

## Property Council New Zealand

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# Submission on the Modern Slavery Bill

28 May 2026

**For more information and further queries, please contact**

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Education and Workforce Select Committee  
Via [online](#)

## Submission on the Modern Slavery Bill

### 1. Summary

- 1.1. Property Council New Zealand (“Property Council”) welcomes the opportunity to submit on the Modern Slavery Bill (“the Bill”).
- 1.2. Property Council New Zealand supports the intent of the Bill and understands it is critical that New Zealand entities do their part to help reduce modern slavery and exploitation. Accordingly, achieving the purpose of the Bill should be feasible in practice, given that a number of Property Council members are already undertaking modern slavery reporting through international regulatory requirements or contractual obligations.
- 1.3. However, the Bill in some respects goes further than comparable international reporting regimes, and we are concerned that the use of broad, high-level terms may create ambiguity and uncertainty for reporting entities to achieve the Bill’s requirements. Careful design and alignment with established international frameworks will therefore be important to minimise unnecessary compliance burden, avoid duplication, and support consistent and practical reporting.
- 1.4. We also have concerns that the proposed enforcement measures may be overly punitive at the outset. While compliance is important, the initial focus should be on education and supporting organisations to build capability and engage meaningfully with their obligations, rather than relying on immediate penalties that may encourage a narrow, compliance-driven approach.

### 2. Recommendations

- 2.1. At a high level, Property Council recommends that:
  - Clarity is provided on which Government agency will be responsible for administering and regulating the regime, including the Registrar function, to support effective implementation and consistent administration of compliance expectations;
  - A risk-based and proportionate approach to be applied to reporting, with initial focus directed toward higher-risk areas of supply chains;
  - The definition of “reporting period” aligns with a reporting entity’s own financial reporting period;

- The definition of “supply chain” is developed to provide greater certainty regarding the extent to which due diligence obligations are intended to apply across supplier tiers and business relationships;
- Where entities form part of a wholly owned group that prepares consolidated financial statements, only the parent company is required to prepare and submit a modern slavery statement on behalf of the group;
- The Bill allows for joint or consolidated modern slavery statements for related groups;
- The requirement to report on “anticipated risks” is removed;
- The scope and allocation of liability under Clause 16 is better clarified, to ensure responsibility is clearly defined in practice;
- The director liability provisions are removed from the Bill;
- The initial implementation period of the Act be treated as a structured education and transition phase, with enforcement measures only taking full effect after three years from commencement;
- The proposed amendment to the Public Finance Act 1989 be clarified to ensure it does not unintentionally disrupt routine Crown payments or standard government contractual arrangements, including procurement and leasing;
- The period of time between Royal Assent and commencement is extended from six months to 18 months to provide reporting entities sufficient time to implement necessary reporting systems and processes; and
- The Government take responsibility for ensuring that clear and practical guidance is issued well in advance of the first reporting obligations coming into force.

### **3. Introduction to Property Council New Zealand**

- 3.1. Property Council is the leading not-for-profit advocate for New Zealand’s most significant industry, property. Our organisational purpose is, “Together, shaping cities where communities thrive.”
- 3.2. The property sector shapes New Zealand’s social, economic and environmental fabric. Property Council advocates for the creation and retention of a well-designed, functional and sustainable built environment, in order to contribute to the overall prosperity and well-being of New Zealand. We aim to enable opportunities to build sustainable and resilient communities, capable of meeting future needs.
- 3.3. Property is New Zealand’s largest industry and fastest growing source of employment. There are nearly \$2.2 trillion in property assets nationwide, with property providing a direct contribution to GDP of \$50.2 billion (15 per cent) and employment for 235,030 New Zealanders every year.

3.4. Property Council is the collective voice of the property industry. We connect over 10,000 property professionals and represent the interests of over 610 organisations across the private, public and charitable sectors.

