24 September 2026

Ms Lace Wang
First Assistant Secretary, International Cooperation and Human Right Division
Attorney-General's Department
Robert Garran Offices
3-5 National Circuit
Barton ACT 2600

via email: Slavery.Reform@ag.gov.au

Dear Ms Wang,

Strengthening Australia's response to modern slavery in supply chains

The Australian Small Business and Family Enterprise Ombudsman (ASBFEO) welcomes the opportunity to make a submission to the Attorney-General's Department consultation paper, *Strengthening Australia's Response to Modern Slavery in Supply Chains*.

The ASBFEO supports supply chain transparency as an important mechanism for identifying and addressing modern slavery risks and protecting vulnerable workers. However, the proposed introduction of a criminal offence for reporting entities that fail to prevent modern slavery in their supply chains may have unintended consequences for small businesses that form part of those supply chains.

Through the ASBFEO's current review into the prevalence and impact of white tape, we have observed that information requirements associated with modern slavery reporting are frequently passed through supply chains. This includes Commonwealth government procurement processes which require attestations and/or reporting on the steps smaller enterprises have taken to prevent modern slavery when those small businesses are tendering for work.

Larger businesses are requesting their small business suppliers provide modern slavery policies, complete questionnaires and provide assurance as part of procurement and due diligence processes, regardless of the modern slavery risks they pose. Some small businesses reported receiving multiple requests for similar information in different formats, imposing substantial administrative costs.

Small business impacts

The proposed criminal offence will introduce more legal risks for modern slavery reporting entities which will likely encourage them to seek more extensive and verifiable information from their suppliers to demonstrate compliance and mitigate risk. In practice, this may result in requests for formal assurances or guarantees, supplier audits including site inspections, and access to payroll, labour hire and other business records. While such requests may assist reporting entities to mitigate their risk, it will likely impose even higher administrative costs on small business suppliers.

Small suppliers generally lack specialist compliance resources and the bargaining power to negotiate customer requirements. Without clear guidance on proportionate and risk-based due diligence, there is a risk that reporting entities will adopt increasingly prescriptive information requests (that are also unique to that organisation) that small businesses are not equipped to respond to without diverting substantial resources from their core business activities.

Insights from our review into white tape suggests this practice already exists under the current reporting framework and is expected to be exacerbated by the proposed offence. We have been advised that internal and external legal advisers will likely advise their boards and key management personnel to well exceed the actual compliance obligations in order to provide a comprehensive compliance "buffer" given the criminal consequences of the proposed new offence for those individuals. Based on our experiences with the current regime and climate related reporting, these additional compliance "buffers" will inevitably be passed onto small businesses.

Larger entities are already requiring small businesses to provide assurances that their operations and supply chains are free from modern slavery, however, some indicated they were uncertain how to provide such assurances where they imported goods from overseas as they had limited visibility of upstream suppliers or the origins of inputs.

Small businesses also reported receiving requests with limited guidance about the specific risks being assessed or the level of assurance expected. As a result, small businesses can face significant compliance costs without a clear understanding of what information is required or how it will be used to assess modern slavery risks.

Case study: Assurance beyond a small business's visibility

A small security business that installs imported security systems is regularly required by large customers and government agencies to certify that its suppliers comply with modern slavery requirements. While the business imports security systems through an offshore supplier, it has limited visibility of the broader value chain and cannot independently verify the practices of its suppliers. Despite these limitations, the small business may still be required to provide contractual assurances regarding the absence of modern slavery in its supply chain, creating commercial and legal risks in relation to matters beyond its reasonable knowledge or control.

Another case study is provided in the Appendix to further illustrate how modern slavery assurance requirements are currently experienced by small businesses.

Small business support – clear guidance and practical resources

The proposed criminal offence is likely to increase the level of due diligence undertaken by reporting entities and the volume of information they request from suppliers. If the offence is introduced, updated guidance, practical resources and support should be developed and made available before it commences to support effective implementation and minimise unintended compliance burdens on small business suppliers.

Guidance should assist reporting entities to identify and address modern slavery risks through meaningful supplier engagement and risk-based due diligence, while providing tailored support for small businesses that may have limited visibility of upstream supply chains. This is particularly important in complex global supply chains, where suppliers may not be able to provide the level of assurance sought by customers despite acting in good faith.

The ASBFEO therefore recommends the Australian Government implement the agreed and agreed-in-principle recommendations arising from the statutory review of the *Modern Slavery Act 2018*, particularly Recommendations 5, 6, 7, 10, 13, 16 and 25 relating to guidance, support and reporting resources. Guidance should:

- support reporting entities to identify, assess and prioritise modern slavery risks within their operations and supply chains, through risk-based due diligence, rather than relying primarily on supplier assurances or broad information requests

- provide practical guidance on meaningful supplier engagement, including how reporting entities can work collaboratively with suppliers to understand risks, build capability, address identified issues and improve supply chain transparency
- include practical tools, examples and existing good-practice resources to help reporting entities and suppliers identify the origin of goods and inputs, understand supply chain risks and implement appropriate mitigation measures
- provide guidance for government procuring entities and large reporting entities on adopting a consistent, proportionate and risk-based approaches to supplier engagement and information requests
- support a ‘tell us once’ approach through standardised supplier information templates that enable small businesses to provide core modern slavery information in a consistent format that can be used across multiple reporting entities and government procurement processes.

The ASBFEO supports measures that strengthen Australia’s response to modern slavery and improve transparency in supply chains. If a new criminal offence is introduced, it must be accompanied by practical guidance and support to ensure that compliance efforts remain focused on identifying and addressing genuine modern slavery risks. Implementing recommendations of the statutory review, promoting meaningful supplier engagement and supporting a consistent ‘tell us once’ approach would help reduce unnecessary compliance costs for small businesses while improving the quality and usefulness of available information to reporting entities.

If you require any further information, please do not hesitate to contact the Policy and Advocacy team via email at advocacy@asbfeo.gov.au.

Yours sincerely

Lynda McAlary-Smith

Australian Small Business and Family Enterprise Ombudsman

Appendix: Modern slavery assurance requirements

This case study illustrates how modern slavery assurance requirements are experienced in practice. This qualitative account is not presented as a representative estimate for all small businesses.

Agricultural sector case study

A mid-tier agricultural business that is subject to modern slavery reporting requirements highlighted the administrative costs associated with preparing annual Modern Slavery Statements and responding to information requests from major customers, including supermarket retailers.

Following the commencement of the reporting requirements, the business invested in staff capability, training and compliance processes to support preparation of its annual statements and management of modern slavery risks.

The business also needed to develop a process for obtaining information from suppliers regarding the steps they were taking to identify and manage modern slavery risks. Rather than relying solely on questionnaires and document requests, the business sought to gather information through existing supplier relationships, regular engagement activities and site visits.

Despite these efforts, the business expressed concern about its ability to obtain sufficient information from suppliers, particularly in higher-risk supply chains. Legal advice obtained by the business included consideration of whether contractual self-certification arrangements and requests for supporting information would be necessary to strengthen assurance processes.

The business also reported receiving separate and non-standard information requests from multiple supermarket retailers. These requests were frequently provided in different formats and sought similar information, creating duplication and additional administrative burden.

The business estimated that the annual cost of complying with modern slavery obligations, including statement preparation, information gathering, legal advice and staff training, was approximately $40,000 to $50,000. The business indicated that future costs may increase if additional supplier assurance, verification or education activities become necessary.