

Australian Government
Attorney-General's Department

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Strengthening Australia's legislative response to modern slavery in supply chains

The Australian Energy Council ('AEC') welcomes the opportunity to make a submission to the Attorney General's Department consultation on *Strengthening Australia's legislative response to modern slavery in supply chains*.

The Australian Energy Council is the peak body for energy retailers and generators operating in competitive markets. Our members generate and sell energy to over 10 million homes and businesses and are committed to delivering a reliable, affordable and decarbonised energy system for consumers. The AEC supports net zero by 2050 and recognises the electricity sector's role in reducing Australia's emissions. Our members are major investors in renewables, firming and storage technologies that are critical to ensuring customers continue to receive reliable and sustainable energy supply as we navigate the energy transition.

The AEC supports the overall objective of strengthening Australia's response to modern slavery. There are some areas where additional guidance and practical mechanisms would support effective implementation.

Chiefly, the AEC recommends that the Commonwealth Government establish and maintain a list of suppliers, products or assurance schemes that Australian businesses can rely on when undertaking modern slavery due diligence.

Government-endorsed supplier assurance framework

Energy infrastructure supply chains are global, complex and highly concentrated in certain jurisdictions. The Australian energy transition and businesses rely on these supply chains for solar panels, batteries, wind turbines, inverters, transformers and other critical equipment.

Laws in certain jurisdictions can restrict the supply-chain investigations, information gathering and disclosures required to comply with Australian laws. This can make it difficult for Australian businesses to obtain the information needed to assess conditions throughout their supply chains and demonstrate that they have taken reasonable steps.

For example, China introduced two relevant measures in 2026: State Council Decree No. 834 promulgated on 31 March 2026 and State Council Decree No. 835 published on 13 April 2026. These measures do not impose a general prohibition on all supply-chain information sharing. However, they may constrain investigations, audits or disclosures undertaken to meet foreign legal requirements and make due diligence in those jurisdictions challenging.

This is particularly important because the Consultation Paper proposes that corporations may need to prove that they took reasonable steps to prevent modern slavery. At the same time, it recognises the practical and evidentiary difficulties associated with tracing goods and materials through complex, multi-tiered supply chains. The Commonwealth Government should establish and maintain a list of suppliers, products or assurance schemes that Australian businesses can rely on when undertaking modern slavery due diligence.

Procurement from an approved source should provide a safe harbour or strong evidence that a corporation has taken reasonable steps. The framework should:

- Be developed by government in consultation with affected industries.
- Identify approved suppliers, products or recognised assurance schemes.
- Include transparent criteria for inclusion, review, suspension and removal.
- Provide a clear and timely pathway for new and emerging suppliers to obtain approval.
- Recognise equivalent overseas government and industry assurance schemes.
- Clarify the extent businesses can rely on the list for the reasonable steps defence.
- Be supported by government intelligence about relevant jurisdictional, commodity and supply-chain risks.

The framework should not entrench incumbent suppliers or create an unnecessary barrier to market entry. New suppliers may offer lower cost or more innovative products as they establish their credibility. A clear, timely and proportionate approval process would help preserve competition and avoid unnecessary increases in infrastructure costs. It would also reduce the risk that viable projects are delayed, which could slow the energy transition.

Grandfathering

Existing contracts and established supplier relationships should be protected through appropriate grandfathering arrangements. Businesses should not face criminal exposure for continuing contracts entered before the framework commences, provided they undertake reasonable ongoing monitoring and respond appropriately to identified risks as clarified by the government-endorsed framework.

Other matters

- **Practical supply-chain constraints:** The legislation and guidance should recognise the practical challenges businesses face when assessing modern slavery risks across complex international supply chains. The reasonable steps expected of a corporation should reflect the information reasonably available to it and its capacity to influence suppliers.
- **Reasonable steps defence:** The defence should be objective, risk-based, and proportionate. Relevant factors should include the corporation's influence, purchasing power, access to information and practical ability to prevent or remedy the conduct. The Government should publish clear and transparent guidance explaining how the defence will operate in practice, including the actions and evidence that would demonstrate that a corporation has taken reasonable steps.
- **Reliance on credible third parties:** Businesses should be able to rely reasonably on independent audits, certifications, government information, and recognised industry assurance schemes. They should not be required to duplicate credible due-diligence processes.

Any questions about this submission should be addressed to Rhys Thomas, by email Rhys.Thomas@energycouncil.com.au or mobile on 0450 150 794.

Yours sincerely,

Rhys Thomas
Policy Manager
Australian Energy Council