



15 June 2018

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Joint Standing Committee on Foreign Affairs, Defence and Trade
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By email: jscfadt@aph.gov.au

Dear Honourable Members,

Re: International Justice Mission Australia's submission to the Inquiry into the strategic effectiveness and outcomes of Australia's aid program in the Indo Pacific and its role in supporting our regional interests

Thank you for the opportunity to provide a submission to the inquiry into the strategic effectiveness and outcomes of Australia's aid program in the Indo-Pacific and its role in supporting Australia's regional interests.

International Justice Mission ('IJM') protects the poor from violence in the developing world, and is working in a number of countries that receive Australian aid. In those places, we partner with local authorities and organisations to rescue victims, bring criminals to justice, restore survivors and strengthen justice systems. IJM combats slavery, sex trafficking, online sexual exploitation of children, sexual violence, police abuse of power, property grabbing and citizenship rights abuse.

IJM Australia joins this mission globally and works locally to grow the movement of Australians seeking justice for the oppressed. We are proud to be the Australian arm of the world's largest anti-slavery organisation. We have seen time and again on a local level how greater enforcement and accountability for the perpetrators of injustice can disrupt the business model for traffickers and bring about restoration for survivors.

In this submission, we have divided our response into three parts, in line with the terms of reference. These parts are:

- Part 1: Increased private sector and trade development outcomes;
- Part 2: Increased emphasis on outcomes for women and girls; and
- Part 3: Innovation in Australia's aid program.

We address the remaining bullet points in the terms of reference under these three parts.



While IJM Australia does not receive any Australian aid funding for our projects, we believe that our extensive field experience enables us to provide insights into the effectiveness of Australia's aid program in addressing modern slavery, particularly in the Indo-Pacific.

We submit that:

- Private sector development is critical for effective development, but must be accompanied by measures that protect the poor from violence so that the benefits of growth are shared;
- Addressing modern slavery should be a core part of Australia's aid program; and
- There are many opportunities for Australia to reclaim its leading role in the funding of effective aid programs.

Accompanying these submissions, IJM Australia recommends that the Australian Government:

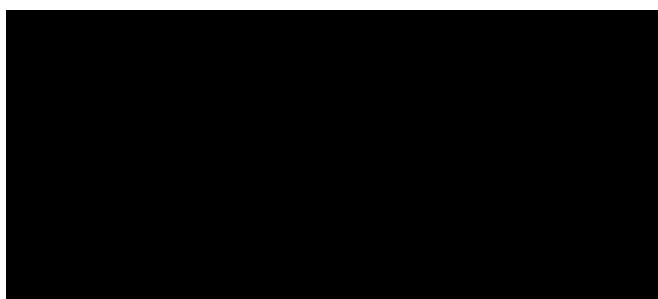
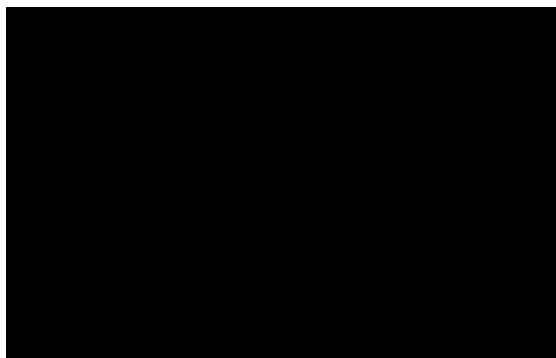
1. Accompanies its Business Partnerships initiatives with policies and programs designed to ensure the benefits of private sector growth in developing countries are converted into improved outcomes for the poor. These include:
 - Increasing funding of aid programs that assist developing countries in providing critical social services to their citizens, including in health, education and access to justice;
 - Assisting developing countries in the design of appropriately progressive taxation and regulatory policies that benefit all citizens; and
 - Prioritising business partnerships that involve local, rather than multinational, companies.
2. Increases its funding towards public justice system reform to protect the poor from violence as part of its private sector development strategy.
3. Only enters into business partnerships for development with businesses that are carrying out due diligence to ensure their supply chains are free from human rights abuses.
4. Supports and encourages businesses to fund development work in the countries in which they operate, particularly in the area of public justice system reform.
5. Invests in strengthening domestic public justice systems to protect the poor from criminal violence as a part of the Aid for Trade program. This will reduce the range of inequalities that the poor experience in the current conditions that underlie trade.
6. Ensures that all bilateral and multilateral trade agreements secured as part of Aid for Trade incorporate appropriate regulatory safeguards that secure the labour rights of vulnerable groups in global value chains.

7. Directs that its funding allocation to Aid for Trade in 'infrastructure and policy and regulatory settings to promote trade' include funding to strengthen domestic public justice systems to enable courts to enforce effective rule of law, to assist in attracting and retaining foreign investment.
8. Considers:
 - Including funding for public justice system capacity enhancement projects within the 20% of the aid budget allocated to Aid for Trade; or
 - Reducing the percentage of the aid budget allocated to Aid for Trade to allow further investment in public justice system capacity building, in recognition of Aid for Trade's dependence on a strong public justice system for its success in poverty reduction, as recommended above.
9. Updates the website of the Australian Centre for International Agricultural Research (ACIAR) and other internal/external policy documents to acknowledge that workers may be exposed to slave like conditions when working in agriculture. These documents should also highlight the need for Australia to work with those countries to end modern slavery where it is occurring.
10. Ensures risk assessments are conducted prior to ACIAR approval of projects in developing countries. These should be conducted by ACIAR (or another appropriately qualified agency or organisation) to determine whether any forms of modern slavery (including forced labour and labour trafficking) may be occurring in the particular agricultural industry in which the project is situated.
11. Ensures ACIAR does not fund projects where there is a risk of modern slavery occurring, and when that risk cannot be sufficiently mitigated.
12. Considers an audit of past and current projects funded by ACIAR to determine whether ACIAR funding may have been used in projects where modern slavery was a feature.
13. Utilises existing programs such as AAPTIP / the new ASEAN-Australia Counter Trafficking program to improve the outcomes for women and girls rescued from the sex trade in the following ways:
 - Improving cooperation between international law enforcement agencies;
 - Training prosecutors and judges;
 - Minimising the risks to victim-witnesses in the criminal justice system;
 - Funding aftercare centres;
 - Compensating victims of Australian perpetrators; and
 - Building partnerships with social enterprises that provide employment opportunities for victims.

14. Pursues public justice system reform projects to address violence against women and girls as a core component of Australia's aid strategy, particularly in pursuance of the target of effective strategies addressing gender issues making up 80% of the aid budget.
15. Adds a sixth strategic goal to Australia's International Assistance Program:
 - ***End modern slavery*** – focusing on transparency in supply chains, law and justice responses and restitution for victims.
16. Updates the *Australian Aid: Promoting Prosperity, Reducing Poverty, Enhancing Stability* document to include specific reference to modern slavery as well as an acknowledgement of Australia's responsibility to address this issue through our foreign aid program.
17. Considers contributing to the Global Fund to End Modern Slavery or seeks to establish its own fund as a means to impart innovation into the Australian foreign aid program.
18. Increases its foreign aid budget to meet its previous commitment of 0.5% of gross national income.

