# EMPLOYMENT LAW UPDATE
April 2026

You've got jobs to run, staff to manage, and deadlines to meet. Keeping track of what's coming out of the Beehive is probably not high on the list. But a series of employment law changes are already in force, with more on the way, and some will affect how you manage people, handle personal information, and calculate leave.

You don't need to read legislation or wade through legal jargon. We've pulled together the current changes that actually matter for employers and explained what they mean in practice, so you can quickly see what to check and what action, if any, makes sense for your business.

This update covers the following legislation, its status and what to consider for your operations:

| Legislation | Status / Date |
|---|---|
| IPP 3A – Privacy Amendment Act 2025 | In force 1 May 2026 |
| Employment Relations Amendment Act 2026 | In force 21 Feb 2026 |
| Employment Leave Bill | Submissions close 14 April 2026 |
| Modern Slavery Bill | Before Parliament 2026 |

We've done our best to keep this update clear, practical, and focused on what matters most. If you'd like to talk anything through or get help with any of the actions, contact your usual Grow HR consultant or email team@growhr.co.nz.

Short on time? Start with our quick checklist to identify priority actions.

## 1. Privacy Amendment Act 2025 – New IPP3A

⏰ IN FORCE 1 MAY 2026 – Less than five weeks away. Action required now.

From 1 May 2026, Information Privacy Principle 3A (IPP3A) requires employers to notify people when their personal information is collected from third parties. The aim is to ensure people know who could access their information and when.

### Why this matters for employers

Many everyday business and HR practices involve indirect collection of personal information. This comes at a time when the Government has released its Cyber Security Strategy and indicated further penalties may be introduced for privacy failures. From an HR perspective, indirect collection can happen in many common situations, including:

- Reference and background checks
- Credit checks
- Health or medical information
- GPS and vehicle tracking data
- CCTV footage

In many of these situations, individuals will need to be notified about the collection of their information from 1 May 2026.

There are limited exceptions, for example where the person has already been told, the information is publicly available, or where notification would prejudice law enforcement or court proceedings.

### Common traps we're already seeing

- Assuming a privacy policy on its own is enough
- Employees not knowing which service providers may access their personal information (for example payroll, HR systems, or accountants)
- Assuming third-party providers are handling notification
- Forgetting about the breadth of data sources (such as CCTV, GPS or email metadata)
- Relying on exceptions without properly assessing and recording the reasons

### What IPP3A requires

If you collect personal information about someone from any source other than the individual themselves, you must take reasonable steps to notify them as soon as practicable. That notification must include:

- That personal information has been collected and where it came from
- The purpose for collecting it
- Who the information may be shared with
- Who collected and holds the information, and how they can be contacted
- Whether the collection is authorised or required by law
- The individual's right to access and correct their information

> *The Office of the Privacy Commissioner has made it clear that generic wording such as "we may collect information from third parties" in a privacy policy will not be sufficient.*

> *Employers will need to be specific about what information is collected and the sources it comes from.*

**Recommended Actions – Before 1 May 2026**

- ☐ Collate where you collect personal information directly and indirectly (from someone other than the employee)
- ☐ Check how personal information flows between HR, payroll, recruitment, and other providers and get clear on who is responsible for notifications
- ☐ Update privacy policies and employment documents to say when information is collected indirectly
- ☐ Tell employees about any privacy updates, who their personal information may be shared with (such as payroll or HR providers), and where they can go for more information
- ☐ Train staff who have access to personal information on the new IPP3A rules
- ☐ Check Grow HR's updated Privacy Policy before sharing personal information or asking us to collect it for you

## 2. Employment Relations Amendment Act 2026

⚠ IN FORCE NOW – 21 February 2026. Immediate action required.

This Act came into force on 21 February 2026 and is the most notable change to employment law since 2018. It directly affects personal grievance rights, contractor classifications, trial periods, and union obligations. Using outdated employment agreements or policies after these changes could create legal and financial exposure. Every employer should be reviewing their agreements now to keep alignment with the legislation.

