Ministry for Cities, Environment, Regions & Transport

Regulatory Analysis Summary: Reform of the Local Government Bylaw System

Decision sought	Cabinet policy decisions on the local government bylaw system
Agency responsible	Ministry for Cities, Environment, Regions and Transport (MCERT)
Portfolio Minister(s)	Minister of Local Government
Date finalised	15 July 2026
Ministry for Regulation tracking number	Reg-2284

Brief description of the Minister's regulatory proposal (preferred option)

The Minister's preferred option is a system reform package for the local government bylaw system, covering delegation of powers, bylaw making and review, and enforcement.
It introduces a notice-making framework, reduces unnecessary review requirements, and expands enforcement tools (including infringement and abatement-type responses).
This creates a tiered and more proportionate system, improving how local regulation is designed, made, and enforced.

Summary of the problem definition

The bylaw system is fragmented, inefficient, and not aligned with the modern local government framework. A review of the problem was commissioned as part of the broader Local Government Systems Improvements Programme which seeks to reduce pressure on local government rates to help address concerns about the cost of living.
Bylaws are often used as a one-size-fits-all tool, even where legislation already sets regulatory frameworks. This results in:

- duplication between central and local government
- resource-intensive bylaw processes
- limited and disproportionate enforcement tools

These reduce the effectiveness, efficiency, and consistency of local regulation.

Summary of options considered for addressing the problem

Four options were considered across the three stages of the bylaw system (delegation of powers, bylaw making and review, and enforcement):

- **Option One – Status quo**
  Retains the current system, including prescriptive delegation arrangements, resource-intensive bylaw processes, and limited enforcement tools. This maintains existing inefficiencies, duplication, and reliance on court-based enforcement.
- **Option Two – Reduce reliance on regulation**
  Reduces the use of bylaws and formal enforcement, relying more on non-regulatory approaches. While this lowers administrative burden, it does not provide workable mechanisms where regulation is mandated and risks gaps in regulatory coverage and inconsistent outcomes.
- **Option Three – Improve the bylaw system**
  Improves the structure and processes of the existing system, including more efficient bylaw making and review requirements and better use of existing enforcement tools. However, it retains reliance on bylaws as the primary tool and does not address the lack of fit-for-purpose regulatory and enforcement options.

- **Option Four – System reform package (preferred)**
  Combines structural improvements with new regulatory tools, including a notice-making framework for prescriptive regimes, streamlined review requirements, and expanded enforcement options. This creates a tiered and proportionate system that improves effectiveness, efficiency, and proportionality across all parts of the system.

Overall, the preferred option performs the best, as it addresses both how the system operates and the tools available, while the other options either retain existing limitations or do not provide workable alternatives.

Is the Minister's preferred option in the Cabinet paper the same as the preferred option in the RAS?

Yes

Summary of the main benefits of the Minister's preferred option

- Reduced duplication between central and local government
- Lower administrative burden for local authorities
- More proportionate and timely regulation
- More proportionate and effective enforcement tools
- Improved compliance outcomes and regulatory effectiveness

Overall, the reforms improve the efficiency, consistency, and usability of the local regulatory system.

Summary of the main costs of the Minister's preferred option

- One-off implementation costs (legislation, systems, training, and guidance)
- Transitional costs for local authorities adopting new tools and processes
- Ongoing system stewardship and guidance requirements
- Increased system complexity from introducing additional regulatory tools

These costs are primarily short term and manageable.

Does the RAS indicate that the benefits of the Minister's preferred option are likely to outweigh the costs?

Yes

The preferred option delivers a net benefit over time, with ongoing benefits outweighing implementation costs.

Have any potential inconsistencies with the principles of responsible regulation in the Regulatory Standards Act been identified in relation to the Minister's preferred option?

No

Limitations and constraints on analysis

Condensed timeframes	No	Constrained option set	No
Legislative constraints	No	Data and evidence gaps	Yes
Ministerial direction	No	Other	No
Limited public consultation	Yes		

Summary of limitations and constraints on analysis

Quantification of costs and benefits is limited due to:

- Local government costs being largely staff time
- Variation in council practices
- Lack of system-wide cost and performance data

The analysis therefore relies on qualitative evidence, consultation, and policy judgement.

Consultation was targeted rather than broadly public, focusing on local authorities, sector groups, and directly affected stakeholders. This approach was considered appropriate and proportionate given the technical and system-focused nature of the reforms.

What are the implications of these limitations and constraints, and what has been done – or will be done – to mitigate and manage them?
These limitations affect the precision but not the direction of findings.
They are mitigated through:

- Consultation with local government and stakeholders
- Multi-criteria and qualitative cost–benefit analysis
- Monitoring, guidance, and system stewardship
- Proposed public consultation on draft bill, subject to Cabinet agreement

Impacts will be evaluated over time.

I am satisfied that, given the available evidence, this RAS represents a reasonable view of the likely costs, benefits and impact of the preferred option.

Responsible Manager(s) signature: 

Richard Ward
General Manager Local Government Policy and Partnerships
15 July 2026

Quality Assurance Statement	
Reviewing Agency:	**QA rating:** Meets

Panel Comment:

The Ministry for Cities, Environment, Regions and Transport (MCERT) has reviewed the regulatory analysis summary (RAS): Reform of the Local Government Bylaw System, prepared by MCERT and associated supporting material on 9 July 2026.

