

In Confidence

Office of the Minister of Police

Chair, Cabinet Social Wellbeing Committee

## **Effective administration of the Arms Regulatory System: an improved operating model**

### **Proposal**

- 1 This paper:
  - 1.1 reports back to Cabinet on the preferred options for an operating model to deliver improvements in the management of the firearms regime, following consultation with the Ministerial Arms Advisory Group; and
  - 1.2 seeks Cabinet approval to establish a Branded Business Unit hosted by New Zealand Police that will be accountable for the regulatory functions under the Arms Act 1983, which are currently undertaken by New Zealand Police. This would be subject to a review to commence by June 2026.

### **Relation to government priorities**

- 2 The proposed establishment of a new entity accountable for arms regulation contributes to the Government's priority "Support healthier, safer and more connected communities" in the Government's priorities plan "Improving the wellbeing of New Zealanders and their families." It achieves this by ensuring that New Zealand Police (the Police) is able to deliver the public safety objectives of the arms regulatory system.

### **Executive Summary**

- 3 The events of 15 March 2019, together with the recommendations of the *Royal Commission of Inquiry (RCOI) into the terrorist attack on Christchurch masjidain*, identified the need to improve administration of the Arms Act 1983 (the Arms Act) and, in particular, criticised Police's assessment of the terrorist as fit and proper to possess firearms. A new operating model is required to deliver on the recommendations of the RCOI and achieve the public safety objectives of the Arms Act and the Arms Legislation Act 2020.
- 4 The Arms Act provides a regulatory framework which seeks to enable the lawful use of firearms, while also protecting the public from the harm that may be caused by the misuse of firearms. It confirms that owning a firearm is a privilege, not a right, and allows fit and proper people to possess firearms for legal purposes, while mitigating the risk of misuse by placing limitations at critical control points in the system.

**I N C O N F I D E N C E**

- 5 The intention to establish an independent regulatory entity to take over accountability for the Arms Act regulatory functions from Police was noted by Cabinet in June 2020 [CAB-20-MIN-0263]. Cabinet deferred a decision on the preferred option for the operating model in April 2021, to allow time for consultation with the independent Ministerial Arms Advisory Group on the preferred options (including the option of a Branded Business Unit hosted by Police) [CAB-21-MIN-0115].
- 6 I have now consulted with my Arms Advisory Group, which has advised that their preferred option is to establish a Branded Business Unit, hosted by Police for an initial trial period and supported by:
  - a review of the entity's performance and its overall outcomes, commencing by June 2026;
  - the Arms Advisory Group contributing to the establishment of Key Performance Indicators (KPIs), including the design/establishment of the external and/or independent monitoring and the shape of the review; and
  - external, independent monitoring of the entity – ideally starting from 2023, after the registry has been established.
- 7 In arriving at their position, the Arms Advisory Group noted considerable concern about the number of licence applications in the current processing pipeline and the level of investment required to avoid the situation where an applicant's licence has expired before their application has been finalised. This puts these individuals in a position where they are holding firearms, but do not have a current licence and are therefore acting unlawfully.
- 8 Police supports the option of the Branded Business Unit and the above listed conditions, including the trial period and subsequent review. I propose that the review be aligned with the scheduled statutory review of the Arms Act 1983, which is due to commence by June 2026 and be completed within 18 months.
- 9 Following consideration of advice from my Arms Advisory Group and noting Police's support, I seek Cabinet's agreement to support the establishment of the Arms Regulator, delivered via a dedicated Branded Business Unit hosted by Police. This new operating model would help to ensure public safety objectives are being met through the effective administration of the arms regulatory system. In my view the Branded Business Unit would also enable more effective sharing of information between Police and the regulator, which would assist with managing current pressures on the licence application pipeline.
- 10 Confirming the future operating model now will enable a Detailed Business Case (DBC) to be finalised. The DBC will confirm the level of investment required and inform future investment and budget bids, which will ensure the delivery of an improved firearms regulatory capability (including the Arms Registry) by June 2023.

