

Submission by



to the

Education and Workforce Select Committee

on the

Modern Slavery Bill

May 2026

**THE MODERN SLAVERY BILL (“the bill”)
SUBMISSION BY BUSINESSNZ¹**

1. INTRODUCTION

1.1 BusinessNZ welcomes the opportunity to make a submission on the Bill. It wishes to appear before the Select Committee to speak to its submission.

2. RECOMMENDATIONS

2.1 While we support the intent of the Bill and its alignment with international transparency regimes, its effectiveness will depend on ensuring the regime is proportionate, interoperable, and targeted, while avoiding duplication, minimising unnecessary compliance costs and limiting unintended impacts across supply chains. Where equivalent reporting is already being undertaken in other recognised jurisdictions, New Zealand should seek to leverage that reporting rather than require parallel compliance processes.

2.2 We recommend the following amendments:

2.3 Develop a tiered approach that retains a compliance-based reporting regime for large entities, while adopting an education and guidance-based approach for SMEs and providing practical tools for smaller firms indirectly affected through supply chains. Consideration should also be given to how reporting thresholds are calibrated and applied over time to avoid arbitrary capture where entities fluctuate around the reporting threshold.

2.4 Consideration should also be given to a phased implementation pathway that initially prioritises education and guidance, followed by a progressive implementation of reporting and enforcement expectations. This would provide organisations with greater certainty regarding future obligations and allow time to establish appropriate systems, governance and supplier engagement processes.

2.5 Recognise equivalent overseas reporting - allow entities to rely on Australian, UK and other equivalent statements where these address the same core requirements. This will help reduce duplication, lower compliance costs and improve cross-border consistency.

2.6 Allow Group-Level Reporting and avoid unintended extraterritorial effects – permit parent company or joint group-level statements to satisfy New Zealand requirements and ensure the regime does not impose conflicting obligations on

¹ Background information on BusinessNZ is attached as Appendix 1

offshore parent entities operating under different regulatory frameworks. Allowing group-level reporting would reduce unnecessary duplication, better align with international reporting practice, and avoid resource-intensive reporting across multiple entities within the same corporate group.

- 2.7 Focus on substance, not format - align reporting timing and format with international obligations and existing corporate reporting cycles and allow use of existing reports without requiring reformatting where the underlying information is materially equivalent. Reporting entities should also retain flexibility regarding the format of reporting, including the ability to use standalone or integrated reporting approaches where appropriate. The Bill should also distinguish between alignment of substantive reporting requirements and practical mechanisms that enable dual-purpose reporting across materially equivalent jurisdictions.
- 2.8 Introduce a Clear Proportionality Principle - require risk-based supplier engagement and avoid blanket compliance expectations being passed down to SMEs.
- 2.9 Calibrate enforcement appropriately- focus enforcement on non-reporting and misleading disclosures, while ensuring penalties remain proportionate to procedural reporting obligations and do not discourage transparency or incentivise defensive reporting.
- 2.10 Clarify the policy intent and scope of the regime – explicitly recognise that the Bill is primarily a supply-chain transparency mechanism focused on offshore risk and mitigation processes and ensure it does not duplicate or conflict with existing domestic employment, immigration and criminal law frameworks.
- 2.11 Ensure reporting expectations are risk-based and proportionate -avoid creating incentives for artificial or non-material reporting outcomes where underlying risk is low or difficult to detect.
- 2.12 Avoid including import bans in this Bill - consider such measures separately given their trade implications, enforcement complexity and potential to operate as non-tariff barriers.

3. INTRODUCTION

3.1 The Bill adopts a disclosure-based regime, requiring entities with annual revenue above NZ\$100 million to:

- prepare annual modern slavery statements;
- publish those statements publicly;
- provide training to staff, including those involved in supply chain management;

- submit statements to a central register; and
 - face penalties for non-compliance carrying fines of up to \$200,000, together with potential pecuniary penalties of up to \$600,000.
- 3.2 This threshold captures approximately 990 businesses, representing over 25% of national operating profit.
- 3.3 While we support the objective of eliminating modern slavery and forced labour in global supply chains, we are concerned that this Bill creates a significant compliance cost for New Zealand businesses in relation to activity that primarily occurs offshore and may be difficult to detect. Such practices are rare domestically, where New Zealand already has comprehensive legislation addressing exploitation (minimum wage, leave, equal pay, health and safety, wages protection, human rights etc). The Bill may also create practical implementation challenges for entities operating across highly complex investment, financing and supply chain structures.
- 3.4 While New Zealand businesses that operate internationally must respond to risks present in global markets, any regulatory response should be designed to be effective at the lowest possible cost to participating entities. Effective identification and management of modern slavery risks can also support stronger governance, supply chain resilience, and long-term commercial sustainability.
- 3.5 Feedback from companies within the proposed reporting threshold indicates that many are already reporting on Modern Slavery in other jurisdictions. Their primary concern is divergence between New Zealand requirements and those in markets which they operate. Business at OECD has undertaken analysis highlighting the growing cost and complexity associated with fragmented ESG reporting frameworks across jurisdictions. <https://tinyurl.com/zaa29zsw>. Many exporters are already participating in internationally recognised supply chain assurance and ethical sourcing frameworks, including SMETA and SEDEX, and care should be taken to avoid creating duplicative or inconsistent reporting expectations.
- 3.6 With this in mind, BusinessNZ considers a more effective approach would recognise reporting already being done in another approved jurisdiction (e.g. Australia, UK, EU, Canada, USA) as satisfying New Zealand requirements. This would better support interoperability with existing international reporting obligations.
- 3.7 We are concerned that the Bill as currently drafted is too broad and has the potential to cascade compliance expectations down supply chains to relatively small companies, particularly through provisions relating to training and supply chain engagement. In particular, section 9(2)(g)(i) requires reporting entities

