

REGULATION IMPACT STATEMENT

Modern Slavery Reporting Requirement

Prepared by the Department of Home Affairs

EXECUTIVE SUMMARY

This Regulation Impact Statement (RIS) assesses options to address modern slavery risks in the operations and supply chains of Australian businesses and other entities. This RIS identifies the problem to be solved, outlines the possible policy options considered and assesses the costs and benefits of each option. This RIS also includes an overview of the proposed Commonwealth Modern Slavery Business Engagement Unit, including its purpose, functions, and details of how it will work with the business community.

This RIS has been prepared by the Department of Home Affairs in accordance with the *Australian Government Guide to Regulation* and guidance notes issued by the Office of Best Practice Regulation.

What is the problem that is being addressed?

Modern slavery practices are serious crimes and grave abuses of human rights. Modern slavery can occur in a variety of industries and recent United Nations (UN) estimates suggest that there are 40 million modern slavery victims globally. The nature and extent of modern slavery means there is high risk that Australian businesses' operations and supply chains may be tainted by serious exploitation. This poses significant legal and reputational risks for the Australian business community.

Why is Government action required?

The Australian Government is committed to combating modern slavery practices and has implemented a strong strategy to combat these crimes.

However, the Government's strategy does not directly target modern slavery in business operations and supply chains or support the business community to take action to combat modern slavery. This makes it difficult for the Australian business community to assess, disclose and respond to modern slavery risks and contributes to a lack of public awareness.

What policy options are being considered?

The Government's primary objective for reform is to equip and enable the business community to respond effectively to modern slavery and develop and maintain responsible and transparent supply chains. This RIS considers the following three possible options for Government action:

- 1) *Continue with a 'business as usual' response:* This option would not meet the Government's objective for reform, is unlikely to result in changes to business behaviour and is inconsistent with business support for regulatory action.
- 2) *Take non-regulatory action, including awareness-raising, developing guidance materials and supporting voluntary business-led measures:* This option may lead to limited behaviour change from business and would not have any regulatory compliance costs. Any measures introduced as part of this option may duplicate existing non-government initiatives and would likely have limited uptake – primarily

from businesses already acting to address modern slavery risks. This option is also inconsistent with business support for regulatory action.

- 3) *Take targeted regulatory action through introducing a Modern Slavery Reporting Requirement*: This option would address the Government's primary objective for reform and has the highest overall net benefit. This option would provide certainty and consistency for the business community, create a level playing field for large businesses in the Australian market, and facilitate a 'race to the top' amongst businesses competing for market funding and reputational reward. This option would have an average annual regulatory impact on the business community of approximately \$65.85 million (\$21,950 per reporting entity).

The Government also proposes to establish a new Modern Slavery Business Engagement Unit in the Department of Home Affairs to ensure business is appropriately supported to address modern slavery risks in their supply chains.

Who was consulted?

The Government has conducted an accessible and transparent consultation process to seek the views of business and civil society. The consultation process was structured to focus on key stakeholders, including businesses that would be impacted by proposed regulation. Opportunities were also provided for a broad range of stakeholders to provide their views to Government, including private individuals.

To ensure full public consultation, Government conducted a two-phase consultation process. The first phase of consultations involved a series of 12 stakeholder roundtables in Canberra, Melbourne, Sydney and Perth. More than 130 representatives from business and civil society attended these roundtables. The second phase of consultations involved seeking written submissions from interested stakeholders. The Australian Government received 99 written submissions addressing the key areas for feedback set out in the consultation paper. In addition to formal consultations, the Australian Government has held more than 50 direct meetings with interested stakeholders. The Australian Government also held targeted exposure draft consultations on draft legislation with over 40 expert stakeholders between 29-30 May 2018.

What is the best option?

This RIS recommends the Australian Government pursue Option Three by taking targeted regulatory action through introducing a Modern Slavery Reporting Requirement. This option is likely to deliver the greatest benefit, by addressing the Government's primary objective for reform through raising business awareness of modern slavery and providing shareholders and consumers with information about modern slavery risks in entities' operations and supply chains. This option also has strong business and civil society support. This RIS also recommends the Government establish a Modern Slavery Business Engagement Unit in the Home Affairs Portfolio to provide advice and support to business.

SECTION ONE

WHAT IS ‘MODERN SLAVERY’ AND WHY IS GOVERNMENT ACTION NEEDED?

This section of the RIS describes the policy problem the Australian Government is seeking to address. It explains why existing Government action is insufficient and sets out why additional action is required and the Government’s key objectives. This section of the RIS aligns with RIS Questions 1 and 2.

Overview of the problem: Modern slavery in business operations and supply chains

Human trafficking, slavery and slavery-like practices, such as servitude, forced labour and debt bondage, are severe violations of human rights and serious crimes. Collectively, these exploitive practices are often described as ‘modern slavery’. In a globalised economy and increasingly interconnected world, there is a high risk that Australian businesses’ operations and supply chains may be tainted by modern slavery. This poses significant legal and reputational risks for the Australian business community. Australian businesses must also compete in the global marketplace against other businesses that may be benefiting from modern slavery. This means that it is important for the Australian Government to consider how it can best support and equip the Australian business community to address modern slavery.

Understanding the problem: The extent of modern slavery

Globally, there is no single agreed estimate of the total number of modern slavery victims. Recent UN estimates suggest that there are 40 million modern slavery victims globally. Up to 25 million of these victims are exploited through forced labour.

Modern slavery can occur in any industry and exists in both the formal and informal economies. In contrast to the formal economy, the informal economy describes economic activities that are not directly regulated by governments. For example, the global informal economy can include unregulated manufacturing and service industries, such as construction work and cleaning, as well as home-based workers in industries like textiles and fashion. Key UN estimates suggest the informal economy includes more than half the global labour force and that workers in the informal economy are vulnerable to exploitation and abuse.

The complexity of formal and informal economies means that modern slavery can be present at all stages of the supply chain and in many different settings. For example, entities like corporations, charities and universities may be exposed to modern slavery risks through direct suppliers in the formal economy. These entities may also be indirectly exposed to modern slavery through trusts, investments and extended supply chains that involve informal economic activities. Internationally, key industries of concern include agriculture, construction, electronics, fashion, hospitality and extractives. The U.S. Government has identified 139 goods from 75 countries that it believes are produced through child or forced labour, including bricks, cotton, footwear, gold and garments.

No country is immune from modern slavery, including Australia. The Australian Government established its current comprehensive response to modern slavery in 2004. Since 2004, the Australian Government has identified more than 350 suspected victims of modern slavery.