## Background

- 11 The events of 15 March 2019 brought into stark relief weaknesses in both the administration of the arms regulatory system and the relevant legislation. The *RCOI into the terrorist attack on Christchurch masjidain* criticised Police's administration of the Arms Act and, in particular its assessment of the terrorist as fit and proper to possess firearms. An improved operating model is required to achieve the public safety objectives of the arms regulatory system.
- 12 Police had identified weaknesses in its administration of the Arms Act prior to the attack and was already embarking on an improvement programme
- 13 The Arms Act provides a regulatory framework which seeks to enable the lawful use of firearms, while also protecting the public from the harm that may be caused by the misuse of firearms. It confirms that owning a firearm is a privilege, not a right, and allows fit and proper people to possess firearms for legal purposes (such as for business, food gathering, and recreational or sporting purposes). Police currently acts as both a regulator and a law enforcement agency within the arms system.
- 14 In June 2020, Cabinet:
  - 14.1 noted that the Minister of Police<sup>1</sup> had agreed to the establishment of an independent regulatory entity;
  - 14.2 agreed that officials undertake further work on a model for moving accountability for some of the Arms Act regulatory functions from Police; and
  - 14.3 invited the Minister of Police to report to Cabinet in November 2020 on options for an independent regulatory entity [CAB-20-MIN-0263].
- 15 An Indicative Business Case (IBC) was developed to outline the level of investment needed to improve the arms regulatory system. This case included an analysis of five organisational options and identified two preferred options for consideration by Cabinet.
- 16 On 12 April 2021, following reference from the Cabinet Social Wellbeing Committee (SWC), Cabinet:
  - 16.1 noted the proposals set out in the paper attached to CAB-21-SUB-0115 on the options for the operating model for delivering improvements in the management of the firearms regime;
  - 16.2 deferred a decision on the preferred option to allow time for consultation with the Ministerial Arms Advisory Group;
  - 16.3 invited the Minister of Police to:

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<sup>1</sup> This was a commitment made by the then Minister of Police as part of the negotiations with a Coalition Partner to enable the Arms Legislation Bill to progress.

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- 16.3.1 consult the Arms Advisory Group on the preferred options, including the option of a branded business unit within the Police, but with a review after three years;
  - 16.3.2 report back to Cabinet on the preferred options following consultation with the Arms Advisory Group [CAB-21-MIN-0115].
- 17 In April 2020, Cabinet also:
- 17.1 agreed to a \$60 million four-year tagged operating contingency and \$5 million in outyears, with drawdown subject to Cabinet approval of a business case providing options for meeting the new legislative requirement [CAB-20-MIN-0155.26 revised].
- 18 This initial investment was intended to enable rapid improvement in the administration of the Act and the development of the DBC.

### *Ministerial Arms Advisory Group*

- 19 Cabinet approved the membership of the Arms Advisory Group on 30 March 2021 [CAB-21-MIN-0085], which includes members of the firearms and non-firearms owning communities. A list of the members is attached at **Annex One**. The purpose of the Arms Advisory Group is to advise the Minister of Police on matters that contribute to achieving the objectives of the Act, in particular, the safe use and control of firearms. This includes any matter relating to firearms in New Zealand including legislative proposals, policies for regulating New Zealand's firearms regime, and the promotion of firearms safety (section 88(2) of the Arms Act).

### **Preferred options for a dedicated regulatory entity**

- 20 Analysis of a range of options in the IBC identified two preferred options for the firearms regulatory entity structure, described as:
- 20.1 a **Branded Business Unit, hosted by Police**: under this option, regulatory functions would be transitioned into a dedicated Branded Business Unit, hosted by Police. Regulatory functions would be separated from Police's operational enforcement functions; funding would be ring-fenced through the establishment of a dedicated appropriation; and a unique brand would be established. The analysis noted that Police would retain policy and system oversight functions, and continue to deliver enforcement services (such as responding to high-risk events where firearms may be presented, firearms-related events, seizing firearms and recovery of stolen items).
- An example of a Branded Business Unit is Biosecurity New Zealand within the Ministry for Primary Industries (a Public Service Department) where policy also sits.

- 20.2 a **new Crown Agent outside of Police**: under this option, a new Crown Agent would undertake the administrative regulatory functions under the Act (such as licensing, arms management, checking security, permitting of imports, permitting of high risk arms items, and compliance activities) while Police would retain policy and system oversight functions, and continue Policing services (such as responding to high-risk events where firearms may be presented, firearms related events, seizing firearms and recovery of stolen items).

Examples of Crown Agents are the New Zealand Transport Agency, the Civil Aviation Authority of New Zealand, Maritime New Zealand, and WorkSafe New Zealand.

