

Submission

to the

Education and Workforce Select Committee

on the

Modern Slavery Bill

28 May 2026



About NZBA

1. The New Zealand Banking Association – Te Rangapū Pēke (**NZBA**) is the voice of the banking industry. We work with our member banks on non-competitive issues to tell the industry's story and develop and promote policy outcomes that deliver for New Zealanders.

2. The following eighteen registered banks in New Zealand are members of NZBA:
 - ANZ Bank New Zealand Limited
 - ASB Bank Limited
 - Bank of China (NZ) Limited
 - Bank of New Zealand
 - China Construction Bank (New Zealand) Limited
 - Citibank N.A.
 - The Co-operative Bank Limited
 - Heartland Bank Limited
 - The Hongkong and Shanghai Banking Corporation Limited
 - Industrial and Commercial Bank of China (New Zealand) Limited
 - JPMorgan Chase Bank N.A.
 - KB Kookmin Bank Auckland Branch
 - Kiwibank Limited
 - Rabobank New Zealand Limited
 - SBS Bank
 - TSB Bank Limited
 - Westpac New Zealand Limited

Introduction

Contact details

3. If you would like to discuss any aspect of this submission, please contact:

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Introduction

4. NZBA welcomes the opportunity to provide feedback to the Education and Workforce Select Committee (**Committee**) on the Modern Slavery Bill (**Bill**).
5. We support the introduction of modern slavery disclosure legislation in New Zealand. We commend the Bill's establishment of a disclosure regime, and strongly encourage alignment to the approach currently taken by Australia and other jurisdictions with proactive disclosure regimes.
6. The proposed regime is timely: it will enhance the competitiveness of New Zealand businesses in global export markets and align with growing international expectations around ethical supply chains. We welcome the pragmatic approach taken in many aspects of the Bill, which seeks to set up reporting entities for success in the context of evolving global trends and developments.
7. Pragmatism and clarity will be essential features to the success of a new modern slavery disclosure regime in New Zealand. Our submission focuses on ensuring the Bill achieves its important objectives while minimising unintended consequences that could undermine the regime's effectiveness and avoiding unnecessary duplication of effort for entities already complying with comparable international regimes.
8. Many of our members report into overseas modern slavery regimes and draw on their global and local experience to make this detailed submission. This submission is intended to make constructive specific suggestions to support smoother operational design and implementation, rather than signalling opposition to the broader policy intent.
9. In that context, NZBA proposes the following discrete changes to the Bill:
 - (a) **Alignment with the Australian Modern Slavery Act 2018 on mandatory reporting criteria:** The Bill should not require entities to report on modern slavery incidents and complaints, as these create a de facto due diligence obligation;
 - (b) **Offshore recognition:** Statements filed under comparable offshore regimes, including the Australian regime, should be able to meet reporting obligations under the Bill, to remove the dual compliance burden;
 - (c) **Parent company reporting:** Parent companies should not be required to provide separate modern slavery statements, including in the case of offshore parent companies, where subsidiaries or local registered branches will already be providing New Zealand statements;
 - (d) **Liability:** Where liability arises for reporting entities, director and executive liability should be removed, as being disproportionate and inconsistent with broader legislative trends;
 - (e) **Reporting deadlines:** Reporting deadlines should be aligned with entities' balance dates to integrate modern slavery reporting with existing annual reporting processes, and a 12 month phase-in period should apply.



- (f) **Definitions:** Clearer definitions are required for the key terms “operations”, “supply chain”, “modern slavery” and “due diligence”;
- (g) **Procurement:** The proposal to exclude non-compliant entities from Government procurement should be reconsidered as this is disproportionate; and
- (h) **Victim support:** Government needs to address the gap in public infrastructure to ensure there are specialised agencies that entities can refer victims to.

A: Alignment with the Australian Act on mandatory reporting criteria, including removing requirements to report on modern slavery incidents and complaints

