

Regulatory Systems and Stewardship Quick Guide

REGULATORY PRACTICE ESSENTIALS



At a glance

A regulatory system is 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 outcome¹.

It's helpful to break this down.

- **Formal rules** are the legislation that shapes people's behaviour and interactions. Formal rules can be laws, regulations, standards or by-laws.
- **Informal rules** are unwritten, tacit rules that are based on cultural or historical customs or social norms.
- **Norms** are the social expectations about behaviour, as well as the information, tools and support that help people act in line with the regulatory system purpose.
- **Sanctions** are the penalties for breaching the laws. Sanctions can include statutory notices, infringement fines, prosecution or revoking a licence.
- **Designated actors** are the people and organisations with a role to play in achieving the system's outcomes - some in government and some outside. For example, Chartered Accountants Australia and New Zealand is a private organisation that is crucial to regulating the accountancy profession. The 'broad goal or outcome' might be to reduce harm or to improve the lives of New Zealanders in some way.

What is regulatory stewardship?

Regulatory stewardship is the governance, monitoring and care of our regulatory systems. Regulatory systems are intended to be assets for our communities but, like most other kinds of assets, they need regular ongoing care and maintenance if they are to deliver best value to New Zealanders.

A regulator works within a regulatory system. Regulatory stewardship aims to ensure that all the different parts of a regulatory system work well together to achieve its goals and to keep the system fit for purpose over the long term. By adopting a big picture view, regulators can anticipate, and respond to, changes.

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The system is made up of different entities and stakeholders. These include the Government, government agencies, industry bodies, technical experts, businesses and regulated parties. The health of the regulatory system improves when these groups work together.

Over time we can measure the success of the system. We do this by asking questions like, is the system achieving what it set out to do? Do people think the system is fair and accountable? Do people clearly understand the laws and their purpose? Is the system efficient and able to withstand shocks? When these things are present, the public has more trust and confidence in the system.

Regulatory systems interact and overlap with each other and several small systems may be part of a larger system. For example, the tenancy regulatory system overlaps with the building regulatory system. The tenancy regulatory system has a focus on the welfare of tenants. The building regulatory system has a focus on the ease, cost and quality of building or renovating a property. Resource management, town planning, finance laws and tax regulatory systems also have an influence on the tenancy and building systems.

Who is included in the system?

Government agencies are responsible for most of the functions carried out in the regulatory system. In some systems the functions will be located across more than one agency. Regulators from both central and local government may provide different functions in the same system.

A regulatory agency is any agency (other than courts, tribunals and other independent appeal bodies) that has any of the following responsibilities for the whole or part of a regulatory system:

- policy justification
- regulatory design
- standards
- operational policy
- delivery of licensing and approvals
- information, education and guidance
- monitoring compliance
- enforcement
- dispute resolution
- system performance and regulator evaluation.

Regulators often work closely with interest groups, academics, and technical experts on ways to improve the regulatory system. For example, changes in products, technology and society create new problems or opportunities in the system. Their recommendations may lead to changes in laws.

Interest groups have a common purpose or concern in an activity. Their purpose may be to influence changes in the law. An interest group, or the people they represent, may need to comply with the law. Sometimes interest groups work with regulators to ensure that industry members comply with the law.

Regulated parties are the people or organisations who must comply with the laws. And lastly there is the public who are the beneficiaries of good regulatory outcomes.

What is regulatory stewardship?

Regulatory stewardship is the governance, monitoring and care of our regulatory systems. Regulatory systems are intended to be assets for our communities. Like most other assets, they need regular ongoing care and maintenance if they are to deliver best value to New Zealanders.

Regulatory stewardship means taking care of the regulatory system. Regulators do this by developing a shared understanding of what the system is trying to achieve. This helps to ensure the system delivers benefits to New Zealand. By adopting a big picture view, regulators can anticipate, and respond to, changes.

Government requires regulators to be regulatory stewards. The Treasury's Government Expectations for Good Regulatory Practice¹ sets out responsibilities for regulatory stewardship.

What we do in the system matters

The parts of a regulatory system connect, overlap and interact with each other like natural ecosystems do. The decisions and action (or inaction) we take, influence the decisions and actions of others. Like an orchestra, when the different instruments (parts of the system) work together, the outcome is better.

Think 'learn and adapt' rather than 'set and forget'

When regulators understand how the regulatory system is working, they're more able to achieve system goals. Regulatory stewardship includes ways to measure and evaluate how the system is working. When regulators approach stewardship as an on-going and consistent activity, they can pick up issues early. They can make changes to the way they design and deliver their services. They can recommend changes to improve the system, using tools such as policy advice, regulatory impact analyses and funding proposals.