Please do not hesitate to contact us should you require further information. We would appreciate the opportunity to provide verbal evidence to the Committee at a public hearing for this inquiry.

Yours faithfully,



Contents

Part A: Increased private sector and trade development outcomes.....6

1. Business partnerships, social enterprise and community investment in delivering development outcomes, with a focus on local entities6

Support for the Business Partnerships Policy	6
Sharing the Benefits of Growth	7
Investment in the Public Justice System	8
Responsible Supply Chains	9
A Model Business Partnership	10

2. The Aid for Trade program, including a re-examination of the target percentage11

The Poor and Trade	11
Human rights violations in global value chains.....	12
Public Justice Systems and Foreign Investment	14
Justice system as an AFT investment	14

3. The Australian Centre for International Agricultural Research (ACIAR) in delivering development outcomes, particularly with regard to the linkages between food security, biosecurity and national security issues 15

Agriculture and modern slavery policy	15
Labour trafficking and the Thai fishing industry	16

Part B: Increased emphasis on outcomes for women and girls 19

4. Increased emphasis on outcomes for women and girls 19

Aftercare for Victims.....	19
Economic Empowerment	20
Transitioning from the AAPTIP to the ASEAN-Australia Counter Trafficking Program	20

5. Increasing the participation and engagement of women in private sector development opportunities..... 21

6. Australia's aid program in terms of strategic and development goals 22

7. Lack of reference to modern slavery in key foreign aid documents..... 23

Australia's Aid Policy	23
Linkages with other government initiatives	24

Part C: Innovation in Australia's aid program..... 26

8. Innovation in Australia's aid program 26

The Global Fund to End Modern Slavery (GFEMS).....	26
--	----

9. The role Australia's aid program plays in building influence as a trusted development partner28

Increasing Australia's Foreign Aid Budget	28
---	----

Part A: Increased private sector and trade development outcomes

1. Business partnerships, social enterprise and community investment in delivering development outcomes, with a focus on local entities

- 1.1 IJM Australia is encouraged by the Australian Government (“the Government”) plans to achieve its development objectives by looking to partner with businesses operating in developing countries.
- 1.2 Growth in the private sector in developing countries is unquestionably essential if swift and sustainable poverty alleviation is to be achieved. However, we note that extensive research indicates that poverty alleviation is not an automatic consequence of growth in the private sector.
- 1.3 We submit that investment in business partnerships should be accompanied by initiatives to improve the public justice systems of developing countries, as part of a holistic strategy to ensure the benefits of growth are shared by all.

Support for the Business Partnerships Policy

- 1.4 IJM Australia in principle supports the Government’s objective to ‘develop innovative models for private sector partnerships that leverage finance and ideas from a wide range of sources to achieve development outcomes’.¹ However, we wish to stress that this policy will have *no* significant effect on poverty reduction unless at least three complementary objectives are pursued: sharing the benefits of growth; strengthening the public justice system; and ensuring responsible and accountable business.
- 1.5 We believe that it is critical that the private sector view development as a part of their business operations. This is because the growth of the private sector has been responsible for much of the poverty alleviation that has occurred in recent decades,² with China’s significant achievement in bringing approximately 680 million people out of extreme poverty between 1981 and 2010 largely due to the economy growth it experienced upon entering the international market.³ As the Government highlights in the statement on *Creating Shared Value through Partnership* the private sector is the major source of employment.⁴
- 1.6 Conversely, where inadequate care is taken by businesses as they supply and implement their work in and through developing countries, there is potential for them to have a significant negative impact on development.⁵ One example of this is the growing awareness that the supply chains of many Australian companies are tainted with forced labour.⁶
- 1.7 It is recognised that the private sector will play an important role in efforts to meet the 2030 Sustainable Development Goals (SDGs).⁷ Achieving the SDGs will require an additional US\$2.4 trillion per year of investment,⁸ and given that many companies now far exceed national governments in terms of revenue,⁹ they must be the source of this investment.

Sharing the Benefits of Growth

- 1.8 It is critical that if the Government is seeking to promote development by enhancing private sector activity in developing countries, by both local and multinational companies, this must be accompanied by programs to assist countries in transferring this wealth to the general population.
- 1.9 As the case of China noted above demonstrates, economic growth can be a powerful force for development. However, where this growth is concentrated among the wealthiest segment of the population, it does little to help the poor. For example, in 2005, the UK Department for International Development highlighted Georgia and Angola as two countries with almost identical GDP per capita, but vastly different health and education outcomes, with Georgia's being similar to OECD countries and Angola's among the worst in the world.¹⁰ Such results can be due to mismanagement of natural resources (as with oil in Equatorial Guinea) and/or insufficient taxation and spending on social services.¹¹ While foreign private sector investment in developing countries can produce an increase in average wages, this is often accompanied by an increase in wage inequality such that the benefits are restricted to employees of foreign companies.¹²
- 1.10 This demonstrates that there is a need for government intervention to distribute the wealth accumulated in private sector activities to the public. Bolivia provides a helpful example of the risks of growing the private sector in developing countries, and the potential benefit it may create with government assistance. Chowdhury notes that Bolivia experienced 'extremely high profits' in the 1980s with foreign investment in the newly privatised hydrocarbon production. But very low taxes and royalties on these profits meant that much of the money went offshore and thus the benefits of this growth was not passed on to the poor. However, in the 2000s, an increase in royalties from 18% to 50% and a renegotiation of contracts provided sufficient revenue to the government to introduce a pension and programs targeting increased school attendance.¹³
- 1.11 Aid delivered through the private sector tends to use companies based outside the target country, usually in the donor country.¹⁴ This is reflected in Australia's Business Partnerships, with the two examples highlighted as 'International Development Examples in Practice' both involving multinationals or subsidiaries thereof.¹⁵ We believe that the risks as outlined above are therefore relevant to Australia's Business Partnerships policy.

Recommendation 1

The Government should accompany its Business Partnerships initiatives with policies and programs that are designed to ensure the benefits of private sector growth in developing countries are converted into improved outcomes for the poor.

Recommendation 1 (continued)

These include:

- Assisting developing countries in the design of appropriately progressive taxation and regulatory policies that benefit all citizens;
- Increasing funding of aid programs that assist developing countries in providing critical social services to their citizens, including in health, education and access to justice; and
- Prioritising business partnerships that involve local, rather than multinational, companies.

