

In Confidence

Office of the Minister of Police

Chair, Cabinet

## **Effective administration of the Arms Regulatory system**

### **Proposal**

1. This paper:
  - 1.1 seeks draw-down of a tagged contingency for implementing recent legislative changes to improve the efficiency and effectiveness of Police's administration of the Arms Regulatory system and deliver a new operating model that will protect the public from the harm that may be caused by the misuse of firearms; and
  - 1.2 reports back to Cabinet on options for an independent regulatory entity to take over accountability for some of the Arms Act 1983 (the Arms Act) regulatory functions.

### **Relation to government priorities**

2. The proposals in this paper contribute to the Government priority of supporting healthier, safer, and more connected communities. The proposed investment ensures that Police has the capability to deliver on the public safety objectives of the Arms Regulatory system.

### **Executive Summary**

3. The Arms Act provides a regulatory framework which seeks to protect 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. The events of the March 15 Christchurch Mosque attacks brought into stark relief weaknesses in both the legislation and the operationalisation of the Arms Regulatory system.
4. The Royal Commission of Inquiry into the terrorist attack on Christchurch mosques on 15 March 2019 (the Royal Commission) was highly critical of the Police administration of the Arms Act. The Royal Commission made specific recommendations on changes to reduce risk and these recommendations are being delivered through parallel processes managed by Police.
5. The intention to establish an independent regulatory entity to take over accountability for some of the Arms Act regulatory functions from Police was noted by Cabinet in June 2020 [CAB-20-MIN-0263]. I am reporting back on that intention. Deloitte has worked with Police to develop an Indicative Business Case (IBC) which identifies five

options for delivering the improvements in the management of the firearms regime , including the establishment of an Arms Registry.

6. I considered in detail two credible options that scored highly against the critical success factors outlined in the IBC. These were Option 3 (where a new Crown Agent would be established to take over the administrative regulatory functions) and Option 5 (where the policy and administrative regulatory functions are kept within Police – though with significant improvement in regulatory management – within a Branded Business Unit). There are benefits and risks to each of these options.
7. The risk of intelligence failure is one of the main risks of Option 3 (new Crown Agent). This arises because the vast majority of highly sensitive, private information and intelligence is held by Police as part of its core business and appropriate data sharing processes would need to be developed and would, in my view, be problematic.
8. I am also concerned about the retention of arms expertise. Many of the arms staff are long term Police employees (and constabulary officers) and there is a high likelihood of subject matter experts not wishing to transfer to a new Crown Agent (Options 3). Consequently, this will create significant challenge in maintaining the existing licensing capability without disruption for license holders.
9. I consider that on balance, the Branded Business Unit (Option 5) is the best option as it delivers benefits through a lower risk, lower cost approach. I seek agreement to invest in Police via a Branded Business Unit with a ring-fenced appropriation to ensure public safety objectives are being met through the effective administration of the Arms Regulatory system. This decision will confirm where the Arms Registry will be held and will expedite its implementation.
10. While it is important to confirm *where* the administrative regulatory functions will sit, the biggest benefits can be gained from increasing investment in *how* they are delivered.
11. Over past decades, there has been underinvestment in the Arms Regulatory system. I am seeking to significantly increase the investment in people and systems including the establishment of the Arms Registry. This investment will deliver important benefits to New Zealanders: increased public safety; the quality and timely delivery of all legislated responsibilities minimising risk in the firearms environment; and increased ability to measure the effectiveness of Arms Act delivery due to improved visibility and transparency within the system.
12. I seek Cabinet's endorsement of an independent Indicative Business Case (IBC) which has confirmed the scope of change required and an indicative level of investment needed to improve the administration of the Arms Regulatory system. This includes the indicative investment needed to effectively implement the recent legislative changes and make wider improvements to enhance public safety. I also seek Cabinet agreement to draw-down a previously agreed firearms tagged contingency [CAB-20-MIN-0155.26 Revised] to assist with funding these improvements to the Arms Regulatory system.

13. The next step is to begin transition activities which include developing a Detailed Business Case to confirm the implementation requirements and present a more detailed operating model design, including the establishment and operation of the new Arms Registry. The Business Case will also assist with finalising cost recovery options. I expect Police to consult widely in the development of this future operating model, as well as on parallel regulatory amendments.