During this period, the Australian Government has prosecuted more than 55 individuals for human trafficking, slavery or slavery-like offences under the Commonwealth Criminal Code and has recorded 21 convictions. Victims of modern slavery in Australia have been identified in a range of industries, including domestic service, hospitality, construction and sex work. Modern slavery is often underreported and not all cases of modern slavery in Australia may be identified.

Understanding the problem: How does modern slavery impact the Australian business community?

Large businesses and other entities operating in Australia may be exposed to modern slavery risks through their operations and supply chains. Modern slavery risks can be particularly significant in high-risk industries with complex or changeable multi-national supply chains that make it difficult to monitor supplier practices. Industries with high proportions of migrant workers or where operations are based in countries with weak regulatory environments may also be vulnerable to modern slavery. Modern slavery can also occur in domestic operations and supply chains in Australia, including through contracted labour or service providers. A 2015 study by the Ashridge Centre for Business and Sustainability at Hult International Business School and the Ethical Trading Initiative found 71 per cent of companies believe there is a likelihood of modern slavery occurring at some point within their supply chains. Both small and large businesses can be exposed to modern slavery risks. However, the size and complexity of large entities' operations can increase their possible vulnerability. Other types of entities such as universities and hospitals that have large supply chains or significant investments may also be exposed to modern slavery risks.

Modern slavery can impact the Australian business community in a number of ways. It is not possible to quantify the full impact of modern slavery on business due to the hidden nature of modern slavery crimes. However, it is clear that taking no action to address modern slavery would leave the Australian business community exposed to the following legal and reputational risks.

Modern slavery practices such as forced labour are serious crimes. As a result, businesses involved in modern slavery may face significant legal penalties, including criminal and civil sanctions. For example, a number of civil suits have been brought against businesses in the United States (US) in relation to exploitive supplier practices. Modern slavery can also occur in conjunction with other harmful and illegal practices, such as corruption.

In addition, the presence of modern slavery in business operations or supply chains poses substantial reputational risks for businesses and may impact shareholder and investor confidence. These risks have been highlighted by the United Kingdom (UK) Independent Anti-Slavery Commissioner. Modern slavery can also undermine the competitiveness of Australian businesses where competitors benefit from modern slavery, including through lower production costs. Taken together, these risks may result in negative financial impacts for businesses, including financial losses due to changes to share pricing and increased lending rates from financiers. In some cases, these impacts may affect the viability of the business. The UK Government, in its official statutory guidance for reporting entities, has emphasised that business action to address modern slavery can help to mitigate these risks, by improving investor confidence and enhancing businesses' brand and reputation.

Government's response to the problem: What measures are in place to address modern slavery and why is additional action needed?

The Australian Government is committed to combating modern slavery. Australia's comprehensive strategy to combat modern slavery was established in 2004 and is led by the Commonwealth Department of Home Affairs. Key elements of Australia's response include specialist police investigative teams, strong criminal offences, a dedicated victim support program and partnerships with the community. Australia's strategy to combat modern slavery is one of the strongest in the world. For example, the US Government's annual *Trafficking in Persons Report* has consistently ranked Australia as a Tier One country since 2004. This means Australia is fully consistent with US minimum standards for the elimination of human trafficking. The measures in Australia's strategy are also subject to continual review and improvement by the Government.

Although Australia's strategy to combat modern slavery is strong and effective, it is primarily focused on identifying and supporting victims and deterring and prosecuting offenders. This means the strategy does not directly target modern slavery in business operations and supply chains or support the business community to take action to combat modern slavery. This is particularly the case where exploitation occurs offshore. For example, the Australian Government does not currently provide detailed guidance or awareness-raising materials about modern slavery specific to the business community. Nor is there a Government-sponsored mechanism to enable the business community to inform consumers, investors and other bodies about their efforts to address modern slavery. While there are some targeted initiatives at the state and territory level, such as the [New South Wales Ethical Clothing Trades Extended Responsibility Scheme](#), these initiatives are generally limited to specific industries and locations.

This makes it difficult for the Australian business community to assess, disclose and respond to modern slavery risks and contributes to a lack of public awareness. A 2015 [report](#) by the Australian Human Rights Commission found that despite a clear 'aspiration and commitment to address human rights impacts in their supply chains, many businesses lack clear strategies and processes to trace, monitor and address such risks.' [Baptist World Aid's annual Ethical Fashion Report](#) and [Electronic Industry Trends Report](#) also indicates that many fashion and electronics companies operating in Australia can do more to prevent exploitation. Since 2013, a number of major businesses operating in Australia have been criticised over allegations of exploitive conduct in their supply chains. Other businesses have independently acknowledged the presence of modern slavery in their supply chains and have taken remedial action.

What is the basis for Government to intervene?

Not every problem can be solved by the Government. However, there is a strong basis for the Australian Government to take action to address modern slavery in business operations and supply chains.

The Australian Government has a responsibility to ensure Australia's response to modern slavery is as strong as possible. Australia's international legal obligations require Australia to respond effectively to human trafficking, slavery and slavery-like practices. Under Sustainable Development Goal 8.7, Australia has committed to take immediate and effective measures to end modern slavery by 2030. Importantly, under international law, the Australian Government is also obliged to take necessary steps, including through the

adoption of laws, policy and other appropriate measures, to prevent and combat human trafficking and slavery (including slavery-like practices) and ensure an effective remedy for victims. Such necessary steps may include regulating non-state actors under its jurisdiction, including businesses. Government intervention is consistent with the UN Guiding Principles on Business and Human Rights (UN Guiding Principles), which require companies to respond to human rights impacts that are ‘directly linked to their operations, products or services.’ The UN Guiding Principles are not legally binding on Australia as a matter of international law. However, Australia supports the UN Guiding Principles and encourages businesses to apply them in their operations.

The Australian Parliament, business community and civil society have expressed clear support for the Australian Government to take action to address modern slavery in business operations and supply chains. The Australian Parliament’s Joint Standing Committee on Foreign Affairs, Defence and Trade recommended in 2013 and 2017 that the Government legislate to improve transparency in supply chains. In 2016, the Australian Government National Roundtable on Human Trafficking and Slavery’s multi-stakeholder Supply Chains Working Group also recommended that Government take this approach. The Australian Government’s consultations with business and civil society have also demonstrated strong support for Government action (see Section Three). Key stakeholders have also made public statements of support for Government action.

Australian Government action in this area is also consistent with international best-practice. Internationally, governments are increasingly working with the business community to combat modern slavery, including by requiring improved supply chain transparency. A number of foreign jurisdictions are already taking targeted regulatory action to strengthen their domestic responses to modern slavery and other human rights abuses in supply chains. These include the United Kingdom, United States, France, the Netherlands and the European Union. The Australian Government is closely monitoring the effectiveness of these initiatives to ensure that any Australian Government action corresponds to international best-practice.

