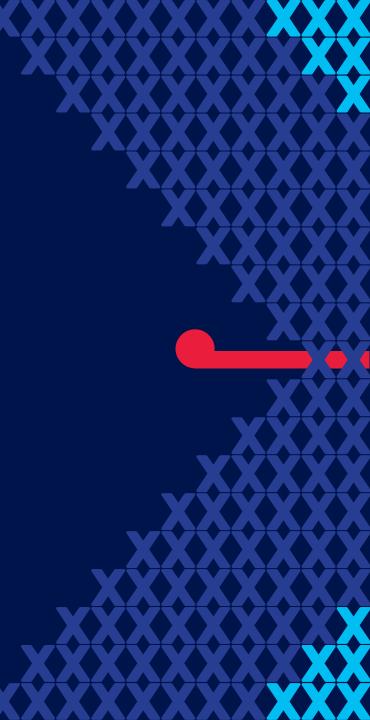
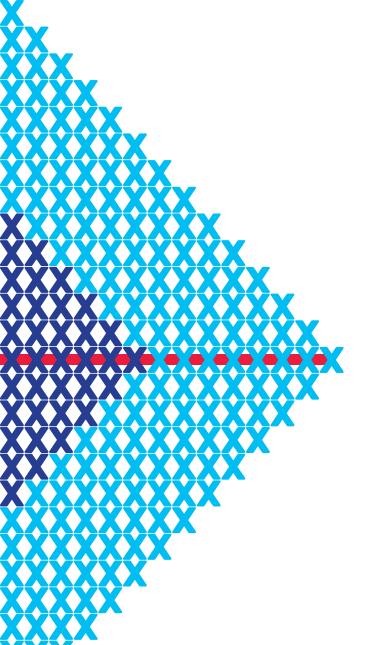
Arms Regulations

Review of fees 2022 – Consultation (Endorsements)

January 2023







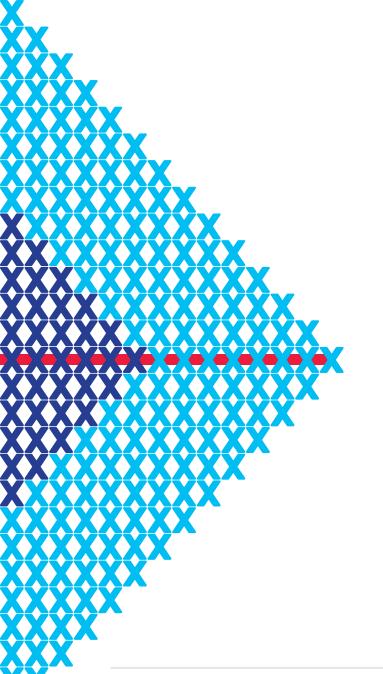
INTRODUCTIONS BY PARTICIPANTS





- Information sharing on the cost model
- Questions of clarification during the presentation
- Discussion after the presentation
- This is not a substitute for the submission process and additional submissions are invited as a result of this session





OVERVIEW

Context and overview

- Operating environment and regulatory settings
- Scope of cost recovery
- Overview of costing methodology
- Fees related to use of firearms for theatrical performance



THE OPERATING ENVIRONMENT AND THE IMPACT ON COST TO REGULATE

- The global economic environment and future service demand and costs are uncertain. Recent trends indicate Police's costs are likely to increase.
- Identifying the cost of delivering the Regulatory system were those available as at March 2022. Expected costs for FY 2023-FY 2032 were used to identify the total cost to deliver the Arms Act requirements through the ten year period and those eligible for offset through recovery of fees.
- For service that <u>delivers on all</u> regulatory requirements it is what is required (staffing and other resources) and used in the business case for funding granted by the Government for Budget 2022
- The firearms regulator is investing in systems to increase efficiency and effectiveness through process optimisation and digitisation of service.
- More regular fee reviews would allow for fee adjustments both decreases and increases to adjust for inflation and efficiencies.



WHAT COSTS MAY BE RECOVERED?

Section 80 of the Arms Act sets out the activities eligible for cost recovery:

- Police may impose fees or charges to cover the costs of:
 - applications for licences, (firearms, dealer's, visitor)
 - training/ testing
 - endorsements on licences and permits to possess endorsed items
 - import permits
 - certificates and approvals including clubs or ranges
 - Inspection/ assessment compliance with licence and endorsement conditions
 - approvals to manufacture
 - sample testing
- Costs associated with the transformation have not been included

- Cost recovery does not extend to:
 - Calls relating to potential offending
 - Criminal investigations
 - Prosecutions



EXAMPLE: ACTIVITIES CARRIED OUT FOR FIREARMS LICENCES

Section 80 would include those listed below and other activities not listed below:

- Provide Firearms Safety Course and Arms Code
- Contact Applicant, Referees (including unrelated referee) complete Vetting Interviews
- Respond to Information Requests from applicants
- Vetting Checks
- Prepare Vetting Packages
- Compliance Activities (site visit/security check)
- Review and Document Findings

- Consideration to Refuse Documentation
- Prepare Notice to Refuse Documentation
- Card Management (issue, replacement)
- Compliance activity through licence period (change of address, security check visits/audit after licence issued)
- Issue Improvement Notices to licence holder where required
- Seize Firearms/Firearms Licence

- Serve of Suspension/Revocation Notice
- On going desk-top vetting checks
- Update records following victim reports and reports of theft and burglary.



