



**Te Kāwanatanga
o Aotearoa**
New Zealand Government

Regulatory Standards Board

Inquiry into Local Authorities (Members' Interests) Act 1968

19 October 2026

Regulatory Standards Board

Inquiry into Local Authorities (Members' Interests) Act 1968

Introduction

This report is issued by the Regulatory Standards Board (the Board) under section 28 of the Regulatory Standards Act 2025, which enables the Board to carry out inquiries into whether legislation is inconsistent with the principles of responsible regulation in section 9 of the Act, and to report on those inquiries.

The Board's statutory functions are limited to identifying these inconsistencies, rather than proposing specific legislative changes. However, the Board will generally focus its inquiries on legislation where it considers amendments to improve consistency with the principles of responsible regulation are feasible. In addition, there are some restrictions on what the Board can look at when carrying out inquiries. In particular, the Board's role is to consider legislation as it is written, and it cannot look into individual cases. The Board also conducts its inquiries based on publicly available information rather than holding hearings.

In carrying out inquiries, the Board can choose to only look at part of a piece of legislation, or only at some of the principles. Where the Board has not identified an inconsistency, this does not mean the Board has concluded that the legislation is consistent with that principle or principles. In issuing its inquiry reports, the Board will typically focus on major inconsistencies in legislation, rather than attempt to provide a list of all inconsistencies.

Summary of inquiry decision

The Board itself initiated this inquiry into the Local Authorities (Members' Interests) Act 1968 (LAMIA) as it considers the sound functioning of, and confidence and faith in, local government of direct relevance to the general population.

The Board's inquiry into LAMIA found the following inconsistencies in the legislation:

- **9(a)(i) Rule of law – clarity and accessibility:** LAMIA is unclear and outdated, making it difficult for candidates and elected members to meet its requirements, and breaching those requirements can result in potentially serious legal consequences
- **9(b) Liberties:** LAMIA restricts candidates' and elected members' eligibility for office and participation in decision-making more than is necessary to manage conflicts of interest
- **9(m) Good law-making – effective, efficient and proportionate response:** LAMIA relies on complex and restrictive mechanisms that are less effective, efficient and proportionate than conflict-of-interest management approaches taken elsewhere.

The Board recommends that the Ministry for Cities, Environment, Regions and Transport (MCERT) as the responsible agency for LAMIA seeks to review the legislation as part of the agency's requirements to develop and publish plans for regularly reviewing legislation with the principles under section 17 of the Act.

Table 1. Findings of Inquiry

9(a)(i) Rule of law – Clarity and Accessibility	The Board’s view is that the legislation is inconsistent with this principle. In the Board’s view, people who are considering standing for election to a local authority should be able to read LAMIA and readily understand whether they are disqualified from standing and, upon election, easily identify any conflicts of interest that would need to be managed. However, the Board found that: • the language of the Act is out-of-date, and its provisions are too long and overly complex • some concepts in the Act are outdated (e.g. the way in which the value of a contract is assessed doesn’t align with modern accounting methods) • there is no clear logic to what bodies are covered by the Act, and there are inconsistencies in coverage (e.g. universities are covered but wānanga are not). The Board concluded that the legislation is so unclear that it is difficult for potential candidates and elected members to understand and meet its requirements. As has been noted by the Auditor-General, this is particularly problematic because breaching the Act can have significant implications including disqualification from office, and criminal conviction.
9(b) Liberties	The Board’s view is that the legislation is inconsistent with this principle. It found that: • the contracting rules are unduly restrictive, as they can prevent an otherwise qualified person from standing for, or remaining in, office • the pecuniary interest rules can prevent an elected member from participating in decisions, including decisions on matters they were elected to represent, in circumstances where, in other public and private sector governance bodies, they would still be allowed to participate • these restrictions affect electors’ freedom to choose who represents them and to have their chosen representative participate in local authority decision-making. While the Board noted that managing financial conflicts of interest is necessary to protect the integrity of local authority

9(m) Good law-making – effective, efficient and proportionate response

decision-making, its view was that LAMIA can diminish these liberties more than is necessary to achieve that purpose.

The Board's view is that LAMIA is **inconsistent** with this principle.

The Board found that, while the intent of LAMIA is sound (i.e. to protect the integrity of, and public trust in, local government, by ensuring that conflicts of interest are identified and managed openly and transparently) the current mechanisms in the Act fall short of modern, best practice. It found that:

- the Act imposes complex and potentially costly requirements on elected members and candidates, including the need to obtain legal advice where the rules are difficult to interpret
- the Act can exclude candidates from standing or elected members from participating, even where a conflict could be identified and managed in a less restrictive way
- conflicts can be managed through disclosure, clear policies and principles that define what a conflict of interest is (which in some cases will be non-pecuniary interests), withdrawal from discussions and other measures, just as they are in other bodies (e.g. Crown entities)
- the imposition of criminal sanctions for some breaches of LAMIA is inconsistent with the treatment of comparable breaches by Members of Parliament.

The Board concluded that, while conflicts of interest in local government must be managed, LAMIA is not the most effective, efficient and proportionate response available. In the Board's view, a clearer and more targeted framework could protect the public interest while reducing unnecessary restrictions on candidacy and participation in local government democracy and decision-making.

Next steps

In accordance with section 35 of the Regulatory Standards Act 2025, the Board will provide a copy of this report to:

- the Chief Executive of MCERT
- the Minister for Regulation
- the Minister of Local Government.

The report will then be published on the Ministry for Regulation's website.



Paul Ridley-Smith

Chair, Regulatory Standards Board

8 October 2026