

Minister for Regulation

Information Release

Regulatory Review of the Hairdressing and Barbering Industry

February 2025

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Documents in this information release

#	Reference	Type	Title	Date
1	MFR2024-161	Briefing	Options for a regulatory review of hairdressing	18 November 2024
2	CAB-24-SUB-0462	Cabinet paper	Cabinet paper CAB-24-SUB-0462 – Regulatory Review of the Hairdressing and Barbering Industry	25 November 2024
3	CAB-24-MIN-0462	Cabinet minute	Cabinet minute CAB-24-MIN-0462	25 November 2024

Information withheld

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- Section 9(2)(a) – to protect the privacy of individual persons

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Office of the Minister for Regulation

Cabinet

Regulatory review of the hairdressing and barbering industry

Proposal

- 1 This paper seeks agreement for a Ministry for Regulation regulatory review of the hairdressing and barbering industry, to be announced this quarter and delivered by no later than 31 March 2025.

Relation to government priorities

- 2 The Coalition Government's Q4 Action Plan includes the action of initiating a third regulatory review to remove unnecessary red tape. Initiating the proposed review will deliver this action.

Background

- 3 A core function of the Ministry for Regulation is to conduct regulatory reviews. These reviews improve the quality of existing regulation by examining the legislation and testing against principles of good regulation. Unjustified regulations will be identified for amendment or repeal. The second regulatory review, of the approval pathway for agricultural and horticultural products, was launched on 1 August 2024 [CAB-24-MIN-0276].
- 4 The third regulatory review was discussed as an oral item at the Cabinet Expenditure and Regulatory Review Committee on 19 November.

The regulatory issues with hairdressing

- 5 Hairdressing (which includes barbering) is regulated by the Health (Hairdressers) Regulations 1980 under the Health Act 1956, which is administered by the Ministry of Health. Hairdressers must also operate out of licensed premises under the Health (Registration of Premises) Regulations 1966. Local councils may also impart additional requirements on these businesses as part of licensing or through bylaws.
- 6 I've heard that these regulations are outdated and do not fit well with current industry practice. This may:
 - 6.1 impose unnecessary compliance costs on hairdressers and barbers;
 - 6.2 expose customers to undue risk; and
 - 6.3 impede efficient or innovative business practices.
- 7 Hairdressing is not regulated in some comparable jurisdictions, such as the UK and British Columbia. New Zealand tattooists and beauticians are not regulated at a national level. This suggests that domestic regulation of hairdressing may not be proportionate to the level of risks involved.

- 8 The proposed review will cover the hairdressing and barbering industry. The relevant regulated parties are hairdressers and barbers.

Evidence of an issue

- 9 Representatives of the hairdressing and barbering industry approached the Ministry of Health in 2023 asking for a review of the regulations, which they claim have not kept pace with industry practice and public health risks. To the Ministry for Regulation, they have raised issues such as the inappropriateness of some hairdressing regulations for barbers, and low compliance with regulations that are seen as irrelevant.
- 10 From our review of the relevant regulations several matters appear either outdated, addressed through general legal controls around health and safety, or more appropriate as guidance. At BusinessNZ's roundtables in July 2024, small business hairdressers reported they work with outdated and rigid government regulations that don't fit well with modern practices and impose high compliance costs. Local council interpretations of some of the regulations impose additional compliance costs.

Nature of the review

- 11 The review would explore whether market failures exist in the hairdressing industry that justify government intervention.
- 12 To the extent that regulation is appropriate, the review would:
- 12.1 consider whether a lighter-handed regulatory approach would be sufficient to achieve the objectives of regulation in this sector;
 - 12.2 modernise the regulatory framework to fit contemporary practices and understandings of health risks;
 - 12.3 remove any unnecessary requirements; and
 - 12.4 consider if risks can be adequately managed by other regulatory systems, including the Health and Safety at Work Act 2015.

