Commercial eSpeaking

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Welcome to the Budget edition of *Commercial eSpeaking*.

Our lead story is a short commentary on the Minister of Finance's third Budget, presented to Parliament on Thursday, 28 May.

As the Minister indicated earlier, this Budget is a 'no money tree' document. The government hopes it will help steer New Zealand out of the economic doldrums and the soon-we-hope 'recovery' from not only the effects of the rising energy costs due to the Middle East instability, but also the lingering consequences from Covid.

The Budget, entitled 'Securing New Zealand's Future' aims to get the country's economy back to surplus and reduce debt as a share of GDP.

To talk further with us on any of the topics covered in this e-newsletter, or indeed on any other legal matter, please don't hesitate to contact us. Our details are on the top right.

NZ LAW
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Budget 2026

Securing New Zealand's future says the Minister of Finance

This year's Budget has had to negotiate a balancing act – not only being fiscally prudent, but also encouraging much-needed economic growth for this country.

A return to surplus in 2028–29 (predicted to be $2.6 billion), a year earlier than was forecast last year, is more than welcome news for us all. Expect slow growth until 2027. After that, however, we hope the economy roars ahead.

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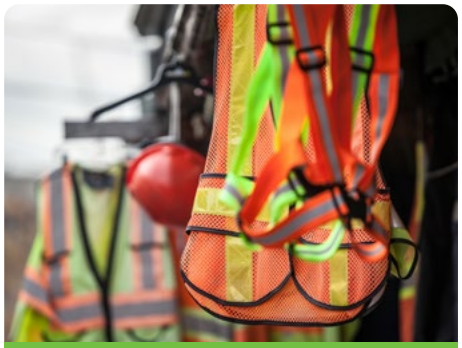

Health and Safety at Work Amendment Bill

Expected to be enacted in the spring

This Bill was introduced into Parliament on 8 February 2026. Submissions to the select committee closed at the end of March and the committee is scheduled to report back to Parliament by 12 June 2026. It is anticipated that the Bill will be passed before the election (early November).

If enacted, the Bill will represent the most significant reform of health and safety law in New Zealand since the Health and Safety at Work Act (HSWA) was passed in 2015.

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Budget 2026

Securing New Zealand's future says the Minister of Finance

Despite pre-Budget announcements for the health, education and defence sectors, this Budget certainly contained some meaty content.

The government's broader approach could therefore be characterised as a 'meat and veg now, dessert later' strategy to economic management.

With a net operating package of an average $2.146 billion pa ($8.272 billion over the next four years), the health sector is a major winner, followed by education (including tertiary), defence and intelligence, law and order, etc totaling new expenditure of $14.666 billion over the next four years.

On the other side of the coin, the Minister has anticipated savings of $6.394 billion over the next four years, making the net package of spending of $8.272 billion over the same period.

Health

- A $5.5 billion increase in funding for frontline health services
- Funding for three-day postnatal stays ($34 million) and $16 million allocated to specialist paediatric palliative care
- Pharmac has additional funding ($54 million) to buy more medicines
- $682 million for capital investment includes a new tower block for Whangārei Hospital, redevelopment at Palmerston North and Hawke's Bay Regional Hospitals, and
- Funding to lower the eligibility age for free bowel screening from 58 years to 56 years; benefitting 200,000 Kiwis.

Education

The government's aim is to lift student achievement in schools. The cancellation of the final year fees-free initiative will help fund preparing young people for trades and other vocational education. The main points are:

- $131 million to help students meet standards for the three Rs (reading, writing and arithmetic)
- Supporting the refreshed curriculum and new national qualifications implementation
- Continuing the Healthy School Lunches Programme
- Doubling the number of trades academy places providing free trades training for year 11-13 students, and
- Around 230 new classrooms will be built, and there is a funding increase for school property maintenance and daily operations.

Defence and foreign affairs

- Increased funding to retain current defence force staff levels, as well as increasing numbers in key areas
- $110 million for international development cooperation, with particular focus on the Pacific, and
- More funding to enable aircraft, ships (including keeping our two Anzac-class frigates ship-shape) and land forces to continue to operate.

Social housing and welfare

- Increasing the accommodation supplement for people in private rentals, and increasing income-related rents for people in social housing
- Funding for up to 2,250 additional social houses
- More case management help to support solo parents into work, and
- $45 million for extended community food support and children's breakfast programmes.

Infrastructure

The government acknowledges that New Zealand's current infrastructure must be not only be maintained, but also expanded through new investment.

- The construction of the Cambridge to Piarere Expressway
- Renewing and upgrading the rail network, particularly in Auckland and Wellington
- Financial incentives to councils to encourage housing growth
- Investment in hospitals, schools, courthouses, police stations and defence assets, and
- Funding to drive the reforms to the resource management system.

