

BRIEFING FOR THE MINISTER OF POLICE			
<b>Priority</b>	<input type="checkbox"/> Urgent <input type="checkbox"/> Time-Sensitive <input checked="" type="checkbox"/> Routine		
<b>Title</b>	Draft Cabinet paper for Ministerial Consultation – Arms Safety and Control: Endorsement of the Detailed Business Case		
<b>Date</b>	1 February 2022	<b>Ref</b>	BR/22/07

### Recommendations

Police recommends that the Minister of Police:

- |    |   |        |
|----|---|--------|
| a) | <b>agree</b> to consult the attached draft Cabinet Social Wellbeing Committee (SWC) paper seeking endorsement of the Arms Safety and Control Detailed Business Case with Ministerial colleagues ahead of consideration by SWC on 2 March 2022 | Yes/No |
| b) | <b>agree</b> to provide any feedback from Ministerial consultation by Monday 21 February 2022 to enable Police to update the draft paper as required before lodging for SWC on Thursday 24 February 2022.                                     | Yes/No |

### Minister's comments and signature

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Hon Poto Williams  
Minister of Police

## BRIEFING FOR THE MINISTER OF POLICE

### Draft Cabinet paper for Ministerial Consultation – Arms Safety and Control: Endorsement of the Detailed Business Case

#### Purpose

1. This briefing attaches the draft Cabinet Social Wellbeing Committee (SWC) paper entitled “Arms Safety and Control: Endorsement of the Detailed Business Case” for Ministerial consultation ahead of consideration by SWC on 2 March 2022.

A significant increase in Arms Regulatory system funding is required to meet government expectations of a modern effective Regulator able to deliver on recommendations from the Royal Commission of Inquiry into the terrorist attack on Christchurch masjidain on 15 March 2019 and meet the public safety objectives of the Arms Regulatory system.

Following Cabinet agreement to establish a dedicated Arms Branded Business Unit within Police, Cabinet endorsement of the Arms Safety and Control Detailed Business Case must now be sought.

The Detailed Business Case confirms a preferred option for future investment (Option 5 - which includes proactively intervening to reduce risk). The Whole of Life Cost for this option over 11 years is \$711.5 million.

However, the additional new funding required is only \$502.4 million after taking into account current annual expenditure, current cost recovery, and tagged contingencies.

The total cost is \$259.7 million more than identified in the Indicative Business Case (IBC). The increase is due to a greater understanding of the scope and complexity of the operational and transition requirements to improve the administration of the Arms Regulatory system.

Your Arms Advisory Group support the preferred option and believe it is vital the required level of investment outlined in the Detailed Business Case is provided if the desired outcomes are to be achieved.

#### Background

2. Following the November 2021 Cabinet agreement to support the establishment of an Arms Regulator delivered via a dedicated Branded Business Unit hosted by Police [CAB-21-MIN-0447], Cabinet endorsement of the Arms Safety and Control Detailed Business Case (the Detailed Business Case) is now being sought.
3. On 9 December 2021, Police provided you with an overview of the draft Detailed Business Case. This included discussion of the approach taken, the investment options, the preferred option, the investment difference between the Detailed Business Case and the 2021 Indicative Business Case (IBC), and the assurance and quality reviews [IPR/21/355].

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### **Increased investment is required to meet public safety objectives**

4. As previously identified, a new operating model is required to achieve the public safety objectives of the Arms Regulatory system. Significant increased investment is also needed to fully and effectively administer the risk management system provided for in the Arms Act 1983. This investment needs to maintain the balance of keeping communities safe while enabling the safe use of firearms in communities for legitimate purposes.

### **The Detailed Business Case confirms a preferred option for future investment**

5. The Detailed Business Case confirms a preferred option for future investment to meet government expectations of a modern effective Regulator able to accommodate current and future requirements and meet public safety objectives.
6. This is Option 5 in the Detailed Business Case, which includes proactively intervening to reduce risk. Option 5 provides for:
  - procuring a new Registry solution
  - increasing resource capacity to meet the increase in operational demands of the new legislation, including implementing the fit for purpose operating model
  - building resource capability ahead of increased demand for compliance
  - introducing strategic capability spanning the insights, design and delivery of proactive interventions, and additional targeted education and awareness programmes and strategic partnerships
  - establishing the Branded Business Unit within Police to deliver the regulatory capabilities with a unique brand and ring-fenced operational structure.