Benefits of the review

- 13 An estimated 13,000 people work in the New Zealand hairdressing and beauty industry for 5,600 different businesses.
- 14 Hairdressers and barbers are in every community across the country, providing important and valued services. Almost all New Zealanders frequently engage with hairdressers or barbers as part of their everyday life.
- 15 Hairdressers and barbers combined have annual revenue of over \$1 billion and an estimated contribution to GDP of \$690 million annually.

Implementation

- 16 The Ministry for Regulation will now undertake targeted engagement with sector representatives. As the regulations are made under the Health Act 1956, I propose that

I develop these terms of reference for the review in consultation with the Minister of Health.

- 17 I will report back to Cabinet with the findings of the review and any next steps by no later than 30 April 2025.

Cost-of-living Implications

- 18 A high proportion of households regularly incur hairdressing or barbering costs. This review is expected to identify opportunities to reduce compliance costs for hairdressing businesses, which could be passed on to customers as lower prices.

Financial Implications

- 19 The activities undertaken by the Ministry for Regulation as part of the proposed review will be funded through baseline funding. The engagement by other agencies in the review will be funded from their own baseline.

Legislative Implications

- 20 This proposal has no direct legislative implications at this stage. However, the review could recommend changes to primary or secondary legislation. Any recommended changes will be considered by Cabinet as part of the response to the review.

Impact Analysis

- 21 This paper does not seek agreement to regulatory proposals at this stage, and therefore Cabinet's impact analysis requirements do not apply. I expect the review to identify opportunities to improve the quality of regulation, ensuring that regulatory decisions are based on principles of good law-making and economic efficiency.

Population Implications

- 22 Hairdressing professionals are expected to benefit from this review from lower compliance costs in their businesses but may face increased competition. These workers are disproportionately women.
- 23 The hairdressing services used by women are on average more expensive than those used by men. Improved efficiencies in the industry thus have more potential to benefit female customers than male customers.

Use of External Resources

- 24 No contractors or consultants were involved in the preparation of the policy advice in the paper.

Consultation

- 25 The Ministry of Health was consulted in the preparation of this paper and supports the Ministry for Regulation leading this review, working with the Ministry of Health. The Ministry of Business, Innovation and Employment have been consulted, and the Department of Prime Minister and Cabinet has been informed.

- 26 The Ministry consulted BusinessNZ and a representative of Hair & Barber NZ, a peak body for the industry, both of whom support the proposed review. If the proposal is approved, we will also consult with stakeholders and peak bodies in the industry.

Communications

- 27 I will issue a press release announcing the review, followed by supporting communications from the Ministry for Regulation to targeted stakeholders.

Proactive Release

- 28 We intend to proactively release this Cabinet paper once decisions have been made subject to redactions as appropriate under the Official Information Act 1982.

Recommendations

The Minister for Regulation recommends that Cabinet:

- 1 **note** that the Coalition Government's Q4 Action Plan includes the action of initiating a third regulatory review to remove unnecessary red tape
- 2 **note** that the third regulatory review was discussed as an oral item at the Cabinet Expenditure and Regulatory Review (EXP) Committee on 19 November
- 3 **note** that hairdressing and barbering is regulated by legislation including the Health (Hairdressers) Regulations 1980 under the Health Act 1956, which is administered by the Ministry of Health
- 4 **agree** that the Ministry for Regulation undertake a review of regulations applying to the hairdressing and barbering industry to determine whether a market failure exists that justifies government intervention, and, if intervention is appropriate, what residual regulation is necessary to correct any market failure
- 5 **note** that the Ministry for Regulation will undertake targeted engagement with sector representatives to develop terms of reference for the review
- 6 **agree** that the Minister for Regulation will finalise and announce the terms of reference for the review in December 2024 in consultation with the Minister of Health
- 7 **note** that the Minister for Regulation will report back to EXP Committee by no later than 30 April 2025 with the outcomes of the review
- 8 **approve** the proactive release of this Cabinet paper once decisions have been made subject to redactions as appropriate under the Official Information Act 1982.

