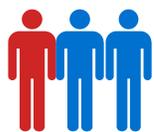
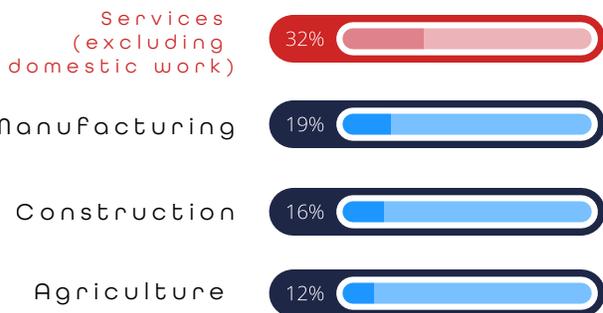


Hospitality

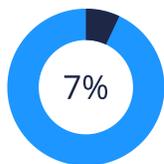
High Risk of Modern Slavery

Hospitality is a **complex and broad industry** that presents **direct and indirect risks** of modern slavery through services that include **catering, event planning, entertainment, tourism, hotels, restaurants and bars.**

The ILO places the **services sector** in the **highest** proportion of victims of **forced labour worldwide.** This represents 5.5 million people.



UNODC indicate that **1 in 3** victims of human trafficking worldwide are **children**



of children trafficked worldwide are destined to the **hospitality sector**

Risk Factors

The hotel industry has a **high risk of modern slavery** due to its vulnerable staff, complex supply chains, and extensive franchising of international brands that neglect the inspection of its network. Other risk factors are explained below:

Hotel layout and facilities

The layout and facilities of a hotel can influence its susceptibility to indirect risks of modern slavery. Large, complex layouts, areas out of sight, isolated settings, and night time venues such as private nightclubs can produce environments favourable to exploitation. Organised crime networks often find it easier to carry out their illicit activities in these places.

Guest demographics

Hotels are at higher risk when they accommodate solo travellers, foreigners, vulnerable populations or trafficked people. These guests are easier targets for modern slavery because they are often isolated, lacking support networks and are unfamiliar with local laws.

Location

The location of a hotel can also increase its vulnerability to modern slavery. The closeness to vulnerable communities (e.g. people with insecure migration status or homelessness), transportation hubs like airports and ports, isolated areas, and red-light districts offer criminals opportunities to take advantage of marginalised individuals.

Hotel operations

Hotels are more vulnerable when they don't provide their staff with proper training to identify signs of modern slavery through cash transactions for room payments, guest screening and other security measures such as guards and CCTV. A lack of collaboration with law enforcement and support services can also be a risk factor.

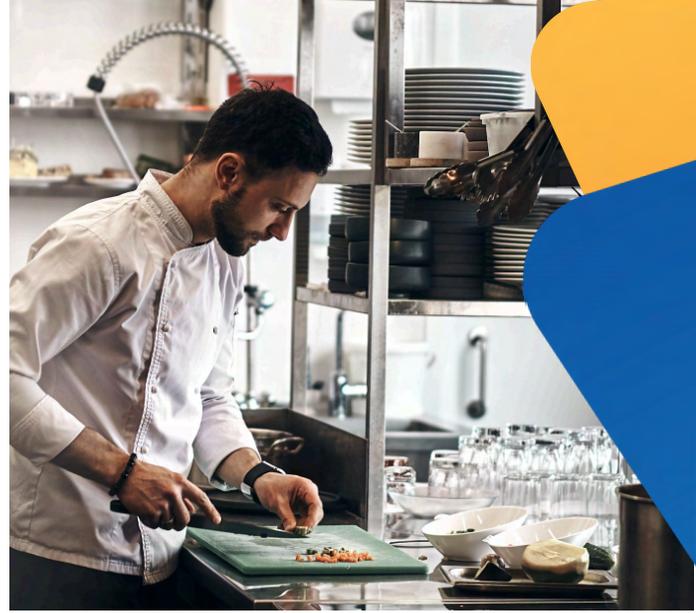


Case Study

Wage theft in the hospitality sector

The Australian restaurant Macedon Lounge and its owner, Gaurav Setia, were charged under the Victorian Government's wage theft laws in 2022. Mr Setia and the restaurant faced together 94 charges for withholding more than \$7,000 in employee entitlements, including wages, penalty rates and superannuation, from four young former staff members.

However, a year later in 2023, the case was dropped by the Victorian Government's wage inspectorate after noting the federal executive government was proposing its own wage theft laws. The inspectorate also noted that Mr Setia had already back-paid the staff. The Macedon Lounge case was the first and remains the only wage prosecution case under Victorian laws. Mr Setia's lawyers declared that the case was an invalid investigation and they would sue the state wage agency for damages.



The underpayment of wages is a widespread practice in Australia, affecting mostly young people, especially in the hospitality sector. The Australian Fair Work Ombudsman has found hospitality to be the sector with the highest rates of underpayment, comprising 36% of all reports in 2020–21. A survey by The McKell Institute found that on average up to 76% of young people have experienced wage theft in Australia.