to disclose training provided not only to their own employees and those of controlled entities, but also to “employees of any entity that is in the reporting entity’s supply chain”. While the Bill does not explicitly require reporting entities to train their entire supply chain, the drafting creates significant uncertainty as to how far those expectations are intended to extend in practice.

- 3.8 For example, what does this mean for a small importer of dates supplying a domestic supermarket, or for the supermarket itself, which may stock between 20,000 and 40,000 SKUs sourced from thousands of suppliers across highly complex domestic and international supply chains? Without greater clarity, there is a real risk that larger reporting entities will pass increasingly detailed compliance expectations down supply chains through supplier onboarding requirements, questionnaires, training requests, audit processes and contractual obligations.
- 3.9 This raises practical questions about proportionality, feasibility and cost, particularly where SMEs may lack the capability or resources to respond to extensive reporting and assurance expectations. If this type of cascading compliance effect is not intended, that should be made explicit in the legislation. BusinessNZ considers that SMEs should be clearly excluded not only from direct reporting obligations, but also from indirect compliance expectations arising through supply chain training and engagement requirements.
- 3.10 Evidence from international ESG reporting indicates that large firms often face significant challenges obtaining reliable information from smaller suppliers.
- 3.11 It has also been drawn to our attention the Bill may create unintended extraterritorial implications where New Zealand-based subsidiaries above the revenue threshold impose compliance requirements on offshore parent entities operating under different regulatory frameworks. This creates a risk that New Zealand subsidiaries become a de facto compliance gateway for global corporate groups operating across multiple jurisdictions, requiring offshore parent entities to adjust group-wide reporting, governance and compliance processes to accommodate New Zealand-specific requirements. In practice, this could result in a relatively small jurisdiction exerting disproportionate compliance influence across multinational corporate structures and create unnecessary duplication where multiple entities within the same corporate group are required to produce separate modern slavery statements despite operating under common governance and reporting frameworks.
- 3.12 Ultimately, we support a system that improves real supply chain outcomes while avoiding unnecessary compliance burdens.

4. GENERAL COMMENT ON THE BILL

- 4.1 On its face, the Bill represents a regime focused on large firms with significant supply chain reach and capacity to influence supplier behaviour. However, while most New Zealand businesses fall outside the regime, they are also likely to be indirectly affected by the Bill through supply chain reporting demands.
- 4.2 New Zealand's key trading partners have increasingly adopted legislation to combat modern slavery and labour exploitation within global supply chains. These laws generally shift the focus from purely criminalising acts of slavery to requiring corporate transparency and due diligence.
- 4.3 The key issue therefore is whether the proposed regime is effective, proportionate, and aligned with international frameworks.
- 4.4 To that end, the Bill requires refinement to ensure the regime avoids duplication, minimises compliance burden, supports trade competitiveness and reflects its limited direct coverage.

5.0 Key Issues

- 5.1 *Limited coverage of New Zealand businesses* - the Bill applies to only a small proportion of businesses. Consequently, the direct regulatory impact is narrow and system-wide impact depends on supply chain flow-through. This creates a risk that large firms may pass compliance requirements down to SMEs, resulting in repeated information requests, disproportionate burdens and inconsistent and duplicative reporting expectations.
- 5.2 *Risk of duplication and fragmentation* - many affected firms already report under Australia's Modern Slavery Act, the UK transparency requirements and EU-related due diligence expectations. Without alignment, businesses may be required to produce multiple overlapping reports, with even minor differences in format or timing generating additional compliance costs.
- 5.3 *Reporting timelines and implementation* – reporting timelines should also align, as far as practicable, with existing corporate reporting cycles and international reporting obligations. Fixed reporting periods that differ from an entity's financial year may create unnecessary operational complexity and duplicate reporting processes, particularly for trans-Tasman and multinational entities already reporting under offshore regimes.