## **Background**

*The Arms Regulatory system is primarily concerned with public safety*

14. The Arms Act provides a regulatory framework which seeks to protect 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). The Act also mitigates the risk of misuse by placing limitations at critical control points in the system. Police currently acts as both a regulator and a law enforcement agency within the system.

*Firearms are used throughout our community*

15. The Arms Regulatory system supports around 248,000 arms licence holders and 485 licensed dealers to safely use or buy and sell firearms within our community. From 2009 to 2018 an average of 8,100 first-time licence applications and 23,755 licence applications from previous licence holders were received and processed annually. As at February 2016 there were an estimated 1.2 million arms legally held in New Zealand. In 2018, 4,813 import permits were issued and an estimated 55,000 arms are imported per year. On average, there are 600–800 online firearm related transactions per month in Trade Me alone. There is currently no data source to confirm how many private and retail sales of arms take place outside of this single trading platform.

*Weaknesses in the Arms Regulatory system have been identified*

16. The events of March 15 brought into stark relief weaknesses in both the administration of the Arms Regulatory system and weaknesses in relevant legislation. Most of the legislative weaknesses have been addressed through the Arms (Prohibited Firearms, Magazines, and Parts) Amendment Act 2019 and the Arms Legislation Act 2020.
17. The Royal Commission was highly critical of Police's administration of the Arms Act and, in particular its assessment of the terrorist as fit and proper to possess firearms. Police has accepted that its administration of the Arms Act has not always been at the level the public would reasonably expect and the Commissioner has apologised for this. Police had recognised that it needed to significantly improve its administration of the Act and an improvement programme has been underway since prior to the terrorist attack. There is a recognition that ultimately a new operating model is required to achieve the public safety objectives of the Arms Regulatory system.

18. The Royal Commission also made six recommendations to strengthen the Arms licensing system. These were agreed in principle by Cabinet [CAB-20-MIN-0516].
19. The genesis of this Cabinet paper predates the Royal Commission report, and it is not directly responding to the Royal Commission recommendations. However there is clearly an overlap with the findings of the Royal Commission in that my proposals outlined in this paper will respond to the Royal Commission's overall critique of the administration of the regulatory system and because the recommendations will be reflected in the functioning of the improved operating model. A recent update on the recommendations was provided to Cabinet by the Lead Coordination Minister for the Government's Response as part of the first report back [CAB-21-MIN-0049].
20. Two of the recommendations propose changes to legislation and regulations, while others are being addressed through operational improvements. Recommendation 23 relates to the vetting of applicants who have lived overseas. This requires regulation change and public consultation on this change is underway. This proposed change was particularly drawn to the attention of the Islamic Women's Council of New Zealand and the Federation of Islamic Associations of New Zealand through their representatives on Police's Interim Arms Engagement Group. This group brings together representatives of groups that have an interest in Arms control.
21. Recommendation 24 relates to health practitioner reporting of firearms injuries and requires primary legislative change. Work is underway on this and targeted consultation will occur later in 2021.
22. Recommendation 20 relates to introducing an electronic system for processing firearms licence applications. Police has implemented an interim electronic solution while a more comprehensive solution will be developed as part of the Arms Registry.
23. These changes, and wider improvements, will result in a more efficient and effective risk-based firearms licensing system, introduce comprehensive performance indicators, and improve public confidence in the firearms licensing system.

*Increased investment is required for effective administration to meet public safety objectives*

24. Increased investment is required to fully and effectively administer the risk management system provided for in the Act.
25. On 6 April 2020, Cabinet approved an operating tagged contingency of \$60 million over a four-year period, with \$5 million ongoing into the outyears, which recognised the increased regulatory requirements arising from the recent legislative changes, including investment in the new Arms Registry. The drawdown of this tagged contingency was subject to Cabinet approval of a business case providing options for meeting the new legislative requirements [CAB-20-MIN-0155.26 Revised].
26. Crown funding and cost recovery through regulated fees for the core administration of the Act have not changed in any significant way for decades and are now significantly lower than the costs of effective management of the system.