What are the Government’s objectives for reform?

The Australian Government’s primary objective for reform is to equip and enable the business community to respond effectively to modern slavery and develop and maintain responsible and transparent supply chains. The Government can achieve this by:

- improving the business community’s awareness of modern slavery risks, including at senior levels
- creating an environment in which businesses feel ‘safe’ to identify and disclose modern slavery risks by establishing a level playing field in the Australian market for large businesses covered by the reporting requirement. This will mean entities required to comply and smaller entities that opt in are not disadvantaged by disclosing modern slavery risks
- encouraging the business community to identify and address modern slavery risks beyond first tier suppliers (direct suppliers) and through their entire supply chains
- supporting businesses to use their market influence and leverage to work with suppliers to improve workplace standards and practices
- facilitating a ‘race to the top’ by providing reputational incentives for businesses to take action on modern slavery, including the possibility of positive treatment from investors and consumers for entities that take action, and

- improving the information available to consumers and investors about what businesses are doing to combat modern slavery.

Australian Government action on this issue, including the establishment of a Modern Slavery Business Engagement Unit, will support the Australian business community to meaningfully strengthen its response to modern slavery. Without this support, modern slavery risks in business operations and supply chains may not be addressed. As a result, Australian businesses and consumers may continue to be exposed to goods and services tainted by modern slavery.

There are a number of constraints that may impact the Australian Government's ability to achieve these objectives. These constraints include the risk that further Australian Government action may be ineffective or inappropriate due to poor design or implementation. There is also a risk that Australian Government action may cause unforeseen consequences, such as excessive costs for business. The Australian Government has mitigated these risks by engaging in a detailed public consultation process (see Section Three).

SECTION TWO

ASSESSMENT OF POSSIBLE POLICY OPTIONS

This section of the RIS assesses three possible options for Australian Government action and analyses the costs and benefits of each option. This section of the RIS aligns with RIS Questions 3 and 4.

Overview of possible policy options

The three possible options for Australian Government action considered in this RIS are:

Option One

The Government continues with a business as usual response and takes no further action.

Option Two

The Government takes non-regulatory action by developing measures to raise the business community's awareness of modern slavery and provide guidance on ways to identify and address modern slavery risks. The Government could also ask the business community to address this issue through voluntary, business-led measures.

Option Three

The Government takes targeted regulatory action by introducing a Modern Slavery Reporting Requirement and provides supporting guidance to the business community.

Impact analysis of possible policy options

Option One: Business as usual

The *Australian Government Guide to Regulation* requires the Australian Government to analyse a business as usual option as a benchmark.

Benefits	Costs and limitations
<ul style="list-style-type: none">• Allows the business community flexibility to address modern slavery risks.• No new regulatory compliance costs.	<ul style="list-style-type: none">• Does not meet the Government's objectives for reform.• Inconsistent with business support for Government regulatory action.• Does not provide support for business and leaves the business community exposed to modern slavery risks.• Likely domestic and international criticism.• Unlikely to result in widespread changes in business behaviour or increased action to address modern slavery risks.

Possible benefits

A business as usual approach may have very limited benefits in some circumstances. The absence of Australian Government action (particularly regulatory action) could allow members of the business community to address modern slavery risks flexibly and as they see fit. Taking no action would also mean that businesses do not need to respond to new Government regulation and would not incur any compliance costs.

Possible costs and limitations

A business as usual approach would not meet the Australian Government's objectives for reform and could have substantial costs. Maintaining the status quo would mean the Australian Government continues to provide inadequate support to the Australian business community to address modern slavery. This would be inconsistent with business support for Government action on this issue and may negatively impact Australian businesses if modern slavery is subsequently identified in their operations or supply chains. Taking no action would also lead to international and domestic stakeholder criticism. It could disadvantage Australian businesses competing for market share in foreign jurisdictions that have already taken regulatory action on this issue.

Some members of the business community have already taken steps to address modern slavery risks, including utilising non-government ethical certification schemes and updating policies and processes. It is likely some businesses would continue to take steps to address modern slavery in the absence of Australian Government action. However, these actions are generally *ad hoc* and are not widespread or consistent. Business action is also generally confined to sectors and companies that have been targeted by advocacy groups or where businesses can gain market advantage through ethical branding.

Summary of submissions

The Australian Government has not received any written submissions or verbal feedback during consultations in support of taking a business as usual approach.

Option Two – Non-regulatory action

The Australian Government could seek to support the business community to address modern slavery through non-regulatory initiatives. This could involve the Government developing and disseminating awareness-raising and guidance materials to the business community on modern slavery. The Government could also promote and support voluntary business-led measures to address modern slavery, such as codes of conduct and pledges. This option does not involve regulation so would not result in any additional costs to business.

Benefits	Costs and limitations
<ul style="list-style-type: none">• Allows the business community flexibility to address modern slavery risks.• Allows the Government to set out expectations for business behaviour and raise awareness without imposing new regulatory compliance costs.	<ul style="list-style-type: none">• Does not meet the Government's objectives for reform.• Inconsistent with business support for Government regulatory action.• Likely domestic and international criticism.• Success contingent on business engagement.

Benefits	Costs and limitations
<ul style="list-style-type: none"> • Could be targeted to high risk sectors. • May lead to limited behaviour change from business. 	<ul style="list-style-type: none"> • Unable to create a level playing field for business. • May duplicate existing international and business-led initiatives. • Business-led initiatives like certification schemes may still impose costs on business.

Possible benefits

Taking non-regulatory action could have a number of benefits and may assist businesses to respond more effectively to modern slavery risks without imposing additional compliance costs through new regulation.

Non-regulatory action could take a number of forms, including producing guidance and awareness-raising materials. Government guidance and awareness materials would allow the Australian Government to clearly set out its expectations for how the business community should respond to modern slavery risks. This would also ensure the business community has access to materials to help them more effectively address modern slavery risks. This could lead to improved awareness of modern slavery amongst the business community and increase the number of businesses taking action to combat modern slavery. Developing guidance and awareness materials in consultation with business would be likely to improve their effectiveness and uptake.

Voluntary business-led measures may also provide a mechanism for parts of the business community to collectively address modern slavery. This could include codes of conduct, industry certification schemes or other measures. Promoting voluntary action would allow businesses to work collaboratively to design and implement business-led responses. In some cases, it is possible that a business designed and led response may be more effective than Government regulation. Voluntary actions could also be focused on sectors with the highest modern slavery risks. This would mean businesses in low risk sectors would not be required to take action that may be unnecessary.