3.5. This document provides Property Council's feedback on the [Modern Slavery Bill](#), with comments and recommendations on issues relevant to our members. Reflecting the diversity of our membership, Property Council members may wish to comment in greater detail on issues specific to their business. Accordingly, we support individual members providing separate submissions addressing those matters.

#### **4. General comments – Regulator of regime**

4.1. It is currently unclear which Government agency will be responsible for administering and regulating this regime, including the Registrar function. While it is understood that the Bill is establishing the framework at this stage, clarity on the responsible agency would be appreciated. The identity and capacity of that agency will be central to effective implementation, including the development of guidance, engagement with reporting entities, and the consistent administration of compliance expectations.

#### **5. Intent of the Bill**

5.1. Property Council supports the intent of the Bill.

5.2. To achieve the purpose of the Bill effectively however, the regime should support practical and proportionate engagement with modern slavery risks across operations and supply chains and encourage genuine due diligence rather than a purely procedural or compliance-driven approach.

#### **6. Due Diligence**

6.1. Property Council has concerns about the way “due diligence” is applied in the Bill.

6.2. We note that the Bill encourages reporting entities to undertake due diligence to identify, assess, and respond to modern slavery risks. However, due diligence can only be undertaken effectively where reporting entities have a clear understanding of the matters they are expected to consider and disclose. Without greater clarity regarding the scope of reporting obligations, entities may face uncertainty about where due diligence efforts should be directed, the extent of investigation expected, and the information required to support disclosures.

6.3. This may lead to inconsistent approaches across reporting entities and reduce the comparability of reporting outcomes. The uncertainty regarding the scope of “supply chain”, discussed later in this submission, is one example of the broader challenges created by a lack of clarity in reporting expectations.

## **7. Risk based reporting**

- 7.1. To support practicality and manage compliance costs, Property Council recommends that reporting under the Bill be underpinned by a risk-based and proportionate approach with initial focus directed toward higher-risk areas of supply chains. “Higher-risk” would need to be defined through clear criteria or guidance, such as geographic risk factors, sector-based risk profiles, and jurisdictions without comparable modern slavery frameworks, to ensure consistent interpretation and application by reporting entities.
- 7.2. A risk-based approach would support more targeted and meaningful reporting by directing attention and resources to higher-risk areas, while allowing lower-risk areas to be subject to less intensive assessment. This would improve the efficiency and effectiveness of reporting and enable entities to progressively enhance the depth and maturity of their reporting over time.

## **8. Definitions in the Bill: “Reporting period”**

- 8.1. The Bill prescribes fixed reporting periods, i.e. in relation to a government agency, “a period of 12 months starting on 1 July and ending on 30 June”; and in relation to any other entity, “a period of 12 months starting on 1 April and ending on 31 March”. This differs from the approach under the Australian legislation, which defines the reporting period as “a financial year, or another annual accounting period applicable to the entity”.
- 8.2. Property Council members recommend alignment with an entity’s own financial reporting period. While a fixed reporting date may provide a degree of uniformity across entities, alignment with financial reporting cycles better supports consistency of the underlying information, as it reflects the systems, controls, and governance processes used to generate and verify data. It also enables a clearer connection between modern slavery risks and financial performance and allows reporting to be integrated into existing governance and assurance processes, reducing duplication and improving efficiency.

## **9. Definitions in the Bill: “Supply chain”**

- 9.1. The Bill does not clearly define the scope of a reporting entity’s “supply chain”, creating uncertainty as to how far due diligence and engagement expectations are intended to extend in practice.
- 9.2. For example, expectations are unclear in relation to supply chains involving multiple tiers and offshore entities. Where a subcontractor that is not itself a reporting entity supplies goods manufactured overseas, it is unclear whether the reporting entity is expected to assess the labour practices of the overseas manufacturer. If obligations are intended to extend to this level, this could require subcontractors to obtain and provide

information regarding their own supply chains, as well as create expectations around the verification of information received from third parties.