The Panel considers that the information and analysis summarised in the RAS **meets** the quality assurance (QA) criteria.

The RAS is **complete**, with links and/or references to supporting evidence where appropriate. It is **clear and concise** and meets the 20-page limit. The analysis within the RAS is **convincing**, supported by an appropriate framework, noting that there is limited information on quantified or 'monetised' expected costs and benefits. There was evidence of efficient and effective **consultation** with affected stakeholders, with limited public consultation.

The RAS clearly acknowledges the limitations and constraints under which it was prepared. Members of the public are likely to be affected by the regulatory proposal. Therefore, the Panel strongly supports the recommendation that there is an exposure draft of the Bill for public consultation to ensure any amendments are practicable and workable.

Section 1: Diagnosing the policy problem

What is the policy problem?

Context

Local government in New Zealand has had bylaw-making powers for as long as it has existed

1. Bylaws are delegated secondary legislation used by local authorities to regulate local issues. Many entities can make bylaws, but this work looks at local government bylaws only. Bylaws are used for a broad range of purposes. Some powers are general, such as protecting public safety or controlling nuisance[1]. Others are more specific such as regulating trading in public places, dog control or restricting freedom camping.

2. Local government bylaw-making was first introduced in 1842 and was very broad, allowing local authorities to make bylaws as they saw fit. Over the years, local government bylaw-making powers became increasingly prescriptive, to the point where the Local Government Act 1974 (LGA74) listed 50 purposes that councils could make bylaws about.

3. The Local Government Act 2002 (LGA02) introduced a power of general competence (section 12) and confirmed bylaws as secondary legislation (section 161A), shifting away from the previous reliance on prescriptive statutory powers and elevating bylaws in the regulatory hierarchy. Many older bylaw powers remain and are no longer aligned with the current system.

4. All local government regulatory roles and powers are derived from statute. Parliament delegates a range of functions and responsibilities to local government along with the systems and tools to deliver them. Bylaws are one such tool and have secondary legislation status. Other tools include specific regimes such as those in the Building Act 2004 and the Resource Management Act 1991, policies and resolutions (e.g., formal council decisions).[2] There are around 900 bylaws covering 17 different topics across 78 local authorities.

Policy problem

5. The current bylaw system is no longer fit for purpose and is not enabling local authorities to deliver good quality regulation and enforcement. Bylaws are not always an efficient or effective tool for the job they are intended to do. The process for local authorities to make and review bylaws is not clear or efficient, while at the same time local authorities lack the ability to enforce many of their bylaws.

Bylaws are not the most efficient or effective tool for some common uses

6. Bylaws as a tool have evolved considerably. The LGA02 has established a regime that suits bylaws as a regulatory tool but does not fit as well for other uses, such as setting fees and charges and other administrative details. Bylaws cannot be responsive to emerging issues, nor change easily as community needs change, due to process requirements.

The process to make and review bylaws can be onerous and confusing

7. The process for creating, amending, and reviewing bylaws is both time and resource intensive. The complexity and overly prescriptive nature of the process provide too many

[1] Section 145 of the Local Government Act 2002

[2] Policy examples include section 101 of the Gambling Act 2003 and section 5A of the Shop Trading Hours Act 1990. Resolution examples include section 37 of the Dog Control Act 1996 and section 151(2) of the Local Government Act 2002.

avenues for councils to inadvertently make mistakes and be challenged on technical procedural grounds. Bylaws can take between 18-24 months to make from start to finish.

8. Bylaw review requirements are not achieving their intended outcomes. The requirement to review bylaws within five years of adoption is considered too short and creates unnecessary compliance costs. In practice, if there are any significant issues with a bylaw, many councils will address these as they arise. Bylaw reviews can take 6–18 months to complete.

9. Consultation requirements can be the most time intensive part of the bylaw process. Consultation is required even when bylaws continue unamended after a review. While there is discretion as to what type of consultation should be used, many councils default to the special consultative procedure[3]. This can create unnecessary cost and time for local authorities and members of the public, especially if the bylaw is continuing unamended.

Local authorities have limited options for enforcing many of their bylaws

10. In several cases, prosecution through the courts is the only enforcement option for bylaw breaches. In practice, local authorities rarely undertake prosecutions because they are too costly and often disproportionate for low-level breaches of bylaws. The lack of enforcement short of a prosecution means many bylaws are seen as ineffective. This can embolden cavalier behaviour and undermine public confidence in local government. [4]

11. Infringement offences and fees are currently available for some bylaws. Section 259 of the LGA02 enables regulations to be made by Order in Council to prescribe breaches of bylaws as infringement offences, but this power is difficult to use in practice and to date has only been used in part on one occasion[5]. Infringement offences are appropriate for some bylaw breaches and are preferrable to the current approach of court prosecution. This has been highlighted by the New Zealand Productivity Commission. [6]

12. Other legislation enabling local authorities to regulate behaviour, such as the Resource Management Act 1991, has a more varied and sophisticated range of enforcement mechanisms directed to achieving the desired outcomes.

Who are the regulated parties and what are their views of the problem?

