

A guide for Employers

AUGUST 2025





**MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT**
HĪKINA WHAKATUTUKI

Ministry of Business, Innovation and Employment (MBIE) Hīkina Whakatutuki – Lifting to make successful

MBIE develops and delivers policy, services, advice and regulation to support economic growth and the prosperity and wellbeing of New Zealanders.

More information

Information, examples and answers to your questions about the topics covered here can be found on our website: www.employment.govt.nz

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This guide helps you as an employer understand ethical and sustainable work practices from a labour rights perspective. Find out what those rights are and why they are important for you.

Understand ethical and sustainable work practices

Today's consumers, employees, procurers and investors expect certain ethical standards. They increasingly want organisations to treat workers fairly, ethically and sustainably – not just their own employees but also the workers in the organisations they engage with.

New Zealanders are becoming more aware of exploitation and mistreatment of workers, especially of migrants, and do not want to engage with businesses that exploit their workers. When deciding where to shop, consumers consider how businesses treat their workers.

What ethical and sustainable means

Having ethical work practices means treating your workers legally, fairly and with dignity. It includes providing safe working conditions and meeting or exceeding all employment standards.

Sustainability means working in a way that meets the needs of your business or industry now and in the long term.

Exploitation, forced labour, human trafficking and slavery are the opposite of ethical and sustainable work practices.



ETHICAL AND SUSTAINABLE WORK PRACTICES

Go to www.employment.govt.nz and search 'ethical work practices'

Why good work practices matter

Behaving ethically and sustainably is the right thing to do.

Good work practices help create a level playing field where those who meet employment obligations cannot be undercut by those who cut corners using unfair work practices. Good work practices can have a positive impact on customer goodwill, loyalty and demand for your goods and services. They can also help to attract and retain good workers. On the other hand, employment practices that are not legal, ethical or sustainable can hurt your reputation and brand. This could reduce your company's revenue, profit, financial viability and market value.

Businesses that have been fined, penalised or ordered to pay compensation for exploiting or mistreating their workers are almost always identified in publicly available information. They may also be restricted from supporting visa applications and put on the employer stand-down list for a specified period.

Understand why ethical and sustainable work practices are important for employers

As an employer, you must comply with employment standards, which are an essential foundation for ethical and sustainable work practices.

Treating your employees lawfully and fairly makes business sense and protects you against risks like:

- › losing access to suppliers and markets — some suppliers, countries or sectors may not want to trade with organisations that have poor work practices
- › damaging your organisation's and product's reputation through negative publicity. This could reduce revenue, profit, financial viability and market value
- › missing out on investment and insurance because investors and insurers might not want to associate with organisations that have poor employment practices
- › being unable to attract and retain good workers
- › not achieving your organisation's potential for productivity
- › creating unfair competition within industries, which contributes to poor business models
- › negatively affecting the health, safety and wellbeing of the workforce.

You should take steps to:

- › check your organisation has ethical and sustainable work practices and is complying with employment law, and
- › address any risks of worker exploitation or poor work practices in your organisation.

CASE STUDY

Sophia is a new migrant to New Zealand. She has run a restaurant before, and would like to start one here too. She knows she will need to hire staff and wants to learn more about good work practices in a New Zealand context. What is a fair wage? What hours do staff work? How can she roster them so they get enough time off?

The more Sophia thinks about work practices, the more she realises how important it is to get them right. She wants to get her restaurant's reputation off to a good start. She wants to create a friendly and fair workplace culture that attracts and keeps good workers. She also wants customers to see that her workers are happy.

What legal consequences employers could face if they do not comply

Businesses that do not comply with employment law can face legal consequences. These can include having to pay unpaid wages and holiday pay, infringement fines and penalties. Consequences for serious breaches can include larger penalties, compensation, and being banned from hiring employees. If you are a labour-hire or temping agency and your employee is working in a client's business, it's still your responsibility to make sure they are treated fairly in the workplace.

On the other hand, if an employee of another employer is working under your direction, you could be liable if your actions contribute to that employee being treated unfairly.

How the government enforces employment standards

The Labour Inspectorate help ensure that employers comply with employment standards. Labour Inspectors investigate potential breaches of employment standards and complaints. They also proactively audit employers where they identify high risks, for example, not paying the minimum wage. Inspectors can take legal action to make employers correct problems and can take them to the Employment Relations Authority and courts.

Inspectors can enter workplaces, interview people and require employers to give them certain information. If employers do not comply with employment law, Inspectors can take legal action to make them correct problems, and even take them to the Employment Relations Authority and court.

Check that you have ethical and sustainable work practices

Start checking if your organisation has ethical and sustainable work practices by examining what your vision, mission and values statements say about how your organisation values and treats workers. These statements set the scene for everything that happens in your organisation, so it is important that they are explicit.

You can check that your work practices are ethical and sustainable by checking for employment rights issues and making sure you meet employment standards.

How to identify labour rights issues in your business

Take these steps to see if you have any labour rights issues.

1. Assess your business using our self-assessment checklist and guide



EMPLOYMENT STANDARDS: EMPLOYER SELF-ASSESSMENT CHECKLIST

Go to www.employment.govt.nz and search 'employment standards checklist'

EMPLOYMENT STANDARDS: EMPLOYER SELF-ASSESSMENT GUIDE

Go to www.employment.govt.nz and search 'employment standards guide'

2. Make sure your contractors are really contractors, not employees. For example, how much do you control their working arrangements?