- 9.3. In order to meet due diligence obligations in practice, greater clarity is needed on accountability across the supply chain, including which parties are responsible for identifying, addressing, and remediating risks at different tiers. This is particularly important given the punitive nature of the proposed offences, where clear expectations are necessary to support meaningful compliance.

*Impact on small and medium-sized enterprises (SMEs)*

- 9.4. We are also concerned that, as currently drafted, the Bill is too broad and may indirectly extend compliance expectations across a wide range of entities beyond reporting entities themselves. In practice, this risks cascading obligations down supply chains to relatively small companies well below the reporting threshold, particularly through provisions relating to training and supply chain engagement. 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.

*A definition or guidance to help with the application of “supply chain”*

- 9.5. We recommend that the Bill include a definition of “supply chain” to provide greater certainty regarding the extent to which due diligence obligations are intended to apply across supplier tiers and business relationships.
- 9.6. Greater clarity on supply chain scope would help reporting entities determine how far due diligence and supplier engagement are expected to extend in different circumstances, particularly where multiple subcontracting or offshore manufacturing arrangements exist. It would also help avoid disproportionate compliance burdens on lower-risk, small, local, or lower-tier suppliers with limited capacity to respond to extensive due diligence requests.
- 9.7. In addition, clarification is needed on the intended scope of supplier engagement obligations, including the extent to which requirements such as reporting on training provided across the supply chain are intended to apply to direct suppliers only or extend further to indirect and lower-tier suppliers. Greater certainty in this regard would support more consistent and proportionate implementation.
- 9.8. In the absence of a statutory definition, it would be helpful to have clear guidance on the intended scope of “supply chain” and how related due diligence expectations are intended to operate in practice. Australia’s regime is supported by practical guidance on supply chain scope and proportionate engagement expectations. Similar guidance in the New Zealand context would provide valuable certainty for reporting entities and suppliers.

## **10. Meaning of reporting entity**

- 10.1. The Bill extends the definition of “reporting entity” to include parent companies; however, it is not clearly specified which entity within a corporate group is legally responsible for preparing and submitting the modern slavery statement. In particular, it is unclear whether the obligation is intended to sit with the parent company on behalf of the wider group, or whether each reporting entity within the group must separately comply with the reporting requirements.
- 10.2. Property Council recommends that the Bill clarify that, where entities form part of a wholly owned group that prepares consolidated financial statements, only the parent company is required to prepare and submit a modern slavery statement on behalf of the group, to avoid duplication and ensure a consistent and coherent account of group-wide risks and actions.

## **11. Joint modern slavery statements**

- 11.1. While the Bill extends the definition of “reporting entity” to include parent companies, it does not expressly provide a mechanism allowing related entities to submit a joint or consolidated modern slavery statement covering multiple entities within a corporate group.
- 11.2. Property Council members recommend that the legislation expressly permit joint modern slavery statements, particularly for parent–subsidiary structures and related corporate groups. This approach is permitted under comparable regimes, including Australian legislation, but is not currently addressed in the Bill.
- 11.3. Allowing consolidated reporting would reduce unnecessary administrative duplication across related entities and better align with existing corporate governance and reporting practices. It would also support more consistent and meaningful reporting across group operations and supply chains, without undermining the intent or effectiveness of the regime.

## **12. Contents of a modern slavery statement**

- 12.1. Property Council members are generally supportive of the content required for a modern slavery statement under the Bill, as it largely aligns with reporting obligations already in place under overseas regimes.
- 12.2. However, Property Council has concerns regarding the requirement to report on “anticipated risks of modern slavery” under Clause 9(2)(c). Members consider this requirement to be vague, as it is not well defined what would constitute an “anticipated risk” in practice, creating uncertainty as to the intended scope of reporting.
- 12.3. In practice, there is a risk that this could be interpreted too broadly, leading entities to speculate on potential risks at a very granular level, rather than focusing on risks that have been identified through a structured assessment process. There is also concern

that overly broad interpretation may make it difficult for entities to meaningfully assess or respond to such risks in a practical way.