13. Local authorities and the public are the regulated parties. Local authorities view the bylaw system as fragmented and not fit for purpose. The public view the system as difficult to engage with and note that the lack of meaningful enforcement leads to non-compliance. All regulated parties have an interest in ensuring that local authorities are regulating appropriately and that compliance is enforced fairly and consistently.

Objectives sought in relation to the policy problem

14. The overall objective is to modernise the bylaw system to provide efficient, proportionate, and effective regulatory tools for local government.

Consultation

15. In July 2024, the Minister of Local Government agreed to a comprehensive review of the local government bylaw system with the aim of providing local government with appropriate

[3] As found in section 83 of the Local Government Act 2002
[4] Beach bylaws need enforcing, DOC ranger says | RNZ
[5] For alcohol control bylaws, at the introduction of sections 147-147C of the Local Government Act 2002
[6] New Zealand Productivity Commission – *Towards better local regulation*

and cost-effective tools. This followed the Regulations Review Committee (RRC) presenting their report on their inquiry into bylaws to the House in September 2023. The report had a narrow focus on infringement offences and made three recommendations.[7] Work on the RRC's recommendations highlighted broader issues with bylaws.

16. The comprehensive review was part of the broader Local Government System Improvement work programme announced by the Prime Minister in August 2024. The main feature in the programme is the Local Government (Systems Improvements) Amendment Bill that seeks to reduce pressure on local government rates to help address the cost of living. The Bill aims to do this by focusing the purpose of local government, better measuring and publicising council performance, prioritising core services in council spending, strengthening council accountability and transparency, and providing regulatory relief to councils.

17. In August 2025, the Department of Internal Affairs (the Department) shared an issues and options paper on the local government bylaw system for targeted consultation. [8] The issues and options paper was intended to provide a structure for seeking further feedback from identified stakeholders on whether the issues and options had been correctly identified, and whether the options are technically and practically feasible. Issues and options were identified from pre-engagement with relevant parties, along with several reports and well-known issues within the local government bylaw system.

18. Targeted consultation took place in August 2025 with officials inside local authorities who worked with bylaws or had an interest in bylaws, and with relevant government agencies and government departments. Ministers who had an interest in bylaws were also invited to comment. Feedback was received from 10 local authorities' subject matter experts, 12 government agencies and departments and six Ministers. Some government department and agencies noted links between the Department's work and work they currently or soon will have underway. We continue to engage with them on related work programmes.

19. We also held further targeted consultation with key stakeholders who had an interest in matters commonly regulated by local government bylaws including Hospitality New Zealand, Federated Farmers, and the New Zealand Motor Caravan Association.

20. There was unanimous support for reviewing the local government bylaw system and respondents agreed there is a clear need for reforms. There was agreement on the overarching issues to be addressed, namely that the system is fragmented and not always used appropriately, statutory processes are unclear and inefficient, and enforcement options are limited.

21. If Cabinet agrees, it is intended an exposure draft of any legislation will be released for public consultation to ensure the public can have a say on proposals that may have an impact on them.

Section 2: Assessing options to address the policy problem

Scope of this work

22. This review has focused on bylaws made by local authorities as defined in the Local Government Act 2002 (i.e. regional councils and territorial authorities). Ministerial decisions narrowed the scope to legislation administered by the Department of Internal Affairs (now

[7] Inquiry into bylaws, Report of the Regulations Review Committee, August 2023
[8] Local Government Bylaw System Issues and Options Paper: August 2025

MCERT). This includes the Bylaws Act 1910, LGA02, LGA74 and Freedom Camping Act 2011. As a result, the options considered do not include broader system-wide changes to bylaw powers in other agencies' legislation.

23. Local government bylaw-making powers are found in 17 pieces of legislation, six of which are administered by the Department. Of the 11 that are administered by other agencies, all but two refer to the process steps in the LGA02, at least in part, for how bylaws are made under that legislation. System-level change (i.e., getting the process right) has been the focus of this work, rather than individual bylaw powers.

24. The reforms proposed are intended to establish a clear and coherent framework within the LGA02 that can be applied more broadly over time. This will support future alignment and provide a foundation for other agencies to adopt consistent approaches to delegating local regulatory powers. The Department was open to considering consequential amendments to a wider range of legislation where this was supported by the administering agency.

Why regulatory reform is preferred over non-regulatory reform

25. Bylaw powers are regulatory by nature – they are delegated by Parliament and set in primary legislation. Retention of the status quo would mean the issues identified would continue and no changes would be made to modernise and clarify the local government bylaw system. Various reports have recommended changes to the local government bylaw system, including the New Zealand Productivity Commission's Towards better local regulation and the RRC's Inquiry into bylaws.

26. The problems with the system have arisen in part because it has developed in an ad-hoc way and become fragmented over time. With aspects of the system sitting in different pieces of legislation, its stewardship and development sit across multiple agencies. To date non-regulatory tools have had limited effect because they are non-binding and can easily fall out of use if not actively maintained and promoted.

27. The local government sector has put significant effort into improving capability with and use of the bylaw system through guidance, peer-support and a community of practice but they acknowledge that issues still exist. Stakeholders who regularly engage with local government bylaws have also taken steps to build their capability and seek proactive involvement in bylaw processes, but they too note prevailing issues in the system.