Hon David Seymour

Minister for Regulation



Cabinet

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Regulatory Review of the Hairdressing and Barbering Industry

Portfolio **Regulation**

On 25 November 2024, Cabinet:

- 1 **noted** that the Government's Q4 Action Plan includes the action of initiating a third regulatory review to identify and remove unnecessary red tape [CAB-24-MIN-0371];
- 2 **noted** that the third regulatory review was discussed at the meeting of the Cabinet Expenditure and Regulatory Review Committee (EXP) on 19 November 2024;
- 3 **noted** that hairdressing and barbering is regulated by legislation, including the Health (Hairdressers) Regulations 1980 under the Health Act 1956, which is administered by the Ministry of Health;
- 4 **agreed** that the Ministry for Regulation undertake a review of the regulations applying to the hairdressing and barbering industry to determine whether a market failure exists that justifies government intervention, and, if intervention is appropriate, what residual regulation is necessary to correct any market failure (the review);
- 5 **noted** that the Ministry for Regulation will undertake targeted engagement with sector representatives to develop the terms of reference for the review;
- 6 **authorised** the Minister for Regulation, in consultation with the Minister of Health, to finalise and announce the terms of reference for the review in December 2024;
- 7 **invited** the Minister for Regulation to report back to EXP by no later than 30 April 2025 with the outcomes of the review.

Rachel Hayward
Secretary of the Cabinet



To	Hon David Seymour, Minister for Regulation		
Title	Options for a regulatory review of hairdressing	Number	MFR2024-161
Date	14 November 2024	Priority:	Medium
Action Sought	Discuss this paper with officials Indicate your preference for a third review	Due Date	18 November 2024
Contact Person	Andrew Royle, Deputy Chief Executive - Policy	Phone	s 9(2)(a)
Contact Person	Isabelle Sin, Lead Advisor - Economics	Phone	s 9(2)(a)
Attachments	Talking points for EXP	Security Level	IN CONFIDENCE
Consultation	Ministry of Health; Hair & Barber New Zealand; BusinessNZ		

Executive Summary

- To support your intention to conduct four regulatory reviews yearly, our earlier briefings outlined our framework for selecting reviews and identified potential areas for review.
- This paper presents options for a third regulatory review of hairdressing. This review would be narrow in scope and feasible for the Ministry for Regulation (the Ministry) to conduct in a short time frame.
- The Minister of Health's office and the Ministry of Health are comfortable with the Ministry conducting this review. BusinessNZ supports the review.
- We identified two ways to scope this review. The Ministry prefers a narrow scope due to the focus from industry representatives we have met. The two options are:
 - Option A – a narrow scope.** This would include only hairdressers and barbers.
 - Option B – a wider scope to include associated unregulated industries.** This would include hairdressers, barbers, and similar industries that are not currently regulated at the national level such as tattooists, beauticians, and massage parlours.
- This review could be scoped for delivery in the first half of 2025 as the third regulatory review.
- The expected economic benefits of this review are small because the industry is small. However, the tightly defined scope means it would require relatively few resources to conduct.



Recommended Action

We recommend that you:

- | | | |
|---|--|--|
| a | Note the Ministry has identified two ways to scope a regulatory review of hairdressing: Option A would include only hairdressers and barbers, while Option B would include hairdressers, barbers and similar unregulated industries such as tattooists, beauticians and massage parlours. | <i>Noted</i> |
| b | Note the Ministry's advice that either of Options A and B is feasible for the third regulatory review, and that we recommend Option A due to its narrow scope and clear stakeholder engagement. | <i>Noted</i> |
| c | Indicate your preferred option for the third regulatory review.
<ul style="list-style-type: none">a. Option A – a narrow scope, including only hairdressers and barbers. [Ministry for Regulation preferred option]b. Option B – a wider scope to include associated unregulated industries. This would include hairdressers, barbers, and similar industries that are not currently regulated at the national level such as tattooists, beauticians, and massage parlours. |
<i>Yes/No</i>