- 10. For pragmatic reasons, NZBA members support substantive alignment with the current Australian regime on current Australian mandatory reporting criteria.
- 11. The current Australian framework provides a well-established point of reference against which New Zealand’s new regime can be benchmarked. It represents a clear standard that New Zealand can draw on when developing its own regime.
- 12. Most importantly, NZBA is concerned by the proposed requirement to report “modern slavery incidents” and “complaints” (clause 9(2)(b) and (e)). Importantly:
 - (a) there are no equivalent requirements in the Australian regime (or other comparable regimes);
 - (b) the requirements would create a de facto mandatory obligation of due diligence to identify appropriately defined “incidents” and “complaints”;
 - (c) this is not the intention of the Bill, which is to require reporting, and thereby to encourage, but not mandate, entities’ own due diligence (cl 3(1)(a)); and
 - (d) if Parliament wishes to introduce a due diligence obligation, it should do so explicitly and only after considering nuances of modern slavery due diligence obligations.
- 13. Members consider that higher level reporting on modern slavery risk management mechanisms and processes (as required by clauses 9(2)(c), (d), (g) and (h) of the Bill) is more appropriate than reporting on actual incidents in the year in question. This is because:
 - (a) the requirement in 9(2)(b) to report on actual modern slavery incidents creates a de facto positive obligation to identify modern slavery incidents in an entity’s operations and supply chain, in order to be able to report them. As above, this does not align with the purpose of the Bill, which is to require entities to report on the actions they are taking, rather than to require them to take particular actions;
 - (b) key elements of the obligation are unclear, including which parts of an entity’s supply chain it is expected to carry out due diligence on to identify



modern slavery incidents. The lack of clarity would render compliance unmanageable, undermining confidence in the regime; and

- (c) dealing with any potential modern slavery incident is often complex, involving multiple stakeholders and conduct that intersects with criminal, transnational and employment law. Determining whether particular conduct constitutes a modern slavery incident, as distinct from a less severe but still significant labour breach, and/or a breach of criminal law, may involve considerable uncertainty and trigger AML/CFT obligations.
14. When an incident comes to light, a reporting entity may be seeking more information or carrying out early investigations. Having to report publicly on that incident within a specified period risks:
- (a) jeopardising those efforts by requiring the disclosure of sensitive information related to ongoing processes;
 - (b) interfering with those processes, for example, by pressuring investigations to conclude prematurely for reporting purposes;
 - (c) distracting resources and efforts from those investigative and remedial processes to reporting processes;
 - (d) raising privacy concerns with possibly requiring the disclosure of information that may risk making organisations or individuals involved in an incident identifiable;
 - (e) raising third party liability concerns (including reputational risks for the reporting entity and any third parties involved); and/or
 - (f) raising challenges with regard to Anti-Money Laundering and Countering Financing of Terrorism obligations on banks, including 'tipping off' requirements.
15. For the above reasons NZBA opposes incident reporting. If the incident reporting obligation does remain in the Bill:
- (a) the reporting obligation should be limited to "material" or "salient" incidents, and to incidents that a reporting entity "reasonably believes" constitutes modern slavery, as well as being limited to only those material incidents "identified by or reported directly to" the reporting entity;
 - (b) guidance should be provided on how to apply a "materiality" threshold;
 - (c) the definitions of "operations" and "supply chain" need to be clearer, as above, to ensure entities know which incidents would be within scope of the reporting obligation (including limiting data to those with a New Zealand nexus, which is particularly important for offshore reporting entities);



- (d) it could be made subject to a three-year adoption provision (as per the approach taken in New Zealand’s climate related disclosure regime),¹ and/or
 - (e) it could be framed as an additional voluntary reporting criteria that is well supported by guidance.
16. The interplay between “incidents” and “complaints” is not clear. A modern slavery incident could arise as a complaint through a whistle-blowing service, and equally a complaint could uncover an otherwise unknown modern slavery incident. Complaints rarely mention modern slavery specifically, and can be difficult to recognise.

B: Unilateral recognition: Enable recognition of statements filed under comparable regimes to remove a dual compliance burden

17. Many NZBA members (or their parent entities) already produce modern slavery statements under other relevant regimes, including Australia. Given the close alignment of the proposed content of modern slavery statements with similar regimes, in particular Australia, the Bill should recognise offshore group statements incorporating the New Zealand reporting entity as satisfying New Zealand reporting obligations. Such recognition would significantly reduce the compliance burden on dual-reporting entities by removing the need to produce a separate statement covering the same substantive content.
18. In order to preserve specificity for New Zealand reporting entities, any offshore statement submitted under the New Zealand regime would need to contain appropriate New Zealand content.
19. Similar recognition exists in other, comparable legislative instruments.² Enabling recognition in the Bill would remove the need for the regulator, e.g. the Financial Markets Authority (**FMA**), to subsequently consider a class exemption. This would prevent uncertainty and delay for reporting entities.

C: Parent company reporting: Remove the requirement that parent companies provide a parallel modern slavery statement

20. Clause 7(2)(a) currently requires any parent company of a New Zealand reporting entity to submit its own modern slavery statement. The draft Bill requires this additional reporting *regardless* of (a) the parent’s own consolidated revenue, and (b) if overseas, the parent’s degree of connection to New Zealand. It is not clear

¹ See New Zealand Climate Standard NZCS 2 (Adoption Provisions).