- 21 More detail on the main characteristics of these options and the activities under the regulatory functions is provided in the summary at **Annex Two**.
- 22 For each of the two options, significant additional funding is required to ensure public safety objectives are being met through the effective administration of the arms regulatory system. The IBC estimated the following level of investment would be required:

**Table One: Estimated costs for the two preferred options over 11 years**

Option	Where the function/accountability sits	Total costs FY 20/21 to FY 30/31 (\$ millions)
<b>Option 3 (new Crown Agent)</b>	Policy and oversight functions remain with Police. Administrative functions are delivered by a new Crown Agent	<b>562.2</b>
<b>Option 5 (Branded Business Unit)</b>	All functions remain with Police, with policy advice and system oversight functions and new and improved administrative functions being delivered in a Branded Business Unit.	<b>451.8</b>

- 23 A DBC is now underway to confirm these estimated costs and the level of investment necessary for delivering the public safety objectives outlined in the Arms Act. Police will report back to Cabinet in early 2022 on the level of investment required to ensure delivery of an improved firearms regulatory capability (including the Arms Registry) by June 2023.

#### **Arms Advisory Group consideration**

- 24 At their first meeting on 1 June 2021, I informed the Arms Advisory Group of Cabinet's consideration of the ideal regulatory structure for the administration of the Arms Act and indicated I would be seeking their input to this decision.
- 25 On 12 July 2021, the Arms Advisory Group was briefed on the two operating model options for the Arms Entity structure: a Branded Business Unit hosted by Police, and a Crown Agent outside of Police. The information provided included the purpose of the new entity, historical system weaknesses,



ensuring access to arms information and intelligence, and implementation risks.

### *Critical Success Factors*

- 26 On 25 August 2021, the Arms Advisory Group met to discuss and determine a direction on the Arms Entity structure. In their subsequent advice to me, the Group identified a series of critical success factors, all of which they consider to be essential in the effective establishment and operation of a Regulator. These included:
- 26.1 improving public and constabulary safety;
  - 26.2 optimising exchange of information between entities;
  - 26.3 the effective operation of administrative and delivery systems; and
  - 26.4 ensuring accountability for compliance activities.
- 27 The Arms Advisory Group evaluated both the Branded Business Unit and the Crown Entity against each of the above factors and identified several key considerations that will need to be addressed through the new operating model. These are:
- 27.1 **effective engagement with stakeholders** (requiring sufficient and ringfenced funding for efficient operation)
  - 27.2 **accountability, transparency, and responsibility for administrative performance** covering licensing activities as well as overall outcomes (requiring external independent oversight/monitoring), and
  - 27.3 **seamless and effective exchange of information and intelligence** between the regulator and enforcer.

### *Preferred Operating Model*

- 28 Taking the above considerations into account, the Arms Advisory Group supported the establishment of a Branded Business Unit, hosted by Police, for an initial period of 'trial' with a subsequent review, on the proviso that:
- 28.1 a review of the entity's performance is commenced in June 2026. This aligns with the Section 96 statutory review of the Arms Act, which is to occur three years from the establishment of the registry in June 2023. As with the Section 96 review of the Act, the Arms Advisory Group's recommended review must also be completed within 18 months;
  - 28.2 the above review covers the overall outcomes of the entity, including all outcomes sought by all system stakeholders;
  - 28.3 the Arms Advisory Group should contribute to the establishment of KPIs and the design/establishment of the external and/or independent monitoring and the shape of the review;

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28.4 regular external independent monitoring of the entity, which would ideally start from 2023.

- 29 I consider that the Arms Advisory Group has provided an important independent view on the best model for the new arms entity.

### *Further considerations*

- 30 In arriving at their position, the Arms Advisory Group noted considerable concern about the number of licence applications in the current pipeline and the level of investment required to avoid the situation where an applicant's licence has expired before their application has been finalised. This puts these individuals in a position where they are holding firearms but do not have a current licence and are acting unlawfully.

