



## BRIEFING

### Addressing Modern Slavery in Supply Chains: Stakeholder Engagement and Scope

<b>Date:</b>	14 April 2021	<b>Priority:</b>	Medium
<b>Security classification:</b>	In Confidence	<b>Tracking number:</b>	2021-3010

Action sought		
	Action sought	Deadline
Hon Michael Wood <b>Minister for Workplace Relations and Safety</b>	<p><b>Agree</b> that MBIE set up an advisory group, representing businesses, unions, academia and civil society to provide expertise and wider perspectives on policy options to address modern slavery in supply chains</p> <p><b>Agree</b> to discuss the scope and objectives of the modern slavery work with relevant portfolio Ministers to ensure it is aligned with wider government priorities and policy levers</p>	23 April 2021

Contact for telephone discussion (if required)				
Name	Position	Telephone		1st contact
Nita Zodgekar	Manager, International Labour Policy	04 901 3889	§ 9(2)(a)	✓
Sam Foley	Principal Policy Advisor	§ 9(2)(a)	N/A	

The following departments/agencies have been consulted

Minister's office to complete:

- |   |  |
|---|--|
| <input type="checkbox"/> Approved             | <input type="checkbox"/> Declined            |
| <input type="checkbox"/> Noted                | <input type="checkbox"/> Needs change        |
| <input type="checkbox"/> Seen                 | <input type="checkbox"/> Overtaken by Events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn           |

**Comments**



# BRIEFING

## Addressing Modern Slavery in Supply Chains: Stakeholder Engagement and Scope

Date:	14 April 2021	Priority:	Medium
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### Purpose

This briefing seeks your agreement:

- for the Ministry of Business, Innovation and Employment (MBIE) to set up an advisory group, representing businesses, unions, academia and civil society, to support the advice on policy options to address modern slavery in supply chains
- to confirm the scope of the modern slavery policy work, and
- to discuss the scope and objectives of this work with relevant portfolio Ministers to ensure that related initiatives are properly aligned.

### Executive Summary

Modern slavery is an umbrella term that is often interpreted to capture a range of illegal practices defined in domestic and international law, including: forced labour, human trafficking, slavery, forced marriage, and other slavery and slavery-like practices. In practice, however, the focus on supply chains is likely to be more targeted at forced labour and debt bondage as these are more directly connected to international supply chains.

Modern slavery is a significant problem that is found in every country and one that requires a global response. The 2020 Labour Manifesto committed to explore the implementation of modern slavery legislation in New Zealand. It is also an action in the *Plan of Action against Forced Labour, People Trafficking and Slavery* (the Plan of Action).

On 10 March 2021 you met with officials and agreed to progress policy work to address modern slavery in supply chains. You also indicated that you wanted to set up a group of business leaders to support the work.

In order to progress the policy work we now seek your agreement to set up set up an advisory group, representing businesses, unions, academia and civil society. Including a wide set of stakeholders will ensure that the group is able to provide a wide range of expertise and perspectives on the policy options and approach to address modern slavery in supply chains.

We also seek to clarify the relationship of this work with:

- wider government priorities and initiatives s 9(2)(f)(iv) [redacted] and [redacted]
- other policy levers to address modern slavery s 9(2)(f)(iv) [redacted].

We therefore recommend that you meet with relevant portfolio Ministers to discuss the scope and objectives of the work. This will ensure that all Ministers have clear expectations of what the parameters of the policy work on modern slavery in supply chains would include.

## Recommended action

The Ministry of Business, Innovation and Employment (MBIE) recommends that you:

- a **Agree** that MBIE set up an advisory group, representing businesses, unions, academia and civil society, to provide expertise and wider perspectives on the policy options and approach to address modern slavery in supply chains

*Agree / Disagree*

- b **Agree** that a range of options be investigated to address modern slavery, s 9(2)(f)(iv)

*Agree / Disagree*

- c s 9(2)(f)(iv)

- d **Agree** to discuss the scope and objectives of the modern slavery work with relevant portfolio Ministers s 9(2)(f)(iv)

*Agree / Disagree*

- e **Note** that the sequence of further advice includes:

- the proposed terms of reference, membership, and future schedule of meetings for the advisory group (early May 2021)
- s 9(2)(f)(iv)
- s 9(2)(f)(iv)

*Noted*

- f **Agree** to discuss next steps, including indicative membership of the advisory group, with officials.