*Options for an independent regulatory entity are considered in this paper*

27. In June 2020, Cabinet noted that the Minister of Police had agreed to the establishment of an independent regulatory entity following Coalition negotiations. Cabinet agreed that officials should undertake further work on a model for moving accountability for some of the Arms Act regulatory functions from Police; and invited the Minister of Police to report to Cabinet in November 2020 on options for an independent regulatory entity [CAB-20-MIN-0263]. This paper (delayed following the election) and the IBC provide that report-back on options.
28. The idea of having an independent entity is not new. The *Review of Firearms Control in New Zealand* by Sir Thomas Thorp in 1997 recommended the establishment of a firearms authority, though this was in a different context than the options set out in this paper. Thorp noted concerns about the priority and focus that Police placed on Arms regulatory functions under the Act, with competition with other high priority Police work meaning not enough focus was given to the development and maintenance of an efficient Arms control system. The options discussed in this paper address these concerns, but have been developed for today's context.
29. Thorp recommended the new authority be tasked to develop, implement, and maintain all the recommendations in his report (including developing a firearms Register). He considered that Police were best placed and skilled to undertake their role in the fit and proper person licensing and revocation assessments, but at that time did not need to be in charge of the other administrative task like creating and maintaining a Register, nor be responsible for collecting fees.
30. Thorp proposed the authority could either have a five-year sunset clause after which administration would revert to Police or could be permanent if it was considered that competition with other Police business after reintegration would involve unacceptable risk of the recurrence of problems which had affected arms control in the past.

**The IBC outlines the investment required to ensure public safety objectives are being met through the effective administration of the Arms Regulatory system**

31. Deloitte have prepared an IBC which proposes the level of investment needed to ensure public safety benefits are delivered through effective administration of the Arms Regulatory system. It identifies the characteristics of an effective firearms regulator and how this may be delivered in an operating model. This analysis recognises that improvements to delivery of the Arms Regulatory system and greater investment is required.
32. The IBC sets out the case for change. Table One summarises the key challenges, investment objectives, benefits, and critical success factors for the Arms Regulatory system. The figure at Appendix One shows how each of these specifically relate to one another.

**Table One: The case for change**

<b>Key challenges</b>	<ul style="list-style-type: none"> <li>• The arms regulatory function is not currently delivering to expectations and would be unable to meet the new regulatory requirements.</li> <li>• Reprioritisation of Police baseline funding and resourcing has occurred to implement new legislative requirements, which is unsustainable.</li> <li>• Trust, confidence, and accountability could be strengthened with Government and the firearms community, by exploring alternative entity models and accountability structures.</li> </ul>
<b>Investment objectives</b>	<ul style="list-style-type: none"> <li>• The system delivers effective regulation of arms, New Zealand is safer as a result.</li> <li>• Sufficient funding and resources are provided to support timely delivery.</li> <li>• Effective monitoring and accountability processes are in place, and there is increased transparency throughout the system.</li> </ul>
<b>Benefits</b>	<ul style="list-style-type: none"> <li>• Increased public safety.</li> <li>• Quality, timely delivery of all legislated responsibilities.</li> <li>• Increased ability to measure the effectiveness of Arms Act delivery due to improved visibility transparency within the system.</li> </ul>
<b>Critical success factors</b>	<ul style="list-style-type: none"> <li>• Deliver effective arms regulatory function.</li> <li>• Support effective arms policing.</li> <li>• Contribute to an integrated and collaborative arms system.</li> <li>• A dedicated focus on arms regulatory activity.</li> <li>• Effective relationships with the licence holders and businesses.</li> <li>• Regulatory processes are clear and easy to comply with for licence holders.</li> <li>• Clear system roles and accountabilities.</li> </ul>

### **Investment will improve the way the Arms Regulatory system is operationalised**

33. Analysis showed that the preferred organisational emphasis for the operating model should be on “risk mitigation, insights and intelligence” with some focus also on automation of key processes (including tasking and prioritisation to improve timeliness of outcomes) and on improving the licence holder experience (to support high levels of compliance).
34. The IBC shows that an investment focused on mitigating risk and using information to inform proactive enforcement and intelligence functions delivers an operating model where:
  - 34.1 controls are embedded throughout regulatory and constabulary processes, and processes use a mix of human support and automation to mitigate risks for the general public and frontline workforce;
  - 34.2 information is analysed to flag risks and support intelligence operations, with predictive and risk analytics informing decision-making;
  - 34.3 services and channels interface with internal systems to quickly raise flags;