12.4. Property Council recommends the removal of the requirement to report on “anticipated risks”.

### **13. Consequences of non-compliance**

13.1. Property Council supports the need for reporting entities to be held accountable through appropriate enforcement mechanisms, as these are necessary to ensure the regime is effective and results in meaningful compliance.

13.2. However, there are concerns that these enforcement measures, if applied from commencement, may not support good compliance outcomes, particularly during the initial stages of implementation. This is especially relevant where non-compliance may arise from minor administrative errors or genuine uncertainty in interpretation, including the extent of due diligence required or how far obligations extend within complex supply chains. These areas remain unclear and would benefit from further guidance and clarification.

#### *Offences – scope of liability*

13.3. Questions also arise regarding the scope of liability under Clause 16: Offences. While Clause 16(1) provides that the reporting entity is liable, Clause 16(2) extends liability to “every person” who knowingly makes a false or misleading statement or provides false or misleading information. The breadth of this provision raises questions about how responsibility would apply in practice, particularly in cases involving multiple contributors to a statement, external advisers, or group preparation processes, even suppliers potentially.

13.4. Property Council recommends that given the significant consequences, that the scope and allocation of liability under Clause 16 is better clarified, to ensure responsibility is clearly defined in practice.

#### *Clause 17: Liability of directors or other persons involved in the management of reporting entities*

13.5. Property Council recommends that the director liability provisions in Clause 17 of the Bill should be removed. These provisions introduce broad personal liability for directors and persons involved in management where they have authorised, permitted, or consented to the conduct, or where they knew or could reasonably have been expected to know that an offence was occurring and failed to take reasonable steps to prevent or stop it.

13.6. This approach departs from comparable regimes, including Australian modern slavery legislation, which does not impose personal liability on directors for entity non-

compliance and instead relies on transparency, governance oversight, and reputational accountability mechanisms.

- 13.7. The threshold for liability creates uncertainty regarding the meaning of “reasonable knowledge” and the level of oversight expected at governance level, particularly given that directors are not involved in day-to-day operational decision-making and operate within complex organisational and global supply chain environments.
- 13.8. Property Council is also concerned that the reference to “persons involved in management” is overly broad and may extend liability beyond those with clear decision-making authority, creating ambiguity as to the intended scope of application and increasing the risk of unintended capture.
- 13.9. It is also worth noting that the Government has recently moved to narrow director liability settings in other ESG-related disclosure frameworks, including the climate-related disclosures regime under the Financial Markets Conduct Act 2013.
- 13.10. Given the Bill is intended to operate as a disclosure and due diligence reporting regime, Property Council considers that entity-level accountability mechanisms are more appropriate than personal director liability. The inclusion of personal liability risks encouraging defensive or overly conservative reporting, rather than supporting transparent and meaningful engagement with modern slavery risks across supply chains.

*Staged implementation of the enforcement measures*

- 13.11. Ultimately, Property Council supports a practical and effective modern slavery regime that encourages meaningful identification and management of risks across operations and supply chains.
- 13.12. However, we are concerned that the immediate application of punitive enforcement measures may instead incentivise a risk-averse, compliance-driven approach focused on legal defensibility and minimum reporting requirements, rather than open disclosure of gaps, challenges, and areas requiring further development.
- 13.13. Members also note that reporting entities will require time to build the operational capability necessary to meet the expectations of the regime, including improving supply chain visibility, strengthening due diligence processes, developing internal governance frameworks, and establishing reliable data collection and reporting systems. This capability-building process is likely to involve significant cost and resource investment, including increased legal and compliance oversight.
- 13.14. Property Council therefore recommends that the initial implementation period operate as a structured education and transition phase, with enforcement measures only taking full effect three years after commencement. During this period, the focus should be on supporting reporting entities to develop mature and effective modern

slavery risk management practices, rather than penalising organisations that are still building capability and understanding.