Possible costs and limitations

The effectiveness of non-regulatory Government action is limited by a number of factors. In particular, the success of voluntary, non-regulatory measures is contingent on business engagement. This means the most likely businesses to adopt voluntary mechanisms or utilise guidance material are those already acting to increase transparency and address the risk of exploitation within their supply chains. Voluntary initiatives may also have limited uptake as competitive tensions may mean some businesses choose not to collaborate with others. Businesses may also opt not to take voluntary action because this may expose them to more scrutiny from media and civil society than businesses that take no or little action. As a result, the Australian Government would not be able to use non-regulatory action to create a level playing field for business. The reliance of non-regulatory action on business engagement also means any non-regulatory initiatives would be unlikely to substantially increase information available to consumers and investors.

Another disadvantage of non-regulatory action is that any Australian Government initiatives are likely to duplicate existing initiatives. Importantly, international bodies, business groups and civil society already produce a range of guidance and awareness-raising materials for the business community. Additional Government guidance may not add value to this existing information if it is not tied to a regulatory framework. There are also a range of existing business-led initiatives to address modern slavery across various industries, including cocoa and palm oil. It is unlikely the Australian Government would be able to improve on these existing initiatives through non-regulatory measures.

Summary of submissions

The Australian Government has received very limited feedback in support of non-regulatory action. Over 90% of written submissions support the Australian Government taking regulatory action.

Option Three: Targeted regulation through a Modern Slavery Reporting Requirement

The third option available to the Australian Government is to take targeted regulatory action by introducing a Modern Slavery Reporting Requirement, tailored to the Australian context. This would require entities operating in Australia with total annual revenues over a set threshold to report annually on their efforts to address modern slavery in their operations and supply chains. An outline of the key features of the Australian Government’s proposed model reporting requirement is set out at **Appendix A**.

Benefits	Costs and limitations
<ul style="list-style-type: none"> • Addresses the Australian Government’s objectives for reform. • Will reduce modern slavery risks in Australian goods and services. • Provides certainty for businesses by setting clear standards for action and creating a level playing field in the Australian market for businesses covered by the reporting requirement. • Will facilitate a ‘race to the top’ amongst business. • Aligns with business expectations for Government action. • Consistent with Australian Government regulatory action on gender and illegal logging. • Will prompt flow on change down supply chains. 	<ul style="list-style-type: none"> • Will impose a regulatory cost on business and other entities (estimated at \$65.85 million or \$21,950 per reporting entity annually). • Will require action from large businesses that meet the threshold.

Possible benefits

Targeted regulation through introducing a Modern Slavery Reporting Requirement would address the Australian Government’s primary objective for reform. The primary objective is

to equip and enable the business community, led by large business, to respond effectively to modern slavery, and develop and maintain responsible and transparent supply chains. This form of regulation will also send a clear message to the business community that the Australian Government will work with businesses to address modern slavery and will not tolerate Australian businesses benefiting from modern slavery in their operations and supply chains.

This type of regulation would have a number of key benefits. Importantly, a reporting requirement would provide certainty and consistency for the business community because it would set clear standards that apply to all entities above the set revenue threshold. This will create a level playing field in the Australian market for large businesses covered by the reporting requirement and smaller businesses that opt in to reporting by ensuring that they are not disadvantaged by taking action to disclose and address modern slavery risks. It will also contribute to the creation of an emerging international level playing field by complementing existing disclosure legislation in jurisdictions like the UK and California. Importantly, Government's consultations indicate that the current absence of a requirement for all large business to report means that businesses that publicly disclose modern slavery risks are likely to face increased scrutiny from investors and civil society. This means competitors may gain a market advantage by not disclosing modern slavery risks.

The reporting requirement will also facilitate a 'race to the top' amongst businesses competing for market funding and investment and consumer support. For example, investors are increasingly considering human rights issues as part of responsible investment processes. Government's consultations indicate this may mean businesses that provide high quality and comprehensive statements could receive more favourable lending rates and attract more investment because they can show they are addressing potentially costly modern slavery risks. Producing a Modern Slavery Statement may also have a positive impact on consumer purchasing where consumers choose to buy from businesses seen as 'ethical'.

Importantly, the UK Independent Anti-Slavery Commissioner has noted the UK reporting requirement is driving positive change, including significant increases in involvement on modern slavery issues from CEOs and senior executives as well as businesses tracing and mapping supply chains, establishing collaborative partnerships and receiving recognition from civil society award programs. However, the effectiveness of the UK legislation in creating a race to the top may be limited by the absence of a Government-designated central register for statements produced under the reporting requirement and mandatory reporting criteria. This affects the accessibility and quality of statements, which may limit the ability of investors and consumers to identify and support businesses that take a best-practice approach. The Australian reporting requirement will address this issue by including mandatory criteria and a Government-designated, publically available central register to improve the quality and accessibility of statements.

The targeted nature of the reporting requirement means it will only directly impact large business that have the market leverage and influence to foster change in their supply chains. This means it will only impact those businesses best prepared to comply with the reporting obligation and that this regulation is unlikely to restrict competition or entry to markets for new businesses. Modern slavery risks are not necessarily confined only to large businesses and importantly, the reporting requirement will include an 'opt in' provision to allow smaller entities below the set revenue threshold to provide statements on a voluntary basis. This will ensure small and medium businesses are able to benefit from the reporting requirement if

participation provides them with material benefits. For example, a small business may wish to voluntarily comply with the reporting requirement as a way to heighten its reputation and promote its products and services.

Introducing new regulation through a reporting requirement accords with business and community expectations that the Government will lead on this issue. Implementing targeted regulation is also consistent with the Australian Government's response to other supply chain-related or social issues, including illegal logging and gender equality. The Commonwealth *Illegal Logging Prohibition Act 2012* requires importers to implement risk management systems to address the risk of illegally harvested wood being used in imported products. More broadly, the Commonwealth *Workplace Gender Equality Act 2012* requires certain non-public sector entities to submit annual reports to the Workplace Gender Equality Agency under a range of gender equality indicators. The Department of Home Affairs has consulted with the agencies responsible for both these measures to identify 'lessons learned' and key feedback.

