

Submission to the Education and Workforce Select Committee Regarding the Modern Slavery Bill

Date:

To: The Secretariat, Education and Workforce Select Committee

From: Trade Aid New Zealand, Trade Aid Importers Limited, and Trade Aid Charitable Trust

This submission is supported by:

_____ Individual New Zealanders

_____ New Zealand Businesses

Executive Summary

Trade Aid welcomes the introduction of the Modern Slavery Bill as a necessary and positive step toward transparency in New Zealand's supply chains. However, as an organisation with over 50 years of experience in fair trade, we believe the Bill, in its current form, is a "disclosure-only" framework that lacks the teeth required to drive systemic change.

To ensure New Zealand does not fall behind international best practices, Trade Aid recommends four critical amendments:

1. **Mandatory Due Diligence:** Shifting the legal requirement from mere reporting to active mitigation and remediation of harm.
2. **Lowering the Reporting Threshold:** Reducing the threshold from \$100 million to \$20 million to reflect the reality of New Zealand's Small to Medium Enterprise-dominated economy.
3. **Establishing an Independent Anti-Slavery Commissioner as a stand-alone statutory office:** This ensures oversight remains at arm's-length from political influence, providing a permanent, independent watchdog for supply chain integrity.
4. **Meaningful Penalties:** Increasing civil penalties to ensure they serve as a genuine deterrent rather than a "cost of doing business". Modern slavery-related conduct should be recognised as involving serious criminal activity, and penalties must reflect the gravity of harm caused.

To ensure the Bill achieves its intended impact, these amendments require medium and large companies to actively address modern slavery in their supply chains. This shift not only protects vulnerable workers but also brings New Zealand into line with global leaders in slavery-free supply chain governance, including the United Kingdom and Australia.

About Trade Aid

Trade Aid is a New Zealand-founded social enterprise that has pioneered fair trade since 1973. We represent a movement of over 500,000 farmers and artisans across 26 organisations, and supply over 1200 New Zealand businesses. These relationships are grounded on the key principles of the World Fair Trade Organization (WFTO), such as transparency, accountability, fair payment, and maintaining the dignity of workers. Trade Aid supply chains are audited through internationally recognised certifications, including WFTO and FLOCERT, ensuring our trading partners adhere to established expectations.

Our expertise is not theoretical. As an importer of coffee, cocoa, and sugar (commodities globally recognised as high-risk for labour exploitation) Trade Aid has decades of experience in successfully navigating complex, international supply chains.

Our longevity in the market reflects a fundamental shift in New Zealand: consumer demand for transparency has transitioned from a niche preference to a mainstream expectation. While New Zealanders currently spend an average of \$77 per week on products implicated in modern slavery (World Vision, 2023), there is a growing refusal to accept exploitation as the status quo. Data indicates that ethical integrity now carries a tangible market premium, with consumers willing to pay an average of 9.7% more for goods that are sustainably and ethically sourced (PWC, 2024). Ultimately, New Zealanders are no longer just asking for ethical options; they are demanding verifiable proof that their purchases are free from exploitation.

By sourcing directly from producer-owned cooperatives and maintaining transparency from origin to shelf, **we have proven that procurement with slavery-free supply chains is not only morally imperative but also a commercially viable and resilient model for New Zealand businesses.**

General Observations

As a supplier of imported commodities, we have observed significant support from within the business community for this legislation. Responsible New Zealand businesses are seeking a level playing field where fair practices are the standard, ensuring that those investing in transparent supply chains are not commercially disadvantaged by competitors who benefit from lower costs associated with modern slavery. Without robust legislation, our businesses face heightened reputational risks and potential exclusion from key international markets (such as Australia and the European Union) where modern slavery standards are already mandatory.

From Reporting to Remediation

The Bill currently places disproportionate weight on penalizing reporting errors, which threatens to overshadow the urgent need for mitigation and remediation. There is a significant risk that businesses will treat this legislation as a purely administrative requirement rather than a call to improve the lives of vulnerable workers.