13.15. This approach would align with the Minister’s mandatory review of the Act, which must occur no later than three years after commencement, and would provide time for practical guidance, supporting regulations, and consistent reporting expectations to be developed before enforcement measures are fully applied.

#### **14. Amendments to the Public Finance Act 1989**

14.1. The proposed change relating to the Public Finance Act raises significant practical concerns. In particular, it could create unintended consequences for entities that contract with the government, including landlords and tenants under existing arrangements. As drafted, there is a risk that if an entity is convicted of an offence or subject to a pecuniary penalty under the Act, it may become ineligible to receive Crown payments.

14.2. In an extreme scenario, this could be interpreted as preventing the Government from continuing to make routine payments such as rent under existing lease agreements. This would have serious operational implications and could inadvertently place otherwise compliant long-term government contractors into a “high-risk” category solely because of a breach under the reporting regime. This outcome appears disproportionate to the nature of the underlying offences and may create uncertainty for suppliers and contractors engaging in public sector work.

14.3. Property Council recommends clarification to ensure the provision does not unintentionally disrupt routine Crown payments or standard government contractual arrangements, including procurement and leasing. Rather than imposing a blanket ban on receiving Crown payments, a more proportionate approach could be to provide entities with a defined remediation period, or to suspend eligibility only until the reporting failure has been remedied. This would support compliance while avoiding unnecessary disruption to existing government contracts and commercial arrangements.

#### **15. Preparation for implementation**

15.1. The Bill currently provides for a six-month period between Royal Assent and commencement. Property Council recommends extending this transition period to 18 months to allow for reporting entities to establish new processes across operations and supply chains, including mapping suppliers, identifying and prioritising risks, and developing due diligence and governance frameworks. These activities depend on third-party information and involve significant judgment based on incomplete and evolving information.

- 15.2. In addition to this, Property Council recommends that Government take responsibility for ensuring that clear and practical guidance is issued well in advance of the first reporting obligations coming into force. Early publication of guidance would support consistent understanding across reporting entities, enable organisations to prepare systems and processes in a timely manner, and reduce the risk of inconsistent or reactive compliance approaches.
- 15.3. At a minimum, Government should provide accessible links and reference materials to relevant international frameworks and guidance to support entities in preparing for compliance. This would assist organisations in benchmarking expectations and adopting established good practice where domestic guidance is still being developed.
- 15.4. The Government should also ensure smaller suppliers and businesses are supported through the transition to any reporting regime. Many smaller entities may have limited awareness of modern slavery obligations or lack the internal capability and resources to respond immediately to new compliance expectations. Without sufficient education and lead-in time, there is a risk the regime may unintentionally favour larger, well-resourced suppliers already familiar with ESG reporting frameworks, potentially squeezing smaller local suppliers out of procurement opportunities.

## 16. Conclusion

- 16.1. Property Council thanks the Education and Workforce Select Committee for the opportunity to submit on the Modern Slavery Bill.
- 16.2. Overall, Property Council considers that the Bill, as currently drafted, provides a starting point for establishing a modern slavery reporting regime in New Zealand. However, a number of areas require further refinement and clarification to ensure the regime is practical, proportionate, and capable of being implemented effectively in practice. In particular, further consideration should be given to the scope of due diligence obligations, supply chain expectations, alignment with existing international frameworks, and the phased implementation of offences and compliance expectations.
- 16.3. We thank Education and Workforce Select Committee for the opportunity to submit our views on the Modern Slavery Bill and **wish to appear before the Education and Workforce Select Committee to speak.**
- 16.4. For further enquiries, please do not hesitate to contact Sandamali Ambepitiya, Advocacy Manager, via email: [sandamali@propertynz.co.nz](mailto:sandamali@propertynz.co.nz)

Yours Sincerely,



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