Possible costs and limitations

Targeted regulation through a reporting requirement has a number of costs and limitations. These need to be weighed carefully against the benefits of regulation identified above. Due to its targeted nature, the reporting requirement will only require action from large business and other large reporting entities. Small and medium businesses will not be directly covered by the regulation which means these entities may not take effective action to address modern slavery risks that may be present in their operations and supply chains. However, large businesses covered by the reporting requirement are likely to take steps to improve responses to modern slavery throughout their supply chains, including by working with small and medium suppliers. The Government recognises this may result in increased costs for suppliers. The Government will work with reporting entities in key industries to encourage them to engage with suppliers in a constructive and coordinated way to minimise any potential flow on costs.

Another potential cost of the reporting requirement is that its effectiveness may be undermined by low rates of compliance and poor reporting practices from business. This could be due to low business awareness of their obligations or wilful non-compliance. The Government has committed to developing clear mandatory criteria and comprehensive guidance for business to ensure reporting entities are able to understand their obligations. The Government will also work with peak bodies, industry groups and civil society to raise business awareness of the reporting requirement.

A further limitation associated with the proposed reporting requirement may be stakeholder perceptions that it is too strong or not strong enough. This could lead to calls for additional reform which may cause business uncertainty. The Government has taken steps to address this by undertaking extensive consultations to ensure the reporting requirement reflects community expectations. The Government will also review the reporting requirement after three years to assess its effectiveness.

All regulation involves new compliance costs. The reporting requirement will impose quantifiable new costs on large businesses required to comply. It will also impose costs on other large entities that have revenue in excess of the reporting threshold, including universities and charities. The Department of Home Affairs has carefully considered these

costs and has consulted with key business and non-business stakeholders about possible impacts of new regulation.

Assessment of regulatory impact

In contrast to options one and two, the proposed reporting requirement will have a regulatory impact on business. The primary regulatory impact will be on large corporations and other entities required to comply with the reporting requirement. There may also be a secondary, flow-on regulatory impact on smaller entities that have business relationships with larger reporting entities.

The Government estimates the proposed reporting requirement will have an average, annual regulatory cost of \$65.85 million or \$21,950 per reporting entity.

Average annual regulatory costs (from business as usual)				
Change in costs (\$ million)	Business	Community organisations	Individuals	Total change in costs
Total, by sector	\$65.85	\$0	\$0	\$65.85

A detailed outline of the costings is at **Appendix B**. These costings estimate the minimum reasonable cost for reporting entities to comply with the reporting requirement. The costings only relate to actions reporting entities are required to take to comply with the reporting requirement. This means the costings do not cover additional discretionary actions that may be taken by reporting entities.

These costings are an estimate only. For the reasons set out below it is not possible to accurately determine actual compliance costs for individual reporting entities:

- Reporting entities will respond to the reporting requirement in different ways and with varying levels of effort. The way in which an entity responds to the reporting requirement is likely to be determined by a range of variables including: entity type; investor and consumer pressure; reputational risk; financial resources; and the perceived costs and benefits of compliance.
- Reporting entities' compliance costs will not be uniform and will be contingent on a range of variables. These variables include: the entity's existing staff profile; internal expertise; the size and complexity of the entity's operations and supply chains; degree of reliance on external consultancy or legal services; and any existing human rights reporting processes undertaken by the entity. Compliance costs will also vary where reporting entities elect to take additional discretionary actions to improve their compliance, such as implementing new policies and processes.
- Reporting entities' compliance costs will vary year on year. Some entities may incur initial one-off compliance costs, such as implementing new reporting systems and databases. Compliance costs in later years may also be reduced as efficiencies are identified. Other entities may incur additional costs in subsequent years if they decide to increase their efforts to comply with the reporting requirement.

Steps taken to minimise the regulatory impact

The Government is committed to ensuring it considers all possible options to reduce the regulatory impact associated with this option.

One key way the Government can reduce the regulatory impact on business is to design the reporting requirement to provide the greatest possible certainty to business about their obligations and complement existing business reporting cycles. For example, the Government's proposed reporting requirement includes simple definitions of key concepts and terms and four simple mandatory criteria that all reporting entities must address, instead of a series of recommended criteria as in the United Kingdom.

On the basis of feedback received during consultations, the Government will also align the reporting deadline to entities' own financial years, rather than the Australian financial year. This will help to reduce compliance costs for business by ensuring Modern Slavery Statements can be developed and approved as part of entities' broader reporting cycles.

The Government will also develop comprehensive guidance for reporting entities to help reduce compliance costs for business. Consultations and international experience have highlighted the importance of providing practical, clear guidance for business about how to comply with the reporting obligation, including case studies, best practice examples and clear definitions. The Government's guidance will help to mitigate compliance costs by minimising business uncertainty about their obligations and providing business with a simple and practical pathway to implement the reporting requirement. This will also reduce the need for reporting entities to seek external legal advice and guidance.

The Government has also taken steps to reduce the regulatory impact on business by aiming for regulatory consistency across international jurisdictions. This will reduce compliance costs for businesses operating internationally by ensuring they do not have to comply with different requirements in different jurisdictions. The proposed reporting requirement has been designed to ensure the minimum necessary disruption for Australian entities already reporting on modern slavery issues in other jurisdictions, particularly the UK. As at February 2018, at least 21 Australian entities have complied with modern slavery reporting legislation in the UK.

SECTION THREE

OVERVIEW OF PUBLIC CONSULTATION PROCESS AND FINDINGS

This section provides an overview of the Australian Government's public consultation process. This section explains the purpose and objective of the consultation process and provides detail about the Government's consultation strategy. This section also provides a summary of key feedback from consultations, including written submissions. This section of the RIS aligns with RIS Question 5.

What did the consultation process involve?

The Australian Government has conducted an accessible and transparent consultation process to seek the views of business and civil society. The aim of the consultation process was to ensure that any Government action is: simple, sensible and as effective as possible; consistent with community expectations; and does not impose unnecessary regulatory impacts. The consultation process was structured to focus on key stakeholders, including businesses that would be impacted by proposed regulation. Opportunities were also provided for a broad range of stakeholders to provide their views to Government, including private individuals.

The consultation process commenced on 16 August 2017, when the then Minister for Justice, the Hon Michael Keenan MP, announced the Australian Government would hold national consultations on the proposed Modern Slavery Reporting Requirement. The then Minister for Justice also released a Public Consultation Paper and Regulation Impact Statement detailing the Australian Government's proposal, other options for reform and highlighting key areas for feedback. This consultation paper was made available online.

The Commonwealth Attorney-General's Department led the consultation process. On 20 December 2017, responsibility for the Modern Slavery Reporting Requirement transferred to the new Commonwealth Department of Home Affairs. To ensure full public consultation, the Government conducted a two-phase consultation process. The first phase of consultations involved a series of 12 stakeholder roundtables in Canberra, Melbourne, Sydney and Perth. Each roundtable was scheduled for three-and-a-half hours and included discussion of each of the key areas for feedback identified in the consultation paper. More than 130 representatives from business and civil society attended these roundtables. To ensure all relevant stakeholders were represented, the Australian Government worked with key industry and business groups to circulate invitations. The Australian Government also directly approached key stakeholders, including those that had made submissions to the 2017 parliamentary inquiry on modern slavery.