Investment in the Public Justice System

- 1.12 The Government should view a strong public justice system as part of a healthy 'enabling environment' for business.¹⁶ This should not be limited to investment in the rule of law. Aspects of business partnerships that protect the poor from violence and exploitation such as the component of the Market Development Facility in Pakistan (referred to below) should be expanded.
- 1.13 Strong public institutions are critical for growth. The UK Department for International Development notes that 'institutional context is perhaps the single most important factor in determining whether a given policy will be appropriate or not', because institutions are 'the basis of the rule of law and enforcement of property rights' which are 'the framework in which markets operate'.¹⁷ An example is Chile's strong period of growth in the late 1980s and early 1990s, where '[e]fficient and strong institutions secured property rights, promoted an open market economy, and provided the social infrastructure for further growth'.¹⁸ This in turn resulted in public benefits, including improved health outcomes such as reduced maternal, newborn, and child mortality.¹⁹
- 1.14 Strong public institutions required to stimulate private sector growth go beyond respect for the rule of law and the enforcement of contract and property rights.²⁰ Legal safeguards that secure the rights of workers are also essential for growth. For example, Australia's Market Development Facility (MDF) which receives funding under the Business Partnerships program²¹ has recognised that two of the constraints on the growth of the dairy and meat industry in Pakistan are 'unsafe working conditions' and 'child labour'.²² This is consistent with current research, with the ILO finding that safety regulations can reduce accident rates particularly for small firms,²³ which is associated with improved productivity.²⁴
- 1.15 IJM has found in the areas in which we work that a strong public justice system is necessary to protect the poor from everyday criminal violence.²⁵ Without this, the poor are prevented from engaging in and experiencing the benefits of economic growth. Economists have found this violence to have a measurable impact through 'lower

accumulation of human capital, a lower rate of participation in the labour market, lower on-the-job productivity, higher rates of absenteeism from work, lower incomes and an impact on the future productivity of children'.²⁶ These impacts accumulate, such that '[v]ery high levels of criminal violence reduce a nation's economic productivity by 2 to 3 full percentage points of GDP'.²⁷

- 1.16 While these figures paint a grim picture of the barrier that violence represents to the inclusion of the poor in economic growth, the lived reality experienced by the victims is far worse. Take for example the 'impact on the future productivity of children' mentioned above. In reality, this can represent children who are forced to work long hours, often in dangerous conditions rather than going to school.²⁸ In one case in India where IJM rescued a family from bonded labour with local officials, *the children had been beaten for asking if they could go to school*.²⁹

Recommendation 2

The Government should aim to increase its funding towards public justice system reform to protect the poor from violence as part of its private sector development strategy.

Responsible Supply Chains

- 1.17 Engaging businesses in development should include requiring them to conduct due diligence to ensure that their supply chains are not contributing to human rights abuses.
- 1.18 In the past, initiatives such as International Mining for Development Centre have attempted to engage businesses already working in developing countries to contribute to development, and many companies engage in development work to improve relationships with the local communities in which they work.³⁰ We believe it is more important that foreign companies looking to work in developing countries conduct robust risk assessment and stakeholder consultation *before* they commence operations.³¹
- 1.19 This is particularly the case for companies looking to set up supply chains in developing countries. Businesses in Australia have commented that it is extremely difficult for them to trace their supply chains beyond first tier suppliers.³² As IJM Australia has stated previously, 'even if an Australian company does not use forced labour directly, it is highly probable that a second or third-tier supplier does, and this is borne out by internal industry reports'.³³ Companies should therefore be taking proactive steps when creating new supply chains to ensure they are transparent and not harmful to workers.
- 1.20 This is why business partnerships such as the one between Business for Development, Base Titanium and Cotton On on Ethical Cotton Production in Kenya are especially welcome.³⁴ Building a supply chain free of forced labour from the ground up is likely

to be more successful than trying to enforce standards from the top down. For example, despite efforts by Olam International in partnerships with two other companies and the Fair Labor Association to reduce child labour in their hazelnut supply chain in Turkey, 99 cases of child labour were detected in 2016.³⁵

Recommendation 3

The Government should only enter into business partnerships for development with businesses that are carrying out due diligence to ensure that their supply chains are free from human rights abuses.

A Model Business Partnership

- 1.21 Business partnerships for development should not be limited to projects that are related to a company's core business, as in the case of Ethical Cotton Production discussed above. The Government should also encourage businesses to provide funding to projects that may be tangentially related to their core business, but are critical for development. One key example of this is investment in the public justice system of countries at the end of company supply chains.
- 1.22 IJM is currently partnering with Walmart to combat forced labour in the Thai fishing industry. Walmart has recognised that some of their products are being sourced from areas with a high risk of forced labour, and also that top-down due diligence measures, while necessary, are not on their own sufficient to completely eliminate this risk.³⁶
- 1.23 With funding provided by the Walmart Foundation, IJM commissioned a prevalence study by the Issara Institute which found that 76% of migrant workers in the industry experienced debt bondage, among other forms of exploitation.³⁷ The authors of the study recommended that global brands and retailers should engage 'on-the-ground solutions' in order to 'increase visibility and strengthen their supply chains down to the vessel level'.³⁸
- 1.24 Walmart is now funding IJM's operations in Bangkok that will strengthen the capacity of local authorities to rescue victims of forced labour and prosecute the perpetrators.³⁹
- 1.25 Business partnerships of this nature address the limitations of a focus on private sector development.

Recommendation 4

The Government should support and encourage businesses to fund development work in the countries in which they operate, particularly in the area of public justice system reform.

2. The Aid for Trade program, including a re-examination of the target percentage

- 2.1 It is widely accepted that Aid for Trade (AfT) achieves macro-level growth indicators in the long-term.⁴⁰ However, there is evidence indicating that under certain conditions, these benefits will not reach the poor, and that AfT can have negative effects in the short to medium term.⁴¹ This conflicts with the Government's express aim to reduce poverty through AfT.⁴² The United Kingdom's Department of International Development (DFID) AfT program has been met with similar criticisms. An externally conducted evaluation of the DFID AfT found that many of its projects and programmes only had an indirect effect on poverty reduction and were 'based on a series of assumptions' and sometimes 'a leap of logic'.⁴³ The Independent Commission on Aid Impact (ICAI) reported that the DFID's trade development work in Southern Africa had produced 'winners and losers' and recommended that measures be put in place to mitigate the risk that the work would negatively impact the poor.⁴⁴
- 2.2 Lessons learnt from the DFID will serve to strengthen Australia's AfT efforts at poverty reduction. Sections 2.3 to 2.13 below will deal with these issues specifically. Sections 2.14 to 2.16 will provide input on aid activities to assist recipient countries in attracting and retaining foreign investment. Section 2.17 provides our final recommendation to include institutional capacity development of public justice systems in Australia's AfT investments.

The Poor and Trade

- 2.3 Investing in stronger public justice systems will:
- Provide public safety to protect SMEs and informal traders who cannot afford private security;
 - Help reduce informal traders' disadvantage in trade in comparison to richer traders who can afford private security; and
 - Protect the property of the poor, allowing them to have sustained economic growth from participating in trade and investment.
- 2.4 In many developing countries with low-capacity public justice systems and courts, the safety of the public is not secured by the enforcement of the criminal law. This has led to the widespread use of private security to protect people and businesses in these countries. In India, for example, private security forces employ over 5.5 million personnel in total, which is four times the size of the police force and five times the size of central paramilitary forces.⁴⁵
- 2.5 The growth of private security phenomenon signals 'the conversion of public safety – an essential public good – into a private commodity',⁴⁶ meaning safety is available only to those who can afford it. By contrast, petty traders and small and medium-sized enterprises (SMEs) are vulnerable to the sort of violence that might devastate their livelihood or businesses.⁴⁷ This puts them at a relative disadvantage compared to rich traders and larger businesses who have ample funds for private security. The lack of

public safety and the prevalence of private security serves to widen the inequality between the rich and the poor traders in developing countries.