These investments are in addition to previously approved current and pipeline projects.

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Law and order

The government's focus is to reduce crime and keep New Zealanders safe. Proposals include:

- $503 million for frontline Corrections services
- More support ($50 million) for frontline policing
- Funding to reform the firearms safety system, and
- $21 million for Customs to combat drug smuggling and transnational crime.

Fuel response

New Zealand is currently facing unprecedented pressure on its energy supplies resulting from the hostilities in the Middle East. The government will introduce:

- A $50/week increase to the In-Work Tax Credit for up to a year to help working families with increased fuel costs
- Funding for additional strategic fuel reserves to firm-up the country's fuel resilience, if required
- A temporary increase in mileage rates for support workers and people travelling for specialist treatment
- Additional funding for Fire and Emergency, Corrections, Policy, Customs and Education to maintain frontline activities during this period, as well as
- A $450 million contingency fund for future fuel-related costs.

Energy security is now top-of-mind in this current uncertain fuel climate. The government proposes:

- Capital investment in Genesis Energy to accelerate the development of new generation and firming capacity, and
- A new loan guarantee scheme to support businesses to transition away from the use of gas.

Public service

The proposed cuts to the public service have already been announced, and the reception has been mixed. The government wants to see improved productivity and greater efficiency to reprioritise frontline services while reducing the public service headcount.

Other initiatives include:

- $200 million will be raised by a new tax on banks to help cover Reserve Bank costs
- Rules will be changed to tax loans made by companies to shareholders that remain outstanding six months after the company is removed from the Companies Register
- Stricter regulations for charities: a limit of $100,000 has been set for people claiming tax deductions for making charitable donations
- More funding to control the dratted wilding pines
- $184 million for Oranga Tamariki to protect and support children
- Fringe Benefit Tax rules for private motor vehicles will be simplified
- Making the SuperGold Card an official form of ID, and
- Funding for new technology to improve our emergency management system.

NZ Superannuation

A vexed topic for any political party. Although not covered in the Budget, with the ballooning costs of National Super (projected to be $31.2 billion in 2030), all recent governments have grappled with future funding. Raising the age of entitlement, albeit slowly, and means testing are only two of the many measures proposed to alleviate the pressures on government funds. It is clear that the funding of NZ Super is a major issue and will need to be strongly addressed in the near future.

Overall the government hopes the Budget funding will lead to an increased GDP and a healthier economic environment.

To read the Budget in more detail, click **here** for the Minister's Budget speech. The Treasury's website,click **here**, is also very helpful.

If you would like to discuss more about the government's proposals, please don't hesitate to contact us. +

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Health and Safety at Work Amendment Bill

Expected to be enacted in the spring

The Health and Safety at Work Amendment Bill was introduced into Parliament on 8 February 2026 and passed its first reading on 12 February 2026. It is currently before the Education and Workforce Select Committee. Submissions closed at the end of March and the committee is scheduled to report back to Parliament by 12 June 2026. It is anticipated that the Bill will be passed before the election (early November).

If enacted, the Bill will represent the most significant reform of health and safety law in New Zealand since the Health and Safety at Work Act (HSWA) was passed in 2015.

Purpose of Bill

Workplace Relations and Safety Minister, the Hon Brooke van Velden, said that the Bill is intended to reduce compliance obligations, focus on preventing serious harm and clarify businesses' obligations under the HSWA.[1] The key proposed changes in the Bill are:

- Increased focus on preventing serious harm
- Reducing compliance obligations for small businesses
- Clarification of the health and safety obligations of landowners, and
- Clarification of the relationship between health and safety legislation, and other legal requirements.

Introducing 'critical risk'

The Bill introduces a new defined term of 'critical risk.' Small businesses must focus on avoiding critical risks. All other businesses must manage all risks but are required to 'prioritise' critical risks.

The Bill defines a 'critical risk' as a risk associated with one of the matters specified in Schedule 1A of the Bill; this lists a number of specific high-risk activities such as working with asbestos and other hazardous substances. A critical risk also includes any hazard that is likely to result in death, a notifiable injury or illness, a notifiable incident or an occupational disease listed in Schedule 2 of the Accident Compensation Act 2001.

Identifying what the critical risks are for a particular business is likely to be one of the more challenging aspects of the new legislation.

The impact on small to medium-sized businesses

The most significant change contained in the Bill is the narrowing of the duties of small to medium-sized businesses, referred to as 'small PCBUs,' to risks that are defined as critical risks under the Act.

This does not mean that small businesses have no obligations in relation to other risks. They are still required to provide adequate facilities to ensure the safety of their employees.