Businesses captured by the regime may operate across a range of financial year-ends. Requiring reporting entities to adopt a separate reporting period for the purposes of this legislation would create avoidable administrative burden without necessarily improving modern slavery outcomes.

Consideration should therefore be given to aligning the definition of “reporting period” with a reporting entity’s existing financial year.

Consideration should also be given to providing sufficient implementation time following enactment to allow reporting entities to establish appropriate systems, governance and supplier engagement processes. A phased implementation pathway that initially prioritises education and guidance before progressive implementation of formal reporting and enforcement expectations may assist entities transitioning into the regime.

- 5.4 *International Trade Pressure* - global trends are increasingly moving beyond disclosure-based regimes towards enforcement mechanisms, including import bans (e.g. US, Canada, EU), and mandatory due diligence (e.g EU). Some of these measures may operate in practice as ‘non-tariff barriers’.
- 5.5 *Distinction between exploitation and slavery* - greater clarity is required between workplace exploitation (already addressed by New Zealand law) and modern slavery (forced labour, trafficking, coercion). Failure to clearly distinguish between these risks misdirecting compliance effort and duplicating existing enforcement frameworks. ² Additional guidance or clarification may also be useful regarding the intended scope of upstream and downstream supply chain obligations, including what constitutes reasonable and proportionate supplier engagement and “reasonable steps” for the purposes of due diligence obligations.

Additional clarification may also be required regarding the concept of “control” and how reporting obligations apply in the context of complex ownership, investment, co-operative and shared-service structures where accounting control may not necessarily involve direct operational control.

- 5.6 *Interaction with existing domestic frameworks* - it will be important to ensure that legislative obligations in these areas are clearly delineated and not overlap unnecessarily.
- 5.7 *Annual Ministerial Reporting* - We are concerned that the Bill may create a significant administrative framework with limited substantive outcomes. To the extent that modern slavery risks arise domestically, they are more likely to occur in smaller businesses outside the scope of the Bill and are already addressed in New Zealand’s existing employment, immigration and criminal law frameworks. The proposed regime is therefore not well targeted at domestic risk, and instead primarily operates as a supply chain transparency mechanism focused on larger firms and offshore exposure.

² Exploitation involves breaches of employment legislation enforceable under domestic law, while modern slavery involves more severe practices such as forced labour, restrictions on movement, confiscation of identity documents, debt bondage, forced marriage, sexual exploitation and state-imposed forced labour.

- 5.8 *Incentives for non-material reporting* - If large firms are already operating to high standards, as we would expect, and few issues are identified, are we then creating an environment where the Minister responsible and the Human Rights Commissioner feel compelled to demonstrate that the legislation is delivering visible outcomes each year? There is a risk that reporting requirements may incentivise activity that does not reflect material risk, rather than delivering meaningful improvements in outcomes.
- 5.9 *Offshore enforcement challenges* - Similar challenges have been observed in relation to international bribery and corruption laws (so-called long reach legislation), where New Zealand's international commitments have been followed by criticism of low enforcement levels. In practice, this may reflect the difficulty of detecting and prosecuting offshore conduct, or genuinely low incidence, rather than regulatory failure. There is a risk that a similar dynamic could arise under this regime, where limited reporting of modern slavery issues leads to pressure to demonstrate outcomes regardless of whether material risk is present.
- 5.10 *Incident-based reporting* - The regime should remain focused on risk identification, governance and due diligence processes, rather than evolving into an incident-based reporting framework. A requirement to disclose "any" incident, regardless of materiality or knowledge, risks discouraging good-faith remediation and may create liability exposure for matters that reporting entities could not reasonably have known about. The legislation should instead focus on known or reasonably identifiable risks and incidents, consistent with a proportionate and process-based reporting model. Reporting obligations should also be sufficiently clear and certain at the time of enactment to allow entities to establish appropriate compliance systems and governance processes.
- 5.11 *Enforcement and liability settings* - Consideration should also be given to whether the proposed enforcement settings are proportionate to the nature of the obligations under the Bill. The inclusion of director and officer liability, together with significant pecuniary penalties and potential exclusion from government procurement, goes beyond the current Australian regime. Comparable overseas regimes such as Australia's currently rely primarily on civil enforcement mechanisms. The proposed settings may also incentivise increasingly defensive legal and technical review processes in order to support sign-off obligations. This risks materially increasing compliance costs without necessarily improving underlying modern slavery outcomes.

BusinessNZ also has concerns regarding the proposed amendments to the Public Finance Act 1989, which would prevent the Crown from paying money to entities convicted of offences or subject to pecuniary penalties under the regime. Given the procedural and reporting-based nature of many obligations under the Bill, this consequence may be disproportionate and could create significant unintended operational and procurement implications where affected entities are major suppliers to government. Consideration should also

be given to whether procurement-related sanctions should be reserved for serious or repeated non-compliance, rather than automatically following procedural reporting breaches.

