

Modern Slavery Unit
Attorney-General's Department
3-5 National Circuit
BARTON ACT 2600

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By email: slavery.reform@ag.gov.au

AADA response - Strengthening Australia's legislative response to modern slavery in supply chains

The Australian Automotive Dealer Association (AADA) welcomes the opportunity to respond to the Attorney-General's Department's consultation on '*Strengthening Australia's legislative response to modern slavery in supply chains*'.

The AADA is the peak industry advocacy body exclusively representing franchised new car and truck dealers in Australia. There are more than 3,900 car and truck dealerships across the country, ranging from family-owned small businesses to large publicly owned businesses operating in regional areas and capital cities. The new vehicle retailing sector employs more than 64,000 people, including approximately 7,500 apprentices, contributes more than \$21.5 billion to the national economy, has total turnover of \$91.3 billion and generates more than \$8.2 billion in tax and duty revenue.

The AADA supports the objective of preventing modern slavery and supports the submission made by the Australian Chamber of Commerce and Industry (ACCI) to this consultation. Consistent with ACCI, the AADA does not consider that a criminal failure to prevent offence should be introduced at this stage. Government efforts should first focus on improving the capacity of businesses to identify, assess and address modern slavery risks through practical guidance, information sharing and improved supply chain transparency. If the Government proceeds with the proposed offence, the AADA considers that its design must recognise the different levels of visibility and influence businesses have within complex global supply chains.

Australian dealers sit at the retail end of complex global automotive supply chains through which vehicles, components and spare parts are manufactured and sourced overseas before ultimately being supplied to Australian dealerships. While dealer turnover can be high due to the value of the products they sell, dealers generally have limited influence over upstream decisions concerning vehicle and component manufacturing, sourcing and labour practices.

Application of the offence

The AADA shares ACCI's concern that consolidated annual revenue is not an appropriate proxy for a corporation's practical capacity to prevent modern slavery within its supply chain. New motor vehicles are high-value products and dealers can exceed the proposed \$100 million threshold through ordinary sales volumes without having corresponding influence over the global supply chains through which those vehicles and components are produced.

The application of any offence should therefore have regard to an entity's practical capacity to influence the relevant conduct, rather than relying solely on consolidated annual revenue.

Connection to the offending conduct

The AADA considers that any offence must require a clear and meaningful connection between the corporation's own conduct and the underlying offending. Consistent with ACCI's submission, liability should arise only where the corporation caused or significantly contributed to the exploitation. Broader concepts such as facilitating or enabling offending risk extending criminal liability to businesses with only a remote or indirect connection to conduct occurring elsewhere in a global supply chain.

For franchised dealers, the presence of modern slavery within an upstream supply chain should not, in itself, be sufficient to establish criminal liability where the dealer had no practical ability to influence or control the relevant conduct.

Reasonable steps and guidance

If the offence proceeds, the steps reasonably expected of a corporation should reflect its position within the supply chain, access to information and practical capacity to influence the relevant conduct. ACCI similarly recommends that proportionality take account of matters including commercial leverage, position within the supply chain and practical access to relevant information.

The AADA supports practical, sector-specific guidance that clearly identifies the steps reasonably expected of businesses in different circumstances. Government should also improve access to reliable information about modern slavery risks to enable businesses to focus their resources on areas of genuine risk.

The AADA appreciates the opportunity to provide its views and would welcome further engagement with the Department as the reforms progress.

Yours Sincerely,



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