The second phase of consultations involved seeking written submissions from interested stakeholders. The Australian Government received 99 written submissions addressing the key areas for feedback set out in the consultation paper. The deadline for written submissions was set after the consultation roundtables concluded to ensure stakeholders could address matters raised during the roundtables in their submissions.

In addition to formal consultations, the Australian Government held over 50 direct meetings with interested stakeholders. Relevant Ministers and Australian Government representatives

have also spoken about the proposed reporting requirement at civil society and industry events.

The Australian Government also held targeted exposure draft consultations on 29-30 May 2018 with over 40 expert stakeholders. The purpose of these consultations was to test that the proposed legislation was clear and practical for business to implement.

What were the findings from the consultation process?

To ensure the consultation process was as transparent as possible, the Government published a [summary of the consultation roundtables](#) online. The Government also published submissions online in early 2018.¹ The Government is continuing to consider options for further consultation as required. The table below sets out key feedback and findings from the Government’s consultation process.

ISSUE	Roundtables	Written submissions
<i>Should the Government take regulatory action through a reporting requirement?</i>	Almost all business and civil society roundtable attendees supported the Government taking regulatory action. Most attendees supported the proposed reporting requirement but some civil society attendees indicated a preference for stronger regulation that would create a legal requirement for due diligence.	Written submissions demonstrated strong support for regulatory action. Approximately 98% of submissions supported the Government introducing a reporting requirement or stronger due diligence legislation. The majority of these submissions favoured the proposed reporting requirement rather than due diligence measures.
<i>Should the reporting requirement only cover large business?</i>	Business and civil society attendees generally supported the use of a threshold but expressed differing views on where the threshold should be set. Generally, business participants supported an initial threshold of around \$100 million annual revenue. Civil society attendees mostly supported a lower threshold of either \$50-60 million, to align with existing UK legislation, or \$25 million.	The clear majority of business submissions supported the application of the reporting requirement only to large businesses by establishing a threshold of \$100 million or higher. In contrast, most civil society submissions supported a threshold of \$50-60 million to align with existing UK legislation. Some civil society submissions advocated for a threshold of \$25 million.

¹ Copies of submissions received are available online on the [Home Affairs website](#).

<p><i>Would the reporting requirement have excessive or inappropriate regulatory impacts on business and other entities?</i></p>	<p>The majority of business participants did not express concerns about managing the regulatory costs for the proposed reporting requirement. The majority of participants suggested regulatory impacts would likely vary depending on an entity’s structure, industry and readiness to report on modern slavery. Some business participants also highlighted that the regulatory burden may be passed down through supply chains to smaller entities.</p>	<p>The majority of business and civil society submissions did not express concerns about the regulatory impact. Many submissions noted difficulties accurately estimating the total regulatory costs, which may vary widely between reporting entities.</p>
<p><i>Is the proposed scope of the reporting requirement appropriate?</i></p>	<p>Business and civil society participants supported the proposal to require entities to report on both their operations and supply chains. Many civil society participants and a small number of businesses suggested the Government consider requiring reporting on conduct that would not necessarily constitute modern slavery, such as all forms of child labour and hazardous working conditions for all labour.</p>	<p>Most business submissions supported limiting reporting only to modern slavery. A small number of business submissions and some civil society submissions supported including related conduct, such as all forms of child labour.</p>
<p><i>How can the Government best ensure compliance with the reporting requirement?</i></p>	<p>The majority of business participants noted that penalties could create a focus on compliance rather than sharing best-practice, and reputational risk and investor pressure are more effective drivers for compliance. Civil society participants generally supported penalties for non-compliance but expressed mixed views on their appropriateness during the first three years.</p>	<p>Almost all submissions from large businesses that would be covered by the proposed reporting requirement supported not including punitive penalties. In contrast, most civil society submissions argued for including penalties for non-compliance.</p>

SECTION FOUR

RECOMMENDED OPTION

This section sets out why targeted regulatory action is the Australian Government's recommended option. This section of the RIS aligns with RIS Question 6.

This RIS recommends the Australian Government pursue Option Three by taking targeted regulatory action through a Modern Slavery Reporting Requirement. Modern slavery involves grave abuses of human rights and serious criminal misconduct. It is appropriate that the Government takes regulatory action to support the business community to combat this issue.

This RIS assesses that Option Three is likely to deliver the greatest benefit in terms of raising business awareness of modern slavery and providing shareholders and consumers with information about modern slavery risks in entities' operations and supply chains. This will support business to better address modern slavery risks and may assist investors and consumers with their investing and purchasing decisions. Option Three will impose an average annual regulatory cost on reporting entities of approximately \$21,950 per entity. However, the benefits arising from this cost are commensurate with: the Government's objectives for reform; the nature and extent of modern slavery risks in business operations and supply chains; and the benefits of the regulation, including the creation of a level playing field for business. It is also consistent with the Australian Government's international obligations to give effect to human rights within Australia's jurisdiction and to prevent and suppress human trafficking, slavery and slavery-like practices, including as they are impacted by business.

Importantly, this option will achieve all of the Government's objectives for reform. If implemented effectively, the reporting requirement will improve the business community's awareness of modern slavery risks, including at senior levels, and create an environment in which businesses feel 'safe' to identify and disclose modern slavery risks. It will also encourage businesses and other reporting entities to identify and address modern slavery risks, and use their market influence and leverage to improve workplace standards and practices. The reporting requirement will facilitate a 'race to the top' by creating reputational incentives for businesses to take action on modern slavery. The reporting requirement will also improve information available to consumers and investors about actions businesses are taking to combat modern slavery.

Consultations have shown very strong business and civil society support for the Government to proceed with the development and implementation of the reporting requirement, and establishment of a mechanism to provide advice and support to business about complying with the reporting requirement. This includes strong support from large businesses that would be covered by the regulation. There is also clear Parliamentary support for the Government to take regulatory action.

SECTION FIVE

IMPLEMENTATION AND EVALUATION

This section sets out how the Australian Government proposes to implement and evaluate the Modern Slavery Reporting Requirement. This section addresses RIS question 7.