### Personal Grievances – What has Changed

The new law significantly shifts the balance in personal grievance proceedings in favour of employers. Three key changes stand out:

- **No remedies for serious misconduct:** The Authority or Court can decide not to award any remedies if the employee's own serious misconduct contributed to what happened. Employers must still follow a fair process. Rushed decisions or poor documentation can still weaken an otherwise sound outcome.
- **Remedy reductions up to 100%:** If it's decided that an employee's actions helped create the situation, even if it was not serious misconduct, the Authority or Court can reduce the remedies awarded, including to nothing.

- **Procedural defects:** The Authority or Court must now look at whether the employee made it difficult for the employer to follow a fair process. Small mistakes that do not result in unfair treatment will no longer automatically mean a dismissal is unjustified.

**Recommended Actions - Now**

- ☐ Make sure serious misconduct is clearly defined in one disciplinary document
- ☐ Train managers on what's changed and what fair process looks like
- ☐ Update warning and dismissal templates and keep good investigation records

## The $200,000 Remuneration Threshold

A new $200,000 income threshold applies. Employees earning $200,000 or more per year in total remuneration (including salary, allowances, bonuses and commissions) will generally lose the right to bring a personal grievance for unjustified dismissal or related claims. This only changes if the employer and employee agree in writing to contract out of this rule.

Key points for employers:

- Employers and employees can agree in writing to retain personal grievance rights by contracting out of the new rule.
- If no contract-out is agreed, affected employees will not be able to pursue an unjustified dismissal or related personal grievance.
- Employers are still expected to act in good faith, but minor process defects will not automatically expose the business to personal grievance risk for these employees unless contractual or policy obligations apply.
- Most existing employees who meet the threshold have until 21 February 2027 to negotiate an contract-out and retain personal grievance rights. After this date, the threshold will apply automatically.
- The $200,000 threshold will be reviewed and adjusted annually from 1 July 2027.

**Recommended Actions**

- ☐ Identify staff at or near the $200,000 pay threshold
- ☐ Check agreements and policies for any processes that could conflict with the new rules
- ☐ Decide whether to contract out within the 12-month window
- ☐ Review how you retain and manage senior roles

## Specified Contractor Gateway Test

The Act creates a new category called a *"specified contractor"*. If a contractor meets the gateway test, they cannot later argue that they are really an employee under the usual "real nature of the relationship" test.

A worker will be a specified contractor if their written agreement says they are an independent contractor and at least one of the following applies:

- They are free to work for other businesses (except while actively doing work for you)
- They are not required to work set hours or for a minimum period, or they are allowed to subcontract the work to someone else

The gateway test only applies going forward. Existing contractor arrangements can still be challenged as employment for any work done before 21 February 2026.

If your business uses contractors, it is important to review all contractor agreements now to make sure they are clear, current, and still fit how the work is actually being done in practice.

**Recommended Actions - Now**

- ☐ Check current contractor arrangements against the new gateway test criteria
- ☐ Update contractor agreements to make sure they are accurate, compliant, and match day-to-day practice

## Trial Periods Strengthened

Employees dismissed during a valid trial period cannot bring an unjustified disadvantage claim about that dismissal now. Trial periods are still tightly enforced, so clear agreements and a careful process still matter.

**Recommended Actions - Now**

- ☐ Check trial period clauses meet legal requirements
- ☐ Make sure trial periods are only used for new employees and agreed before they start work

## 30-Day Rule Removed

The rule requiring new employees in a unionised workplace to be employed on the collective agreement for their first 30 days has been removed. Employers can now agree individual terms with new hires from day one. The requirement to pass new employee details on to the union has also been removed.

**Recommended Actions**

- ☐ Check collective agreements for any first-30-day rules that are different to the legislation and make sure you are meeting them

## 3. Employment Leave Bill – Replacing the Holidays Act 2003

📋 SUBMISSIONS CLOSE 14 APRIL 2026 – Act now if you wish to have your say.

