



## COVERSHEET

<b>Minister</b>	Hon Brooke van Velden	<b>Portfolio</b>	Workplace Relations and Safety
<b>Title of Cabinet paper</b>	Employment Leave Bill: Approval for Introduction	<b>Date to be published</b>	30 March 2026

<b>List of documents that have been proactively released</b>		
<b>Date</b>	<b>Title</b>	<b>Author</b>
February 2026	Employment Leave Bill: Approval for Introduction	Office of Workplace Relations and Safety Minister
5 March 2026	Employment Leave Bill: Approval for Introduction LEG-26-MIN-0031 Minute	Cabinet Office

### **Information redacted**

**YES**

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Some information has been withheld for the following reasons:

- Legal professional privilege
- Confidential advice to Government
- Free and frank opinions
- Negotiations



# Cabinet Legislation Committee

## Minute of Decision

*This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.*

### Employment Leave Bill: Approval for Introduction

**Portfolio**                      **Workplace Relations and Safety**

On 5 March 2026, the Cabinet Legislation Committee:

- 1        **noted** that the Employment Leave Bill (the Bill) holds a <sup>Confidential advice to Government</sup> priority on the 2026 Legislation Programme <sup>Confidential advice to Government</sup>;
- 2        **noted** that the Bill will reform how leave is earned, taken, and paid, with an aim to provide simplicity and clarity and improve compliance;
- 3        **approved** the Employment Leave Bill [PCO 21871/56.0] for introduction;
- 4        **authorised** the Minister for Workplace Relations and Safety (the Minister) to approve minor and technical changes to the Bill, prior to its introduction;
- 5        **authorised** the Parliamentary Counsel Office to make minor proofreading and editorial changes to the Bill, prior to its introduction;
- 6        **noted** that the Departmental Disclosure Statement attached under LEG-26-SUB-0031 is not final and will require adjustments to reflect any minor and technical changes made to the Bill prior to its introduction;
- 7        **agreed** that the Bill be introduced by 10 March 2026;
- 8        **agreed** that the Government propose that the Bill be:
  - 8.1        referred to the Education and Workforce committee for consideration;
  - 8.2        <sup>Confidential advice to Government</sup>;

### Policy decisions made by the Minister under delegated authority

- 9        **noted** that in August 2025, the Cabinet Economic Policy Committee (ECO) authorised the Minister to make further policy decisions that were consistent with the agreed policy framework, including on the details of a statutory estimation process for remediation calculations, transitional arrangements, record keeping and penalty provisions, and invited the Minister to report back on those delegated decisions [ECO-25-MIN-0124];

## Remediation process

- 10 **noted** that ECO agreed to create a statutory estimation process for remediation calculations, aiming to provide a fair and cost-effective mechanism for employers to address underpayments under the Holidays Act 2003 [ECO-25-MIN-0124];
- 11 **noted** that, under delegated authority, the Minister has decided that the Bill will set out the key parameters for an estimation methodology, while the detailed methodology will sit in secondary legislation;
- 12 **noted** that the key parameters contained in the Bill are that:
- 12.1 the Minister, must, before recommending secondary legislation, have regard to data on past remediations, consult on the methodology, and be satisfied that it will be provide reasonable compensation to employees;
  - 12.2 the process will be optional, initiated at the employer's discretion, using a prescribed estimation methodology for current and past employees (looking back six years from the date when the new legislation comes into effect);
  - 12.3 to provide certainty, where employers choose to use the methodology, this will have the effect of preventing any new legal claims under the Holidays Act 2003, and will pause some claims already lodged (but not well-advanced claims or appeals);
  - 12.4 completing the estimation methodology will extinguish liability under the Holidays Act 2003;
- 13 **noted** that further work is required to design the detailed calculations and method for the estimation approach for secondary legislation (within the parameters established by the Bill);
- 14 **authorised** the Minister to make policy decisions and issue drafting instructions to the Parliamentary Counsel Office for the secondary legislation referred to in paragraph 11 above;

## Transitional arrangements

- 15 **noted** that the Minister has agreed to clear transitional provisions governing the conversion of leave entitlements, aligning application of the new legislation with employee pay periods, and ensuring employees whose employment began in the previous 6 or 12 months benefit from this period of service (in terms of leave entitlements);
- 16 **noted** that, to ensure an orderly transition, the Minister has decided that the Bill will include a deadline (three years from Royal Assent) for parties to reach agreement, after which the minimum statutory terms would be deemed to override any contradictory terms in contracts;

## Other matters decided under delegated authority

- 17 **noted** that, to maximise the clarity and workability of the legislation, the Minister has made further delegated decisions to complete the legislative framework:
- 17.1 clear record-keeping requirements that ensure employers keep all information necessary to comply with the new legislation;

- 17.2 penalties apply to provisions that, if breached, would undermine minimum leave-related entitlements, otherwise impact on the legislation's purpose, or undermine its enforcement;
- 17.3 where employees hold multiple roles with the same employer, the Bill's provisions will apply to each of an employee's roles separately (reflecting employer feedback);
- 17.4 for employees paid an averaged salary, leave is taken and accrued based on standard hours that actually fall in a pay period, and the hourly leave pay rate calculated on the same basis to enable the averaged salary to continue to be paid;
- 17.5 a principle-based approach to leave accrual during unworked periods, to avoid any unintended gaps that may arise if only rules specific to specified unworked periods were provided;
- 17.6 clarifying the circumstances in which a Labour Inspector will be able to intervene to determine an employee's notional roster, and the matters the Labour Inspector must take into account;
- 17.7 clarifying employees' (existing) ability to transfer whole public holidays, including to ensure this must be at an employee's request;
- 17.8 clarifying employer liability when the employer misapplies the rules for paying the leave compensation payment;
- 17.9 providing for a consistent, payroll-friendly reference period for all calculations required under the legislation.

Sam Moffett  
Committee Secretary

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**Present:**

Hon David Seymour  
Hon Paul Goldsmith (Chair)  
Hon Judith Collins KC  
Hon Brooke van Velden  
Hon Casey Costello  
Hon Chris Penk  
Hon James Meager  
Stuart Smith MP  
Jamie Arbuckle MP

**Officials present from:**

Office of the Deputy Prime Minister  
Office of the Chair  
Office of Hon Chris Bishop  
Office of Hon Brooke van Velden  
Officials' Committee for LEG