*Agree / Disagree*

Nita Zodgekar  
**Manager, International Labour Policy**  
MBIE


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Hon Michael Wood  
**Minister for Workplace Relations and Safety**

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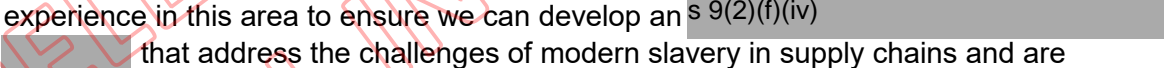
## Context

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1. On 4 March 2021, you received a briefing that sought your agreement to progress policy work to address modern slavery in supply chains (briefing 2021-1964 refers). This reflects the 2020 Labour manifesto commitment to explore the implementation of modern slavery legislation in New Zealand. You confirmed this commitment publicly at the *Tango i Te Kaupae Muri* conference on modern slavery and worker exploitation on 16 March where you also launched the Plan of Action. You were also presented with an open letter signed by 85 businesses calling for a Government inquiry into modern slavery legislation for New Zealand.
2. On 10 March you met with officials and agreed to progress policy work and to a set of policy objectives to guide the work. <sup>s 9(2)(g)(i)</sup>  
  
You indicated that you wanted to set up a group of business leaders to support the work and intended to discuss the proposed approach with relevant portfolio Ministers.
3. Further decisions are now needed on the approach to stakeholder and business engagement for the policy work, including on the scope, purpose and membership of any advisory or consultation group. We also seek to clarify the scope of the policy work to ensure it is aligned with wider Government priorities, initiatives and policy levers.

## We propose to set up a wider advisory group to support policy development

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4. Following conversations with key stakeholders, we propose setting up a broad group that can provide a range of perspectives and expertise to support our policy advice. Modern slavery legislation is a new area of policy for New Zealand and a relatively recent phenomenon globally. Therefore, it will be important that we make use of a range of stakeholders with experience in this area to ensure we can develop an <sup>s 9(2)(f)(iv)</sup>  
  
that address the challenges of modern slavery in supply chains and are implementable for New Zealand businesses.

## The group would include representatives from business, unions, academia and civil society

5. The proposed group would consist of key stakeholders from business, unions, academia and civil society, and incorporate Māori perspectives. We expect that the group would have around ten members. This will ensure that the group includes a wide range of expertise in supply chains and modern slavery while providing individual members the opportunity to engage substantively in the policy discussions.
6. We propose to include business leaders who have established practices to combat modern slavery, as well as those with experience of working within different legislative frameworks. For example, this may include businesses which are already reporting under the Australian and UK Modern Slavery Acts, who may be able to advise how any New Zealand reporting can be aligned with existing international requirements. A range of businesses presented on their approaches to these issues at the recent modern slavery conference.
7. Including unions and civil society representatives will ensure that we are able to get a range of different perspectives, including from groups that work directly with survivors of modern slavery and those with expertise in overseas supply chain regimes. A key commitment in the

Plan of Action was for Government to take a victim-centric approach. Unions and civil society groups have also been active public advocates for modern slavery legislation.<sup>1</sup>

8. Academic representatives are also important partners, particularly as the evidence and knowledge in this area is still being developed. This will help the policy development to be informed by the latest information and research in the modern slavery space, particularly with regards to supply chains.

### **The group would meet regularly to provide input into the policy process**

9. The group would be set up and supported by MBIE to provide input into the policy development and options analysis. We expect that the group would meet regularly during the policy development phase. We propose to take an open and transparent approach to working with the group. This will include seeking early input on the policy options and approach so that the group's expertise and perspectives can be included in our advice to you.

s 9(2)(g)(i)

s 9(2)(g)(i)

### **Establishing the group would have a number of benefits for the policy development and implementation and any risks can be managed**

12. As well as improving the quality of our policy advice, the group would have some additional benefits. These include ensuring that s 9(2)(g)(i) has as much support and buy-in from the public and the private sector as possible. The members of this group will be able to advise how we can achieve this. They may also become spokespersons for the legislation and promote it within their own networks.

13. There are potential risks inherent in this approach. s 9(2)(g)(i)

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<sup>1</sup> TradeAid and World Vision have started a public petition calling for modern slavery legislation in New Zealand.

