



COVERSHEET

Minister	Hon Brooke van Velden	Portfolio	Workplace Relations and Safety
Title of Cabinet paper	Holidays Act Reform: Outcomes of Consultation on Exposure Draft and Next Steps	Date to be published	14 October 2025

List of documents that have been proactively released

Date	Title	Author
December 2024	Holidays Act Reform: Outcomes of Consultation on Exposure Draft Bill and Next Steps	Office of Workplace Relations and Safety Minister
9 December 2024	Holidays Act Reform: Outcomes of Consultation on Exposure Draft and Next Steps CAB-24-MIN-0488 Minute	Cabinet Office

Information redacted

YES

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Some information has been withheld for the reasons of confidential advice to Government and legal professional privilege.



Cabinet

Minute of Decision

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Holidays Act Reform: Outcomes of Consultation on Exposure Draft and Next Steps

Portfolio **Workplace Relations and Safety**

On 9 December 2024, following reference from the Cabinet Economic Policy Committee, Cabinet:

- 1 **noted** that in September 2024, Cabinet agreed to the content of a consultation document, which sought feedback on the technical and policy details of the Employment (Leave Entitlements) Bill and also alternative options [CAB-24-MIN-0334];
- 2 **noted** that many employer and technical expert submitters believed that the exposure draft Bill could be simplified further, and there were concerns that the proposals would increase complexity and compliance costs;
- 3 **noted** that the Minister for Workplace Relations and Safety (the Minister) considers it is now necessary to change the direction of the Holidays Act reform, so that simplicity is prioritised as an objective in order to improve workability and reduce compliance costs;
- 4 **noted** that the Minister has asked officials to design a leave system based on a core system using hours-based accrual for annual leave, with consideration of options to:
 - 4.1 expand the use of “pay as you go” to more work arrangements, such as those with variable or unpredictable hours and paying a “top up” on top of the hourly rate for every hour worked for these employees, as a proxy for annual leave (and potentially certain other leave entitlements);
 - 4.2 allow for alternative provisions for eligible employers that can demonstrate overall that they meet or exceed the statutory minima;
- 5 **noted** that simplifying the exposure draft further by shifting to an hours-based accrual system will require drafting a fundamentally new bill;
- 6 **noted** that the system described above represents a shift away from the status quo which will involve changes to who bears costs and benefits relative to the status quo, with specific policy choices and trade-offs determining the balance and scale;

- 7 **invited** the Minister to report back to the Cabinet Economic Policy Committee by mid-2025 to seek final policy decisions, which will include advice on:
- 7.1 fiscal implications, in particular on the health and education sectors;
 - 7.2 the size and scale of impacts on employers and employees in different segments of the labour market;
 - 7.3 any other regulatory impacts, quantified where possible;
- 8 **noted** that if subsequent radical changes to policy direction are requested by Cabinet when final policy decisions are sought in mid-2025, the consequence will likely mean it will be difficult to pass a bill this term;

9 Legal professional privilege



Rachel Hayward
Secretary of the Cabinet