Implementation plan

Reporting Requirement

The Government aims to implement the reporting requirement in a way that ensures:

- the majority of reporting entities understand and meaningfully comply with their obligations
- reporting entities, investors, consumers, civil society and business peers collaborate together to drive a ‘race to the top’ and share best practice
- modern slavery risks in entities’ operations and supply chains are identified, assessed and mitigated, and
- reporting entities receive appropriate support and assistance from Government to comply with the reporting requirement.

The Department of Home Affairs is responsible for implementing the reporting requirement and will work closely with government, business and civil society stakeholders to achieve these implementation objectives.

The reporting requirement will apply to a reporting entity’s first full financial year after the legislation enters into force (expected late 2018). This means that there will be a period of time after the legislation entering into force where reporting entities are not required to publish statements. As part of the implementation process, the Australian Government will use this period to focus on ensuring that reporting entities understand their obligations and are prepared to comply with the reporting requirement. This is likely to include business forums, workshops and awareness-raising through key business peak bodies. The establishment of a Modern Slavery Business Engagement Unit will also ensure business has a single point of contact to seek guidance and non-binding advice on compliance with the reporting requirement, including how to remedy identified risks of modern slavery.

The Australian Government will also develop detailed guidance for business to facilitate the implementation of the reporting requirement. This guidance will include case studies, clear definitions, frequently asked questions, tips on best-practice and additional information about the Government’s expectations. The Government will draft this guidance in consultation with business and civil society. The guidance will be made available as soon as practicable after legislation is passed.

Entities will be required to provide their statements to Government for publication on a central register. Entities will also have discretion to publish their statements on their webpages or in annual reports or other relevant documents. Further detail on the key features of the Australian Government’s proposed model reporting requirement is set out at **Appendix A**.

Modern Slavery Business Engagement Unit

The Australian Government proposes to establish a new Modern Slavery Business Engagement Unit within the Department of Home Affairs to support the effective implementation of the proposed reporting requirement and strengthen the Australian Government's engagement with business on modern slavery issues more broadly. The Australian Government has committed \$3.6 million through the 2018 Federal Budget to establish and run the Unit over January 2019 to June 2022.

The Unit's primary role will be to work with the business community to support the effective implementation of the reporting requirement. To achieve this, the Unit will:

- develop and maintain detailed official guidance for the business community about the reporting requirement
- provide objective, non-binding advice to up to 3,000 individual businesses to support their compliance with the reporting requirement
- monitor compliance with the reporting requirement, including by identifying and promoting best-practice trends and initiatives
- deliver targeted education, training and awareness-raising initiatives for business, civil society and consumers to raise the profile of modern slavery
- develop and administer the online central register of Modern Slavery Statements
- coordinate the Australian Government's annual Modern Slavery Statement
- lead broader work to address possible modern slavery risks in Government procurement, and
- support research into modern slavery risks in supply chains.

The Unit will report on its key strategic priorities and outcomes through the Interdepartmental Committee on Human Trafficking and Slavery's annual report to Parliament, as well as through Senate Estimates processes.

A timetable for implementation and key tasks is set out below.

Activity	Estimated date
Legislation introduced to the Parliament	June 2018
Legislation likely to be passed by the Parliament	Prior to December 2018
Department of Home Affairs releases guidance for reporting entities	December 2018
Legislation expected to enter into force (subject to passage through Parliament)	January 2019
New Modern Slavery Business Engagement Unit established	November 2018
Department of Home Affairs establishes expert working group to guide implementation	January 2019

Activity	Estimated date
Department of Home Affairs establishes a central register for statements	September 2018 - September 2019
Department of Home Affairs works with business and civil society to raise awareness of the reporting requirement	September 2018 - December 2019
Most reporting entities release first statements	January - December 2020
Formal review of legislation commences	January 2022

Evaluation process

The Australian Government will carefully evaluate the proposed Modern Slavery Reporting Requirement in consultation with key stakeholders.

The Australian Government proposes to establish an expert reference group to help evaluate the effectiveness of the reporting requirement and ensure it is properly implemented. The Department of Home Affairs will lead the reference group as the agency responsible for the reporting requirement. Other reference group members will include key government agencies and business and civil society stakeholders. The reference group will provide a forum for the Government to seek feedback on implementation of the reporting requirement, promote best-practice and help to identify and address key risks and threats to success. Additional governance and accountability processes are not required because the reporting requirement does not establish any decision-making powers.

A formal evaluation of the reporting requirement will be undertaken three years after the legislation enters into force. This timeframe means that the review will take place after all reporting entities will have published at least one to two Modern Slavery Statements under the reporting requirement. This will provide a detailed evidence base for the review and allow for a rigorous assessment of the reporting requirement's effectiveness and necessity. The Government will undertake the three year review in consultation with business and civil society. The outcomes of the review will be provided to the relevant Australian Government Minister for consideration.

The reference group and review will consider a range of data in assessing the effectiveness and success of the reporting requirement. This is likely to include quantitative data around the number of statements published and their consistency with the legislative requirements of the reporting requirement. Data is also likely to include qualitative information, including examples of changes in individual business behaviour and the development of collective best-practice trends within the business community.

Changes in individual business behaviour could include the development of new policies and processes, such as codes of conduct and training for suppliers. Best-practice trends could include situations where a number of reporting entities have taken the same or similar actions and this is seen by business, civil society and or government to be leading to a shift in broader business culture. For example, a best-practice trend might be businesses developing

collaborative partnerships with civil society to combat modern slavery. Information about changes in business behaviour and best-practice trends will be primarily be gathered by assessing published Modern Slavery Statements. The review and reference group may also draw on reference group members' expertise and consider independent benchmarking reports and assessments of entities' reports, as well as evidence from formal and informal submissions and consultations with businesses, civil society and consumers.

The effectiveness of the Modern Slavery Business Engagement Unit will be assessed on an ongoing basis, including through the Interdepartmental Committee on Human Trafficking and Slavery's annual report to Parliament, Senate Estimates processes and feedback from businesses.

APPENDIX A: OVERVIEW OF PROPOSED MODEL - REPORTING REQUIREMENT

The Australian Modern Slavery Reporting Requirement (reporting requirement) will require large corporations and entities operating in Australia to publish an annual statement detailing their actions to address modern slavery practices in their operations and supply chains. The reporting requirement will cover approximately 3,000 corporate groups and other relevant entities. This reporting requirement proposed model has been refined through public consultations and includes the key features set out below.

Legislative basis

The reporting requirement will be established through a new Act of Parliament.

Application

To help ensure a level playing field, the reporting requirement will apply to a broad range of entity types, including bodies corporate, unincorporated associations or bodies of persons, superannuation funds and approved deposit funds.