² For example, (i) the Financial Markets Conduct (Overseas Registered Banks and Licensed Insurers) Exemption Notice 2021 exempts overseas registered banks from the requirement to prepare financial statements in accordance with NZ GAAP, so long as they prepare financial statements that comply with the requirements of their home jurisdiction; (ii) the Financial Markets Conduct (Climate-related Disclosures for Overseas Climate Reporting Entities) Exemption Notice 2026 exempts overseas companies that are certain climate reporting entities under New Zealand law from filing climate-related disclosures in New Zealand, so long as they file climate related disclosures in Australia and meet certain conditions; and (iii) the trans-Tasman mutual recognition of securities offers a framework that enables entities to market financial products across both New Zealand and Australia with a single prospectus. This arrangement permits an issuer supervised in one jurisdiction to register its offer in the other without being required to meet all domestic disclosure requirements (Financial Markets Conduct Regulations 2014, Part 9 and Schedule 25).



what is intended by this clause in circumstances where the underlying reporting entity will be providing its own modern slavery statement, or – if the proposal for unilateral recognition is adopted for those with overseas parents – already providing a sufficiently specific Australian statement to satisfy its New Zealand obligations.

21. The present drafting appears to be either a drafting error or a significant overreach. This structure is not reflected in the Australian regime (cf. s 5). If the intention behind this clause was to require a New Zealand reporting entity to include content on their upstream/group governance and risk management mechanisms, including offshore, that is separately achieved by the requirement to report on the structure and operations of the reporting entity, “both domestic and international” in cl 9(2)(a).
22. Casting such a broad net would still be inappropriate, particularly for banks, which often have unique corporate structures. For example:
 - (a) For a state-owned bank: this would mean that the New Zealand Government / the Crown, as the bank’s owner, would be a reporting entity. This would create significant duplicative reporting by multiple entities within the same group.
 - (b) For an Australian-owned bank: If the proposal for unilateral recognition is not adopted, and local reporting is required, this would mean that the Australian parent would also be a reporting entity with its own obligation to report. Again, this would not add anything given the New Zealand entity would be separately reporting. If the New Zealand entity was reporting through a unilaterally recognised report, then there is no reason to separately require the Australian parent to report, as their report would presumably already be being filed in New Zealand.
 - (c) For global banks: this would create an obligation on global banks to prepare a modern slavery statement (and provide reporting) in relation to their *global* operations, even where their New Zealand business is a very small component of their total business, and where the overseas jurisdiction does not require modern slavery reporting. We do not consider this extraterritorial effect is appropriate.
23. As a separate but related matter, members suggest that it should be clarified that an entity caught solely as a reporting entity under cl 7(1)(b) (being an overseas company carrying on business in New Zealand) should only be required to report “in respect of their business in New Zealand” (as well as the business in New Zealand of any entities they own or control).
24. Finally, reporting entities should be able to prepare joint or group consolidated reports as permitted in s 14 of the Australian Act.

D: Liability - Reconsider director and executive liability provisions and consider 12 month phase in period

25. NZBA recognises that it is important that there be consequences for non-compliance with the Bill. The imposition of liability on the reporting entity is a significant deterrent and goes further than the Australian regime, which is a “name



and shame” approach. Members propose that criminal liability is disproportionate and that, while entity-level liability could remain, it should only be civil liability.

26. In this context, criminal director and executive liability as proposed is not necessary to achieve the aims and purposes of the Bill.³ This is because:
- (a) director and executive liability is unnecessary to achieve the Bill’s objectives: the consequences of non-compliance for the reporting entity, together with the reputational risks, are already significant; and
 - (b) while criminal liability settings are appropriate for modern slavery offences, they are disproportionate in the context of a failure to meet a reporting requirement.
27. It is the experience of our members that the imposition of onerous director liability settings can lead to overly conservative approaches, which again runs counter to the intentions of the Bill. Moreover, the director liability proposed does not align with the broader trend towards removing director liability, including in the climate-related reporting regime.⁴
28. With this in mind, NZBA proposes removing clause 17 and considers that it would be more appropriate for liability for non-compliance to rest with the reporting entity only.
29. If director and executive liability is to remain, NZBA submits that liability should be limited to intentional non-compliance and intentionally misleading statements. To achieve this, clause 17(a) should be deleted,⁵ and in section 17(b) the words “could reasonably be expected to have known” should be deleted.
30. **No signature required for modern slavery statement:** Relatedly, directors (as “authorised persons”) of reporting entities should not be required to sign a modern slavery statement. This requirement was included in the climate disclosure reporting regime (FMCA, s 461X(1)(a)), but:
- (a) the FMA then issued a class exemption to remove signing requirements for overseas banks and insurers;⁶ and

³ A reporting entity is criminally liable where it fails to prepare and publish a compliant modern slavery statement. Anyone that knowingly makes a false or misleading statement (or provides such false or misleading information) is criminally liable. In addition, directors and executives are liable for the same offence if (a) the failure to prepare or publish a compliant modern slavery statement took place with their authority, permission or consent; or (b) the director or executive knew, or could reasonably be expected to have known, that a compliant statement was not being prepared or published, and failed to take all reasonable steps to prevent that (cls 16 and 17).

