



FINANCIAL SERVICES FEDERATION

28 May 2026

Committee Secretariat
Education and Workforce Committee
Parliament Buildings
Wellington

By email: ew@parliament.govt.nz

Modern Slavery Bill

Thank you for the opportunity for the Financial Services Federation (the FSF) to submit on the Consultation on the Modern Slavery Bill (the Bill).

By way of background, the FSF is the industry body representing specialist lenders operating in New Zealand. We have around 100 members (listed in Appendix A) which include motor vehicle finance providers, fleet leasing providers, specialist housing lenders, Deposit Takers, large finance companies operating in New Zealand, commercial asset leasing and finance providers, credit-related insurers, and Affiliate members, which include internationally recognised legal and consulting partners.

Our members provide their products and services to more than 1.5 million New Zealand consumers and businesses. Data relating to the extent to which FSF members (excluding Affiliate members) contribute to New Zealand consumers, society and the economy is attached as Appendix B.

FSF Recommendations:

We recommend that the Bill be amended to:

- Require reporting within 6 months of financial year-end rather than a fixed date
- Introduce a two-year period threshold test for reporting entities
- Limit reporting obligations to New Zealand entities (excluding overseas parent entities)
- Clarify the definition of scope of supply chain and introduce proportionality guidance
- Remove or revise incident reporting obligations, and
- Align penalties with the Australian regime and remove criminal liability for directors.

Introductory Comments

We would like to begin by stating that we strongly support the Government's intent to address modern slavery risks and improve transparency in this area. While we support the overall direction of the Bill, we consider that there are certain areas in the Bill that are disproportionate or insufficiently clear. These areas may limit the effectiveness of the Bill. Our concerns relate to:

- Whether a standalone Commissioner is necessary
- The issues with fixed date reporting
- A responsive threshold would support consistency
- How reporting structures can avoid duplication
- Clarifying supply chain scope
- Whether Incident reporting is workable in practice
- The prescriptiveness of the modern slavery statement as drafted, and
- Proportionality of penalties.

Necessity of a Standalone Commissioner

In our view, the Commissioner for Modern Slavery should sit within existing Human Rights Commission mechanisms to avoid the additional cost of establishing a new standalone body. We believe modern slavery oversight sits well within the existing Commission's expertise, mandate and infrastructure.

Reporting Dates

We do also object to a fixed date reporting structure, as with so many different financial years and reporting periods for different entities, we believe that entities should be required to report within 6 months of their financial year ending, rather than being required to adhere to a fixed reporting date. We believe requiring reporting within 6 months of the entity's financial year ending would better align with existing reporting cycles and support more accurate, and efficient disclosures. This is consistent with the reporting timeframe in Australia.

Reporting Threshold

There are also concerns regarding the appropriateness of the threshold, especially given that most businesses' revenue fluctuates year-to-year which means they may move in and out of scope from year to year, creating uncertainty and administrative burden. We note that comparable reporting regimes require an organisation to meet the threshold for two consecutive reporting periods before reporting obligations apply which we consider much more appropriate. This would improve certainty and predictability for reporting entities. This would provide greater certainty and support better planning, while aligning to comparable regulatory approaches

The regime should also be designed to avoid duplication with existing reporting obligations (e.g., financial disclosures and ESG reporting), in order to minimise unnecessary compliance burden. We recommend that the regime adopt a risk-based approach, focusing effort on areas where there is a higher likelihood of modern slavery risk, rather than applying uniform obligations across all entities.

Reporting Structure

There are a number of key concerns our members have with the reporting as proposed. The first concern relates to local entities with overseas parent companies. In particular, we believe that overseas parent entities should not be required to report, due to the increased complexity involved and because it would extend the regime beyond what is necessary to achieve its objectives. This requirement would create an unnecessary compliance burden for captured entities. However, where the parent company is New Zealand based, we submit

that the parent entity should be permitted to report on behalf of its group. This would ensure the data is accurate and not overstated, as requiring each group member to report individually alongside the parent may result in duplication and inflated reporting outcomes reducing the overall reliability of disclosures.