MCKELL INSTITUTE VICTORIA
MARCH, 2019
**Eradicating underpayment
in the Australian workplace**



BASSINA FARBENBLUM AND LAURIE
BERG, 2020
**International students and wage
theft in Australia**



THE UNIVERSITY OF QUEENSLAND
AUSTRALIA, 2022
**Serving up a Fair Go? Surfacing
cultural issues in hospitality
employment**



APLUSINSIGHTS, 2023
The Big Steal: Part I



Image: Employer Advisors



Building on Business Practices

Four Strategic areas to make an impact on modern slavery



Engage

Education and commitment

- Provide **training** for staff and suppliers to build awareness about modern slavery risks and impacts.
- Create a **working group** to action changes within a company's processes, systems, and supply chains.

Assess

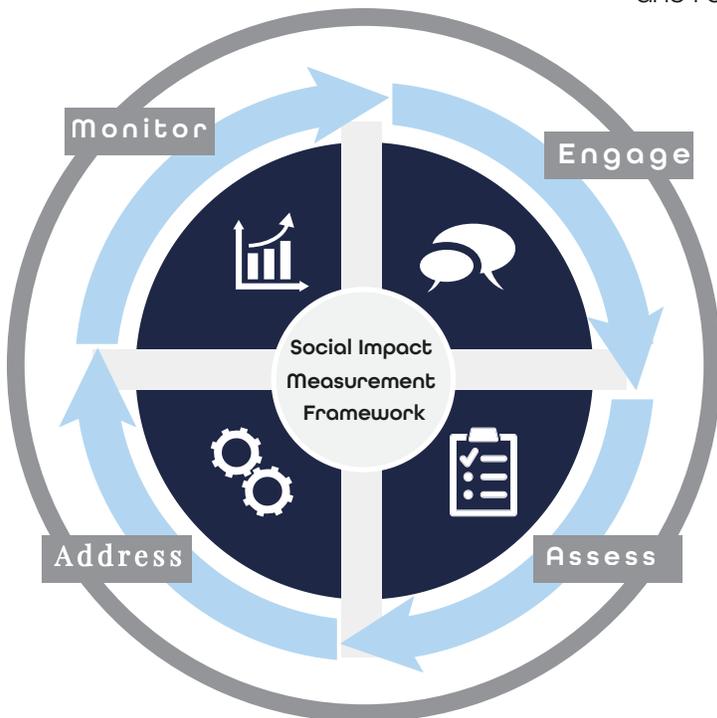
Map operational and supply chain risks

- **Map** the organisation's structure, businesses, and supply chains.
- Perform a **risk assessment** – identifying those parts of the business operations and supply chains where there is a risk of modern slavery.
- **Investigate** high-risk suppliers by carrying out further due diligence.
- Formulate **policies** in relation to modern slavery – this will involve collating current policies, identifying gaps, adapting existing policies and formulating new policies, as needed.

Address

Mitigate risk and build capacity

- **Engage** with suppliers to strengthen understanding of modern slavery and build capacity.
- Improve **purchasing practices** (such as forecasting, contract negotiations, and prompt payment to suppliers) to alleviate undue pressure on suppliers.
- Use **positive leverage** and incentives to encourage and reward the provision of stronger labour standards by suppliers.
- Ensure **third-party recruitment agencies** are ethical and certified.
- Develop **remediation** policies to outline actions required and carrying out those remedial steps if cases of modern slavery are identified.



Monitor

Robust governance Framework

- Elevate worker's voice (both internally and externally) through access to credible grievance systems including whistle-blower mechanisms.
- Establish processes and KPIs to monitor the effectiveness of the steps taken to address modern slavery risk.



Case Study

Partnership to protect migrant workers in the hospitality sector

The hotel and tourism industry is one of the fastest growing industries in the world and migrant workers are an essential source of multiple and diverse skills to this sector. However, those workers are highly vulnerable to forced labour exploitation, commonly present in the services sector.

In this scenario, the International Organisation for Migration (IOM) and the Sustainable Hospitality Alliance¹ signed a Cooperation Agreement on the protection of migrants in the hospitality sector. The two organisations will strengthen the collaboration between the private and public sectors in areas including labour migration, ethical recruitment, migrant worker protection, counter-trafficking, integration, promotion of economic growth, and support for human development.



¹The Sustainable Hospitality Alliance is an organisation that brings together decision-makers from the hospitality sector to collaborate on key challenges affecting the planet, people and places to enhance sustainability around the world.

Obligations under the Australian Modern Slavery Act



READ MORE

Further questions

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Sustainable Hospitality Alliance, (2022), IOM and the Sustainable Hospitality Alliance sign Co-operation Agreement to Promote Ethical Recruitment and Protect Migrant Workers. <https://sustainablehospitalityalliance.org/iom-alliance-partner/>

UKHOSPITALITY, (2023), Uncovering the underlying enablers of modern slavery in hospitality. <https://www.ukhospitality.org.uk/uncovering-the-underlying-enablers-of-modern-slavery-in-hospitality/>

News, (2022), Macedon Lounge becomes first restaurant in Victoria to be charged under new wage theft laws.

<https://www.abc.net.au/news/2022-11-29/macedon-lounge-restaurant-charged-victoria-wage-theft-laws/101710104>.

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Aplusinsights, (2023), The Big Steal: Part I. <https://qplusinsights.com.au/articles/wage-theft-hospitality-australia>.