True impact requires a commitment to active mitigation (reducing the likelihood of slavery through rigorous auditing and monitoring) and comprehensive remediation (providing support and compensation to those harmed). Given that New Zealand's supply chains are deeply integrated with countries at high risk for exploitation we must prioritise a framework that requires genuine action to protect the millions currently trapped in forced labour (World Vision, 2023).

Evidence in other jurisdictions (such as the UK and Australia) shows that disclosure without mandatory due diligence often results in "tick-box" compliance. Trade Aid argues that legislation must require entities to identify, prevent, and crucially, remedy exploitation.

The "New Zealand SME Context" Gap

The current \$100 million revenue threshold creates a significant regulatory blind spot that is fundamentally misaligned with New Zealand's economic landscape. Because our market is dominated by small-to-medium enterprises (SMEs), this high bar captures only 263 companies (Crunchbase, n.d.), leaving over 544,000 businesses and hundreds of thousands of workers beyond the Bill's protection (Reserve Bank of New Zealand, 2026).

Furthermore, the risk of modern slavery is not concentrated among these few major corporations. Data shows that only three of New Zealand's ten largest companies operate within the high-risk categories identified in Risky Goods reporting. This indicates that the nation's \$7.9 billion annual spend on high-risk imports (World Vision, 2023) is largely facilitated by medium-sized entities and broader supply networks rather than the top tier of the market.

For this legislation to effectively address the slavery risks in New Zealand's consumption, the threshold must be lowered to \$20 million. This adjustment is necessary to capture medium-to-large entities with complex international footprints. If a universal lower threshold is deemed unfeasible, we implore the committee to, at a minimum, apply the \$20 million threshold to businesses operating within high-risk industries where the threat of exploitation is most acute.

The Case for Proportional and Scaled Penalties

A static \$600,000 penalty is an ineffective tool for changing corporate behavior among New Zealand's largest earners. At just 0.6% of a \$100 million annual revenue, such a fine is too low to incentivise the rigorous supply chain overhauls required to eliminate modern slavery. By treating severe human rights abuses as a low-cost regulatory risk, the current Bill inadvertently frames exploitation as a manageable "cost of doing business." For the legislation to be credible, the penalty framework must be significant enough to outweigh the financial gains of failing to mitigate slavery in supply chains.

Enforcement and Oversight

To move from aspirational policy to effective enforcement, New Zealand requires an Independent Anti-Slavery Commissioner. While we respect the Human Rights Commission, modern slavery is a distinct, high-stakes issue that demands a dedicated authority to support victims and hold corporations accountable.

For this role to be truly robust, the Commissioner's mandate must be statutory. Independence is the only way to ensure that monitoring remains consistent across political cycles and is applied equally to both the private sector and government agencies.

Regarding the proposed three-year review of this position: Trade Aid advocates for the Commissioner to be established immediately. Rather than adopting a "wait and see" approach, New Zealand should start as we mean to continue - with a clear, permanent commitment to ethical supply chain governance.

Clause Analysis

Section	Current Wording	Proposed Amendment	Rationale
Section 6: Interpretation	"threshold revenue amount means consolidated revenue of \$100,000,000 or more in a reporting period."	Amend Section 6 to read: "threshold revenue amount means consolidated revenue of \$20,000,000 or more in a reporting period." OR (a) consolidated revenue of \$100,000,000 or more in a reporting period; or (b) consolidated revenue of \$20,000,000 or more in a reporting period, if the entity operates within a high-risk industry as prescribed by regulations."	A \$100M threshold excludes the vast majority of New Zealand businesses.
New Section 8.A (Insert before Section 9): Duty to Conduct Due Diligence	None.	Insert new Section 8.A: Duty to Conduct Due Diligence: "(1) A reporting entity must take all reasonable steps to identify, assess, prevent, and mitigate risks of modern slavery in its operations and supply chains. (2) The due diligence processes under subsection (1) must align with the United Nations Guiding Principles on Business and Human Rights."	The Bill currently has no positive duty clause, meaning businesses only have to report on what they choose to do, not what they must do
Section 9: Content of Modern Slavery	"(2)(d) A description of the actions taken by the reporting	Amend Section 9(2)(d) to read:	Currently only requires a "description,"