### **Police advice**

- 31 Police has advised me that they support the Arms Advisory Group's preferred option and the above conditions, including the trial period and subsequent review. Police consider this option best maintains the momentum of investment into the systems needed to deliver an improved operating model and best provides for the crucial flow of information and intelligence to enable the regulatory system and law enforcement
- 32 I have asked Police to give further consideration to external/independent monitoring of the Branded Business Unit, to further engage with the Arms Advisory Group on this, and to report back to me with a plan to respond to this proposal.
- 33 In respect of the Arms Advisory Group's concern about the number of licence applications in the pipeline, Police considers that a dedicated Branded Business Unit, with sufficient ring-fenced funding will enable pipeline pressures to be addressed.
- 34 Police indicates that, following critique in the report of the RCOI, it has significantly improved the level of rigour and oversight of licensing decisions. Investment has also already been made to professionalise the workforce undertaking vetting processes, enable better technology and quality oversight, and increase capacity. This quality focus and process improvement has likely resulted in some delays to the processing of cases.
- 35 Delays have also been exacerbated by COVID-19. Alert level changes in 2020 and 2021 have limited the ability to provide the face-to-face elements of firearms licence applicant vetting considered crucial to making quality risk judgements.
- 36 Some of this immediate pressure will be alleviated by regulations extending the duration of licences which could not be renewed this year due to COVID-19 restrictions. The ongoing improvement in business processes, staffing and oversight to achieve effective, efficient and high quality processing of applications will be assisted by more effective sharing of information between

Police and the regulator. Police considers this would be more possible under a Branded Business Unit than under the Crown Agent option.

## Proposals

- 37 Following consideration of advice from the Arms Advisory Group and noting Police support, I consider that the Branded Business Unit is the best option, on the basis that it will deliver the following key benefits,<sup>2</sup> at lower-risk and lower-cost than the Crown Agent option:
- 37.1 dedicated leadership and staff, which brings a single operational focus on firearms licensing and compliance;
  - 37.2 ring-fenced funding, with transparent public reporting and accountability, which ensures consistent and appropriate levels of resourcing are provided to regulatory activity; and
  - 37.3 subject to further work, improved clarity of the firearms regulatory accountability of the Commissioner of Police and the role of an Executive Director.
- 38 A further point of distinction between the options is that the Branded Business Unit would enable more effective sharing of information between Police and the regulator, while maintaining an appropriate level of transparency and accountability.
- 39 I therefore seek Cabinet's agreement to support establishing a Branded Business Unit, hosted by Police, to ensure public safety objectives are being met through the effective administration of the arms regulatory system.

*A Cabinet decision now will enable further progress and the finalisation of the Detailed Business Case*

- 40 Some transitional activities to ensure the timely implementation of recent amendments to the Arms Act and wider improvements to the administration of the arms regulatory system can continue in the absence of a final decision on the entity structure. However, continuing uncertainty is problematic for some key appointments and for staff confidence in retaining a future regulatory function.
- 41 I seek Cabinet approval on the preferred option for the entity structure now to enable the DBC to be finalised by the end of 2021. The DBC will also help to confirm and inform the future budget bids from Budget 2022/23 onwards related to the arms regulatory system, and will ensure the delivery of the Arms Registry by June 2023 is not put at risk.
- 42 To support the DBC, I am also submitting a separate Cabinet paper on cost recovery considerations to support the effective administration of the arms regulatory system.

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<sup>2</sup> Noting that the detailed benefits and risks of the preferred options were outlined in detail in the paper I submitted to Cabinet in April 2021, and are summarised in Appendix Two.



## Implementation

- 43 The establishment of the Branded Business Unit would require around two years for transition to full implementation, including:
- 43.1 the initial establishment of the Arms Registry;
  - 43.2 delivering a DBC by February 2022 and securing funding for ongoing investment in Budget 2022;
  - 43.3 continuing with the firearms improvement programme already underway, strengthened and enhanced in line with the DBC;
  - 43.4 leading the establishment of a Branded Business Unit by the end of 2022 with support from the Treasury on the financial management and appropriation design aspects of the unit.
- 44 In May 2021, I agreed to an initial Transition Plan (the Stage One Plan) to enable the delivery of activities which are common to both the Branded Business Unit option and the Crown Agent option. This has enabled the implementation of the first stage of amendments to the Arms Act and wider improvements to the administration of the arms regulatory system.
- 45 In July 2021, Police appointed a Transitional Executive Director whose leadership will assist with progressing improvement of the arms regulatory system and meeting commitments to deliver. The role is a 12-month fixed term position and reports directly to the Deputy Chief Executive of Strategy and Service.
- 46 Following Cabinet's decision on the DBC, the Deputy Chief Executive of Strategy and Service will seek advice from the Public Service Commission on the recruitment process for the appointment of a permanent Executive Director by the Commissioner of Police. It will also be important to be clear about where that role sits in relation to the Police management and leadership structure.
- 47 Early agreement on a name, following appropriate consultation, would help to establish a clear identity for the Branded Business Unit. I expect that to take place in early 2022.
- 48 By October 2022, a transition board (agreed in consultation with the Minister of Police) will be established to provide governance oversight. This board will be chaired by the Police Deputy Commissioner – Strategy and Service. The transition board would provide governance for establishing the regulatory capability within the arms system. The board would include Police and external members and consist of experts in governance, regulatory affairs, service delivery, firearms and enforcement. The board would support the new Executive Director.