Terminology

For the purposes of the reporting requirement, modern slavery will be defined as incorporating the human trafficking, slavery and slavery-like practices criminalised and defined in Divisions 270 and 271 of the Commonwealth *Criminal Code*. This means modern slavery will encompass trafficking in persons, slavery, servitude, forced labour, forced marriage, debt bondage and deceptive recruiting for labour or services. The definition of modern slavery will also include the worst forms of child labour as defined in the 1999 Convention on the Worst Forms of Child Labour² but will not include practices such as hazardous working conditions for adults or broader human rights issues. Mandating reporting on these issues would substantially broaden the scope of the reporting requirement and be inconsistent with existing reporting requirements in other jurisdictions. The Australian Government will encourage entities to consider reporting on these issues where appropriate.

Threshold

The threshold for the reporting requirement will be set at \$100 million total annual revenue. Revenue will include the consolidated revenue of the reporting entity and the entities it controls (if any) and will be calculated in accordance with the Australian Accounting Standards. To create a level playing field, the reporting requirement will apply to all Australian entities that meet the revenue threshold as well as all foreign entities with more than \$100 million consolidated revenue that are carrying on business in Australia. A foreign entity will be considered to be carrying on business in Australia where its activities meet the test for carrying on a business set out in the *Commonwealth Corporations Act 2001* (irrespective of whether the reporting entity is a body corporate). This secondary test will

² See the *Convention concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour, 1999 (No. 182)*

provide clarity for business by ensuring that foreign entities have certainty about whether they are required to report.

Timeframe for reporting

Reporting entities will be required to publish Modern Slavery Statements within six months after the end of the entity's financial year. This will provide certainty for the business community by ensuring that entities cannot seek any competitive advantage by delaying publishing statements.

Scope of reporting

Reporting entities will be required to report on their operations and supply chains as well as the operations and supply chains of any subsidiary entities and other relevant entities owned or controlled by the reporting entity (irrespective of whether the subsidiary or other relevant entity is operating in Australia or is part of the entity's core business). Where a parent entity and subsidiary entity are both required to report, the parent entity will be able to choose whether to also report on behalf of the subsidiary.

Reporting content

Reporting entities will be required to address four key mandatory criteria. These criteria cover:

- the entity's structure, operations and supply chains
- possible modern slavery risks
- actions to assess and address modern slavery risks, including due diligence and remediation process; and
- how the entity assesses the effectiveness of its actions.

These criteria will provide certainty to the business community about what information to include and ensure consistency of statements. Statements must be approved at the equivalent of board level and will need to be signed by a director.

Application to Government

The Australian Government recognises that it needs to show leadership in combating modern slavery and that government procurement is not immune from modern slavery risks. This is why the Australian Government will publish an annual Modern Slavery Statement covering Commonwealth procurement. Corporate Commonwealth entities and Commonwealth companies will be required to publish separate Modern Slavery Statements if they meet the revenue threshold. This will complement existing requirements for Australian Government agencies to undertake due diligence under the *Public Governance, Performance and Accountability Act 2013*, including by ensuring procurements are ethically sourced. The Australian Government will also encourage Australian State and Territory Governments to publish Modern Slavery Statements.

Guidance for business

The Australian Government will provide detailed guidance and awareness-raising materials for business before the reporting requirement enters into force. This guidance will be drafted in consultation with experts from business and civil society. The Modern Slavery Business

Engagement Unit will also provide guidance and objective, non-binding advice to the business community to facilitate compliance with the reporting requirement.

Compliance mechanism

The Australian Government will not publish a list of entities required to report or introduce punitive measures for non-compliance with the reporting requirement. The Australian Government does not hold sufficient information to compile an accurate list of all entities required to report. The reporting requirement is also intended to facilitate a collaborative 'race to the top' amongst business and punitive penalties may lead to a tick box compliance approach from reporting entities.

Monitoring and Evaluation

The Australian Government will make entities' Modern Slavery Statements available through a free, publicly accessible central register. Entities will be required to provide their statements to Government for publication on the central register. Entities will also have discretion to publish their statements on their webpages or in annual reports or other relevant documents. The register will be administered by the Department of Home Affairs. The Australian Government will also establish a business and civil society reference group to provide feedback to government about the implementation and operation of the reporting requirement.

APPENDIX B: OUTLINE OF COSTINGS

Average annual regulatory costs (from business as usual)				
Change in costs (\$ million)	Business	Community organisations	Individuals	Total change in costs
Total, by sector	\$65.85	\$0	\$0	\$65.85

Action	Description	Costs
Drafting the statement	<p>These costings assume one full time employee (or equivalent) requires approximately five weeks (25 working days) to gather information and produce a draft statement. This is likely to include gathering information from suppliers and relevant business areas of the entity. This costing also includes time taken for the employee to provide the final statement to the Australian Government for lodgement in the central register (approximately 1.5 hours). For the purposes of this calculation, it is not possible to accurately account for likely differences in staff remuneration between reporting entities. Based on consultations with business, this calculation assumes the total wage of the employee is \$120,000 per year. This equates to a weekly wage cost of approximately \$2,300.</p>	Cost = \$11,500
Finalising the statement	<p>These costings assume the draft statement is reviewed by up to four senior staff in the reporting entity for a combined total of 24 hours (equivalent to three standard working days). This review process is likely to include scrutiny from an entity's legal area (where applicable). For the purposes of this calculation, it is not possible to accurately account for likely differences in approval processes between reporting entities. It is also not possible to accurately account for likely differences in staff remuneration between reporting entities. Based on consultations with business, this calculation assumes that the average total wage of the senior staff members that review the statement</p>	Cost = \$3,450

Action	Description		Costs
	is \$300,000 per year. This equates to a weekly wage cost of \$5,770 per staff member and a daily wage cost of \$1,150 per staff member.		
Approving the statement	These costings assume that, as required by the reporting requirement, the reporting entity's board or equivalent approves the statement and that the statement is also signed by a director or equivalent. These costings assume this process requires two hours per board member. For the purposes of this calculation it is not possible to accurately account for likely differences in board sizes and remuneration between reporting entities. This calculation assumes that the average board size is 7 members. The average remuneration for directors in Australia for large companies is between \$60,000 to \$140,000 per year. Assuming directors have an average time commitment of 5 hours per week for 40 weeks each year, this equates to 200 hours at a maximum hourly wage of \$700 per hour or minimum of \$300 per hour. This calculation uses an average total wage of \$500 per hour.		Cost = \$7,000
TOTAL COST PER ENTITY	\$21,950	TOTAL COST (assuming 3,000 reporting entities based on a revenue threshold of \$100 million)	\$65.85 million.