- 34.4 there is a high level of system integration, with data capture at near real-time (used for policing intelligence and operational risk decision-making);
  - 34.5 the regulator has a nation-wide workforce to enable relationships-based and face to face interactions, with central service centre support; and
  - 34.6 functional investment is focussed on relationship/regional delivery capability, with dedicated risk monitoring and reporting capability.
35. The IBC sets out the features of the proposed organisational emphasis and shows how it delivers against the critical success factors (see Figure 6, page 37)

**Significant additional funding is required to ensure public safety objectives are met**

36. The IBC assessed five different structural options against the outlined operating model and estimated the funding that may be required to effectively deliver it over the eleven financial years from FY 2020/21 to FY 2030/31 (see Table Two below). I have used this analysis to provide the foundation for my report back on options for an independent regulatory entity.
37. The five structural options were developed by recognising at a high level that the Arms regulatory system has the following regulatory functions:
- 37.1 **policy advice and system oversight;**
  - 37.2 **administrative** (including licensing and arms management)<sup>1</sup>; and
  - 37.3 **policing services**<sup>2</sup>.
38. Examples of activities under the above regulatory functions are set out in Appendix Two and will be further detailed and confirmed in a Detailed Business Case.
39. Four options were identified that moved one or both of the first two regulatory functions away from Police (to another Public Service Department, a Departmental Agency, and/or to a Crown Agent), as well as an option where Police retains all the regulatory functions, establishes a Branded Business Unit, and continues to significantly improve its regulation of the arms environment. The main characteristics of each of these options is set out in Appendix Three.

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<sup>1</sup> Includes checking security, permitting of imports, permitting of high-risk arms items, and in the future certification of clubs and ranges and the establishment and operation of the Arms Registry.

<sup>2</sup> Including responding to firearms related events and events where there may be a risk of firearms being presented, seizing firearms, recovery of stolen items.

**Table Two: Estimated costs for the five options over 11 years**

Option	Where the function/accountability sits	Total costs FY 20/21 to FY 30/31 (\$ millions)
<b>Option 1 (new Policy unit)</b>	Policy advice and oversight functions are delivered by a Public Service Department (PSD); administrative functions are delivered by Police in a branded business unit	<b>453.5</b>
	A similar example is where Tenancy Services, a Branded Business Unit in the Ministry of Business, Innovation and Employment, does the operational work associated with the rental housing legislation, while the Ministry for Housing and Urban Development now administer and develop it.	
<b>Option 2 (new Departmental Agency)</b>	Policy advice and oversight and administrative functions are delivered by a Departmental Agency (DA) within a Public Service Department	<b>535.7</b>
	The four current Departmental Agencies are the Office for Māori Crown Relations—Te Arawhiti, the Cancer Control Agency, the National Emergency Management Agency, and the Social Wellbeing Agency.	
<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>
	Examples of Crown Agents are the New Zealand Transport Agency, the Civil Aviation Authority of New Zealand, Maritime New Zealand, and WorkSafe New Zealand. Police, a non-Public Service Department, does not have policy and oversight functions in any of the systems with Crown Agents.	
<b>Option 4 (new Crown Agent and new Policy unit)</b>	Policy advice and oversight functions are delivered by a separate Public Service Department; administrative functions are delivered by a new Crown Agent	<b>563.6</b>
	Examples of Crown Agents as above under Option 3.	
<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>
	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.	

40. Police has current average annual direct operating expenditure of \$8.1 million for firearms administration covering 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.



41. For each of the five options identified, significant additional funding is required to ensure public safety objectives are being met through the effective administration of the Arms Regulatory system.
42. If the current annual expenditure of \$8.1 million were to continue for eleven years, this would total \$89.1 million. This can be compared to a range of indicative costs over eleven years from \$451.8 million to \$563.6 million for each of the five options (set out in Table Two) which is considered to be needed to deliver on the public safety objectives of the Arms Act at a level of quality that is appropriate.
43. While the costs will be finalised by the Detailed Business Case, I am including these figures as an indication that a step-change in Arms Regulatory system funding is required – irrespective of where the functions sit.
44. I consider that the significant indicative increase from previous years' expenditure is justified and reflects the funding needed to support the new operating model and to implement new regulatory functions derived from the Arms Legislation Act 2020, continue the focus on modernising and improving operational service delivery, and deliver ICT functionality. The total estimated costs in the IBC also include some significant one-off investment required such as the development of the Arms Registry.
45. The totals in Table Two are estimates and will be confirmed in the Detailed Business Case.

