

Modern Slavery Bill: What it means for Construction in New Zealand

New Zealand's proposed Modern Slavery Bill represents a significant shift in how businesses are expected to identify, manage, and report modern slavery risks across their operations and supply chains.

Having passed a first reading in April 2026 with Bipartisan support, the Bill appears likely to progress through the legislative process.

If enacted, the legislation will have wide-ranging implications across multiple sectors. However, its practical impact is expected to be particularly pronounced in the construction industry, where procurement practices, subcontractor arrangements, and contractual risk allocation are inherently complex and often span multiple jurisdictions.

Core features of the Bill

At its core, the Bill produces a mandatory reporting and compliance regime aimed at large organisations operating in New Zealand. Specifically, the regime will apply to entities with annual revenue exceeding NZD \$100 million (referred to as "Reporting Entities").

These organisations will be required to prepare and publish annual modern slavery statements (that will be published on a public register to ensure transparency and accountability) detailing how they identify and manage risk within their direct operations and broader supply chains. Each annual statement must address several key areas including:

- A description of the structure and composition of the entity's supply chains, including the jurisdictions in which they operate, and the types of goods and services procured.

- Any identified modern slavery risks or incidents that have arisen during the relevant reporting period (including confirmed instances and areas of concern).
- The due diligence processes used to identify, assess and mitigate the relevant risks.
- Any remedial measures undertaken where incidents have been identified, including reporting on the effectiveness of these processes.

The Bill also requires Reporting Entities to identify, mitigate, and remedy modern slavery risks within their operations and supply chains *on an ongoing basis*, creating a need for internal systems, policies, and governance frameworks capable of supporting such ongoing compliance.

Failure to comply with the obligations laid down by the Bill may result in significant enforcement action, including fines of up to \$200,000 for non-compliance and civil penalties of up to \$600,000. Directors and senior managers may face personal exposure where breaches occur, increasing the governance stakes at the leadership level.

The Australian position

Australia's experience under the *Modern Slavery Act 2018 (Cth)* provides a useful point of comparison. The two regimes are broadly aligned, particularly in requiring entities above a revenue threshold to report on modern slavery risks. How the Australian regime has operated in practice may be helpful to examine when considering implementation in New Zealand.

Since its commencement in 2019, over 10,000 modern slavery statements have been lodged in Australia, however, a significant proportion do not meet the Act's minimum compliance requirements, and the Australian regime has been criticised as failing to cause meaningful change for people living in conditions of modern slavery. A statutory review

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released in 2023 identified that the Australian regime has weak enforcement, inconsistent compliance, and a lack of risk mitigation requirements. The review proposed 30 recommendations including introducing penalties for non-compliance, lowering the reporting threshold to AU\$50 million and enhancing due diligence obligations.

The New Zealand Bill has sought to address some of the shortcomings identified in the Australian regime, including by introducing penalties for non-compliance from the outset and imposing more rigorous due diligence obligations. Whether these enhancements will translate into meaningful improvements in corporate behaviour will depend on the effectiveness of enforcement.

Why construction is particularly exposed

The construction sector is vulnerable to the types of modern slavery risks specifically targeted by the Bill due to the complex structure of supply chains and nature of procurement in large projects. Projects involving multiple tiers of subcontractors, labour hire arrangements, and suppliers who operate independently of the head contractor's direct control, can obscure visibility over labour conditions and increase the risk of exploitative practices going undetected.

Compounding the construction sector's exposure is the industry's growing reliance on imported materials and offshore suppliers. Recent legislative developments, such as the Building (Overseas Building Products, Standards, and Certification Schemes) Amendment Act 2025, are designed to broaden the range of international building products available in New Zealand by recognising overseas standards and certification pathways. While this reform is expected to increase competition and improve product quality, it also introduces additional layers of complexity with international supply chains. This may lead to increased costs, longer procurement lead times, and greater reliance on

third party audits and verification processes to comply with the proposed legislation.

What this means for contracts and procurement

The obligations under the Bill will extend to Principals, who must identify, mitigate, and report on modern slavery risks across their contracted supply chains. Principals will have a strong incentive to engage contractors and suppliers that can demonstrate sound risk management practices. This is likely to influence both procurement and contracting processes.

Construction companies and Principals should begin taking proactive steps to strengthen their approach to supply chain due diligence. In practice, this may involve greater pre-contract screening and onboarding processes for suppliers and subcontractors, ongoing monitoring of suppliers and subcontractors, and documentation of risk assessments and mitigation steps taken.

Contracts will likely be updated to require:

- Warranties for compliance with modern slavery laws.
- Audit rights to ensure compliance.
- Indemnity clauses that provide financial recourse in the event of non-compliance.
- Termination rights to disengage from relationships where breaches occur.
- Timely reporting of actual incidents.

Conclusion

The Modern Slavery Bill is currently before select committee, with submissions open until 28 May 2026. Its bipartisan support suggests that it is likely to continue progressing. When enacted, reporting obligations are expected to come into force within the next few years. This provides businesses with a

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limited window to assess their current practices and implement the systems necessary for compliance.

As a leader in the construction and procurement space, Anderson Lloyd is well-placed to consult on compliance with the Bill, and the proactive or pre-emptive steps Reporting Entities should take to mitigate the outlined risks.

Want to know more?

If you have any questions about importing Modern Slavery legislative requirements, please contact our specialist [Construction Team](#).