## Financial Implications

- 49 The estimated cost from the IBC for the Branded Business Unit option over 11 financial years from FY 2020/21 to FY 2030/31 is \$451.8 million. Table Two provides more detail of the estimated cost breakdown over this period, with a focus on the next four years (the Budget 22 period). All future costs will be further defined in the DBC and are subject to change.

**Table Two: Estimated Cost of the Branded Business Unit to FY 2030/31**

Option 5 (the Branded Business Unit) (\$ millions)		Note totals are provided for the ten year period terminating FY 2030/31						
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	5 Outyears	Total
Change programme team	6.2	4.0	1.2	-	-	-	-	11.4
Registry & ICT	-	17.6	4.9	-	-	-	-	22.5
Other transition costs	0.1	0.5	0.1	-		-	-	0.8
Core operations staff	13.0	16.3	17.0	19.5	21.9	24.5	s. 9(2)(f)(iv) OIA	
Operations management staff	2.0	5.7	5.9	6.8	7.6	8.5		
Other direct costs	2.2	2.8	5.9	6.8	7.0	7.1		
Non core operational costs	-	2.9	2.9	2.9	2.9	2.9		
Registry & ICT ongoing costs	-	-	2.5	5.4	5.4	5.4		
Total	23.5	49.8	40.4	41.4	44.7	48.4	203.5	451.8

- 50 Police has historical average annual direct operating expenditure of \$8.1 million for firearms administration covering both district and national headquarters activity (with an additional overhead component of around \$5 million per annum). This operating expenditure is funded through partial cost recovery through licensing fees as well as Crown funding.
- 51 Police will contribute \$8.1 million funding for the Branded Business Unit (or Crown Agent) option to fund the ongoing firearms administration costs. This funding will offset the costs (estimated in the IBC (above) and to be finalised in the DBC) resulting in a potential cost, subject to the DBC, of \$32.3m in 2022/23.
- 52 In April 2021 the FY2021/22 total of \$49.8 million was revised to \$31.6 million, which represented the immediate operational requirements and change programme (the work activities to be done regardless of the option chosen). The majority of the deferred costs related to the purchase and implementation of the Arms Registry, which cannot be completed until the agency that will build and maintain the Registry is determined. The Registry costs will be confirmed in the DBC.

- 53 The revised FY2021/22 \$31.6 million was met by the \$8.1 million ongoing funding and draw-down of \$23.5 million from the re-phased and categorised tagged contingency as agreed by Cabinet in April 2021 shown in Table Three below:

**Table Three: Re-phased and categorised tagged contingency agreed by Cabinet**

	\$m – increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Implementation of the Arms Legislation Act – Operating	15.400	23.500	7.100	3.000	5.000
Implementation of the Arms Legislation Act – Capital	-	-	11.000		-

- 54 The remaining tagged contingency will further off-set funding required for the deferred Arms Registry and future budget bids. Consequently, the estimated funding requirement for Budget 22, subject to a finalised DBC, will be \$25.2 million operating expense and \$11 million capital in 2022/23.
- 55 A DBC is now underway to confirm the level of investment necessary, specifically providing:
- 55.1 a comprehensive assessment of the characteristics of an effective firearms regulator;
  - 55.2 a refined understanding of the implementation requirements;
  - 55.3 an updated operating model; and
  - 55.4 a confirmed high-level design and costings for a new Arms Registry.
- 56 The DBC is expected to be delivered to Cabinet in February/March 2022 for consideration.
- 57 A budget bid will be established for Budget 2022 to fund the updated and on-going costs confirmed in the DBC. As part of the DBC development, I will also initiate a review of fees and the cost recovery settings, which are addressed in a separate Cabinet paper - *Effective Administration of the Arms Regulatory System: cost recovery approach*.