HOW WE CAN RECOVER COSTS?

The Arms Act set out how fees may be set

- Under section 83 of the Arms Act, the fees can be:
 - A fixed fee
 - A fee that allows for variations in the amount of work required
 - To recover payments to third parties
 - Based on an average
 - Set to recover indirect costs

- Under section 81 of the Arms Act, fees must:
 - Be no more than actual and reasonable costs
 - Obtain the fee from the users/beneficiaries
 - Not build in inefficiencies
 - Show a clear relationship between the costs and fees



FEE STRUCTURES

Following Section 83 the fee structures proposed follow a consistent approach:

- Fixed fees (average cost) based on time to complete an application by:
 - Arms officers
 - Arms Administrators
 - Vetters
 - National service Centre staff
 Suits a large number of applicants
- Fees fixed and variable component costs reflect the amount of work. Applies to smaller numbers of applicants and the cost to Police varies significantly

- Second and subsequent fees lower than first time applications to avoid charging for work not required
- Compliance activities are costs are incurred over the duration of licences, permits, consents



1. OVERVIEW OF COSTING METHOD

The core elements the costs are:

Direct Personnel Cost

- Each service requires significant input from operational staff and costs are different for each service
- We have used the midpoint of salary bands plus superannuation and allowances

Indirect Costs

- Necessary corporate functions (ie. Finance, HR, Strategy, Comms and Engagement) and overheads (ie. property, vehicles, ICT systems and support) provide services
- ▶ ICT is a major component leases hardware, software, and support
- The indirect costs have been apportioned to each service ie. 50% of direct costs allocated ~50% of indirect



2. OVERVIEW OF COSTING METHOD

Travel Costs are high

- For some services travel is a significant part of costs especially for:
 - vetting of applicants,
 - site assessments (reconciliation of items held, audits, determining any conditions required for security, processes, and others
 - compliance visits (for example, storage and security checks)

Anticipated Efficiency Gains and Cost reductions for second and subsequent applications

- Efficiency gains have been factored in as a result of the implementation of the Arms Information System and the digitisation of the service offering.
- In some case second and subsequent fees are reduced because some work does not need to be repeated

INPUTS INTO THE FEE CALCULATIONS

- Developed over several years identifying the individual tasks for each service and their duration
- Detailed process maps and step-by-step time estimation for each service
- Validation of overall effort with SMEs
- Stakeholders in the firearms community have provided considerable input over the process
- Police databases, statistics, and independent research have been used

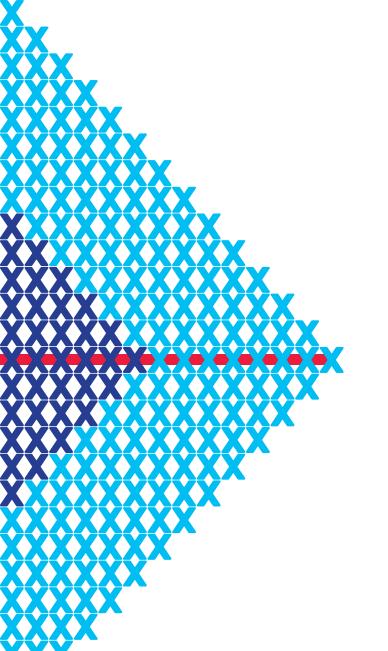


INDEPENDENT ASSURANCE ON METHODOLOGY

We recognise that it is crucial that fee payers have confidence in how Police's costs and proposed fees and charges

- An independent external audit will be completed to ensure our methods are sound
- If the audit finds that adjustments are required then these changes will be carried out
- The audit report will be released to the firearms community