### Two options scored highly against the critical success factors

46. The following table summarises the IBC assessment of each of the five options against the critical success factors. More detailed analysis is in the IBC (see Appendix III, page 84).

**Table Three: Summary of assessment of options**

Critical Success Factors	Highest ranking option(s):
Deliver effective arms regulatory function	Options receive the same rank.
Support effective arms policing	Option 5 (the Branded Business Unit) ranks the highest.
Regulatory processes are clear and easy to comply with for licence holders	Option 3 (new Crown Agent) and Option 4 (new Crown Agent and new Policy unit) rank the highest.
A dedicated focus on arms regulatory activity	Option 3 (new Crown Agent) ranks the highest.
Effective relationships with the licence holders and businesses	Options receive the same rank.

Contribute to an integrated and collaborative arms system	Option 1 (new Policy unit) and Option 5 (the Branded Business Unit) rank the highest.
Clear system roles and accountabilities	Option 3 (new Crown Agent) and Option 4 (new Crown Agent and new Policy unit) rank the highest.

47. Two options score highly. These are Option 3 (new Crown Agent) and Option 5 (the Branded Business Unit). On the basis that they both provided credible options for delivering effective arms regulation, the IBC considered implementation and funding for each of these options in more detail.
48. Both Options 3 and 5 require around two years for transition to full implementation. This includes a number of workstreams and takes into account the establishment of the Arms Registry. While preliminary work has been done on the Arms Registry, its future development depends on where the administrative regulatory functions will sit – as that will impact its design and delivery.
49. As noted above, Thorp had suggested there may be able to be a five-year sunset clause on any new entity. This was because the entity he envisioned was being set up to establish the new firearms Registry and to handle money, as well working with others to implement his wider recommendations. Given the nature of the options this paper proposes, I do not consider that a sunset clause after which all regulatory functions return to Police is possible.
50. For each option, a Detailed Business Case will be required to further develop the implementation requirements and the content and costings provided within the IBC and to present more detailed operating model design.

### **Option 3 (new Crown Agent) has benefits but also the greatest costs and some risks**

51. Option 3 sees a new Crown Agent undertaking 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 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).
52. Option 3 (new Crown Agent) achieved the highest overall rank, particularly due to its high ranking for the following critical success factors:
  - 52.1 regulatory processes are clear and easy to comply with for licence holders;
  - 52.2 dedicated focus on Arms regulatory activity; and
  - 52.3 clear system roles and responsibilities.
53. A new Crown Agent has the greatest degree of flexibility to deliver clear, easy regulatory processes for licence holders and foster effective relationships, as the Agent is not bound by existing systems, processes and culture that may exist within

a Public Service Department or Police. Establishing arms-length accountability through a Crown Agent would, by implication, signal that Ministers are seeking to have less direct control on matters of public safety as critical aspects of the regime would be transferred to the Board.

54. Retaining the policy and system oversight regulatory functions in Police ensures general information, specialist knowledge, and operational and frontline impact awareness is not lost. Police would remain focussed on regulatory stewardship, providing advice to the Minister of Police, monitoring the new Crown Agent, and supporting the Minister's Arms Advisory Group.
55. Establishing a new Crown Agent would require considerable work to transition functions currently within Police to the Crown Agent. Moving regulatory functions to a Crown Agent has significant risks that will need to be managed. These risks include complex integration with Police IT systems, privacy considerations related to sharing information, and possible intelligence failure (all discussed in more detail below). The consequences of failure would not easily be contained within the confines of the Crown Agent's Board.
56. Most of the information and intelligence which informs assessment of risk and the appropriateness of individuals to hold firearms is gathered and held by Police as part of its core business. Much of this is highly sensitive and private information and the identification of risk often requires the collation of multiple data and intelligence that individually may not reach a risk threshold, but together demonstrate a pattern suggesting a risk of firearm harm. Appropriate data sharing processes would need to be developed to share information with the Crown Agent (such as information used for determining the fit and proper status of licence holders at time of application and throughout the licence period). Greater security controls and privacy assurance will be needed to ensure only those who have authority can access highly sensitive information.
57. I am concerned about the complexity of arrangements that would need to be established and maintained that would involve privacy, security, intelligence, and operational policing functions. While a system can be designed to try to provide trusted intelligence arrangements and effective information sharing, complexities relating to intelligence can lead to significant risk. In particular, data sharing arrangements are unlikely to adequately lead to sharing of the intelligence and information that may, when pieced together, identify risk.
58. Timely and accurate information sharing will have a direct impact on the risk to safety of frontline Police. Police would require real time access to the Crown Agent's Arms Registry (once built) to enable frontline Police to determine the legality of any firearms identified during normal Police business and to reduce exposure to avoidable risk when undertaking duties. There would also need to be information sharing arrangements with other agencies, such as Customs (relating to imports).
59. I am also concerned about the risk of the Crown Agent not having the appropriate arms expertise in the short-term. Many of the arms staff are long term Police employees. There is a high likelihood of subject matter experts wishing to remain employed by Police (both constabulary and non-sworn staff) and not transfer to a

