

NZ EMPLOYMENT LAW UPDATES 2025



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From reviews of the Holidays Act, to changes to the law around personal grievances, 2025 brings both opportunities and challenges for Kiwi employers. While some changes may not come into effect for several months, others are in full swing – and it's critical businesses are prepared.

Get to know your employer obligations with our 2025 Employment Law updates, so you can boost your compliance confidence and get back to focusing on growing your business.

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THE HOLIDAYS ACT... A WORK IN PROGRESS

Making changes to New Zealand employment law and regulations takes time. This applies to many of the ongoing legislative and regulatory reviews, including everyone's favourite – The Holidays Act.

Setting the foundation of leave and payroll regulations in New Zealand, The Holidays Act has been through various rounds of [consultation since 2018](#), with many employers and payroll providers finding it difficult to navigate.

In December 2024 the [government announced](#) that it would begin working on a new, hours-based accrual model for annual leave, which is expected to take some time to deliver.

The government indicated that clarity will be sought from [Cabinet later in 2025](#), signalling its intention to pass a new Act by the end of the current parliamentary term (late 2026).

What does this mean for employers?

For now, the Holidays Act remains in place in its [current state](#), and it will remain unchanged until any amendments are formally enacted through parliament. That means employers will need to continue ensuring holiday leave and payments are processed in line with the Act in its current state.

It's likely that it will be several months before any changes are formalised, and while we know it's frustrating, we'll keep you updated as things progress.

Learn more about the changes to [The Holidays Act](#).



CONTRACTOR 'GATEWAY TEST' TO BE IMPLEMENTED LATER THIS YEAR

In [September 2024](#), the government announced that it would introduce a 'gateway' test for businesses to distinguish the difference between an employee and a contractor.

The change aims to give greater clarity for business owners when choosing to bring in contractors to complete work, and reduce disputes over these classifications.

These proposed changes are expected to be implemented through an [Employment Relations Amendment Bill](#), set to be introduced later in 2025.

Learn more about the contractor '[gateway test](#)'



PERSONAL GRIEVANCE CLAIM THRESHOLD ANNOUNCED

In [November 2024](#), the government announced it would be introducing an income threshold for employees claiming personal grievances for unjustified dismissal. The change means employees earning above \$180,000 per annum will be unable to raise an unjustified dismissal claim.

Employers and employees will be able to opt back into unjustified dismissal protection if they choose to, or negotiate their own dismissal procedures between them.

What does this mean for employers?

For employers, the change enables businesses to ensure they have the best fit of skills and abilities for their organisation. The policy also allows employers more flexibility in hiring for senior positions, without having to risk a costly and disruptive dismissal process if things don't work out.

The change is set to be progressed through the Employment Relations Amendment Bill, which the government has indicated it will introduce into parliament later this year.

Learn more about the [personal grievance claim threshold](#)



REMOVING EMPLOYEE 'REMEDIES' IN EMPLOYMENT DISPUTES

In a [related announcement](#), the government also introduced further changes to remove 'remedies' for employees when they are found to be at fault in employment disputes, for example, when an employee's behaviour has contributed to the breakdown in the employment relationship.

This includes:

- Removing all remedies for employees whose behaviour amounts to serious misconduct.
- Removing eligibility for reinstatement in a role or compensation for hurt and humiliation when the employee is found to be at fault.

Other, more technical changes that will have an impact on personal grievance outcomes include:

- Allowing remedy reductions of up to 100 percent where an employee has contributed to the situation which gave rise to the personal grievance.
- Requiring the Employment Relations Authority and Employment Court to consider if the employee's behaviour obstructed the employer's ability to meet their fair and reasonable obligations.
- Increasing the threshold for procedural error in cases where the employer's actions against the employee are considered fair.

Learn more about the [proposed changes](#)



PAY SECRECY LEGISLATION

Changes are afoot for the rules around pay secrecy in New Zealand. The Employment Relations (Employee Remuneration Disclosure) Amendment Bill passed its first reading in parliament in November 2024, and seeks to allow employees to discuss or disclose their remuneration with others if they wish.

As the law stands currently, some employment contracts may include terms prohibiting employees from discussing or disclosing their remuneration (including salary, wages and other conditions) to third parties, including other employees of the same employer.

How do these changes impact employers?

While the Bill will take several months to move through the parliamentary process before it is implemented, employers should stay updated with its progress.

If it is enacted into law, it will mean employers can no longer include any clauses in employment contracts prohibiting employees from discussing their pay with others. Under the proposed change, if an employer disadvantages or dismisses an employee for disclosing their pay (or enquiring about a colleagues' pay), the employee is entitled to make a personal grievance claim.

Find out more [here](#).



PAY DEDUCTIONS FOR STRIKES REINTRODUCED

In [December 2024](#), the government introduced a [Bill](#) into parliament to allow employers to make pay deductions in response to partial strikes.

Currently, if an employee is engaged in a partial strike, their employer cannot deduct their pay unless they suspend the employee or issue a lockout notice.

What does it mean for employers?

If implemented, this change will restore employers' ability to make pay deductions for partial strikes, which could help incentivise both parties to reach agreement sooner, while also minimising community impacts.

The Bill is currently in the select committee stage of the parliamentary process.

You can find out more about the Bill and track its progress [here](#).



KEY CHANGES FROM 2024

While many business owners are already zeroed in on the year ahead, it's important to take note of key changes implemented in 2024 that remain in place today. Check them out below and make sure you're up to date on the current minimum wage, parental leave payments and 2024 insurance law reforms.

Minimum wage increases

On [April 1, 2024](#) the minimum wage increased from \$22.70 to \$23.15 per hour. This will remain in place until 1 April 2025, when the minimum wage will [increase again](#), this time to \$23.50 per hour.

Learn more about the [minimum wage increase](#).



Parental leave payments increased

On 1 July 2024, the maximum parental leave payment increased from \$712.17 to \$754.87 gross per week, while the minimum payment for self-employed parents increased from \$227.00 to \$231.50.

Learn more about the [parental leave payment increase](#).



Insurance law reform

In [November 2024](#) changes were made to New Zealand's primary insurance laws, namely the [Contracts of Insurance Act](#) and the [Contracts of Insurance \(Repeals and Amendments\) Act](#).

The changes aim to provide better protection for insurance businesses and consumers by implementing clearer guidance for each party. One key change includes placing the responsibility on insurers to ask consumers the right questions when processing new insurance policies, rather than leaving it to consumers to know what to tell their insurer.

Learn more about [insurance law reform](#).



GET ON-DEMAND SUPPORT WITH OUR HR ADVISORY SERVICE

Navigating New Zealand employment law on your own can be a minefield. When you're busy running the day to day operations of a business, it's easy to get confused by ever-changing HR regulations and legislation.

That's why we offer an HR Advisory service, which gives you access to on-demand HR advice and support whenever you need it. Just phone or email our highly trained employment experts, and they'll help you navigate complicated HR and employment matters with ease.

[Learn more about our HR Advisory service.](#)



TAKE THE PAIN OUT OF COMPLIANCE WITH EMPLOYMENT HERO'S EMPLOYMENT OPERATING SYSTEM

Clearly, there's a lot to stay on top of as an employer in New Zealand. From keeping up with the Holidays Act to updating your minimum wage payments, compliance can be challenging.

That's where our [Employment Operating System](#) comes in handy. An all-in-one employment solution, it offers everything from HR and recruitment, payroll, employee engagement, EAP services, HR advisory and much more. It's the easiest way to bring all things employment into one central place.

If you're ready to streamline employment in your business, [get in touch](#) with one of our business specialists or [see us in action with a demo](#).