## Legislative Implications

- 58 Police's initial assessment is that there are no legislative implications for the establishment of a Branded Business Unit within Police. Police will provide me with further advice on this matter.
- 59 A placeholder bid remains in place on the Legislative Programme, with a priority of category 4: to be referred to a select committee in 2021, if needed to enable the establishment of a Crown Agent under the Arms Act. Subject to Cabinet agreement to my proposal, this legislative bid can be removed.

s 9(2)(f)(iv)

## Impact Analysis

### Regulatory Impact Statement

- 60 The Regulatory Impact Analysis team at the Treasury has determined that the proposal relating to the organisational form of the arms regulator is exempt from the requirement to provide a Regulatory Impact Statement. The proposal is exempt on the grounds that it has no or only minor impacts on businesses, individuals, and not-for-profit entities because it relates to the internal administrative or governance arrangements of the New Zealand government.

### Climate Implications of Policy Assessment

- 61 The Climate Implications of Policy Assessment team has been consulted and confirms that their requirements do not apply to this proposal as the threshold for significance is not met.

### Population Implications

- 62 There are around 240,000<sup>4</sup> licence holders and 428 dealers in New Zealand.
- 63 Approximately 91% of firearms licence holders are men. Of the 59% of firearms licence holders that have their ethnicity recorded in police data, 90% are New Zealand European and 7% are Māori.
- 64 Based on a sample of data, in 2018, Māori represented 29.6% of victims of firearms offences<sup>5</sup> where there was an identified victim whose ethnicity was known, and by 2020, this had increased to 37.3%.<sup>6</sup>

<sup>3</sup> s 9(2)(f)(iv)

<sup>4</sup> The number of licence holders changes daily. This data listed here reflects the number of licence holders as at 5 July 2021.

<sup>5</sup> This only includes a sample of Police data on firearms-related offences more likely to have an identified victim and does not include possession-only offences. Only offences where a victim was recorded, and the victim's ethnicity was known, have been included.

<sup>6</sup> In the 2018 census, Māori were recorded as 16.5% of the New Zealand population. Stats NZ estimates that this increased to 16.7% in 2020.

- 65 Determining precisely how men and women respectively are impacted as victims of firearms-related offences is difficult as some offences will have both male and female victims. However, from a sample of data held from 2011 to 2020, on offences with a firearm where there is a recorded victim (all genders) 65.8% had a recorded male victim, while 42.5% had a recorded female victim.
- 66 I expect improvements to the administration of the arms regulatory system will improve public safety by preventing criminal misuse of firearms, consequently reducing the opportunities for people to become victims of firearms crime.
- 67 I note that there is currently a high level of dissatisfaction among licence holders with Police's inability to manage the high level of demand for this service. While there is clear recognition that the current level of investment will need to be increased, there will be mixed views on the extent to which the public or licence holders should pay for this.

### Human Rights

- 68 The proposals in this paper are not inconsistent with the New Zealand Bill of Rights Act 1990 or the Human Rights Act 1993.

### Consultation

- 69 This paper has been consulted with the Ministry of Justice, Te Kawa Mataaho Public Service Commission (PSC), the Treasury, the Department of the Prime Minister and Cabinet, the Department of Corrections, New Zealand Customs Service, the Ministry of Foreign Affairs and Trade, the Department of Conservation, the Ministry for Primary Industries, the New Zealand Defence Force, Ministry of Culture and Heritage and Te Arawhiti. Te Puni Kōkiri has been informed.
- 70 PSC has indicated their support for the preferred option of a Branded Business Unit. Treasury has also noted that the Branded Business Unit endorses the Treasury/PSC preferred option.
- 71 As part of developing the DBC, I consider that it will be important to consult with stakeholders. This is because there is strong interest in ensuring changes will improve the speed and quality of licensing decisions and enhance public safety. I will direct officials to consult with interested parties, such as my Arms Advisory Group, the Firearms Community Advisory Forum and the Arms Engagement Group, and the Police Commissioner's Māori Focus Forum. I consider it will be important to engage with the Muslim and wider ethnic and faith communities, particularly in the context of the wider Royal Commission community engagement. It will also be important to engage with Māori more broadly, as the Crown's Treaty partner, separately to other interested parties. This may include the District Māori Advisory Boards which are made up of representatives of local iwi. I will also ask officials for advice on engagement with Kāpuia.