- 2.6 For example, a low-capacity public justice system can result in corruption and bribery at borders which, in turn, prevents the poor from enjoying the benefits of trade.⁴⁸ This is especially true in Africa for informal female traders who tend to experience at the border: higher levels of (sexual) harassment; longer waiting times; and a higher likelihood of having to pay bribes and arbitrary taxes.⁴⁹ As a result, women are deterred from cross-border trade, which impedes their path to economic growth.⁵⁰ This is particularly significant in Africa because informal female traders make up the majority of all informal cross-border trade.⁵¹ Consequently, the lack of law enforcement at borders limits a large proportion of poor people from accessing trade for their livelihood.
- 2.7 Property grabbing, or the forceful displacement of people from their land, is another example of how a low-capacity public justice system prevents the poor from benefiting from trade. Securing property is fundamental for trade and investments activities to produce economic growth.⁵² People without secure property are both unable to store their products safely for the purposes of trade and to protect their wealth accumulated from trade. Property grabbing occurs in countries with low-capacity public justice systems because criminals can forcefully take the property of the poor without fear of law enforcement.⁵³ A study conducted by IJM in Uganda concluded that property grabbing persists because of the ineffectiveness of justice system institutions in enforcing estate administration and criminal laws.⁵⁴ This is a significant problem internationally. It is estimated that 5 million people suffer each year from property grabbing.⁵⁵
- 2.8 There is a risk that the well-intended benefits of trade and investments targeted at the poor can end up in the hands of the oppressors, such as property grabbers. An ineffective public justice system allows barriers that exclude the poor from trade to persist. This is consistent with the World Trade Organization's recognition that the rule of law is one of the enabling factors for trade contributing to sustained and inclusive growth, which in turn leads to poverty reduction,⁵⁶ echoed by the DFAT policy on AfT.⁵⁷

Recommendation 5

The Aid for Trade program should invest in strengthening domestic public justice systems to protect the poor from criminal violence to reduce the range of inequalities that the poor experience in the current conditions that underlie trade.

Human rights violations in global value chains

- 2.9 AfT encompasses the development of bilateral and multilateral trade agreements that seek to reduce red tape and facilitate exchange with developing countries.⁵⁸ Such

agreements will result in Australian companies forming new supply chains to developing countries. However, supply chains have been notoriously difficult for companies to monitor, even through multi-stakeholder private initiatives, meaning they carry the inherent risk of human rights abuses.⁵⁹ The trade agreements that give rise to this risk should also include safeguards that protect the human rights of workers in those supply chains.

- 2.10 Globalized trade also has implications for trafficking and slavery in developing countries. The globalisation of trade has resulted in the economic liberalisation of trade from state regulation, so that it has become a supra-national activity.⁶⁰ In parallel, modern slavery has developed into a powerful international shadow economy in the absence of human rights safeguards acting on trade globalisation.⁶¹ For example, women are enslaved in Burma or Laos and transported to brothels in Thailand, that are in turn funded by capital from Hong Kong.⁶² This shadow economy currently produces \$150 billion in profits each year.⁶³ Consequently, it is important to set up effective human rights safeguards that prevent slavery in global supply chains and prevent slavery from arising out of trade liberalisation.
- 2.11 Due to the prevalence of human rights violations in global value chains, a business's decision to operate in global supply chains exposes it to the risk of reputational degradation.⁶⁴ According to O'Callaghan, from the University of South Australia, '[c]orporations that pollute the environment, abuse human rights, engage in corrupt practices, exploit workers, and ignore community concerns about their operations will suffer reputational loss'.⁶⁵ By contrast, a stronger brand image attracts better talent as well as dedicated employees, and leads to products and services being perceived as having more value to the purchaser, allowing businesses to charge a premium.⁶⁶ Having a good brand reputation is good for business.
- 2.12 As a result of the low-capacity of public institutions to enforce labour laws in developing countries, private voluntary initiatives have arisen to self-enforce labour regulations, such as using codes of conducts and monitoring mechanisms.⁶⁷ However, the last decade has shown that private initiatives are unable to uphold labour justice.⁶⁸ This is the case for Apple, where codes of conduct seeking to regulate safe labour conditions amongst its suppliers have done little to solve persistently poor labour conditions in the Chinese factories assembling their products.⁶⁹
- 2.13 Poor labour practices are best addressed through preventative measures, rather than attempting to address them afterwards when human rights violations are already embedded within complex and untraceable supply chains. These preventative measures can serve to protect brand reputations and reduce the need for unnecessary, ongoing private initiatives that merely monitor labour conditions.

Recommendation 6

IJM recommends that bilateral and multilateral trade agreements secured as part of AfT incorporate appropriate regulatory safeguards that secure the labour rights of vulnerable groups in global value chains.

Public Justice Systems and Foreign Investment

- 2.14 AfT seeks to facilitate 'greater private investment in infrastructure by helping partner governments to get the policy and regulatory settings right, and by promoting public-private partnerships (PPPs)'.⁷⁰ Public justice system institutions, including courts, can be regarded as part of the 'infrastructure' necessary to attract foreign investment to promote trade. Similarly, strong respect for the rule of law is a significant aspect of a partner government's 'policy and regulatory setting', that promotes PPPs by attracting foreign investments.
- 2.15 Attracting and retaining investment has been identified as a factor that helps developing countries achieve greater overall economic growth.⁷¹ Australia's AfT policy recognises the need to build international investor confidence, retain foreign investment over the long term and help investments benefit local businesses.⁷²
- 2.16 Public justice systems are an important factor in attracting foreign investments.⁷³ Effective institutions such as courts are important to investors because courts have the power to constrain arbitrary governmental decisions that might otherwise diminish the value of investors' assets.⁷⁴ These institutions help retain foreign investment and assure investors of the stability of their investment. One study into the rule of law and foreign direct investments was able to demonstrate that adherence to the rule of law, as well as efficient and effective court systems, were significant factors contributing to decisions made by CEOs in the United States to invest in Latin America.⁷⁵ A strong public justice system capable of enforcing the rule of law is a factor that helps a country attract and retain foreign investments.

Recommendation 7

IJM recommends that the Government's funding allocation to AfT directed at infrastructure and policy and regulatory settings to promote trade should include funding to strengthen domestic public justice systems to enable courts to enforce effective rule of law, to assist in attracting and retaining foreign investment.