### **A step-change in funding is required**

7. To deliver on Option 5, a step-change in Arms Regulatory system funding is required. The Whole of Life Cost for Option 5 over 11 years is now \$711.5 million. The nett additional new funding required is \$502.4 million after accounting for current annual direct expenditure, third-party revenue (current fees), and tagged contingencies.
8. This amount is based on current cost recovery settings. The fees for firearms licensing and permitting have remained unchanged for many years, and some services of significant private and commercial benefit, such as the provision of import permits, are provided free.
9. Alongside development of the Detailed Business Case, Police is progressing work on cost recovery. If the upcoming cost recovery review results in higher third-party revenue, future required investment would be reduced. In March 2022, Police will provide you with a draft public consultation document on the level of fees to be set for certain activities undertaken by Police under the Arms Act. Cabinet agreement to release the consultation document will be sought in April 2022.

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### **The investment is an increase on the Indicative Business Case**

10. The investment in the Detailed Business Case is \$259.7 million greater than that identified in the IBC. The IBC noted that the figures considered at that time were estimates to be confirmed by the Detailed Business Case. The increase is due to a greater understanding of the scope and complexity of the operational and transition requirements to improve the administration of the Arms Regulatory system.
11. The Detailed Business Case has been subject to external assurance activity. In November 2021, KPMG completed a Foundational Independent Quality Assurance review on key aspects of the transformation programme. No significant risks were identified through this IQA. A Treasury Gateway Review of the programme was completed in December 2021 resulting in an overall green/amber rating. The Gateway recommendations focused on future opportunities or identified activities already planned to be completed. A Quantitative Risk Assessment has also informed the financial model and contingencies in the Detailed Business Case.

### **Your Arms Advisory Group support the preferred option**

12. Your Arms Advisory Group were provided the draft Detailed Business Case and an agenda item was covered at their meeting on 26 January 2022.
13. The Group indicated that they were supportive of the preferred option and believe it is vital the required level of investment outlined in the Detailed Business Case is provided if the desired outcomes are to be achieved. They can provide their advice to you on these matters independently, if requested.

### **Cabinet agreement is also being sought to bring forward and draw down from the tagged contingency to assist with delivering the Arms Registry**

14. To assist with delivering the Arms Registry by 2023, Cabinet agreement is also being sought to bring forward and draw down \$7.6 million from the tagged capital contingency established on 6 April 2020.

### **A bid for Arms Safety and Control is included in the Justice Cluster Budget Bid**

15. A budget bid for Arms Safety and Control was submitted as part of the Justice Cluster packages on 17 December 2022 and will be included in the final package submitted on 4 February 2022. The bid seeks investment of \$222.433 million operating and \$15.522 million capital over the four-year forecast period to deliver the new operating model and to deliver on public safety objectives.
16. The Arms Safety and Control bid is included in all Justice Cluster packages put forward for consideration (that is, the low, medium and high packages).

### **The draft Cabinet paper has been updated to incorporate agency feedback**

17. Police has incorporated feedback from Treasury in the draft SWC paper. Police is also continuing to engage with Treasury on the Detailed Business Case and the investment proposals, to provide assurance and clarification of matters

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raised. Police will update you if any further substantive matters arise from Treasury.

18. A section was added on Te Tiriti o Waitangi obligations to address comments from Te Arawhiti. Feedback was also incorporated from DPMC (such as adding more discussion of option 4 and what extra option 5 provides). Ara Poutama Aotearoa - Department of Corrections, and the Department of Conservation noted they had no comments.

### Next Steps

19. If required, Police can update the SWC paper following any feedback from Ministerial consultation. The final version should be lodged on Thursday 24 February 2022 for SWC consideration on Wednesday 2 March 2022.
20. Police will provide talking points closer to that time and will confirm which officials will be available to support you at SWC.

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Angela Brazier

Transition Executive Director, Firearms

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