A small PCBU will be defined as a business with fewer than 20 employees. Businesses that have a fluctuating workforce will qualify provided that they have fewer than 20 employees for at least nine months of the year. This change is likely to have a significant impact on the compliance obligations of businesses in New Zealand, given that approximately 97% of businesses would qualify as a small PCBU.[2]

Obligations of landowners and recreational activities

Potential exposure to prosecution under health and safety legislation in New Zealand has long been a concern for landowners who wish to make their land available for recreational activities.

In the past, this has been a particular concern for rural landowners who have often avoided providing access to their land due to such concerns. It has also discouraged public landowners, such as schools and councils, from allowing their land to be used for recreational activities.

The potential liability of landowners was recently highlighted by the prosecution of the owner of Whakaari/White Island following the eruption in 2019, which resulted in the deaths of 22 people. The landowner was initially convicted in the District Court under the HSWA, despite not directly operating the tours to the island.[3] The High Court overturned this conviction on appeal.[4]

The passing of the Bill would mean that landowners would not generally owe health and safety obligations to people using their land for recreational activities.

The Health and Safety at Work Act and other legislation

The Bill would clarify the relationship between general health and safety legislation, and other legislation that applies to specific industries such as the aviation and maritime sectors.

1 (12 February 2026) NZPD (Health and Safety at Work Amendment Bill – First Reading, Hon Brooke van Velden).
2 New Zealand business demography statistics at February 2025, Statistics New Zealand.
3 *WorkSafe New Zealand v Whakaari Management Ltd* [2023] NZDC 4149.
4 *Whakaari Management Ltd v WorkSafe New Zealand* [2025] NZHC 288.

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Business briefs

Commerce Commission – unconscionable conduct

For the first time, the Commerce Commission has filed proceedings under the prohibition on unconscionable conduct in the Fair Trading Act 1986. This development suggests that active enforcement in this area is underway.

Unconscionable conduct is business behaviour that falls well below accepted New Zealand standards and goes beyond ordinary commercial practice to conduct that is clearly unfair and unreasonable. This is one of several areas the Commission has identified as an enforcement priority.

The Commission has taken action against Brand Developers Limited (trading as The TV Shop) and Tech Vault Enterprises Limited (trading as HouseSmile), alleging both used high-pressure sales tactics on vulnerable consumers, including people with cognitive impairments or serious illnesses. The Commission considers this conduct a clear departure from acceptable business standards.

Businesses found in breach of the prohibition risk a fine of up to $600,000 and individuals may be liable for a fine of up to $200,000. Courts may also order businesses to compensate affected customers.

This action serves as a timely reminder to all businesses to ensure their sales practices are up to scratch, especially when they are dealing with vulnerable customers.

Overseas Investment Act 2005 reform

The Overseas Investment (National Interest Test and Other Matters) Amendment Act came into force on 6 March 2026, delivering a significant overhaul of New Zealand's foreign investment framework.

The reforms are designed to make it easier and faster for overseas investors to invest in New Zealand, while ensuring the government retains the ability to scrutinise transactions that could affect New Zealand's national interests.

Part of the reform involved streamlining the overseas investment application process. Previously, overseas investment applications had to satisfy several separate tests. A single national interest test now applies to transactions involving significant business assets and sensitive land, other than farmland, fishing quota and residential land (for which the existing consent pathways remain). Applications are assessed through a three-stage process:

1. **Risk identification**: The Overseas Investment Office (OIO) assesses the application for any national interest concerns. If none are identified, consent is granted. The statutory timeframe for decisions under this stage is up to 15 working days.
2. **Risk assessment**: If concerns are identified, a more detailed assessment follows. Consent can still be granted at this stage, with or without conditions. The statutory timeframe for review under this stage increases by 55 working days.
3. **Ministerial decision**: In cases where the transaction may be contrary to New Zealand's national interest, the matter may be referred to the Minister of Finance who can decline consent. There is no fixed statutory timeframe for a ministerial decision.

For business owners looking to attract overseas investment or to sell to a foreign buyer, this framework should make the consent process faster and more straightforward. That said, the regime still applies and any agreement must be specifically conditional on OIO consent being obtained before the deal proceeds.

New obligations for businesses collecting personal information from third parties

On 1 May 2026, Information Privacy Principle 3A (IPP3A) came into effect, expanding the notification requirement under the Privacy Act 2020 to cover indirect collection of personal information.

Previously, businesses had no obligation to notify individuals when collecting their personal information from a third party. IPP3A has changed that.

What your business must disclose: From now on, when your business collects personal information indirectly, you must take reasonable steps, as soon as is reasonably practicable, to make the individual aware of the:

- Fact that their information has been collected
- Purpose of the collection
- Intended recipients of the information
- Name and address of the agency, or agencies, collecting and holding the information
- If applicable, which law authorises or requires the collection, and
- Rights of the individual to access and correct their information.