<i>Yes/No</i> |
| d | Note we have provided attached talking points for EXP Committee on Tuesday 19 November 2024 so the review can be announced this quarter to ensure the relevant Q4 government action is met. | <i>Noted</i> |
| e | Agree that, consistent with previous practice, once we have initial Cabinet approval the Ministry would engage with the sector and stakeholders, and the Ministry of Health, to develop a formal terms of reference for Cabinet approval. | <i>Agree</i> |
| f | Note we will continue working on other potential reviews in our shortlist so that a fourth review and future reviews can be announced on time. | <i>Noted</i> |
| g | Note that we have engaged with Ministry of Health officials in preparing this paper | <i>Noted</i> |
| h | Agree to forward this paper to the Minister of Health for his information prior to the EXP meeting | <i>Agree</i> |



Proactive Release Recommendations

- i **Agree** this briefing will be released once a public announcement of the review is made, with the relevant redactions.

Agree / Disagree

s 9(2)(a)



Andrew Royle

Deputy Chief Executive - Policy

Ministry for Regulation

Date:

Hon David Seymour

Minister for Regulation

Date:



Purpose of report

1. This report provides two options for a regulatory review of hairdressing, to be the Ministry for Regulation's (the Ministry) third review.

Context

2. You indicated you intend the Ministry to conduct four regulatory reviews each year. Regulatory reviews improve the quality of existing regulation and are a critical tool available to the Ministry for Regulation to achieve its strategic objectives.
3. In our earlier papers (*MFR2024-125 Options for the next regulatory review* and *MFR2024-148 Updated options for the next regulatory review*) we outlined our general framework and approach and identified potential areas for review.
4. You and the Ministry have agreed that the next review should have a narrow scope. Hairdressing is an area with an identified regulatory issue and a narrow scope, that would be feasible for the Ministry's third review.

The regulatory issues with hairdressing

5. Hairdressing (which includes barbering) is a licensed profession. This may be an excessive level of regulation given the risks involved. Hairdressing is not regulated in some comparable jurisdictions, such as the UK and British Columbia. New Zealand tattooists and beauticians are not regulated at a national level.
6. Hairdressing is regulated by the Health (Hairdressers) Regulations 1980 under the Health Act 1956, which is administered by the Ministry of Health. These regulations are outdated and do not fit well with current industry practice. This may:
 - impose unnecessary compliance costs on hairdressers and barbers
 - expose customers to undue risk
 - impede efficient or innovative business practices.
7. The regulated parties for this review are hairdressers and barbers.

The review could be scoped in two ways

8. **A narrow scope** would include only hairdressers and barbers.
9. **A wider scope** would include hairdressers, barbers, and similar industries that are not currently regulated at the national level. These industries could include tattooists, beauticians, and massage parlours.
10. Hairdressers and barbers, the regulated parties, have raised their concerns with us, the Ministry of Business, Innovation and Employment, the Ministry of Health, and BusinessNZ. Given the priority the sector is giving this issue, we support a narrow scope, which ensures



focus on the challenges and opportunities for the regulated parties and maximises the probability of successfully delivering a review that is beneficial for them. We can return to a wider set of issues, working alongside the Ministry of Health, next year.

