



Minister Statement of Reasons: Local Government (Rates Capping) Amendment Bill

This document fulfils the requirements of section 11 of the Regulatory Standards Act 2025 to briefly explain the Government’s reasons for any inconsistency with the principles of responsible regulation identified in the Ministry for Cities, Environment, Regions and Transport’s Consistency Accountability Statement.

Minister/maker name and title	Hon Simon Watts
Portfolio	Local Government
Date finalised	28 July 2026
Identification Number	REG-2186

Statement of Reasons

The Consistency Accountability Statement identified two inconsistencies with the principles of responsible regulation. The inconsistencies related to the following principles:

- 9(i) Good law-making: Consultation
- 9(m) Good law-making: Most effective, efficient and proportionate response

The reason for each inconsistency is described below.

Principle of responsible regulation	Relevant clauses in proposed legislation
Good law-making: Consultation 9(i)	Not applicable

Reason for inconsistency

The targeted and limited nature of consultation was largely due to the importance of introducing the bill before the 2026 General Election. This resulted in time constraints in policy development, consequently affecting consultation.

I chose to consult with a targeted set of stakeholders, including councils, a range of local government experts, and economic groups. They were chosen to ensure a representative view of how the target range would apply.

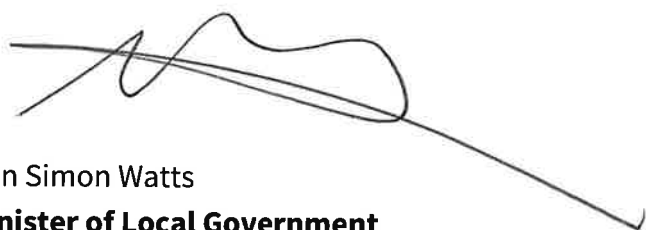
Stakeholders were only engaged on one element of the rates capping model, which about how to set the target range. However, broader feedback was received through the process and was considered in the further stages of policy design.

Targeted consultation at the policy design stage will be balanced against public consultation being available through the select committee process once the Bill is introduced to the House.

Principle of responsible regulation	Relevant clauses in proposed legislation
Good law-making: Most effective, efficient and proportionate response 9(m)	Not applicable

Reason for inconsistency

Analysis has found that there are net benefits for a target range model as a package, meaning it is an effective, efficient and proportionate response. Early direction was given to consider a rates cap as a potential solution to the issue. An inconsistency could arise due to the limitations in considering options alternative to a rates cap, outside of the status quo.



Hon Simon Watts

Minister of Local Government