The Ministry for Regulation Te Manatū Waeture supports agencies in their role as regulatory stewards. It does this by providing guidance and tools to help agencies assess their performance as regulatory stewards. It provides leadership to identify and address system wide risks.

"Protecting what is precious for future generations is the key part of being a regulatory steward. Day-to-day this means understanding the trends that are affecting our communities and responding to changes in New Zealanders' behaviours, expectation and attitudes. All the time, keeping one eye to the future and what that means for future proofing our regulatory systems."

- Melanie Porter, Deputy Secretary Te Waka Pūtahitanga, MBIE

Why is this important for regulatory work?

A regulatory system is intended to be an asset. We need to care for regulatory systems. We need to check they are doing the job they were set up to do. Just like our personal assets – our cars, houses, and investments, they need regular ongoing care and maintenance. The difference is that regulatory systems provide public benefit. While one house may be affected by a leaking roof, a regulatory system that does not tackle problems (such as poor standards in construction) will affect everyone.

Regulatory systems and stewardship in practice

Toitū te Whenua Land Information New Zealand provides expert property and location information, manage Crown land and regulate overseas investments. It is responsible for 4 regulatory systems.

- **Property Rights:** this system establishes and maintains the integrity of title to estates and interests in land in New Zealand.
- **Property Information:** this system provides quality, non-private information about properties so people, organisations and government can make well-informed decisions about their use.
- **Crown Land:** this system enables the Crown to acquire, sell and manage Crown-owned land (including Crown pastoral leases) in a way that balances both the public interest and private property rights. It is made up of two parts – the Crown Estate Management system and the Crown Pastoral Land system.

- **Overseas Investment:** this system ensures that investment in sensitive assets (land and residential property, significant business assets and fishing quota) by overseas persons benefit New Zealand. This is managed under the Overseas Investment Act 2005 and the Fisheries Act 1996.

Toitū te Whenua Land Information New Zealand administers 12 Acts of Parliament, along with secondary legislation.

In its role as an effective steward, it aims to take a proactive and collaborative approach to maintaining and improving the health of the regulatory systems so that it continues to provide benefits to New Zealanders over the long term. To do this, Toitū te Whenua Land Information New Zealand takes an end-to-end view of its regulatory systems, ensuring that all the functions and the entities within its regulatory systems work well together.

You can read more about Toitū te Whenua Land Information New Zealand's regulatory systems and approach to stewardship on its website.

[↗Our regulatory systems | Toitū Te Whenua - Land Information New Zealand \(linz.govt.nz\)](#)

What you can do to learn more about regulatory systems and stewardship

- Connecting with the people in your regulatory system helps you to understand the various parts of the system and how they work together. Ask people in your team about the approach to regulatory stewardship in your organisation.
- Shared accountability: when you take responsibility for your role in the system, you feel empowered to ask questions and raise concerns.
- Be curious: people doing regulatory work see firsthand what is working well and what is not working. It's important to notice any changes and their impact. Discuss these with your team and manager. Some questions to ask are: are people's attitudes changing? Are there changes in technology?
- Taking a big picture view: a good regulatory steward takes a big picture view of their regulatory system. They keep their eye focused on outcomes.

Resources

↗ [Treasury New Zealand \(December 2022\); Starting out with Regulatory Stewardship; A Resource. Regulatory stewardship | The Treasury New Zealand](#)

↗ [¹Treasury New Zealand \(April 2017\); Government Expectations for Good Regulatory Practice. Government Expectations for Good Regulatory Practice \(treasury.govt.nz\)](#)

↗ [Toitū te Whenua Land Information New Zealand \(August 2024\); Regulatory Systems: Our regulatory systems | Toitū Te Whenua - Land Information New Zealand \(linz.govt.nz\)](#)

↗ [A Conversation About Crisis \(YouTube\) \(60 mins\)](#)

↗ [Conversations Between Regulatory and Policy Practitioners \(YouTube\) \(20 mins\)](#)

↗ [A Conversation About Responsive Regulation \(YouTube\) \(60 mins\)](#)

↗ [Panel Discussion: Regulatory Stewardship \(YouTube\) \(42 mins\)](#)

↗ [A Conversation About Regulatory Failure \(YouTube\) \(60 mins\)](#)

↗ [Paul & Henry Show: 9 Making policy cool again \(YouTube\) \(22 mins\)](#)

↗ [Governance Conversations \(YouTube\) \(30 mins\)](#)

Got questions? Get in touch

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