28. Guidance alone is not considered sufficient to enable the local government bylaw system to provide efficient, proportionate, and effective regulatory tools for local regulation. It will however be an important part of implementation and ongoing stewardship. Guidance will be developed for both local and central government, in partnership with relevant parties. This was strongly supported in consultation on the issues and options paper.

What criteria will be used to compare options with the status quo?

29. This section assesses options across three stages of the bylaw system: delegation of powers, bylaw making and review, and enforcement. Costs and benefits are assessed collectively in Section 3.

30. The following criteria will be used to assess options in all three stages:

    a. **Effectiveness** - Does the option support a regulatory system that is necessary, fit for purpose, and enables central and local government to appropriately manage harm, regulate behaviour, and administer rules?

b. **Efficiency** - Does the option minimise duplication, time, cost, and complexity for central government, local government, and communities, and support timely responses to emerging issues?

c. **Proportionality** - Does the option ensure that regulatory tools, processes, and responses are appropriate to the nature and scale of the issue or problem being addressed?

d. **Consistency** - Does the option improve coherence, clarity, and usability across legislation and the bylaw system, supporting a more unified and consistent regulatory framework?

Delegation of Bylaw Powers

What scope will options be considered within?

31. Early analysis considered whether the use of bylaws could be significantly reduced or removed. This was not progressed as it would not provide workable mechanisms for addressing local regulatory issues, particularly public safety and nuisance.

32. Ministerial decisions narrowed the scope to improving flexibility and responsiveness without fundamentally changing the role or regulatory responsibilities of local government.

What options are being considered?

Option One – Status Quo

33. This option retains the status quo, with continued reliance on bylaws for local regulation. Existing inefficiencies, duplication, and delays would continue. Over time, the status quo is likely to reinforce reliance on bylaws as the default regulatory tool and increase fragmentation across legislation.

Option Two – Reduce Reliance on Regulation (deregulatory option)

34. This option reduces reliance on regulation and increases use of non-regulatory tools. No new regulatory tools would be introduced. Central government would reduce the creation of new bylaw-making powers over time. This option lowers administrative burden; it does not provide more workable mechanisms where regulation is required and does not address the underlying legislative constraints in the current system. It is unlikely to achieve the intended outcomes.

Option Three – Improve the Bylaw System (structural and process improvements)

35. This option improves the existing bylaw system through structural and process changes. It increases efficiency and consistency but does not address the lack of fit-for-purpose tools. These changes have been exempted from the RAS so are not analysed here in detail. The specific proposed changes are:

    a. Modernise bylaw-making provisions in the Bylaws Act 1910 relevant to local government and move to the LGA02;

    b. Remove bylaws as a fee setting tool from section 150 of the LGA02;

    c. Remove unnecessary and duplicate bylaw-making powers in the LGA02 and the LGA74, modernise remaining bylaw provisions in the LGA74 and move to the LGA02; and

d. Progress minor and technical legislative amendments required to ensure consistency across the bylaw system.

Option Four – System Reform Package (Option Three plus additional tools and powers)

36. This option builds on Option Three by introducing additional regulatory tools and system supports. It would establish a procedural framework for notice-making in the Local Government Act 2002, similar to and alongside the one that currently exists for bylaws. A regulation-making power would also be introduced to enable the Minister of Local Government to provide national direction and support the consistent operation of the local government bylaw and notice system.

37. Notices are a secondary legislation tool for delivering delegated regulatory powers, just as bylaws are. They already exist in New Zealand's regulatory framework, for example they are the tool used by the Department of Conservation and Land Information New Zealand to regulate freedom camping under the Freedom Camping Act 2011[9]. Their form and presentation are much simpler than bylaws and they often present information graphically. They can therefore be produced and amended faster than bylaws, and do not require expertise in secondary legislation drafting. This could reduce the time taken to make local regulation from 18-24 months to 12-18 months.

38. Notices are suited to situations where the delegated regulatory power contains a high-level of prescription or detail and the regulator's role is to determine and show where and how those requirements apply, or to choose between a defined range of options (e.g. section 17 of the Freedom Camping Act 2011). Bylaws are suited to situations where the delegated power gives the regulator a high level of discretion over what activities to regulate and how to regulate them, requiring the detail to be provided in the secondary legislation itself (e.g. section 145 of the LGA02).

39. Creating an enabling framework for local government to use both bylaws and notices means that when Parliament is delegating regulatory powers it can choose a delivery tool that is proportionate to and appropriate for the nature of the delegated power. This should enable more cost-effective and efficient delivery of regulation locally. It should also avoid duplication of work between central and local government where Parliament has delegated a prescribed power. Councils and communities will be able to focus on where and how regulation applies in their area, without having to relitigate and redraft what has already been decided by Parliament. Having an additional, proportionate tool to deliver regulation locally was supported during consultation on the issues and options paper, and by the Ministry for Regulation in their Hospitality Review.

40. Existing bylaw-making powers in the Freedom Camping Act 2011 and alcohol control provisions in the LGA02 would be converted to notice-making powers as a first step towards implementing the framework. There was support for this during consultation on the issues and options paper.

Bylaw Making and Review

What scope will options be considered within?