Justice system as an AfT investment

- 2.17 Throughout this component of the submission relating to trade, there has been multiple mentions of investing in the public justice system, specifically the criminal justice system. This is because, in IJM's view, it is a crucial infrastructure that allows

the poor to achieve sustained economic growth from AfT. Just as Australia's AfT program has invested in a bridge as a significant piece of infrastructure that facilitates trade in the Mekong Delta of Vietnam, IJM contends that the public justice system is also crucial infrastructure that determines the success of trade and investment in achieving its goal of economic growth for the poor – and so, it should be a vital component of AfT investment.⁷⁶

Recommendation 8

The Government should either:

- Include funding for public justice system capacity enhancement projects within the 20% of the aid budget allocated to AfT; or
- Reduce the percentage of the aid budget allocated to AfT to allow further investment in public justice system capacity building, in recognition of AfT's dependence on a strong public justice system for its success in poverty reduction, as recommended above.

3. The Australian Centre for International Agricultural Research (ACIAR) in delivering development outcomes, particularly with regard to the linkages between food security, biosecurity and national security issues

- 3.1 This term of reference is worth reflecting on as it highlights development outcomes being linked to food security, biosecurity and national security issues, but not to modern slavery issues. In this section of our submission, IJM will highlight the risk of foreign aid and agriculture policies ignoring modern slavery as a relevant consideration.

Agriculture and modern slavery policy

- 3.2 IJM is deeply concerned that a stated objective of ACIAR is to improve agricultural supply chain efficiency while meeting increasing global demand, employing millions of people, without any discussion of the working conditions of those employed in these industries. There is no acknowledgement that workers may be exposed to slave-like conditions in order to meet this escalating global demand. In IJM's recent studies on Labor Trafficking in the Thai fishing industry, one of the factors driving the rise in forced labour was the existence of a labour shortage, which illustrates how increased demand can increase the risk of modern slavery in certain contexts.⁷⁷
- 3.3 ACIAR was established in 1982 with the objective of encouraging research for the purpose of identifying, or finding solutions to, the agricultural problems of developing countries.⁷⁸ In relation to foreign aid, ACIAR's website states: 'We have two principal strategic goals for recipient countries: private sector development and human development. The two are intimately interlinked.'⁷⁹ Despite clearly identifying human

development as a strategic goal, there is no reference to the risks posed by modern slavery to human development in the agricultural sector on this webpage.

- 3.4 According to the *Australian Aid: Promoting Prosperity, Reducing Poverty, Enhancing Stability* document, one of the aims of ACIAR is to make supply chains more efficient.⁸⁰ The document also states:

The agriculture and fisheries sectors provide livelihoods for millions of workers, particularly in rural areas, and underpin food security and nutrition. Agricultural productivity and production will need to grow to meet future global food demand, which is expected to rise by 60 per cent over coming decades as population and wealth increase, especially in the Indo-Pacific region.⁸¹

Recommendation 9

ACIAR's website and other internal/external policy documents should be updated, where appropriate, to acknowledge that workers may be exposed to slave like conditions when working in agriculture. These documents should also highlight the need for Australia to work with those countries to end modern slavery where it is occurring.

Labour trafficking and the Thai fishing industry

- 3.5 IJM submits that before ACIAR approves projects in developing countries, it (or another appropriately qualified agency or organisation) should conduct a risk assessment of the project to determine whether any forms of modern slavery (including forced labour and labour trafficking) may be occurring in the particular agricultural industry in which the project is situated. Where there is a risk of modern slavery occurring in conjunction with the project, and that risk cannot be sufficiently mitigated, ACIAR funding should not be approved for that project. In addition, we submit that an audit of past and current projects funded by ACIAR should be conducted to determine whether ACIAR funding may have been used in projects where modern slavery was a feature.
- 3.6 In order to demonstrate how modern slavery can occur in the agriculture/fishery industries, we provide the following outline of our work in the Thai fishing industry.
- 3.7 Estimates by the Raks Thai Foundation indicate there are approximately 354,000 fishermen employed in the \$7 billion Thai fishing industry. The vast majority of these fishermen are migrant workers from neighbouring countries who are often unregistered or have unclear legal status. Due to the nature of the work many of these workers were and continue to be vulnerable to trafficking and labour exploitation. Despite numerous studies into the state of the Thai fishing industry there remained gaps in the literature about this practice.
- 3.8 During 2015 and 2016 IJM commissioned three studies (funded by the Walmart Foundation) in order to improve global knowledge about labour exploitation in the Thai fishing industry and develop a program to address it. The three studies are:

- NOT IN THE SAME BOAT: Prevalence & patterns of labour abuse across Thailand's diverse fishing industry;
 - ELIMINATING GHOST SHIPS FROM THE SEAFOOD SUPPLY CHAIN: Using big data and weak signal analysis to end human trafficking and illegal, unregulated and unregistered fishing; and
 - LABOR TRAFFICKING IN THAILAND: A review of the Thai criminal justice system's response to forced labour in the fishing and seafood industries
- 3.9 These studies revealed 37.9% of fishermen surveyed across five major Thai ports had been trafficked in the past five years (2011-2016), while another nearly half (49.2%) suffered other forms of labour exploitation. The studies also revealed the ports in Thailand with the highest potential vulnerability to human trafficking, as well as the port characteristics identified as being indicative of the presence of human trafficking.
- 3.10 The studies also revealed that despite political will to combat trafficking at the highest levels of the Thai government and the formation of laws and specialized anti-trafficking units, lack of implementation, coordination, resources, and will at lower levels have rendered these efforts ineffective at creating a deterrent to traffickers.
- 3.11 As a result, IJM has developed a Thai Fishing Program Plan, which brings together the findings of the three studies and sets out a timeframe for collaborating with the Thai Maritime Enforcement Centre and local civil society organisations to improve the enforcement of local laws as well as identify and support victims of trafficking in the Thai fishing industry.
- 3.12 Without the financial assistance of Walmart, it would not have been possible for IJM to conduct such an in-depth assessment of the Thai fishing industry. Such analysis is necessary in order to tackle modern slavery by firstly identifying precisely where it is occurring and secondly by identifying the appropriate local authorities to collaborate with in order to stop these human rights abuses from happening.

Recommendation 10

Before the ACIAR approves projects in developing countries, IJM believes ACIAR (or another appropriately qualified agency or organisation) should conduct a risk assessment of the project to determine whether any forms of modern slavery (including forced labour and labour trafficking) may be occurring in the particular agricultural industry in which the project is situated.

Recommendation 11

Where there is a risk of modern slavery occurring in conjunction with the project and that risk cannot be sufficiently mitigated, ACIAR funding should not be approved for that project.

Recommendation 12

An audit of past and current projects funded by ACIAR should be conducted to determine whether ACIAR funding may have been used in projects where modern slavery was a feature.