⁴ For example, the incoming changes under the Financial Markets Conduct Amendment Bill 2025 will remove deemed director liability for part 7A obligations under the Financial Markets Conduct Act 2013. Incoming changes under the Credit Contracts and Consumer Finance Amendment Bill also remove director due diligence and personal liability.

⁵ For cl 17(a) to apply, the director or other person only needs to know that the conduct was taking place - not that it constitutes an offence. Any director liability should be limited to situations where they knew (a) about the conduct and (b) that the conduct constituted an offence.

⁶ Financial Markets Conduct (Climate-related Disclosures—Overseas Banks and Insurers) Exemption Notice 2024, clause 6.



- (b) the amendment legislation for the climate disclosure regime now proposes to remove signing requirements for annual climate statements.⁷ This allows for administrative efficiency without affecting liability.

- 31. **12-month phase in period:** NZBA also supports a 12-month transition period following enactment of the legislation to allow entities adequate time to prepare for formal reporting. This will allow time for reporting entities to understand the requirements, develop quality reports, and put governance processes in place. It will also allow time for officials to develop guidance if required, and for reporting entities to understand that guidance.

E: Reporting deadlines – Align reporting deadlines with entities’ balance dates to integrate modern slavery reporting with existing annual reporting processes

- 32. The Bill currently requires statements to be published within six months after 31 March each year. The reporting deadline should be linked to the reporting entity’s balance date to enable reporting entities to align their modern slavery reporting with their existing annual governance and financial reporting processes.
- 33. The benefits of aligning the New Zealand regime with the Australian regime would be undermined if the reporting periods do not align, requiring additional resourcing and unnecessary duplication, particularly for supply chain data validation.

F: Definitions: Provide clear definitions of key terms “modern slavery”, “operations”, “supply chain”, and “due diligence” to enable consistent compliance and reduce ambiguity

- 34. **Definition of modern slavery:** The definition should be closely reviewed to ensure it is clear and workable. Alignment with the Australian regime is one way to achieve this, with limited changes as necessary to reflect New Zealand criminal law. If the definition differs significantly from established international regimes, it creates confusion and removes efficiency of reporting for international entities.
- 35. For example, the Australian regime contains an *exhaustive* list of four limbs, each of which is clearly linked to Australia’s Criminal Code or international instruments such as UN or ILO conventions. In contrast, the proposed definition is *inclusive*, and contains nine limbs, which do not always link to the Crimes Act or international instruments.
- 36. We note for the Committee’s consideration that:
 - (a) *“forced or exploitative labour”* is defined to include *“work or service which involves a serious violation of legislation relating to employee rights or health and safety in the workplace”*. This definition is not currently used in New Zealand criminal law, although a similar definition is incorporated through the Australian Act.

Members understand that this definition was designed to align with the Crimes Amendment Bill 2025 cl 4, which would more specifically define *“forced or exploitative labour or services”* to include a *“serious violation of*

⁷ Financial Markets Conduct Amendment Bill, clause 28I, 28J, 28K.



the person's minimum employment rights, including the right to minimum wage, rest breaks, or annual leave or other leave entitlements or health and safety obligations in respect of the person". The Committee should consider whether it is appropriate for the Bill to instead simply cross-refer to, and align with, the Crimes Act, depending on the passage of the Crimes Amendment Bill.