Statements	entity... to assess, prevent, address, mitigate, and remediate modern slavery... including due diligence."	"(1)(d) Evidence of the entity's compliance with its obligations under Section 8A and Section 10A, including the specific and verifiable actions taken to assess, prevent, mitigate, and remediate modern slavery risks."	allowing companies to report vague processes without demonstrating tangible action
New Section 10.A (Insert after Section 10): Duty to Remediate	None.	Insert new Section 10.A: Duty to Remediate: "(1) Where a reporting entity identifies that its operations or supply chains have caused or contributed to modern slavery, it must provide for, or cooperate in, the remediation of the resulting harm. (2) Remediation includes, but is not limited to, restitution, compensation, rehabilitation, and guarantees of non-repetition."	Remediation is only mentioned as a voluntary topic to report on in Section 9
Section 16: Offences	Current Wording: (1) A reporting entity commits an offence if it— (a) fails to prepare a modern slavery statement; (b) fails to submit a statement; (c) provides false or misleading information.	Insert new subsection (3): "(3) fails to implement a due diligence process as required by Section 8.A."	Currently limits criminal offences strictly to paperwork and administrative failures.
Section 18: Pecuniary Penalties	"(1) The High Court may order a reporting entity to	Amend Section 18(1) to read:	A flat \$600k fine acts merely as a

	pay a pecuniary penalty not exceeding \$600,000."	"(1) The High Court may order a reporting entity to pay a pecuniary penalty not exceeding 10% of the entity's consolidated annual revenue."	"cost of doing business" for multinationals and large entities turning over \$100M+.
Section 23: Oversight	"The Minister may direct the Chief Human Rights Commissioner to designate modern slavery as a priority area."	<p>Replace Section 23 with:</p> <p>"Section 23: Establishment of an Independent Anti-Slavery Commissioner (1) The Governor-General must, on the recommendation of the Minister, appoint an Independent Anti-Slavery Commissioner.</p> <p>(2) The Commissioner's statutory functions must include monitoring compliance, issuing guidance, supporting victims, and the power to conduct unannounced audits of reporting entities."</p>	Current wording relies on ministerial discretion and does not establish a dedicated, independent oversight body capable of enforcing the Act

Comparison Matrix

The following table deciphers where the proposed New Zealand Bill is falling behind in comparison to Australia and The European Union:

Feature	NZ Proposed Bill	Australia (2026 Status)	European Union (CSDDD)	Trade Aid Recommendation
Primary Focus	Disclosure and Reporting	Moving toward a mandatory risk-based due diligence model to replace their original transparency-only framework.	Mandatory Due Diligence	Mandatory Due Diligence
Threshold	\$100 Million	\$100 Million	~€450M - €1.5B	\$20 Million - Positioning New Zealand as leaders in Modern Slavery Legislation, and reflecting our SME economy.
Oversight	Minister/HRC	Independent Commissioner	National Authorities	Independent Commissioner
Penalties	<p>Up to \$200k criminal fine for individuals and companies failing to submit / publish a statement, or knowingly providing false or misleading info.</p> <p>Up to \$600K civil fine ordered by the High Court for non-compliance.</p>	Civil Penalties (Finalising)	Up to 10% of Turnover	<p>Criminal Fines: \$200K for individuals</p> <p>Civil Fines: Up to 10% of Turnover</p>

Oral Submission Request

Trade Aid wishes to appear before the Select Committee to speak to this submission. We believe our 50 years of practical experience in managing fair supply chains provides a unique and valuable perspective that can assist the Committee in refining this landmark legislation.

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Evidence Appendix

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