



Terms of reference for the regulatory review of the hairdressing and barbering industry

1. These terms of reference are issued by the Minister for Regulation, Hon David Seymour. The Minister of Health, Hon Shane Reti has been consulted on their development.

Purpose

2. The regulatory review of the hairdressing and barbering industry is to **ensure that the regulation that applies is proportionate to the risks posed by the industry**. The Review will achieve this purpose through examination of the relevant regulation and its implementation to form findings and recommendations for change.
3. The regulatory review of the hairdressing and barbering industry is hereafter referred to as “the Review”.

Definitions

Barber – means any person who engages for profit or reward in the business or practice of barbering, whether in a barber’s shop or not. Note, unlike “hairdresser” barber is not defined in legislation.

Beauty services – beauty services are not defined in legislation but in this context is used as a general term to cover nail care, skincare, hair removal, tanning, makeup, and hair restoration (excluding hair transplant) services.¹

Hairdresser – means any person who engages for profit or reward in the business or practice of hairdressing, whether in a hairdresser’s shop or not.² For the avoidance of doubt, hairdresser includes a barber which is not defined in legislation.

Hairdressing and barber shops – means any premises where a hairdresser or barber carries out their business or practice (excluding premises occupied by a customer, i.e., a customer’s home.)³

Market failure – means the situation where the allocation of goods and services under a free market does not maximise the overall welfare of society. Common causes of market failure are public goods, externalities, market power, and asymmetric information. The presence of a market failure does not necessarily mean the government should intervene because government

¹ Industry Report, Hairdressing and Beauty Services in New Zealand, IBIS World, May 2024.

² Regulation 2 of the Health (Hairdressers) Regulations 1980. Legislative language amended slightly for readability.

³ Ibid.



intervention is also imperfect. The benefits that can realistically be expected from government intervention should be compared with the costs, accounting for the limitations and potential inefficiencies of regulation.

Regulatory system – a set of formal and informal rules, norms and sanctions, given effect through the actions and practices of designated actors, that work together to shape people’s behaviour or interactions in pursuit of a broad goal or outcome.

Background

4. Hairdressing is regulated by the Health (Hairdressers) Regulations 1980, made under the Health Act 1956, which is administered by the Ministry of Health. Hairdressers must operate out of licensed premises under the Health (Registration of Premises) Regulations 1966. Local Authorities may also place additional requirements on hairdressing businesses as part of licensing or through bylaws.
5. In New Zealand⁴ there are approximately 13,000 people, predominantly women, employed in hairdressing and beauty services. Appearing in most communities across New Zealand, there are over 5,000 businesses across the country, many offering beauty services as well as hairdressing.
6. Revenue from hairdressing and barber shop services is predicted to be \$1.019 billion in 2025. The hairdressing market is dominated by small businesses, with a few large businesses that still have a low market share.

Scope

7. The Review will examine some of the regulatory regime that governs hairdresser and barber shops and hairdressers and barbers in New Zealand and make recommendations for changes to legislative and operational settings.
8. A table providing more information about the regulatory regime that applies to the hairdressing and barbering industry is attached at **Appendix A**.

⁴ All information in this section is from Industry Report, Hairdressing and Beauty Services in New Zealand, IBIS World, May 2024.



In scope

9. The parts of the regulatory regime that are **in scope** of the review are:
 - a. the content and implementation of the Health (Hairdressers) Regulations 1980, which are made under the Health Act 1956.
 - b. the content and implementation of the Health (Registration of Premises) Regulations 1966, only as they apply to the requirement to register premises used for hairdressing and barber shops.
 - c. any other legislative instruments relating to hairdressing and barbering that the Ministry for Regulation considers necessary to meet this terms of reference as revealed through the process of the Review.
 - d. requirements imposed on hairdressing shops by local authorities as part of the licencing regime or in bylaws. The Ministry for Regulation will determine whether specific requirements in this category are considered as part of the Review on a case-by-case basis.
10. For the in-scope parts of the regulatory regime, the review will **form findings and make recommendations** about:
 - a. whether regulation of hairdressing and barber shops, hairdressers and barbers **continues to have valid rationale**, including:
 - i. whether market failures exist that justify government intervention, and if so, whether intervention through regulation is appropriate
 - ii. whether other existing regulation, such as the Health and Safety at Work Act 2015, adequately address the existing market failures and risks posed by the operation of hairdressing and barbering
 - b. whether the current regulatory framework is **effective and efficient** (to the extent the review finds valid rationale for regulation) in that:
 - i. it has appropriate objectives, and is the best way to achieve those objectives
 - ii. the benefits of the requirements outweigh the costs, and it has not given rise to unnecessary costs or other unintended impacts
 - iii. it responds to modern understandings of health risks and contemporary hairdressing and barbering practices.