- (b) "sexual exploitation" is included, which Members support, although it is currently defined to include conduct that would not constitute a breach of the Crimes Act. Members would prefer that the term is defined in the Crimes Act, rather than through this Bill.
37. **Definition of known or anticipated modern slavery risk:** We support a requirement to report on "*material*" or "*salient*" risks of modern slavery.
- (a) The words "known or anticipated" are unnecessary. These are not in the Australian equivalent and they create uncertainty as to how to distinguish between "known" and "anticipated" risks. Once a material risk is identified in a business context, it is treated as a known risk – this is how standard risk management processes work. By contrast impacts may be anticipated, but not risks, hence the potential for confusion.
 - (b) A reference to "material" or "salient" risks should be added to encourage focus on the most significant risks to an entity, and to align with human rights discourse including the UNGP Reporting Framework, which focusses on the importance of identifying salient human rights risks.⁸ It would also ensure that reports provide targeted, helpful information for users.
 - (c) The words "*modern slavery and*" should be removed from section 9(2)(d). Including the word "modern slavery" could require entities to report what they are doing about specific incidents of modern slavery, which would be challenging for reasons already set out above.
38. **Registrar's report:** Separately, under clause 14(2)(b), the Registrar has a broad discretion to report on risks apparently as applicable to particular entities. We query whether this is generally appropriate, and also whether developing a report requiring this kind of judgement is an appropriate function for a Registrar (as opposed to, for example, an Anti-Slavery Commissioner).
39. **Definition of operations and supply chains:** Members support a more detailed definition of "operations" and "supply chains". This is especially so if the requirement to report on incidents remains in the Bill. The Australian Federal Guidance provides the following definitions:⁹
- (a) Operations: "*activity undertaken by the entity to pursue its business objectives and strategy in [Australia] or overseas*"; and

⁸ We note that saliency is focused upon risk of harm and impact to people, rather than the business, and that guidance on materiality and salience in this context would be welcomed.

⁹ Commonwealth Modern Slavery Act 2018, "[Guidance for Reporting Entities](#)" (May 2023), p. 33 and 34.



- (b) Supply chains: “*the products and services (including labour) that contribute to the entity’s own products and services. This includes products and services sourced in [Australia] or overseas and extends beyond direct suppliers*”.
40. Recognising that it can be difficult to fully address definitional issues in legislation (and that this is not the approach taken in Australia or the UK), NZBA also suggests that the Government produce guidance published alongside the legislation, which provides explanation of these definitions and their scope with regard to different sectors.
41. **Definition of due diligence:** Members support a definition of “due diligence” in cl 4 but submit that this should be amended to *remove* the inclusion of the words “*including taking reasonable steps to remediate any adverse effects on victims that the entity has caused or contributed to*”. This is because due diligence and remediation may be treated separately by reporting entities, as is reflected in cl 9(2)(d), which requires the disclosure of actions taken to address modern slavery risks, including “*due diligence and remediation processes*”. Members recognise that due diligence and remediation processes (if any) must be described, but that they are not being substantively mandated by the Bill. Members are concerned that the reference to remediation *within* the definition of due diligence implies an expectation in relation to remediation.
42. **Reporting of process improvements:** Members propose a small change to cl 9(2)(f) to remove any expectation that continuous improvements are required, leaving this to a reporting entity’s discretion. Reporting entities could be required to report “*any improvements to related processes or policies*” (as opposed to “*how any related processes or policies are being continually improved*”).
43. **Training:** The obligation in clause 9(g)(ii) and 9(h) to report on training of any other entity in the reporting entity’s supply chain is overbroad. The obligation should be only to report on training to the entity’s (or its subsidiaries’) *own employees*, rather than across the supply chain.

G: Government procurement – Remove prohibition on Crown procurement

44. Part 5 of the Bill (clauses 27–29) amends the Public Finance Act 1989 to insert new section 73A, which provides that the Crown “*must not pay money (directly or indirectly) to an entity*” convicted of an offence or subject to a pecuniary penalty under the Bill. NZBA is concerned that this provision may have significant unintended consequences for the banking sector.
45. Banks provide a wide range of services to government, including transactional banking, debt issuance, advisory services, and KiwiSaver administration. A conviction for a reporting failure could result in debarment from all Crown payments, which NZBA considers would be a disproportionate consequence relative to the underlying conduct.
46. The provision applies to any contravention of section 8(1) or 10(1) and (2), meaning that even a late filing or a failure to publish a statement on a website could give rise to procurement exclusion.



47. The phrase “directly or indirectly” is broad and, read literally, could capture a wide range of routine commercial payments from the Crown to banks, including advisory fees, transactional banking charges, fund management fees, and payments under government procurement contracts. While the carve-out for payments “expressly authorised by any Act” may protect certain statutory payment flows, the boundary between protected and unprotected payments is unclear.

H: Victim support

48. NZBA members note that New Zealand currently lacks a dedicated public sector agency, dedicated framework, or hotline to which reporting entities (or victims) can report suspected modern slavery. This gap in public infrastructure means reporting entities do not have a clear mechanism to refer victims to specialised agencies should they identify modern slavery domestically within their operations and supply chain. Support services will be essential to provide confidence to reporting entities that they can help direct victims to services that they would not otherwise be qualified to provide.

Conclusion

49. NZBA welcomes further requests for detail on any of the above submissions or to attend the Select Committee in person.