Part B: Increased emphasis on outcomes for women and girls

4. Increased emphasis on outcomes for women and girls

- 4.1 In order to assess the effectiveness of Australia's aid program in achieving outcomes for women and girls, we need to establish what the barriers are to women and girls in the Indo-Pacific. Once these barriers have been identified it is then necessary to determine whether Australian aid is being used or could be used to assist in the removal of these barriers to ensure women and girls have the opportunity to engage meaningfully in all aspects of society.
- 4.2 This section will outline how poverty can force women and girls into the sex industry, the programs that exist to rescue them from the sex trade and what life looks like for these women and girls after they have been rescued. We draw on our experience in assisting victims of the street-based sex industry and victims of cybersex trafficking in the Philippines to demonstrate how Australian aid could be used to improve outcomes for these women and girls.

Aftercare for Victims

- 4.3 Given that the activities of Australians are fuelling the demand for cybersex trafficking and these offenders are developing new ways to avoid detection,⁸² the Government should consider providing aid funding towards the care for victims of this crime in general, not just those linked to an Australian offender.
- 4.4 Cybersex trafficking is a growing transnational crime that requires international cooperation be addressed effectively. This form of trafficking involves two crimes: on the demand side, the commission of the pay-per-view abuse of children by perpetrators in Australia; and on the supply side, the facilitation of that abuse typically in developing countries such as the Philippines.⁸³
- 4.5 IJM has been working with Philippines law enforcement to combat both the bar/street-based and online sexual exploitation of children since 2001. We have partnered with local law enforcement in rescuing 1630 women and children and arresting 947 perpetrators, resulting in 221 convictions. Since the focus of our work shifted to cybersex trafficking in 2016, we have already assisted in the rescue of 158 children and the prosecution of 73 perpetrators.
- 4.6 IJM also partners with local charities to establish aftercare centres, where children rescued from the cybersex trafficking trade are cared for by trained counsellors and carers and can receive an education. These centres are critical because many of the girls have been rescued from abuse perpetrated against them by their own families. When they are removed from their homes they are also removed from the only source of financial support available to them.
- 4.7 To IJM's knowledge, no Philippine victims of Australian perpetrators have received victims of crime compensation following the successful prosecution of the offender. The victims of crime compensation framework in Australia is complex, with each state

and territory administering their own scheme. It is likely that most, if not all, victims of cybersex trafficking are unaware that these compensation schemes exist. It is also possible for courts to order compensation for victims, however this must be requested by the prosecution. Once again, IJM Australia is unaware whether compensation is requested by the prosecution in cybersex trafficking cases.

Economic Empowerment

- 4.8 Aftercare centres play a vital role in assisting sexual abuse survivors to move forward in their lives. We strongly encourage that the Government support aftercare centres who empower sexual abuse survivors by providing them with employment.
- 4.9 Together with local partners, IJM has built relationships with local businesses that provide employment opportunities for the survivors of sexual abuse living in the aftercare centres. In Manila, one of these organisations is the Paper Project Inc. The Paper Project Inc is a social enterprise that provides sustainable livelihoods for women who are survivors of sexual abuse, human trafficking and prostitution. The Paper Project Inc makes handmade greeting cards using recycled paper. The finished cards are of professional standards, meaning the Paper Project has many large businesses in the United States and Europe as repeat customers.⁸⁴

Transitioning from the AAPTIP to the ASEAN-Australia Counter Trafficking Program

- 4.10 If one of the objectives of the Australian aid program in the Indo-Pacific is to improve outcomes for women and girls, the Government must consider how Australian aid could be used to assist survivors of sexual abuse reach their full potential. This consideration is particularly important as Australia transitions from the Australia-Asia Program to Combat Trafficking in Persons (AAPTIP) to the ASEAN-Australia Counter Trafficking Program.
- 4.11 Experiencing sexual abuse is often a barrier to women and girls reaching their full potential. The consequences of the abuse are physical, psychological, social and economic.
- 4.12 The Mid-Term Review of the AAPTIP recommended that “AAPTIP should be more active in promoting measures to minimise the risks to victim-witnesses, including by supporting the use of videotaped testimony, advocacy to end the system of compulsory shelters and linking criminal justice agencies to NGOs able to offer additional support and services”.⁸⁵ The treatment of victims as witnesses in sexual abuse cases is just one component in the journey to their recovery. As emphasised by the Mid-Term Review, another component is the ability of victims to access support services (such as aftercare centres) provided by NGOs. Other factors relevant to an abuse victim’s recovery include compensation, the proficiency with which local authorities (including police, prosecutors and the judiciary) progress their case and the ability of the victim to access employment opportunities.

Recommendation 13

As the Government transitions from AAPTIP to the new ASEAN-Australia Counter Trafficking program, IJM believes there is scope for Australian aid to be used to improve the outcomes for women and girls rescued from the sex trade in the following ways:

- Improving cooperation between international law enforcement agencies;
- Training prosecutors and judges;
- Minimising the risks to victim-witnesses in the criminal justice system
- Funding aftercare centres;
- Compensation for victims of Australian perpetrators; and
- Partnerships with social enterprises that provide employment opportunities for victims.

5. Increasing the participation and engagement of women in private sector development opportunities

- 5.1 IJM submits that the root causes of the exclusion of women and girls from private sector development opportunities should be addressed. One of the key causes is violence. Thus, Australia's aid programs should aim to prevent the occurrence of violence against vulnerable women, particularly related to sex trafficking, in reaching the target of 80% of projects effectively addressing gender issues in their implementation.⁸⁶
- 5.2 As noted above, violence inhibits women from participating fully in the economic life of their community. A core part of the recovery process for survivors of forced labour, sex trafficking, child sexual assault, and property grabbing with whom IJM works is education and skills training to ensure they are adequately empowered to recover from the trauma they have experienced.⁸⁷
- 5.3 In addition to supporting survivors of violence as a path to economic empowerment, measures should be put in place to ensure violence does not occur in the first place. IJM recently secured its first conviction in a case of domestic violence in rural Uganda.⁸⁸ While the woman has now obtained justice and is being supported by IJM social workers to recover from the trauma, the thousands more that are in her position need protection through a strong public justice system.
- 5.4 Surveys show that 70% of Ugandan women between 15 and 49 have experienced some form of intimate partner violence.⁸⁹ This is significantly higher than Australia at less than 20%,⁹⁰ and this is the consequence of a public justice system that is not functioning as it should. Even with this significantly lower rate, it is estimated that this

violence against women and children costs the Australian economy \$22 billion per year due to the toll violence takes on victims and its flow-on effects.⁹¹ With higher rates and higher economic impacts in developing countries, it is little wonder that eliminating violence against women and girls is included as Target 5.2 of the Sustainable Development Goals.⁹² The suffocating effect violence has on development is perhaps most clearly illustrated by examples of girls and sometimes their teachers in countries like Zambia who stop going to school or their place of work due to fear of sexual violence.⁹³

- 5.5 IJM's work to address property grabbing in Uganda has found that a key cause of the persistence of this often violent crime (that disproportionately affects widows and orphans) is the insufficient response of local law enforcement.⁹⁴ By working with local authorities to investigate and prosecute instances of this crime, IJM has been able to transform community attitudes and beliefs so that widows are now better protected from this form of violence.⁹⁵

Recommendation 14

Projects pursuing public justice system reform for the purpose of addressing violence against women and girls should be a core component of Australia's foreign aid strategy.