15. If you agree to the overall approach and use of this group, we will provide you with further advice in early May, which will outline the suggested membership, provide a proposed terms of reference and a forward schedule of meetings. We will aim to have the group meet for the first time by June so that their input can be included in our initial advice to you on policy options in July.

## **We need to clarify the scope of the work to ensure it is aligned with wider Government priorities and policy levers**

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16. You have agreed that the focus of this project will be to address modern slavery through supply chains. Modern slavery is an umbrella term that is often interpreted to capture a range of concepts defined in domestic and international law, including: forced labour, human trafficking, slavery (defined in New Zealand as including debt bondage and serfdom), forced marriage, and 'other slavery and slavery-like practices' (such as the worst forms of child labour).
17. While New Zealand's domestic framework provides a relatively comprehensive approach to addressing modern slavery within New Zealand (and more work is underway to strengthen it), it does not effectively address modern slavery in international supply chains. This is where modern slavery is found most often and where it is harder for us to directly control.
18. Supply chains have become more complex and larger in size over the last few decades, as production has become more globalised. Technological change has also meant that it has become more common for international supply chains to include both goods and services. Some services can now be consumed domestically in real time but delivered remotely from anywhere. These developments, together with sometimes weaker responses in other nations, mean that tackling modern slavery will take a collective global effort, with a particular focus on global supply chains at the national level.

## **We recommend that the scope of the work include consideration of a wide set of policy options to address modern slavery in supply chains**

19. Modern slavery legislation could take a range of forms that place varying levels of obligation and costs onto businesses. This ranges from transparency legislation requiring businesses to simply report on their practices (e.g. UK, Australia, California) through to due diligence obligations that require businesses to undertake certain activity in addition to reporting on their practices (e.g. Netherlands, France, and a proposed European Union law).
20. However, as noted in our previous briefing, focusing on regulating businesses' supply chains is only one way of addressing the wider global problem of modern slavery. New Zealand is already actively engaged on modern slavery issues in bilateral and multilateral fora and funds some cooperative activities in this space. Other options to address modern slavery could include:

s 9(2)(f)(iv)

s 9(2)(f)(iv)

[Redacted]

[Redacted]

[Redacted]

[Redacted]

**We recommend that the work is limited to addressing modern slavery in supply chains rather than seeking to use supply chain regulation to address other policy problems**

25. You agreed that the work would focus on addressing modern slavery in supply chains. In practice, modern slavery supply chain legislation is likely to be more targeted at labour exploitation, including forced labour and debt bondage as this is more directly connected to international supply chains. Supply chain legislation is less likely to directly impact other forms of modern slavery such as forced marriage or sexual exploitation, though some businesses could experience a higher risk of exposure to these other forms (for example, overseas travel or tour agents).

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[Redacted]

26. Different jurisdictions have progressed or are actively considering legislation which requires businesses to report on, or remedy their impact, on a wider range of related issues, including:

- Environmental issues, such as climate change, environmental degradation, animal welfare, or the use of high-risk natural products or conflict minerals
- Human rights issues, including the rights to life, health, food, water, and to a safe, clean, healthy and sustainable environment.

27. The European Parliament, for example, recently adopted a resolution which would require companies to conduct due diligence to identify, address and remedy their impact on human rights and the environment throughout their supply chain.<sup>3</sup> This covers the rights to life, health, food, water, as well as the right to a safe, clean, healthy and sustainable environment including with regard to biodiversity and climate change.

s 9(2)(g)(i)

s 9(2)(g)(i)

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<sup>3</sup> This resolution provides a recommendation for legislation to the European Commission, which is the only body with authority to propose EU legislation. The Commission has announced it will present its legislative proposal later this year, but it may take several years to pass.



s 9(2)(g)(i)

## Next steps

33. If you agree, we will report back to you by early May on the proposed membership, terms of reference and future schedule of meetings for the advisory group.
34. In order to manage other Ministers' expectations of what the supply chain legislation would include, we recommend you discuss your proposed approach with key Ministers. These key Ministers s 9(2)(g)(i)

Schedule of key milestones/critical decisions and timing	
Description	Date
Briefing on details of the advisory group, e.g. members, ToR, schedule of meetings and set up of the group	Early May 2021
First meeting of the group	June 2021
	s 9(2)(f) (iv)