Exceptions: IPP3A does not require notification in all circumstances. Exceptions include, but are not limited to, where:

- The individual has already been notified
- The information is publicly available
- Compliance is not reasonably practicable, and/or
- It is necessary for law enforcement or court proceedings.

Please note the above is to be treated as a guide rather than an exhaustive list. We recommend seeking tailored legal advice before relying on any exception.

Next steps: If you haven't already, you may want to consider building notification into your existing policies and this should be communicated clearly to individuals. The Office of the Privacy Commissioner has released guidance on IPP3A which provides a helpful starting point for understanding your obligations. Non-compliance may result in a complaint to the Privacy Commissioner, which may lead to a formal investigation and have potentially significant consequences for your business,

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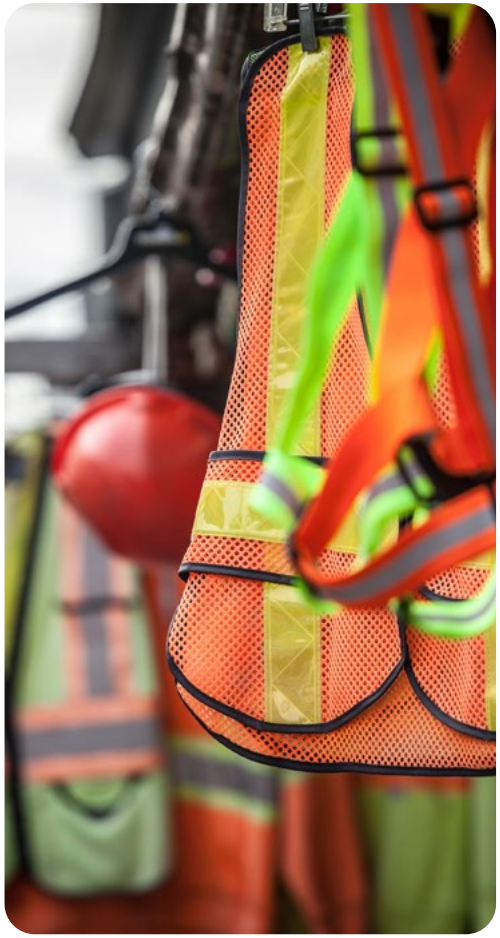
Health and Safety at Work Amendment Bill

In the past, there has been confusion as to whether or not businesses in industries covered by specific legislation have additional duties under the HSWA. The Bill clarifies that compliance with industry-specific legislation or approved industry codes of practice is also compliance with the HSWA, so there are no additional obligations.

The Bill also states that the owners of earthquake-prone buildings do not need to take additional steps under the HSWA, provided that they comply with the requirements of the Building Act 2004.

The Bill is intended to reduce the compliance work that is required by businesses under current health and safety legislation, which has become an expensive 'tick-box' exercise for many. However, it will still be important for small businesses to identify the 'critical risks' in their businesses and to take steps to mitigate them.

If you have any concerns about the impact that this proposed legislation may have on your business, please don't hesitate to contact us. +



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Business briefs

so it is important you take steps now to ensure your processes are up to date.

For more detailed information about IPP3A together with examples of how it works, click **here**. If you have any questions about how IPP3A applies specifically to your organisation, please feel free to contact us.

Employment Relations Amendment Act 2026 – key changes

The Employment Relations Amendment Act 2026 came into force on 21 February 2026, introducing some significant changes to the New Zealand employment law framework. Some of the key changes of which businesses should be aware are listed below.

Independent contractors: The Act introduces a new gateway test to determine whether a worker is an employee or a contractor. To qualify as a 'specified contractor,' five criteria must be met that cover matters such as having a written agreement, freedom to work for others, flexible hours, the ability to decline work and having had a reasonable opportunity to seek legal advice. There is more information about the test **here**.

Personal grievances: Where an employee's conduct amounts to serious misconduct and has contributed to the situation giving rise to the personal grievance, no remedies will be awarded. Where the conduct falls short of serious misconduct but still contributed to the grievance, remedies may be reduced by up to 100%.

High-income earner: Employees earning $200,000+ per year in total remuneration will no longer be able to bring a personal grievance or file proceedings in relation to an unjustified dismissal. A 12-month transitional protection applies to those already in roles when the legislation came into force.

Collective agreements: The requirement to apply collective agreement terms to new employees during their first 30 days, and the automatic sharing of new employee information with the union, will no longer apply.

Justification test: The section 103A justification test has been amended to take into account whether an employee obstructed the employer's process. Significant procedural failures will no longer render a dismissal unjustifiable where the employee was not actually treated unfairly.

If you would like to discuss any aspect of how this new legislation affects your business, please don't hesitate to contact us. +

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