6. Australia's aid program in terms of strategic and development goals

- 6.1 According to Australia's International Assistance Program, Australia's aid program is guided by five core strategic goals:
- ***saving lives***—focusing on health, water and sanitation
 - ***promoting opportunities for all***—focusing on education, gender equality and disability-inclusive development
 - ***investing in sustainable economic growth, food security and private sector development***—focusing on food security, infrastructure and climate change adaptation and mitigation
 - ***supporting security, improving governance and strengthening civil society***—focusing on economic reform, law and justice and strengthening civil society
 - ***preparing for and responding to humanitarian crises*** — focusing on emergency response and disaster preparedness.
- 6.2 Based on IJM's global experience and our mission to seek justice and protect the poor from violence, we will limit our comments on this term of reference to the strategic

goal of 'supporting security, improving governance and strengthening civil society – focusing on economic reform, law and justice and strengthening civil society'.

- 6.3 We would like to see the significant outcomes accomplished by IJM's work replicated as part of a global effort to end modern slavery, of which Australia should play a key part. IJM protects the poor from violence by working with local authorities in developing countries to investigate, prosecute and restore the survivors of crimes that disproportionately affect the poor. In six cities where we have worked against commercial sex trafficking, we have seen measurable reductions in the prevalence of children in the sex trade by over 75%.⁹⁶

7. Lack of reference to modern slavery in key foreign aid documents

- 7.1 The strategic goals set out by Australia's International Assistance Program remain valid. However, IJM believes there is scope for the goals to be amended to make specific reference to ending modern slavery. A sixth strategic goal could be added to this list: "Ending modern slavery – focusing on transparency in supply chains, law and justice responses and restitution for victims".
- 7.2 By making the abolition of modern slavery a specific objective of Australia's aid program, there is a greater likelihood that policy objectives and funding decisions will be made in order to achieve that goal.

Recommendation 15

A sixth strategic goal should be added to Australia's International Assistance Program:

- **Ending modern slavery** – focusing on transparency in supply chains, law and justice responses and restitution for victims.

Australia's Aid Policy

- 7.3 IJM believes it is important to highlight that the *Australian Aid: Promoting Prosperity, Reducing Poverty, Enhancing Stability* document, first published in June 2014, does not contain one reference to modern slavery. Whether this was an intentional or accidental oversight is unclear, but in any case we are concerned that the absence of specific reference to modern slavery in such a key document may have potential negative flow-on effects for Australia's foreign aid policy when it comes to addressing modern slavery. Should this document be updated, IJM recommends that it be amended to include specific reference to modern slavery as well as an acknowledgement of Australia's responsibility to address the issue through our foreign aid program.
- 7.4 *Australian Aid: Promoting Prosperity, Reducing Poverty, Enhancing Stability*, is a key foreign aid document which sets out Australia's development policy. It identifies Australia's broad development priorities of promoting prosperity, reducing poverty

and enhancing stability. According to the document, these priorities will be achieved through investing in the following:

- Infrastructure, trade facilitation and international competitiveness,
- Agriculture, fisheries and water,
- Effective governance: policies, institutions and functioning economies,
- Education and health,
- Building resilience: humanitarian assistance, disaster risk reduction and social protection, and
- Gender equality and empowering women and girls.⁹⁷

Recommendation 16

The *Australian Aid: Promoting Prosperity, Reducing Poverty, Enhancing Stability* document should be updated to include specific reference to modern slavery as well as an acknowledgement of Australia's responsibility to address this issue through our foreign aid program.

Linkages with other government initiatives

- 7.5 On 25 March 2018 the Government announced it would provide \$68.6 million in the 2018-19 Budget to establish the Australian Centre to Counter Child Exploitation (ACCCE). In the joint media release between the Hon Angus Taylor MP, Minister for Law Enforcement and Cyber Security and the Hon Peter Dutton MP, Minister for Home Affairs, it was revealed that 'the ACCCE will combine the resources of the various agencies in the Home Affairs portfolio, link to other federal departments, state agencies and, importantly, non-government organisations with expertise in dealing with child exploitation, its victims and its consequences'.⁹⁸
- 7.6 As already noted above, sexual violence against women and children has physical, psychological, social and economic consequences on the victims. Given the prevalence of sex trafficking and cybersex trafficking in the Indo-Pacific, and the Government's commitment to use its aid program to improve outcomes for women and girls, the potential benefits from linking into the work of the ACCCE cannot be ignored. At this stage it is unclear whether this linkage has been established and how it will be maintained. It is possible that Australia's future Modern Slavery Commissioner (should one be appointed) could be responsible for ensuring that the leadership of the ACCCE is introduced to organisations already working to assist victims of child exploitation in the field. The Commissioner could also have oversight of how the work of the ACCCE is complementing the strategic and development goals of Australia's foreign aid program.

- 7.7 When AAPTIP's next iteration comes into force, IJM believes a more concerted effort should be made by the Government to ensure that it is managed as a package with other complimentary programs. There is already evidence to suggest that linkages between existing programs relating to labour trafficking operating in the foreign aid space are not being realised. These programs are the AAPTIP, the Tripartite Action to Enhance the Contribution of Labour Migration to Growth and Development in ASEAN (TRIANGLE II) and Preventing the Exploitation of Women Migrant Workers in ASEAN.⁹⁹ The final report of the Mid-term Review of the AAPTIP revealed that there was not much evidence to show that the three programs aimed at addressing different aspects of trafficking or irregular migration were being managed as a package.
- 7.8 Just as ensuring Australia's foreign aid policy (according to the Government's key policy documents) reflects the Government's efforts to combat modern slavery, recognising linkages between newly announced initiatives and Australia's foreign aid strategic and development goals is also important, particularly in relation to the protection of women and children.

Part C: Innovation in Australia's aid program

8. Innovation in Australia's aid program

- 8.1 In this section, we will focus on innovative ways in which Australia's aid program could potentially contribute to the fight against modern slavery.
- 8.2 Following the collapse of the Rana Plaza factory in Bangladesh in April 2013, there has been a global shift in attitudes towards modern slavery. The death of more than 1,100 people that day (mostly low paid female garment workers) thrust the issue of modern slavery into the spotlight. Since then many countries have introduced supply chain transparency and due diligence frameworks for businesses and government in an effort to identify where modern slavery (such as forced labour or bonded labour) may be occurring in supply chains.¹⁰⁰
- 8.3 IJM Australia welcomed the Committee on Foreign Affairs, Defence and Trade's inquiry into the establishment of a Modern Slavery Act in Australia. We understand it is likely that the Government will introduce legislation imposing supply chain reporting requirements on businesses with annual turnover of \$100 million or more.¹⁰¹ This is a vital step in the fight against modern slavery.
- 8.4 However, when instances of modern slavery are uncovered by the supply chain audits undertaken by business, the next step will be to determine what to do next. Should the company terminate their contract with one particular factory and move their business to another supplier in the same country or region? Or should the company work with the supplier in question to improve the working conditions of employees there?
- 8.5 What must be kept in mind in these situations is the robustness of the supplier country's law enforcement framework. If police or other government officials routinely turn a blind eye to instances of human rights abuses like forced labour, simply changing factories will be unlikely to result in the systemic changes required to end modern slavery in that particular country. As a result, it is necessary for there to be meaningful engagement with local authorities (including police, prosecutors and members of the judiciary) to bring about those systemic, long term changes.¹⁰²
- 8.6 IJM acknowledges that the work undertaken by the AAPTIP and its predecessors, as well as the work to be undertaken by the upcoming ASEAN Australian Counter Trafficking program, is making inroads in this space. However, if the Government is looking at ways the Australian aid program can be innovative, IJM believes there is an opportunity to complement the work of these programs either by Australia joining the Global Fund to End Modern Slavery (GFEMS) or by establishing a similar fund of our own.