- 5.12 *Victim support and referral pathways* - Effective remediation and victim support depend on clear referral pathways and appropriately resourced specialist and State support services. It is important that the legislation appropriately distinguishes between the role of reporting entities and the role of enforcement agencies and specialist victim support providers.

6. Key Trading Partner Frameworks and Implication for New Zealand Businesses

- 6.1 New Zealand's key trading partners have adopted a range of legislative approaches to modern slavery, broadly spanning transparency-based reporting, enforcement measures, and mandatory due diligence.
- 6.2 *Australia's* Modern Slavery Act 2018 requires large entities (with over AUD \$100 million annual revenue) to submit annual statements outlining risks and mitigation actions, which are published on a central Government Register. The Bill is closely aligned to this model.
- 6.3 *The United Kingdom's* Modern Slavery Act 2015 similarly requires annual transparency statements from organisations above a defined turnover threshold alongside criminal enforcement measures.
- 6.4 *Canada's* framework requires reporting on measures taken to prevent and reduce the risk of forced or child labour and includes import restrictions on goods produced using forced labour.
- 6.5 *The United States* approach is more enforcement focused, including import bans and rebuttable presumptions under the Uyghur Forced Labor Prevention Act.
- 6.6 *The European Union* has adopted a mandatory due diligence model, requiring large companies to identify, prevent, and mitigate human rights risks across their value chains, with significant penalties for non-compliance.
- 6.7 For New Zealand businesses, the practical impact of these frameworks depends on whether they have a direct business presence in these jurisdictions or are part of global supply chains linked to them.
- 6.8 In Australia, New Zealand companies are required to report if they meet the AUD \$100 million revenue threshold and "carry on business" in Australia. Statements must cover organisational structure, operations, supply chains, identified risks, and actions taken and must be submitted within six months of

the financial year-end. Smaller New Zealand businesses may submit a voluntary statement to meet client expectations.

- 6.9 Australia's regime is also supported by practical guidance on supply chain scope and proportionate engagement expectations. Similar guidance would be valuable in the New Zealand context to provide clarity around what constitutes reasonable and proportionate supply chain due diligence, supplier engagement and training expectations.
- 6.10 In the United Kingdom, New Zealand businesses are in scope where they meet the £36 million turnover threshold and carry on any part of a business in the UK. Reporting expectations include organisational structure, policies, due diligence processes, risk assessment, performance indicators (KPIs), and training, with board-level approval.
- 6.11 Canada's regime (effective 2024) applies to entities producing, selling, or distributing or importing goods in Canada where specified thresholds are met. Reporting includes both a formal report and a mandatory questionnaire, together with additional requirements relating to remediation and compensation.
- 6.12 In the European Union, the shift to mandatory due diligence will capture large New Zealand companies with significant EU revenue on a phased basis starting 2027-2029. Smaller New Zealand exporters are also increasingly affected indirectly, as they are required to provide detailed supply chain information to support their European partners' compliance obligations.
- 6.13 Taken together, these frameworks are creating increasingly direct and indirect compliance expectations on New Zealand businesses operating internationally. This reinforces the importance of ensuring that any New Zealand regime remains proportionate and aligned with existing international systems.

7. CONCLUSION

- 7.1 New Zealand should seek to align with international modern slavery frameworks in a pragmatic and proportionate manner, while avoiding unnecessary divergence, duplication and compliance burden.
- 7.2 New Zealand should avoid unnecessary divergence by ensuring that businesses are not required to duplicate reporting already undertaken in equivalent jurisdictions.
- 7.3 There is also a case for caution in adopting more prescriptive international models, particularly where these are still evolving and may impose disproportionate costs on a small economy.

- 7.4 Similarly, trade-related measures such as import restrictions should be considered separately, given the complexity and potential economic impact.
- 7.5 While we support the objective of addressing modern slavery risks and enhancing transparency, the design of the regime is critical.
- 7.6 A well-designed framework should align with international systems, avoid unnecessary duplication, support businesses operating in global markets and minimise unintended impacts on smaller firms.
- 7.7 A well-calibrated regime can enhance transparency while maintaining New Zealand's international competitiveness. A poorly aligned regime risks adding compliance costs without improving outcomes.

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The BusinessNZ Network is New Zealand’s largest business organisation, representing:

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- [Major Companies Group](#) of New Zealand’s largest businesses
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The BusinessNZ Network is able to tap into the views of over 76,000 employers and businesses, ranging from the smallest to the largest and reflecting the make-up of the New Zealand economy.

The BusinessNZ Network contributes to Government, tripartite working parties and international bodies including the International Labour Organisation ([ILO](#)), the International Organisation of Employers ([IOE](#)) and Business at OECD ([BIAC](#)).