[9] An example of a freedom camping notice - wellington-castlepoint.pdf

41. The issues and options paper did not recommend any option over another. Based on feedback received and Ministerial agreement, removing the requirement to use the special consultative procedure in section 156 of the LGA02; and removing the automatic revocation of bylaws that have not been reviewed have been ruled out.[10]

42. Feedback from consultation noted the importance of the special consultative procedure but also the flexibility in which local authorities are still able to choose whether to use it or not. Technical changes to section 156 will clarify the use of the special consultative procedure for local authorities.

43. Removing the automatic revocation of bylaws would mean bylaws remain on the books longer than they may need to without appropriate review and consultation with the community.

What options are being considered?

Option One – Status Quo

44. Under this option, bylaws would continue to be reviewed within five years of adoption, and then at ten-year intervals.

45. The five-year review requirement is generally considered too soon after adoption, particularly given the time and cost involved in developing a bylaw (typically at least six months). While reviews ensure bylaws remain fit for purpose, early reviews can create unnecessary administrative burden.

46. Ten-year reviews also impose ongoing compliance costs, including the need to track review timeframes. In practice, local authorities address significant issues with bylaws as they arise, reducing the need for early or frequent mandatory reviews.

Option Two – Remove the requirement to review bylaws within five years and ten years (deregulatory option)

47. Under this option, the requirements for mandatory bylaw reviews after five and ten years would be removed altogether. Local authorities would no longer be required to monitor review timeframes or undertake consultation where a bylaw remains unchanged.

48. This would significantly reduce administrative burden and costs by removing the need for scheduled reviews and associated consultation processes. However, without a statutory requirement to review bylaws, there is a risk that outdated or unnecessary regulation may remain in place for longer than intended. This could reduce regulatory transparency and coherence over time.

49. There was some support during consultation for removing both the five and ten-year reviews.

Option Three – Remove the requirement to review bylaws within five years

50. Under this option, the requirement to review bylaws within five years of adoption would be removed, while retaining the ten-year review requirement. The requirement to consult on bylaws that remain unchanged after a review would also be removed. If it is decided

[10] LG202510429 Briefing, Next steps on the local government bylaw system review. LG202611925 Remaining policy decisions for local government bylaw system review

following the review that amendments do need to be made to the bylaw, then consultation would still be required.

51. This would reduce administrative burden and costs by decreasing the number of required reviews and removing unnecessary consultation, while still ensuring that bylaws are reviewed periodically. It can take between 12-18 months on average to complete the bylaw review process. The minimum is at least six months. Indicative costs for a bylaw review are in the range of $15,000[11].

52. Retaining the ten-year review requirement ensures that bylaws remain fit for purpose over time, while allowing local authorities to address issues as they arise.

53. There was mixed support for this option in the issues and options paper consultation, with submitters preferring the ten-year review to be kept over keeping the five-year review of bylaws if some form of review was to be retained. This ensured local authorities were regulating responsibly and deciding whether regulation was still needed.

Bylaw Enforcement

What scope will options be considered within?

54. The issues and options paper canvassed a range of options regarding the enforcement of bylaws. The issues and options paper did not recommend any option over another, but based on feedback received, the following options have been ruled out:

    a. Classify all bylaw breaches as infringement offences; and

    b. Allow local authorities to designate bylaw breaches as infringement offences.

55. These options would have had the potential for penalties to be disproportionate to the breach committed. Ministry of Justice was not in favour of the two options above as it would cause too much inconsistency across the country as well as be disproportionate to the breach committed.

What options are being considered?

Option One – Status Quo

56. Under this option, local authorities would continue to rely primarily on prosecution through the courts to enforce bylaw breaches, with limited use of infringement regimes.

57. This maintains existing enforcement pathways but is often resource-intensive, time-consuming, and disproportionate for lower-level breaches. As a result, enforcement options remain limited, which can reduce compliance and the effectiveness of local regulation.

Option Two – remove the ability to make regulations under Section 259 of the Local Government Act 2002 (deregulatory option)

58. Under this option, enforcement would rely more heavily on non-regulatory approaches such as education, warnings, and voluntary compliance, with reduced use of formal enforcement tools. Due to the lack of infringement offences that have been made under section 259, this option would be very similar to the status quo. Enforcement options would remain limited, reducing compliance and the effectiveness of local regulation.

[11] Transition Fund for Local Authorities | Ministry of Business, Innovation & Employment

Option Three – Amend Section 259 to enable regulations to be made for infringement offences for categories of bylaws

59. Under this option, section 259 of the LGA02 would be amended so that regulations can be drafted to enable infringement offences for categories of bylaws across all local authorities, rather than on a council-by-council and bylaw-by-bylaw basis.

60. This would improve efficiency and consistency within the current system. However, it does not address the limited range of enforcement tools, and reliance on court-based enforcement for many breaches would remain.

61. There are risks of a lack of fit between a council's bylaw and the categories in the regulations, especially for bylaws made under the general bylaw-making power in section 145 of the LGA02. However, having the categories listed in regulations means an amendment can be made relatively easily.

62. There is a risk that infringement offences could be enabled for minor breaches that do not meet Ministry of Justice infringement regime guidelines. However, when regulations are being developed, the Ministry will consult with the sector along with using the guidelines from the Ministry of Justice and the Legislation Design and Advisory Committee to ensure that the breach should be an infringement offence.