Clarify Supply Chain Scope

Another point of concern is the lack of clarity around the definition of a supply chain. As drafted the extent and depth of supply chain reporting is unclear. This has the potential to impose significant cost and administrative burden on reporting entities if the scope of the supply chain is too broad. Members have indicated that mapping extended supply chains could require significant additional resourcing with limited risk-reduction benefit. There should be an element of proportionality in the regime, recognising differences between entities just above the reporting threshold and those significantly above it, when determining how far through supply chains reporting is required.

Incident Reporting

We are also concerned by the proposed incident reporting requirements in the Bill. Based on our understanding, this will be difficult to implement in practice, particularly because entities may not be aware that an issue constitutes a reportable incident until investigations are well advanced. This will make compliance challenging. It is important to note that Australia does not have a comparable incident reporting requirement, which suggests this proposal may introduce unnecessary divergence from established regimes and raises questions as to whether the proposed approach is necessary or workable.

Modern Slavery Statement

As drafted the Modern Slavery statement has the potential to reveal commercially sensitive information. We note that some original MBIE wording reflected the need for flexibility in the Modern Slavery Statement and in particular this included not being required to identify individual suppliers due to it being commercially sensitive information. The current proposed wording of Bill does not make clear whether that flexibility exists and alludes to a much more prescriptive approach. We suggest that whilst a prescriptive approach could be agreed for reporting to the Registrar, a more flexible approach should be allowed for the Modern Slavery Statement that is publicly viewable on organisation websites.

Proportionality of Penalties

We submit that the penalties in the regime are disproportionate to the nature of the obligations. We believe that these should be brought into alignment with the Australian regime. In particular, the inclusion of potential criminal liability for directors and officers is likely to be seen as overly punitive and may have unintended consequences for governance and director participation.

One final comment is that we expect to see a realistic implementation date. This is a substantial piece of work, and the implementation date should reflect the resources required for entities to put the correct reporting structures in place and map out their supply chains.

In summary, while we support increased transparency in relation to modern slavery, we believe that further consideration is needed to ensure the regime is practical, proportionate, aligned with comparable international frameworks and capable of being implemented in practice.

Please do not hesitate to contact me if you have any queries.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Katie Rawlinson', written in a cursive style.

Katie Rawlinson
Legal and Policy Manager
Financial Services Federation

Appendix A



FSF Membership List as at May 2026

Non-Bank Deposit Takers, Specialist Property Lenders, Fleet Leasing Providers	Vehicle Lenders	Finance Companies/ Diversified Lenders	Finance Companies/ Diversified Lenders contd./ Social Impact Lenders, Credit-related insurers	Insurance Premium Fundors, Affiliate Members	Affiliate Members contd.
<u>Non-Bank Deposit Takers</u> Finance Direct Limited > Lending Crowd General Finance (BB) Mutual Credit Finance (B+) Welcome Limited <u>Credit Unions/Building Societies</u> First Credit Union (BB) Nelson Building Society (BB+) Police and Families Credit Union (BB+) <u>Specialist Property Lenders</u> Basecorp Finance Limited First Mortgage Managers Ltd. Go Lend Limited Pepper NZ Limited Resimac NZ Limited <u>Fleet Leasing Providers</u> Custom Fleet Euro Rate Leasing Limited Fleet Partners NZ Ltd ORIX New Zealand SG Fleet	Auto Finance Direct Limited Automotive Lending Solutions NZ Pty Limited > Nissan Financial Services > Mitsubishi Motors Financial Services > Skyline Car Finance BMW Financial Services > Mini > Alpha Financial Services Community Financial Services Daimler Truck Financial Services AU Pty Ltd Honda Financial Services Kubota New Zealand Ltd Mercedes-Benz Financial Motor Trade Finance Movogo Limited Onyx Finance Limited Scania Finance NZ Limited Toyota Finance NZ > Mazda Finance Yamaha Motor Finance	AfterPay American Express Avanti Finance Basalt Group Blackbird Finance Caterpillar Financial Services NZ Ltd Centracorp Finance 2000 ~~DebtManagers~~ De Lage Landen Limited Finance Now Future Finance Geneva Finance Harmony Humm Group Instant Finance > Fair City > My Finance Latitude Financial Lifestyle Money NZ Ltd Mainland Finance Limited Metro Finance Nectar NZ Limited	NZ Finance Ltd Partners Finance Personal Loan Corporation Pioneer Finance Prosopa NZ Ltd Real Asset Management Ltd Speirs Finance Group (L &F) > Speirs Finance > Speirs Corporate & Leasing > Yoogo Fleet Turners Automotive Group > Autosure > East Coast Credit > Oxford Finance UDC Finance Limited Yes Finance Limited Zip Co NZ Finance Limited <u>Social Impact Lenders</u> Money Sweetspot Ltd <u>Credit-related Insurance Providers</u> Protecta Insurance Provident Insurance Corporation Ltd	Arteva Funding NZ Ltd ~~Clearmatch~~ Elantis Premium Funding NZ Ltd Financial Synergy Limited Hunter Premium Funding IQumulate Premium Funding Rothbury Instalment Services <u>Affiliate Members</u> Alfa Financial Software AML Solutions Limited Buddle Findlay Chapman Tripp Credisense Ltd Deloitte EY FinTech NZ Finzsoft Happy Prime Limited KPMG Loansmart Ltd	Match me Money Ltd Motor Trade Association Odessa Technology Inc. PWC Sense Partners Simpson Western Solifi Pty Limited ~~Symphonix~~ <u>Credit Reporting, Debt Collection Agencies</u> Centrix Credit Corp > Baycorp > Collection House ~~Creditworks~~ Indebted (was Debtworks) Equifax Gravity Credit Management Limited Illion Quadrant Group (NZ) Ltd Recoveries Corp NZ Ltd Total 101 members



