



Advice from Alan

Employment law changes

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The New Zealand Government has passed a new law which came into effect on the 21st

of February 2026 which has considerable implications for contractors, all employees bringing personal grievance claims, and high earners wanting to challenge their dismissal.

In this article we look at the restriction on high earners bringing unjustified dismissal claims and restrictions on remedies if there has been a contribution by the employee to the situation.

These law changes significantly impact employees earning \$200,000 or more per annum (including commission, bonuses, and benefits from share schemes). They will no longer be able to bring a personal grievance for unjustified dismissal, so they can be fired at will.

However, high-income employees may still raise personal grievances on other existing grounds such as unjustified disadvantage or discrimination. The new law is unclear on how the unjustified disadvantage claims for lack of process might interact with the prohibition on an unjustified dismissal claim. Watch this space, as this is likely to be contested.

While this amendment impacts new

employees immediately, there is a 12-month transition period for existing employees earning \$200,000 or more if they are in the same role or are restructured into a different role. Parties may agree to opt out of this protection and the threshold test.

The new law requires the Employment Relations Authority and Employment Court to consider whether the employee has contributed to the situation. If either entity considers the employee's actions contributed to the problem and the employee's actions amounted to serious misconduct, neither the Employment Relations Authority, nor the Employment Court, may award any remedies, including lost wages or compensation.

Neither entity may order reinstatement or compensation for humiliation, loss of dignity, or injury to feelings in situations where the employee's actions and behaviour contributed to the situation but not at the serious misconduct level. They can still order lost wages.

These are mandatory bans on those remedies, not just a reduction by the extent of the contribution. The employee's behaviour must contribute to the situation, so there will likely be many arguments about any contribution.