63. Enforcement of bylaws does not automatically mean an infringement offence will be issued as councils use a sliding scale of enforcement ranging from warnings at the lower level to court action at the higher end.[12]

Option Four – Amend section 259 (option three), along with introducing abatement notices

64. Under this option, a broader and more flexible set of enforcement tools would be introduced, including infringement offences and abatement-type notices.

65. An abatement notice is a formal legal directive issued by a local authority requiring a person or business to stop, fix or prevent an activity. Failure to comply with an abatement notice is an offence and can be made an infringement offence. This enables a graduated and proportionate approach to enforcement, reducing reliance on court-based processes and improving compliance outcomes. Abatement notices are a middle ground between nothing and issuing an infringement offence, with court action at the higher end of the scale.

66. An abatement notice is aimed at addressing the problem itself, rather than punishing an action or behaviour. For example, if a public place is being obstructed in breach of a bylaw, an abatement notice requiring removal of the obstruction, with the possibility of an infringement or prosecution for failing to comply with the notice, would be more likely to see the thing moved in a timely manner rather than issuing an infringement notice or starting a prosecution as a first step.

67. While this introduces additional tools, the increased complexity is manageable and will be supported through guidance and system stewardship. There was strong support from local authorities for these options as they thought it would provide a quick and cost-effective way to manage breaches of bylaws compared to either taking no action or court prosecution.

[12] https://wellington.govt.nz/your-council/plans-policies-and-bylaws/policies/enforcement-and-compliance-policy

How do the options compare with the status quo? – Delegation of Bylaw Powers

	Option One – Status Quo	Option Two – Reduce reliance on Regulation	Option Three – Improve the Bylaw System	Option Four – System Reform Package (Minister's preferred option)
Effectiveness	0	- Reduces regulatory capability where regulation is required.	+ Improves system performance but does not address lack of fit-for-purpose tools.	++ Introduces fit-for-purpose tools, improving outcomes with manageable increases in complexity.
Efficiency	0	+ Reduces regulatory burden but shifts costs where regulation is still needed.	+ Reduces duplication but retains inefficiencies from reliance on bylaws.	++ Reduces duplication and enables faster, lower-cost regulatory responses.
Proportionality	0	+ Encourages lighter-touch approaches but creates gaps where regulation is required.	+ Improves proportionality but bylaws remain resource-intensive and inflexible.	++ Improves proportionality by matching tools to the scale and nature of the issue.
Consistency	0	- Increased reliance on guidance risks inconsistent application across councils.	+ Improves consistency but retains limitations of a single tool.	++ Establishes a structured system with defined roles, improving consistency (with transitional risks).
Overall assessment	0	0	+	++

How do the options compare with the status quo? – Bylaw Making and Review

	Option One – Status Quo	Option Two – remove the requirement to review bylaws within five and ten years	Option Three – Remove the requirement to review bylaws within five years (Minister's preferred option)
Effectiveness	0	- Local authorities would have no statutory requirement to ensure the regulatory approach is still current and fit for purpose.	+ Local authorities are still required to review their bylaws to ensure their regulatory approach is still needed and fit for purpose.
Efficiency	0	++ Time and costs would reduce for local authorities significantly as there would be no need to monitor, review, and amend bylaws every five and 10 years.	+ Time and costs would reduce for local authorities as number of reviews are reduced and consultation requirements removed for bylaws left unamended after a review.
Proportionality	0	- Regulatory requirements will be reduced but unnecessary bylaws may remain on local authorities' books.	+ Provides a reasonable middle ground of not too much or too little regulatory oversight.
Consistency	0	- Significant risk that the regulatory system will become incoherent for local authorities and communities to navigate with unnecessary bylaws on the books.	+ System will remain coherent by improving the useability of the bylaw system for local authorities.
Overall assessment	0	-	+

How do the options compare with the status quo? - Enforcement

	Option One – Status Quo	Option Two – Remove the ability to make regulations under section 259 of the LGA	Option Three – Amend Section 259 to enable regulations to be made for infringement offences for categories of bylaws	Option Four – Amend section 259, as well as introducing abatement notices (Minister's preferred option)
Effectiveness	0	- Primary legislation would need to be amended or created to create infringements.	+ Infringement offences are a better way to manage minor levels of harm that bylaws often regulate for.	++ Infringement notices and abatement notices will help local authorities enforce compliance appropriately.
Efficiency	0	- While central government would not have to make any regulations, local authorities would have to enforce breaches of bylaws through the court system or not at all.	+ Local authorities having the ability to issue infringements is more time effective and a much cheaper alternative to court action.	++ Infringement notices and abatement notices are a time-saving and cost-effective approach to enforcing breaches of bylaws.
Proportionality	0	- Prosecution through the courts would not be appropriate to the scale of bylaw breaches.	+ Infringement offences are a proportionate response to the nature of the problem.	++ Infringements and abatement notices provide local authorities an appropriate and proportionate approach.
Consistency	0	- Some local authorities would have the capacity to prosecute through the courts while others would not.	+ All local authorities will have the ability to issue infringements for bylaw breaches.	++ Proportionate and appropriate enforcement of bylaw breaches can occur across the country.
Overall assessment	0	-	+	++

Section 3: Cost-benefit analysis

What are the additional costs and benefits of the preferred option in the Cabinet paper?

