Committee on Social Issues. Inquiry into NSW *Modern Slavery Act 2018* and associated Matters

NSW Modern Slavery Act 2018 for Local Government

1. SUPPLY CHAIN IN LOCAL GOVERNMENT

Local Councils approach in their Supply chain processes in general, is governed by the Section 55 the Local Government Act 1993 its (General) Regulation 2005, regulations 163 to 179. In addition, Local Councils in assessing potential suppliers/contractors also include mandatory compliance to Work Health and Safety Act 2011, Fair Work Act 2009 and strives to achieve/meet the Sustainable Procurement triple bottom line principles of economic, environmental and social benefits using the Sustainable Procurement Guideline ISO 20400:2017.

NSW 128 council's collective spend is more than \$11 billion per annum (Lgnsw.org.au, 2019) across various categories of goods and services, this volume cannot be ignored. Local councils are at the end of the supply chain, "the consumers" they are purchasing goods and services from high risk industries such as clothing, construction, cleaning, temporary staff and security companies.

Inconsistently, councils in their procurement processes without a legislation to mandate consideration and inclusion of the NSW Modern Slavery Act 2018 principles is becoming more aware/conscious and risk averse of their obligation to do the right thing though it differs from council to council.

2. BENEFITS OF NSW MODERN SLAVERY ACT 2018 TO LOCAL COUNCILS

It will be beneficial to have a legislation for councils to become:

- more consistent in their approach/processes specially in suppliers risk assessments,
- inclusion of Modern Slavery Act legislative reporting will enhance their process and will make its procurement evaluations more meaningful and purposeful.
- It could eliminate the few remaining 'cheapest price is best' mentality that could drive suppliers to cut corners in order to gain their business.
- Transparency in the procurement process will increase

- A body or agency to facilitate compliance, monitor and maintain a register of approved or compliant suppliers to Modern Slavery Act will be seen as a huge advantage.

3. POTENTIAL DISADVANTAGES OF THE LEGISLATION

The process involved in the Act requires the cooperation of suppliers to become more transparent.

- Local councils do not want to use the legislation as a tool to name and shame suppliers
- Transparency goes with traceability; will the suppliers be able to obtain this from their manufacturers?
- Procurement managers cannot do this alone, in order to manage supplier relationships a collaborative approach is preferred rather than authoritative.
- Local councils to develop their own processes that will confuse suppliers who services not only local government
- Increases red tape

4. >\$50M REVENUE REPORTING

The Act requires legislative reporting for those with a total revenue of \$50M and above. To be consistent with the definition of NSW government agencies under the Act, all local councils should be included to report under the legislation. To promote consistency and to ensure that all councils practices are adhering to the act. Afterall, this is about managing risks and risks is not to be measured by the size of the council operations.

5. RECOMMENDED ACTIONS TO SUIT LOCAL GOVERNMENT

- In addressing the clarification relating to supply chain reporting obligations under the act, SSROC agrees with the recommendation put forward by the Local Government Procurement submission.
- A more detailed guidelines incorporating specific Modern Slavery risk criteria in the councils supply chain processes be added to the Local Government Act 1993 (General)2005 Regulation.
- By including specific Modern Slavery risk criteria or conformance mandatory criteria in the regulation, it will be included in the councils request for tender's documentation as well.
- The commissioner's office to create and publish a set of tools and maps to be used by all industries, government agency or not to assist both procurement managers and suppliers. Local councils shall conform with the norm and not to be allowed to create their own. This is aimed to reduce supplier's workload, to avoid confusion and to gain cooperation.

Reference list:

Lgnsw.org.au. (2019). [online] Available at: <https://www.lgnsw.org.au/files/imce-uploads/90/LGNSW-Budget-Submission-2018-19-June-2018.pdf> [Accessed 2 Oct. 2019].

i.