FINANCIAL SERVICES FEDERATION (FSF) THE SPECIALIST LENDING SECTOR - 2025



57%

NON-BANK

BANK

of personal consumer loans are financed by the **specialist lending sector** represented by FSF members

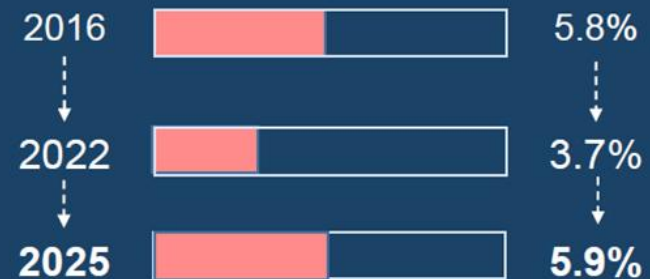
*Setting industry standards for responsible lending,
promoting compliance and consumer awareness.*

Percent of Loan Requests Approved

50%



Percent of Loan Book in Arrears



KEY FACTS: THE SPECIALIST LENDING SECTOR

FSF Members (as at 31 Mar 2025)

Number of Members	100
Number of Employees	3,162
Total Value of Loans	\$22.25B
Applications Processed	1,187,492
Loan Requests Approved	588,671
Percent of Loan Book in Arrears	5.9%
Loan Disputes Upheld	TBC

Bank Sector (as at 31 Mar 2025)

Value of Mortgage Loans	\$369B
Value of Consumer Loans	\$7.6B
Value of Business Loans	\$127B

Specialist Lending Sector Share (Mar 2025)

% of Total Mortgage Loans	0.5%
% of Total Consumer Loans	57.2%
% of Total Business Loans	7.4%

Insurance Credit Related (as at 31 Mar 2025)

Number of Employees	174
Number of Policies	285,371
Gross Claims (annual)	\$13.2M

Consumer Loans (as at 31 Mar 2025)

Total Value of Loans	\$12.0B
Number of Customers	1,383,344
Number of Loans	1,488,692
Average Loan Size	\$8,070

Total Value of Loans:

Mortgage	\$1,839M
Vehicle Loan	\$4,850M
Unsecured	\$4,772M
Other Security	\$541M
Lease Finance	\$11M

Average Value of Loan:

Mortgage	\$293,661
Vehicle Loan	\$15,719
Unsecured	\$4,280
Other Security	\$9,244
Lease Finance	\$38,981

Business Loans (as at 31 Mar 2025)

Total Value of Loans	\$10.2B
Number of Customers	137,075
Number of Loans	226,820
Average Loan Size	\$45,146

Total Value of Loans:

Mortgage	\$3,033M
Vehicle Loan	\$3,033M
Unsecured	\$441M
Other Security	\$1,960M
Lease Finance	\$1,773M

Average Value of Loan:

Mortgage	\$824,431
Vehicle Loan	\$35,177
Unsecured	\$29,182
Other Security	\$42,184
Lease Finance	\$23,532