

2026 HR Changes

A plain English summary of what has changed and what you need to do

2026 Edition | Current as at April 2026 | For Australian small businesses & not-for-profits

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Employment law in Australia has been through significant change over the past two years, and 2026 brings more. This summary covers the changes that matter most to small businesses and not-for-profits — in plain English, without the legal jargon.

IN EFFECT NOW**1. Payday Super — Commences 1 July 2026**

From 1 July 2026, you must pay superannuation at the same time as wages — not quarterly. The contribution must be **received by your employee's super fund within 7 business days of payday**. This applies to every employer in Australia, including small businesses.

What you should do:

- Check whether your payroll software is Payday Super ready — ask your provider now
- If you use the ATO's Small Business Superannuation Clearing House, it closes on 1 July 2026 — find an alternative now
- Review your cash flow — super will now leave your account every pay cycle, not quarterly
- Make sure employee super fund details are current and correct to avoid rejected payments

IN EFFECT NOW**2. Right to Disconnect — Now applies to small businesses (from August 2025)**

Employees now have a **protected right to refuse** to read, monitor or respond to contact from their employer outside of ordinary working hours — unless their refusal is unreasonable. This right has applied to larger businesses since August 2024 and now covers small businesses (under 15 employees) too.

What you should do:

- Do not pressure employees to always respond to after-hours calls, texts or emails
- Review employment contracts and any policies around after-hours contact
- If you need employees to be available after hours, consider formalising an on-call arrangement with appropriate compensation
- Disputes can be taken to the Fair Work Commission by the employee

IN EFFECT NOW**3. New Casual Employment Rules — Small business from August 2025**

The definition of a casual employee has changed. A worker is now only casual if, at the time they are first engaged, there is **no firm advance commitment** to continuing and indefinite work. Under the new **Employee Choice Pathway**, casuals can now initiate their own conversion to permanent employment — you no longer have to offer it.

What you should do:

- Review your casual employment contracts — do they reflect the new definition?
- Casuals with 12+ months service (small biz) or 6+ months (15+ employees) can now notify you they want to convert
- You must respond in writing within 21 days of receiving a conversion request
- You can only refuse on specific genuine grounds — get advice if you are considering refusing

IN EFFECT NOW**4. Wage Theft is Now a Criminal Offence**

Since January 2025, intentional underpayment of wages and entitlements is a **criminal offence** under the Fair Work Act. Penalties include up to 10 years imprisonment for individuals and fines of up to \$7.8 million for corporations. Not knowing you were underpaying is not a full defence — but genuine mistakes treated differently to deliberate conduct.

What you should do:

- Conduct a pay audit — check all employees are being paid at least the correct Modern Award minimum rate
- Include all penalty rates, allowances, overtime and casual loading in your calculations

- If you discover an underpayment, seek advice promptly — voluntary disclosure is treated more favourably
- Keep accurate payroll records for 7 years

IN EFFECT NOW**5. Psychosocial Hazards — Now Explicitly Regulated**

Employers must now manage psychosocial hazards — things like bullying, excessive workload, poor management, harassment, fatigue and job insecurity — with the **same legal obligation as physical hazards**. Almost all states and territories have now adopted regulations specifically covering psychosocial risks. Victoria introduced new dedicated regulations on 1 December 2025.

What you should do:

- Add psychosocial hazards to your WHS risk register if you haven't already
- Review your anti-bullying, harassment and grievance policies
- Consider a simple anonymous staff survey to identify any psychosocial concerns
- EAP programs and wellbeing initiatives are good — but regulators expect prevention, not just support

COMING 1 JULY 2026**6. Paid Parental Leave Increases to 26 Weeks**

From 1 July 2026, the government-funded Paid Parental Leave scheme increases to **26 weeks total** (up from 24 weeks). Four weeks will be reserved for each parent in a couple on a "use it or lose it" basis — unused weeks cannot be transferred to the other parent. Super will also be paid on government PPL by the ATO directly.

What you should do:

- Update your parental leave policy to reflect the new 26-week entitlement
- Communicate the changes to any employees who are planning or expecting parental leave
- Update your HR systems and payroll processes to accommodate longer parental leave periods
- Note: the ATO pays the super on government PPL — this is not an additional employer obligation

WATCH THIS SPACE**7. NES Review — Potential Increase to Annual Leave**

A parliamentary inquiry into the National Employment Standards is underway. One significant proposal on the table is increasing annual leave from 4 weeks (20 days) to 5 weeks (25 days) for all employees. No changes have been legislated yet, but employers should be aware this may be coming.

What you should do:

- No action required yet — monitor updates from Fair Work Commission and Fair Work Ombudsman
- Start thinking about how an extra week of annual leave might affect your business

WATCH THIS SPACE**8. Non-Compete Clauses May Be Banned**

The Australian Government has committed to banning non-compete clauses for employees earning under \$183,100 per year. This is still in consultation phase and has not yet become law — but if you use non-compete clauses in employment contracts, it's worth reviewing them now.

What you should do:

- Review any non-compete clauses in your employment contracts
- Consider whether they are genuinely necessary and proportionate
- Get legal advice on how to protect your legitimate business interests without relying on non-competes

This summary is current as at April 2026 and is for general information only — not legal advice. Laws change frequently. Always verify with the Fair Work Ombudsman (13 13 94), ATO (13 10 20) or a qualified HR professional before taking action.

Compiled by Compliance Compass — boutique HR & WHS consultancy for small businesses and not-for-profits across the ACT.

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