KNOWING THE DIFFERENCE BETWEEN CONTRACTORS AND EMPLOYEES

Go to www.employment.govt.nz and search 'contractor or employee'

3. Check that employees' work patterns match their contracts. For example, are casual workers actually working regular hours? Do you have a genuine reason to employ someone on a fixed-term contract instead of a permanent one?



UNDERSTANDING DIFFERENT TYPES OF WORKERS

Go to www.employment.govt.nz and search 'types of worker'

4. Make sure that workers are legally allowed to work in New Zealand. Use Immigration New Zealand's online VisaView tool to check visa information if you need to.



USING VISAVIEW TO CHECK IF SOMEONE CAN WORK IN NEW ZEALAND

Go to www.immigration.govt.nz and search 'VisaView'

5. Make sure you allow employees to join unions if they want to, and allow them to go to at least two union meetings a year. Also make sure you do not discriminate against an employee because they are or are not involved in union activities.



KNOWING IMPORTANT INFORMATION ABOUT UNIONS

Go to www.employment.govt.nz and search 'union membership'

In addition to employment standards, employers also have other legal responsibilities.



INFORMATION ABOUT THESE RESPONSIBILITIES

Go to www.employment.govt.nz and search 'employer responsibilities'

CASE STUDY

The restaurant is up and running, and the first few months have been a success. Now that things have settled down, Sophia wants to make sure there are no labour rights issues in the business. She works through Employment New Zealand's employer self-assessment checklist. She realises that one of her waiters started on a casual contract, because he was a student with unusual study hours. However, he has now graduated and is working more regularly, so it would be best to seek his agreement to change his contract to a permanent one.

Address risks and non-compliance

This page outlines three things you can do to help you meet your labour rights obligations.

1. Create and communicate a code of conduct (or code of conduct statement)

A code of conduct tells workers what your organisation's goals, values and rules are. It can empower workers to speak up if the code is breached. A code of conduct statement is similar but less detailed. Develop a code of conduct statement instead if your organisation is not ready for a detailed code of conduct.

A code of conduct should include at least:

- › your values, business ethics alongside the behaviours you expect
- › a statement that confirms your organisation will follow employment-related laws
- › information on how you will treat workers fairly, such as the Ethical Trading Initiative Base Code, an internationally recognised code of labour practice
- › information on how to report employment issues confidentially – this may be critical to making your code effective.



ETHICAL TRADING INITIATIVE BASE CODE

Go to www.ethicaltrade.org and look for 'ETI Base Code' in the menu

A code of conduct statement, however, can be as simple as the following sentences.

- › We are committed to making your workplace safe and healthy.
- › We are committed to giving you all your employment rights and entitlements.
- › For information about employment, and health and safety rights and responsibilities visit www.employment.govt.nz and www.worksafe.govt.nz/managing-health-and-safety/workers

Use your internal communication channels including emails, posters and newsletters to tell your workers about your code or statement.

You should consult with employees before implementing a code of conduct, particularly if it outlines expected worker behaviour.

2. Ensure you have robust employment systems and processes in place

Good systems and processes will help you carry out your code of conduct or code of conduct statement.

- › Make sure your payroll systems and processes are effective. Test them regularly to see that they ensure compliance the law. For example, check that you are paying workers correctly for leave and holidays.



GUIDANCE ON THE HOLIDAYS ACT 2003

Go to www.employment.govt.nz and search 'Holidays Act'

- › Make sure your workplace policies and procedures protect employment rights, fair treatment of workers and equal opportunities.
- › Make sure you have an easily accessible process that lets workers raise issues and address their questions, concerns and disputes.
- › Make sure your recruitment processes include questions to identify whether a person may have been trafficked, paid a premium (fee) to get a job, or was exploited while seeking employment.

3. Educate employees (including managers) on employment responsibilities and rights

If your employees know their employment responsibilities and rights, they can promote your code of conduct or code of conduct statement and help you bring it to life.

Educate workers by doing the following.

- › Make sure all managers complete our free online learning modules for employers.
- › Encourage all employees to do our free online learning modules for employees, starting with the 'Introduction to employment rights' module.
- › Invest in any other relevant training and qualifications for your employees, for example, training on spotting the warning signs of modern slavery and worker exploitation and how to report it.



LEARNING MODULES FOR EMPLOYERS AND EMPLOYEES

Go to www.employment.govt.nz and search 'online learning'

Examine your supply chain

If you want to identify and reduce labour rights risks thoroughly, go beyond your business and examine your supply chain(s) too.



IDENTIFY AND MINIMISE LABOUR RIGHTS ISSUES IN YOUR SUPPLY CHAINS

Go to www.employment.govt.nz and search 'minimise labour rights issues'.
See the PDF titled 'Identify minimise labour rights issues'.

Learn more and use our free resources

Resources on our website

To learn about...	...search for
Employer's approach to ethical and sustainable work practices	Employer's approach to ethical
Labour Inspectorate	About us Then scroll to Labour Inspectorate
Employment standards: employer self-assessment guide	Employment standards guide
Employment standards: employer self-assessment checklist	Employment standards checklist
The difference between employees and contractors	Contractor vs employee
Employment legislation	Legislation
Hiring	Hiring
Employee rights and responsibilities	Employee rights
Union membership	Union membership
Leave and holidays	Leave and holidays
Glossary	Glossary
Health and safety at work	www.worksafe.govt.nz



Te Kāwanatanga o Aotearoa
New Zealand Government