Introduced to Parliament on 9 March 2026, the Employment Leave Bill proposes a major rewrite of how leave works in New Zealand. If it becomes law, it will fully replace the current Holidays Act 2003. Submissions are currently open through the Education and Workforce Select Committee, with a closing date of 14 April 2026.

The Bill is **not law yet**. Employers must continue to comply with the existing Holidays Act 2003 until any new legislation is passed and comes into force. The Bill includes a 24-month transition period after enactment, meaning the new system is unlikely to apply until late 2028 at the earliest. Even so, early planning will help reduce risk and disruption later.

### The Key Change: Hours-Based Accrual from Day One

The biggest change is that leave would accrue by contractual hours from day one, rather than being granted as set entitlements. The Bill proposes one standard calculation method, with a 12.5% leave compensation payment applying to hours worked above contracted hours.

### How to Have Your Say

The Select Committee process is your chance to influence how the law is finalised. We are preparing a submission and thank those who completed our survey to help inform this work.

The actions outlined in this update are about being prepared and managing risk, not making changes to your payroll or systems yet.

**Recommended Actions - Now**

- ☐ Decide whether to make a submission by 14 April 2026
- ☐ Check standard hours reflect actual working patterns, and identify variable or casual roles
- ☐ Check payroll readiness for hours-based leave accrual
- ☐ Review annual holiday balances and any historical underpayment risks

## 4. Modern Slavery Bill

📌 BEFORE PARLIAMENT – Expected to pass in 2026.

On 10 February 2026, a Modern Slavery Bill was introduced to Parliament with strong cross-party support. If passed, which is expected later this year, businesses with annual consolidated revenue of NZ$100 million or more will be required to publish a modern slavery statement each year. The requirements are expected to come into force six months after it receives Royal assent.

**What matters for smaller businesses.** If you supply goods or services to large organisations, their compliance obligations are likely to flow down to you. This usually happens through procurement processes, supplier questionnaires, and contract requirements. This is already standard practice under the Australian and UK regimes, and New Zealand businesses that supply to large corporates or multinationals are increasingly seeing these requirements in their existing contracts.

**What large corporate clients are likely to ask.** When a large organisation prepares its modern slavery statement, it must account for risks in its supply chain. Based on what is already common in Australia and the UK, you should expect questions such as:

- Do you have a modern slavery or ethical employment policy?
- How do you ensure your employees are paid correctly and in accordance with New Zealand employment law?
- Do you engage any subcontractors or labour hire firms, and if so how do you monitor their practices?
- Do you source any products or materials from overseas, and from which countries or sectors?
- Have you identified any modern slavery risks in your operations or supply chain, and what steps have you taken?
- Have you had any complaints or incidents relating to worker exploitation?
- Can you provide examples or evidence if requested?

> *Generally corporate clients look for evidence that you have turned your mind to the issue, have basic employment practices in order, and are willing to engage. A short, honest policy and documented practices will go a long way.*

### What Modern Slavery Looks Like in an NZ SME

Modern slavery is not just about trafficking or forced labour in overseas factories. In a New Zealand SME context, the risks most commonly arise in:

| Risk Area | What to Check in Your Own Business |
|---|---|
| Labour hire | Are you confident your labour hire providers are paying correct wages and meeting minimum employment conditions? |
| Work visa holders | Check that wages, hours, visas, and conditions are fully documented and compliant. |
| Wage underpayments | Check for any risk of underpayments, including unpaid internships, work trials, minimum wage compliance, and holiday pay. |
| Overseas inputs | If you source products, materials, or components from higher-risk regions (such as South or South-East Asia), be ready to show you have assessed those supply relationships. |

**Recommended Actions – Preparation**

- ☐ Check employees are being paid correctly, including minimum wages and holiday pay
- ☐ Review labour hire, migrant worker and contractor arrangements
- ☐ Create a short ethical employment or modern slavery policy
- ☐ Identify key suppliers and any higher-risk areas and assess labour exploitation risk
- ☐ Prepare a short summary explaining how you manage pay, labour hire, contractors, and supplier risks, to respond to modern slavery and ethical employment questions from clients