- c. appropriate **changes or alternatives** to the current regulatory regime, including **removal of unnecessary requirements** and non-regulatory approaches to managing identified risks.
- d. **further work to be completed** either by the Ministry for Regulation or other agencies as relevant.

Out of scope

- 11. As per paragraph 9 above, the priority legislative instruments for the Review are the Health (Hairdressers) Regulations 1980 and the Health (Registration of Premises) Regulations 1966. The Review does not expect to assess the content and implementation of other legislative instruments in detail but will consider any legislative instrument it considers necessary to meet its terms of reference.
- 12. The matters that are **out of scope** of the review are:
 - a. consideration of whether other beauty services, including tattooing, which are sometimes provided in the same premises as hairdressing and are currently not regulated at the national level, should be subject to different regulation to the current state
 - b. investigation of individual complaints about the implementation of regulatory requirements by individual local authorities, however the Review will consider such complaints to the extent they are relevant to the scope of the Review (for example, if they show a pattern of unintended consequences of current regulatory requirements)
 - c. workforce planning or estimating the market's requirements for trained workers
 - d. evaluating the appropriateness of the hairdressing qualifications that are offered by training providers or the level and targeting of government funding for these qualifications.

Reporting and governance

- 13. The Minister for Regulation will have oversight of the Review and will keep the Minister of Health informed. Governance of the Review's progress and direction will be provided by senior leaders at the Ministry for Regulation and the Public Health Agency within the Ministry of Health.
- 14. The Review will provide progress reporting and a final report to the Minister for Regulation. The final report will contain findings and recommendations about the topics outlined in paragraph 10 of this Terms of Reference.