68. The preferred package of options delivers system-wide benefits by improving how local regulation is designed, made, and enforced. It creates a more coherent and consistent framework, reduces duplication between central and local government, and provides a clearer basis for delegating regulatory powers. These represent the incremental benefits compared to maintaining the status quo. Overall, the preferred package of options delivers a net benefit over time, with ongoing efficiency gains and improved regulatory outcomes outweighing initial implementation and transition costs.

Benefits

69. The reforms are expected to deliver efficiency gains, particularly for local government. While costs are primarily internal staff resourcing and not easily quantified, councils have indicated that current processes are resource intensive. Streamlined processes will reduce this burden and free up resources for other policy and operational work.

70. The preferred option also benefits communities and businesses through more targeted and proportionate regulation, reducing unnecessary compliance costs and improving confidence that local rules are fair, consistent, and effectively enforced.

71. The introduction of notice-making powers and improved enforcement tools enables more flexible and timely responses to local issues. This is expected to improve compliance outcomes and reduce reliance on court-based enforcement, addressing concerns about limited practical enforcement options.

72. Removing the requirement to review bylaws more frequently, and to consult on bylaws left unamended after a review, will save time and money for local authorities and the public.

73. The reform will also reduce legal risk for local authorities with reduced complexity reducing the risk of challenge on techncial grounds. These challenges create additional costs for both local authorities and those bringing the challenge.[13]

Costs

74. There are one-off implementation costs, including legislative development, updating systems and processes, training, and developing guidance. Transitional costs are also expected as councils adopt new tools and processes.

75. There are ongoing costs associated with maintaining guidance and system stewardship. Introducing additional tools may increase system complexity, and there is a risk of inconsistent application during transition. These risks are expected to reduce over time through guidance, monitoring, and support.

76. Many impacts cannot be readily quantified, and there is uncertainty about the precise scale of costs and benefits due to variation in council practices, the nature of local government resourcing, and the lack of system-wide data. However, feedback on the issues and options paper, subsequent engagement with central and local government and policy analysis consistently indicate that the overall direction and scale of impacts are positive.

[13] Court rules Queenstown council's Freedom camping bylaw 'invalid'

Table One: Cost-Benefit Analysis

Nature of the benefit/cost to New Zealand	Dollar value of impact (or quantified impact)	Scale of unquantifiable impact	Nature of impact – one-off or ongoing	Source of evidence
Additional benefits of the preferred option compared with taking no action				
More coherent and consistent regulatory system	Not quantified	**High** – clearer statutory framework reduces fragmentation and improves consistency	Ongoing	Policy analysis; engagement feedback
Reduced duplication between central and local government	Not quantified	**High** – removes need for councils to replicate central policy through bylaws	Ongoing	Policy analysis; engagement feedback
Reduced administrative burden for councils	Not quantified (primarily local government staff time. Indicative costs of $15,000 to review a bylaw and $25,000+ to prepare a new one[14]. Standard bylaws can take 18-24 months to complete the bylaw-making process)	**High** – reduced review requirements and simplified processes reduce resource use	Ongoing	Local government engagement (unable to quantify costs)
More flexible and timely regulation	Not quantified (responding more quickly allows local authorities to focus on other issues)	**High** – multi-tool system allows better matching of tools to regulatory problems	Ongoing	Policy analysis; engagement feedback
Improved enforcement tools and compliance outcomes	Not quantified (abatement notices are quick and effective to issue)	**Medium-High** – alternative enforcement tools reduce need for prosecutions	Ongoing	Policy analysis; engagement feedback
Reduced reliance on court-based enforcement	Indicative: $5,000–$10,000 per prosecution, up to $20,000 if appealed.	**Medium** – improved compliance outcomes	Ongoing	Policy analysis; engagement feedback

[14] Based on applications to Transition Fund for Local Authorities | Ministry of Business, Innovation & Employment

Reduced compliance costs for communities and businesses	Not quantified (clearer rules and regulations will reduce time needed to get up-to-speed)	**Medium** – less complexity and costs for regulated parties	Ongoing	Engagement feedback
Improved overall regulatory effectiveness and confidence	Not quantified	**Medium-High** – enables quicker resolution of issues and improved compliance outcomes	Ongoing	Policy analysis; engagement feedback
Total annual benefits	Not quantified	**High**		
Total one-off benefits	Not quantified	**Low**		
Additional costs of the preferred option compared with taking no action				
Legislative development and implementation	$300,000 (1.5 FTE for 12-18 months + regulation work)	**Medium** – policy development, drafting, and legislative process costs	One-off	Policy development process
Transition costs for local authorities	Not quantified	**Medium** – updating processes, training staff, and transitioning existing bylaws	One-off	Policy analysis; engagement feedback
Development of guidance and system support materials by MCERT	$130,000 (12 months following passing of legislation and regulations)	**Low–Medium** – development of guidance and supporting materials	One-off (with minor ongoing updates)	Departmental planning assumptions
Capability building within local government	Not quantified (ongoing)	**Medium** – training and familiarisation with new tools and processes	Short-to-medium-term	Policy analysis; engagement feedback
Ongoing stewardship and monitoring by MCERT	Not quantified (ongoing)	**Low** – ongoing system oversight by central government	Ongoing	Policy design
Total annual costs	Not quantified	**Low-medium**		
Total one-off costs	Not quantified	**Medium**		
Net impacts compared with taking no action				
Total annual benefits minus costs	Benefits outweigh costs	**High** (positive)	Ongoing	Policy analysis; engagement feedback
Total one-off benefits minus costs	Costs likely exceed benefits in short term	**Medium** (negative/neutral)	One-off	Policy analysis; engagement feedback

Are the benefits of the preferred option in the Cabinet paper expected to exceed the costs?