FEES RELATED TO ENDORSEMENTS ON A FIREARMS LICENCE



1. Endorsements on a firearms licence (s30,30A,30B)

Type of endorsement	Activities	Fees – for the period of the licence - exception pest control			
All endorsements	 Include: processing of applications – vetting, interviewing applicant, referees site visits: security; change of address; following reported theft or burglary reconciliation of Police records with actual holdings produce and issue endorsed licence card receive fees 	Costs averaged across all endorsements			
Multiple endorsements	There is no payment for additional endorsements if the application is made at the time of a licence renewal There is a fee if an application is received at a different time	The payment is the highest single endorsement fee Applications receive a fee set at marginal cost			
Pistol(s29(2)(b))	Visits to endorsement holders address Confirm currency of club membership/participation Reconciliation	Fixed average fee proposed			
Pest control	Confirm eligibility Several times during licence Reconciliation	Fixed fee proposed (30 months) and reapplication during the licence period			

2. Endorsements on a firearms licence (s30,30A,30B)

Type of endorsement	Scenario	Fees – for the period of the licence - exception pest control						
Collector	A licence holder in possession of items other than those permitted on a firearms licence only for the purposes of a personal collection with storage requirements, disablement, and location changes of possession.	Fixed component Plus Per item inspected						
Memento/heirloom	Specify additional conditions and audit	Fixed average fee proposed						
Theatrical	A licence holder in possession of items other than those permitted on a firearms licence only for performance. A separate consent is required for a production or living history event. If a consent is granted, the endorsement holder can perform the role of theatrical armourer.	Fixed component Plus Per item inspected						
Additional fees								
Permit to possess	Items that require an endorsement require a permit before taking possession. It is anticipated that the paper based model will be superseded by an online process.	Per item \$40						
Permission to carry (collector)	Process application, possible site visit, consider conditions Receive application Asses status of endorsement Assess conditions If required site visit Approve subject to conditions	Per event – fixed fee \$1,060 (plus additional fee \$590 only if Police attendance required)						



Endorsement activity based application Processing and Travel time						re-enactments)	licence application
Processing and Travel time							
EMP: Administration Support		6.1		6.1	6.1	6.1	6.1
EMP: National Service Centre		0.4	0.4	0.4	0.4	0.4	0.4
EMP: Vetter		4	4	4	4	4	4
Cost							
EMP: Administration Support		873	873	873	873	873	873
EMP: National Service Centre		57	57	57	57	57	57
EMP: Vetter		580	580	580	580	580	580
Additional Administrative, Vetting and Compliance activity			20%	20%	20%	20%	20%
Endorsement activity based application Cost		1,510	1,812	1,812	1,812	1,812	1,812
Application process cost		238	540	540	540	540	540
Travel costs (between applications)							
Compliance visits between applications		3	1	1	3	3	
Travel time per visit		2	2	2	2	2	
EMP: Arms Officer (\$/hr)		143.1	143.1	143.1	143.1	143.1	
Travel costs (between applications)		858.57	286.2	286.2	858.57	858.57	
On-site reconciliation (average) incl on application Cost							
EMP: Arms Officer (\$/hr)		143.1	143.1	143.1	143.1	143.1	
Reconciliation cost		7.15	7.15	7.15	7.15	7.15	For o
Compliance visits between applications		3	1	1	3	3	
Average holdings		4.91	0.62	1.47	7.23	10.42	
On-site reconciliation (average) incl on application Cost		140.62	8.92	21.02	207.01	298.13	
Total cost by Endorsement type		1,237.07	834.97	847.07	1,605.44	1,696.56	540
Fee exclusive of GST	1,249.65	1,237.07	834.97	847.07	1,605.44	1,122.38	540
Fee inclusive of GST	1,440.00	1,420.00	960.00	970.00	1,850.00	1,290.00	621

fee will apply.

The additional work is required if the application is received

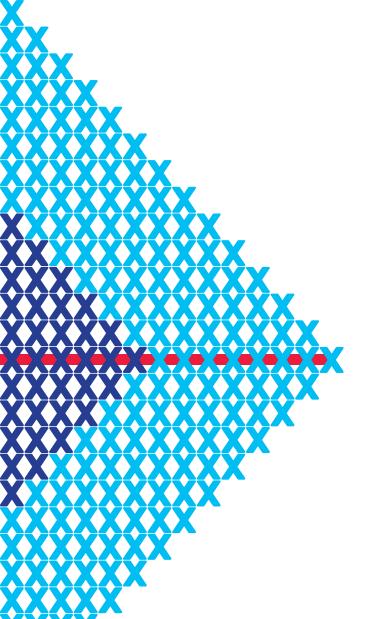
ased on estimated average holdings



NEXT STEPS

- Submissions close on 16 February 2023.
- An external consultant will read and analyse the submissions before recommendations are made to the Minister of Police.
- The recommendations will take into consideration the feedback received from consultation.
- Any new fees need to be approved by Cabinet for a variety of reasons, at this stage, we do not expect any decisions until mid-2023 at the earliest and fees taking effect during the 2023/24 financial year.
- We will update the sector on progress once decisions have been made by Cabinet.





Questions and discussion