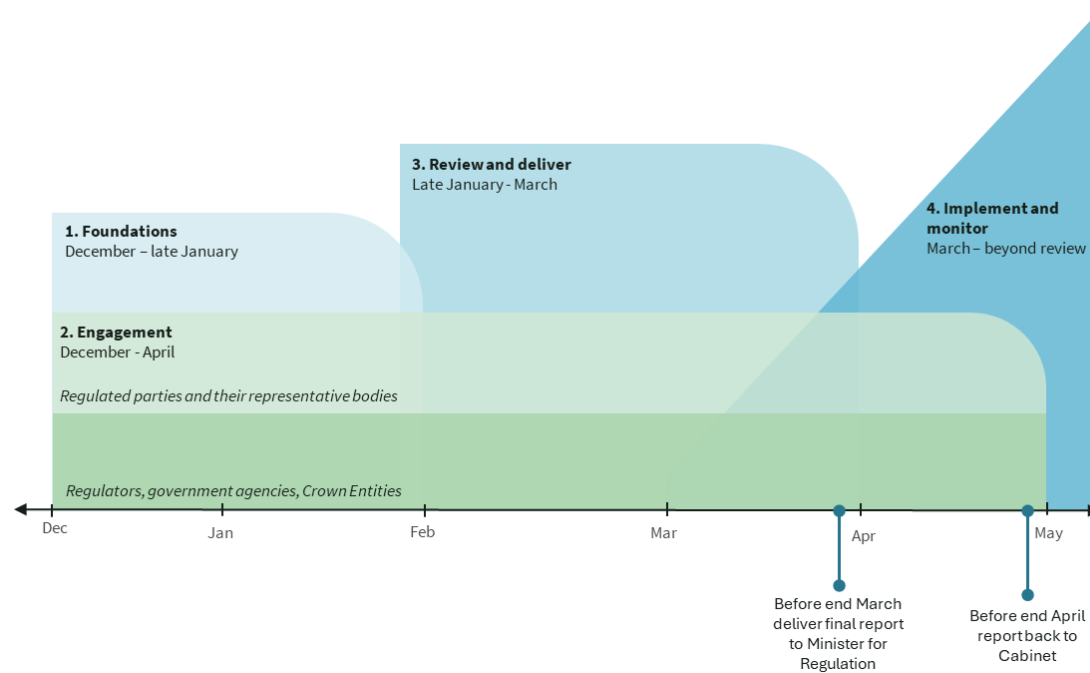


Procedure and timing

15. The Review will operate in a way that avoids unnecessary delay or costs and in line with the principles of natural justice. It will use the most efficient methods to gather and analyse information and will work closely with relevant stakeholders with this aim. The Review will be transparent about the issues that are raised with it and will forward issues outside of the Review's scope to other relevant agencies, or another part of the Ministry for Regulation as appropriate. As per paragraph 10.d., the Review's report will provide recommendations for further work.
16. The Review will be led by the Ministry for Regulation, working closely with the Ministry of Health. Progressing the Review's recommendations may involve several different mechanisms and will need to be agreed to by agency decision-makers, relevant ministers or Cabinet. Appropriate mechanisms will be identified through the Review's work.
17. The Review will seek out the views of affected stakeholders through engagement and will engage with:
 - a. regulated parties and their representative groups.
 - b. the regulator (the Ministry of Health, Health New Zealand National Public Health Service⁵ and local authorities) and their representative bodies (including the New Zealand Institute of Environmental Health⁶)
18. The Review will start on 12 December 2024 and provide its final report to the Minister for Regulation on or before 31 March 2025. The Review's stages and estimated timing is shown in the diagram below.

⁵ The New Zealand National Public Health Service work with Environmental Health Officers to address public health matters in hairdressers and are the main employer of Medical Officers of Health who have an administrative role under the Health (Hairdressers) Regulations 1980.

⁶ The New Zealand Institute of Environmental Health represents Environmental Health Officers who are the profession that undertake inspections of hairdressers on behalf of local authorities.



Appendix A – the in scope regulatory regime for the hairdressing and barbering industry

The table below outlines some more information about the main relevant components of the regulatory regime for the hairdressing and barbering industry. The parts of the regulatory regime that are in scope of the Review are highlighted in green – noting that this Terms of Reference states the Review will consider any legislative instrument to the extent that it considers necessary to meet its Terms of Reference.

Legislation	Health Act 1956 (sections 117 and 120)	Health (Hairdressers) Regulations 1980	Health (Registration of Premises) Regulations 1966	Health and Safety at Work Act 2015	Consumer Guarantees Act 1993	Employment Relations Act 2000	Resource Management Act 1991	Building Act 2004	Smoke-Free Environments Act 2003
Regulatory system	Public Health	Public Health	Public Health	Health & Safety at Work	Consumer and Commercial	Employment Relations & Standards	Resource Management (incl. Land and Urban)	Building	Public Health
Regulator	Ministry of Health, Local Government	Ministry of Health, Local Government	Ministry of Health, Local Government	WorkSafe New Zealand	Commerce Commission	Ministry of Business, Innovation and Employment	Resource consents are obtained from regional, district and city councils	Building consents are obtained from regional, district and city councils, Building Consent Authorities	Ministry of Health, Local Government
Policy Agency	Ministry of Health	Ministry of Health	Ministry of Health	Ministry of Business, Innovation and Employment	Ministry of Business, Innovation and Employment	Ministry of Business, Innovation and Employment	Ministry for the Environment	Ministry of Business, Innovation and Employment	Ministry of Health
Purpose	To improve, promote and protect public health.	To set standards and requirements for hairdressing shops and hairdressers.	To set the process for registration requirements of premises required to be registered by a local authority.	To provide for a framework to secure the health and safety of workers and workplaces.	To protect the interests of consumers and businesses.	To build productive employment relationships, promote enforcement of employment standards and observance of international obligations.	To ensure that a hairdressing premises are permitted in the location.	To ensure that premises comply with the Building Code	To improve, promote and protect public health - this Act requires that the public areas of all hairdressers be smoke free
Regulated parties (in this context)	Any person who engages for profit or reward in the business or practice of hairdressing, whether in a hairdresser's shop or not.	Any person who engages for profit or reward in the business or practice of hairdressing, whether in a hairdresser's shop or not.	Any person operating a hairdressers shop as defined in the Health (Hairdressers) Regulations 1980.	Persons conducting a business or undertaking.	All businesses operating in New Zealand	Employers, employees and unions are all regulated parties.	Any person who engages for profit or reward in the business or practice of hairdressing, whether in a hairdresser's shop or not	Any person who engages for profit or reward in the business or practice of hairdressing, whether in a hairdresser's shop or not	Any person who engages for profit or reward in the business or practice of hairdressing, whether in a hairdresser's shop or not