## Communications

- 72 I intend to release a media statement announcing the final decision on the new entity and the form it will take.
- 73 Some arms licence holders may oppose Police retaining the regulatory functions (albeit via a dedicated business unit) due to concerns over past performance, and raise concerns in the media or with Ministers. Police is preparing proactive media responses in the event that media comment is required.

## Proactive Release

- 74 It is intended to release this paper, with any necessary redactions, after decisions are confirmed by Cabinet.

## Recommendations

I recommend that the Committee:

1. **note** that the Arms Act 1983 confirms that owning a firearm is a privilege, not a right, and allows fit and proper people to possess firearms for legal purposes (such as for business, food gathering, and recreational or sporting purposes) while mitigating the risk of misuse by placing limitations at critical control points in the system;
2. **note** that the arms regulator seeks to protect the public from the harm that may be caused by the misuse of firearms through providing regulatory interventions such as licensing of individuals and, between 2023 and 2028, the registering of all firearms held by licence holders;
3. **note** that on 12 April 2021, following reference from the Cabinet Social Wellbeing Committee, Cabinet:
  - 3.1. noted the proposals set out in the paper attached to CAB-21-SUB-0115 on the options for the operating model for delivering improvements in the management of the firearms regime;
  - 3.2. deferred a decision on the preferred option to allow time for consultation with the Arms Advisory Group;
  - 3.3. invited the Minister of Police to;
    - 3.3.1. consult the Arms Advisory Group on the preferred options, including the option of a branded business unit within the Police, but with a review after three years;
    - 3.3.2. report back to Cabinet on the preferred options following consultation with the Arms Advisory Group [CAB-21-MIN-0115].

4. **note** that a Cabinet decision on the entity options is required to enable the Detailed Business Case to be finalised, which will help to confirm and inform future budget bids and ensure the delivery of the Arms Registry by June 2023;

*Arms Advisory Group advice*

5. **note** that I have now consulted with my Arms Advisory Group on the preferred options for the firearms regulatory entity structure that have previously been considered by Cabinet: a Branded Business Unit hosted by Police, and a Crown Agent outside of Police;
6. **note** that the Arms Advisory Group considered the preferred options, including: the purpose of the new entity, ensuring access to arms information and intelligence, implementation risks, and the implications of a dedicated business unit;
7. **note** that the Arms Advisory Group has advised me that their preferred option is to establish a Branded Business Unit hosted by Police, for a trial period supported by:
  - 7.1. a review of the entity's performance and its overall outcomes, commencing by June 2026;
  - 7.2. the Arms Advisory Group contributing to the establishment of Key Performance Indicators (KPIs), including the design/establishment of the external and/or independent monitoring and the shape of the review;
  - 7.3. further discussion on how to achieve external/independent monitoring of the entity – ideally starting from 2023 (or earlier), after the Arms Registry has been established;
8. **note** that Police and I support the Arms Advisory Group's view;
9. **note** that in respect of the Arms Advisory Group's concern about the number of licence applications in the pipeline, Police has initiated investment to improve this situation and considers that a dedicated Branded Business Unit, with sufficient ring-fenced funding will enable the pipeline pressures to be addressed;
10. **agree** to support the establishment of the Arms Regulator, delivered via a dedicated Branded Business Unit, hosted by Police;
11. **agree** to a review commencing in June 2026;

*Transitional considerations*

12. **note** that the Branded Business Unit requires around two years for transition to full implementation, including the establishment of the Arms Registry;
13. **note** that an Executive Director will be appointed to lead the new entity;

14. **note** that I intend to work with the Minister of Finance to establish a separate appropriation for the new entity;

*Detailed Business Case to inform budget bids, cost recovery options, and detailed implementation*

15. **note** that I will report back to the Cabinet Social Wellbeing Committee once the Detailed Business Case has been completed to:

- 15.1. further develop the implementation requirements and present a more detailed operating model design, including the establishment of an operating model for the new Arms Registry;
- 15.2. confirm and inform the future budget bids from Budget 2022/23 onwards related to the arms regulatory system; and
- 15.3. inform cost recovery options based on identified costs for specific activities.

*Cost recovery*

16. **note** that to support the Detailed Business Case and forthcoming budget bids, I have submitted a separate paper to Cabinet on cost recovery considerations for the effective administration of the arms regulatory system.

Authorised for lodgement

Hon Poto Williams

Minister of Police