11. The remainder of this briefing assumes a narrow scope for the review.

Evidence of an issue

12. Representatives of the hairdressing and barbering industry approached the Ministry of Health in 2023 asking for a review of the regulations, which they claim have not kept pace with industry practice and public health risks. For example, it was raised that requirements in the regulations do not adequately deal with “rent-a-chair” arrangements. These arrangements are a common practice in which an independent contractor manages their own clients out of a salon.
13. From our review of the relevant regulations a number of matters appear either outdated, addressed through general legal controls around health and safety, or more appropriate as guidance. For example:
 - Dogs are prohibited on all premises (other than registered guide dogs). Note that no equivalent bar on dogs exists in other equivalent industries, and other small businesses manage public health risks while not excluding dogs (such as having dogs in bars).
 - There are requirements for a minimum number of hand-wash basins for hairdressers to wash their hands, the location of the basins, and the hand-cleaning equipment that must be available at each basin.
 - There is a requirement for hairdressers to dry their hands on individual clean towels (or equivalent) after visiting the bathroom, or as many times a day as is necessary to keep their hands clean.
 - The level of artificial light provided in hairdressing shops is legally mandated.
 - A hairdresser is prevented from putting their combs, scissors or other equipment in their pockets.
 - The regulations prevent the provision of refreshments to any customer in any part of the service area where hair is being cut.
14. At BusinessNZ’s roundtables with small businesses in July 2024, small business hairdressers reported they work with outdated and rigid government regulations that don’t fit well with modern practices and impose high compliance costs. Local council interpretations of some of the regulations impose additional excessive compliance costs.
15. We met with representatives from BusinessNZ and Hair & Barber New Zealand and both groups are keen for a review of hairdressing regulations. They raised issues such as the inappropriateness of some hairdressing regulations for barbers, and low compliance with regulations that were viewed as irrelevant.



Nature of the review

16. The review would explore whether a market failure exists in the hairdressing industry, that means government should intervene.
17. To the extent that regulation is appropriate, the review would:
 - consider whether a lighter-handed regulatory approach would be sufficient to achieve the objectives of regulation in this sector
 - consider whether it is appropriate for hairdressers and barbers to be subject to the same regulations
 - modernise the regulatory framework to fit contemporary practices and understandings of health risks
 - remove any unnecessary requirements
 - look for opportunities to simplify compliance processes or increase their standardisation across regions of the country, such as ensuring regulators accept hand-drawn plans to demonstrate hairdressers' set-ups rather than requiring architectural plans.

Benefits of a review and resources required

18. Hairdressing is a small industry. It is part of the wider 'personal services; domestic household staff' industry, which in total:
 - contributes \$2 billion annually to GDP
 - has a relatively low forward linkage of 1.5
 - a 1% increase in primary inputs could support \$36 million of economic activity.
19. Hairdressing makes up only a part of this larger industry.
20. Hairdressers and barbers are in every community across New Zealand, providing important and valued services.

Agency engagement

21. A review of hairdressing regulations has been under consideration by the Ministry of Health but is not on its near-term work programme. It articulated a need for this work and is committed to working alongside a review led by the Ministry for Regulation.
22. The Minister of Health's office indicated it supports the Ministry for Regulation leading this review while working jointly with the Ministry of Health.



Next steps

23. You have indicated that you would like to seek wider Cabinet agreement to this review via an oral item at EXP on 19 November 2024. Consistent with previous practice, once we have initial Cabinet approval we would engage with the sector and stakeholders, and the Ministry of Health, to develop a formal terms of reference to bring back for Cabinet approval.



Appendix: Talking points for EXP

Proposal

- The Ministry for Regulation expects to conduct four regulatory reviews each year.
- Regulatory reviews are a critical tool for the Ministry for Regulation to improve the quality of existing regulation.
- I am seeking your agreement to announce that the third review will be a review of the hairdressing and barbering industry.

Value of this review

- Hairdressing is regulated by the Health (Hairdressers) Regulations 1980 under the Health Act 1956.
- These regulations are outdated and don't fit well with current industry practice.
- Over the past few years, hairdressers and barbers have approached the Ministry of Health, MBIE, BusinessNZ, and the Ministry for Regulation asking for reform of their regulations.
- Many hairdressers and barbers are small businesses. They are part of every community in the country, providing a valued service.
- This regulatory review will explore opportunities to reduce their compliance costs and facilitate modern business practices in the industry, while ensuring public health is protected.

Next steps

- The Minister of Health supports the Ministry for Regulation leading this review with input from the Ministry of Health.
- Once I have initial Cabinet approval, the Ministry for Regulation will engage with the sector and the Ministry of Health to develop a full terms of reference.
- I will bring the terms of reference back for Cabinet approval.