The Global Fund to End Modern Slavery (GFEMS)

- 8.7 The GFEMS was established in 2015. Its mission is to end modern slavery by making it unprofitable. GFEMS is a 'public-private partnership that seeks to catalyse and coordinate a coherent global strategy to end modern slavery'. Its strategy includes

‘increasing resources, engaging government and the private sector, funding transformative programs and technologies, and ensuring robust assessment of impact across all partners and programs’.¹⁰³ GFEMS’ global fundraising target is US\$1.5 billion. To date it has raised approximately US\$75 million, mainly from the United States and Britain.

8.8 As highlighted by IJM’s founder and CEO, Gary Haugen, the GFEMS ‘ought to focus our global efforts (to end modern slavery) ... so far they have been completely uncoordinated’.¹⁰⁴

8.9 GFEMS provides grants to eligible NGOs based on the ‘current opportunities’ determined by GFEMS. Its inaugural funding round commenced this year, and up until 1 April 2018 NGOs were able to submit ‘concept notes’ for projects concerning:

Migrant Labour

- Reducing trafficking of overseas domestic workers from the Philippines;
- Improving the protection of Vietnamese migrants in recruitment to key destination industries.

Sex Trafficking

- Creating new solutions to combat online-enabled sex trafficking in Maharashtra, India;
- Targeting sex trafficking of Vietnamese women and girls to key regional destinations.

Apparel and Footwear

- Identifying the business case for ending forced labour in the global apparel supply chain by quantifying prevalence and identifying win-win solutions for businesses and workers. Applicants proposing work in Vietnam and India are especially encouraged.

Construction

- Building the business case that eliminating forced labour in supply chains will increase the efficiency and effectiveness of operations, including through investment in worker skilling, safe migration, and ethical recruitment. Applicants proposing work in India are especially encouraged.¹⁰⁵

To date it is unknown whether Australia intends to contribute to the GFEMS. It is worth noting that based on the current opportunities determined by GFEMS, the work GFEMS wishes to see undertaken is all within countries in the Indo-Pacific.

The potential benefits to the Government contributing to the GFEMS include:

- An already established funding framework, including eligibility criteria and assessment methods;
- The opportunity to be part of a coordinated effort to end modern slavery at a global level;
- The opportunity to fund projects that will address all forms of modern slavery, not just particular forms of it (such as human trafficking or forced labour);
- The opportunity to fund more projects than it is currently able to due to the contributions of businesses and other governments.

The potential drawbacks to the Government contributing to the GFEMS include:

- Being removed from the approval process for grants that Australia has contributed funding towards. This could result in Australian aid going towards projects that may not be in line with Government priorities.
- Funding being used for projects outside of the Indo-Pacific.
- The ability of Australia to influence GFEMS's priorities is unclear.

8.10 If the Government was to establish its own fund to end modern slavery together with the private sector, there would be greater opportunity to identify priority funding areas and locations as already determined by the Government in the *National Action Plan to Combat Human Trafficking and Slavery 2015-2019* and the development policy *Australian aid: promoting prosperity, reducing poverty, enhancing stability*. However, given the global nature of supply chains, there is the risk that the Government would be requesting businesses to contribute to our own fund when they may already be contributing to the GFEMS. This may seem inappropriate, particularly where there is overlap between the projects identified by the GFEMS and the Australian fund.

Recommendation 17

If the Government wishes to see innovation in its aid program, then IJM strongly recommends consideration be given to Australian aid contributing to the GFEMS or being used to establish our own fund.

9. The role Australia's aid program plays in building influence as a trusted development partner

Increasing Australia's Foreign Aid Budget

9.1 While we have made recommendations to invest in measures to improve the public justice system in developing countries as a critical cornerstone of development, we do

not suggest that the Government necessarily divert funds from the good work already being done. We advocate for additional investment which Australia as a nation is able and morally obliged to provide.

- 9.2 Australia's economic prosperity over the last quarter of a century has been described by economists as a 'miracle'¹⁰⁶ and 'the envy of many economies in the world'.¹⁰⁷ We experienced an unprecedented 25 years of uninterrupted growth from 1991, and the OECD economic forecast is that we 'will continue growing at a robust pace'.¹⁰⁸ Similarly, our national income per capita has grown steadily for the past half century, well above the mean for other OECD and high-income countries. Yet, 'while Australians have grown richer, our aid generosity has declined', reaching the lowest level ever.¹⁰⁹
- 9.3 As noted by the Lowy Institute, the sudden and drastic cuts to the foreign aid budget of 33% over just three years are damaging to Australia's influence and reputation as a development partner.¹¹⁰ It is difficult to see how this is consistent with the Government's objective to 'become a trusted partner' through aid.¹¹¹
- 9.4 IJM Australia is particularly concerned about the need for investment of funds to address modern slavery. As we recently brought to the Government's attention,¹¹² global efforts to address slavery are currently woefully underfunded. Based on estimates of modern slavery worldwide:¹¹³
- Approximately 66,000 victims are rescued and 7000 perpetrators arrested each year. This amounts to **less than 1%** of total victims and perpetrators.
 - \$150 billion in profits are made from slavery and \$350 million is spent combatting it each year.
- 9.5 Thus, the current measures being taken to address slavery need to be significantly scaled up to eliminate the problem. However, we are presently spending **less than 0.25%** of what perpetrators are earning on these measures and using to further their business of slavery.¹¹⁴

Recommendation 18

The Government should drastically and rapidly increase its foreign aid budget to meet its previous commitment of 0.5% of gross national income.

End notes

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- ¹³ Anis Chowdhury, 'Financing Poverty Eradication' (Paper prepared for the Inter-Agency and Expert Group Meeting on 'Implementation of the Second United Nations Decade for the Eradication of Poverty (2008 – 2017)', Bangkok, 4–6 May 2016) 15.
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- ¹⁶ See Department of Foreign Affairs and Trade (Cth), [Strategy for Australia's Aid Investments in Private Sector Development](#) (October 2015).
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