77. The benefits of the preferred package of options are expected to exceed the costs overall. While there are moderate one-off implementation costs, these are outweighed by substantial and ongoing benefits. The preferred package of options delivers efficiency and effectiveness gains by reducing duplication between central and local government, improving bylaw making and review processes, and introducing more proportionate regulatory and enforcement tools. This reduces ongoing administrative burden and reliance on costly court-based enforcement.

78. Although many impacts cannot be readily quantified due to the nature of local government resourcing and limited system-wide data, consultation and policy analysis consistently indicate a strong net positive impact over time.

What are the impacts on different groups of the preferred option compared with taking no action?

79. The preferred package of options is expected to have overall positive impacts across affected groups, with the most significant effects on local authorities as system operators, and on communities, businesses, and other regulated parties.

Table Two: Distributional Analysis

Affected groups	How they are affected	Description of level of impact(s)	Source of evidence
Local authorities	Transition to new framework, including capability building and implementation of notice-making and enforcement tools; improved flexibility and reduced administrative burden over time	**Mixed positive** – short-term implementation costs, offset by long-term efficiency gains and improved regulatory tools	Policy analysis, engagement, Regulations Review Committee, Productivity Commission
Communities and ratepayers	More targeted, proportionate, and consistent regulation; improved enforcement; faster issue resolution; reduced nuisance	**Medium–High positive** – clearer, fairer rules, improved compliance, and lower indirect costs	Policy analysis, engagement
Māori (iwi, hapū, whānau, Māori organisations)	Changes to how local regulatory powers are applied in areas of interest; ongoing engagement through existing LGA02 processes, including section 81 which requires a local authority to have processes for Māori to contribute to decision-making.	**Medium-High positive** – improved clarity and consistency; outcomes depend on effective implementation and engagement; no new Treaty implications	Policy analysis, engagement
Businesses and commercial operators	Reduced duplication; more targeted and proportionate regulation; improved enforcement consistency	**Medium positive** – reduced compliance costs and improved regulatory certainty	Policy analysis, engagement
Central government	Increased stewardship, guidance, and oversight responsibilities	**Low–Medium cost** – additional coordination, offset by improved system coherence	Policy analysis

Conclusion

Which option is the most effective, efficient, and proportionate response to the problem?

80. The preferred approach is to progress the preferred option for each stage of the bylaw system, resulting in an overall system reform package that improves both system structure and regulatory tools. Technical and non-regulatory changes are also being progressed but have been exempted from the RAS. The Minister's preferred option is the agency's preferred option.

81. The preferred package of options is the most effective because it best achieves the objectives by addressing the key system limitations and introducing fit-for-purpose tools. It is the most efficient because it reduces duplication and unnecessary processes. It is the most proportionate because it introduces a tiered and flexible system that matches tools to the scale of the issue, while maintaining appropriate safeguards. A package of options reflects the system-wide nature of the problem. Partial reforms would not address fragmentation, inefficiency, or the lack of fit-for-purpose tools. Risks are manageable and outweighed by overall benefits.

Section 4: Delivering an option

What are the next steps for implementing the legislation?

82. Following Cabinet decisions, a six-week public consultation period on an exposure draft of the legislation is proposed. This will be followed by refinement of the legislation. The bill will then be introduced into the House with a full four-month select committee process.

83. Regulations will be progressed, with policy development undertaken in parallel. There is a risk that competing priorities may delay this work. This will be managed through proactive communication with the sector and the Minister. Guidance will be developed in partnership with relevant parties. This will be delivered within existing departmental resources.

How will the proposal be monitored, evaluated, and reviewed?

84. An initial evaluation of the legislation is expected within 3–5 years of implementation as part of MCERT's requirements under the Regulatory Standards Act 2025. MCERT will also maintain ongoing engagement with councils and relevant agencies, and support consistency across the wider system over time.

85. Compliance monitoring will be integrated into existing processes. Courts will continue to make decisions and develop jurisprudence on local government's use of the system. Concerned members of the public may take judicial review action. MCERT officials will keep a watching brief on legal actions and court decisions on the system.

86. The Taituarā Regulations and Bylaws Reference Group has invited an MCERT official to attend the Group's quarterly meetings as an observer. This provides regular opportunities to engage with the local government sector. This engagement will focus on the key risks identified in the analysis including inconsistent use of notice-making powers, over- or under-use of regulatory tools, capability constraints, and increased complexity or administrative burden. Where risks emerge, MCERT will respond through targeted guidance and support, updates to best practice materials, and regulatory or legislative adjustments if needed.