new Crown Agent. Consequently, this will create capability building challenges for the new Crown Agent.

60. Overall, I consider that the benefits of this option do not outweigh the risks.

**Option 5 (the Branded Business Unit) could build on recent improvements and deliver benefits through a lower risk, lower cost approach**

61. In recent years (and prior to the terrorist attack on Christchurch mosques) Police had identified that improvements in firearm administration was required and a multi-year improvement programme had been started.
62. Under Option 5 (the Branded Business Unit) Police retains all the regulatory functions and continues to significantly improve its regulation of the arms environment. Regulatory functions and funding would be ring-fenced through the introduction of a Branded Business Unit within Police and establishment of a dedicated appropriation.
63. As with Option 3, the policy and system oversight function remains with Police, which ensures general information, specialist knowledge and operational and frontline impact awareness is not lost.
64. Option 5 (the Branded Business Unit) ranked highly against the following two critical success factors:
- 64.1 contributing to an integrated and collaborative Arms system; and
- 64.2 supporting effective Arms policing.
65. The implementation of this option would require the firearms improvement programme already underway to be strengthened and enhanced (with a scope and resource increase) so that it can deliver the new operating model. Key aspects of the current improvement programme are already well-aligned with the recommended new operating model, such as increasing the capability and scope of central functions.
66. The integration requirements and risks are removed with Option 5 as Police has access to all critical data as owner of both the regulatory and constabulary workforce. Although there is less flexibility to change licence holders' experiences, investment would be made to improve customer facing systems and processes. There will be a single point of contact for regulated parties and other actors in the system, so there will be no confusion about which organisation to contact in certain situations.
67. My officials have engaged with Te Kawa Mataaho Public Service Commission and confirmed that in the short-term greater confidence, leadership, and assurance can be given through the establishment of a dedicated Executive Director to lead transformation and operation of the Branded Business Unit. Whether the role requires a statutory basis can be considered in the longer term.
68. The Executive Director's sole focus will be on effective and consistent administration of the regulatory system. The Executive Director will be separate from Police's



operationally facing executive management team and will control their own budget. This may assist in public perception of the regulator being independent from day-to-day policing activities. It will also help to address any concerns about the Arms administrative regulatory work being in competition with other higher priority Police work (an issue identified by Thorp in 1997). To further avoid this risk into the future I consider establishing a separate appropriation will ensure certainty and transparency of funding and I will work with the Minister of Finance to develop the appropriation.

69. I expect to engage directly with the Executive Director on regulatory management matters and for them to be visible to the community and the media to enable accountability for these matters in the public eye.
70. This does not remove the Commissioner of Police's accountability for delivering a high quality regulatory system. Indeed, I am exploring issuing a Ministerial Direction to the Commissioner of Police under section 16(1)(e) of the Policing Act 2008 to clarify his accountability for Arms regulation and to confirm the critical role of Executive Director.
71. Furthermore, transparency of the administration would be assisted by the establishment of the Minister's Arms Advisory Group (the Advisory Group) and by the statutory review that will commence three years after the Registry is established, which can include a review of the delivery of the regulatory system.
72. Cabinet approved the membership of the Advisory Group on 30 March 2021 [CAB-21-MIN-0085]. The Advisory group will enhance the public oversight of Police's administration of the firearms system. While the Arms Act enables the Advisory Group to provide advice on any matter relating to firearms in New Zealand, I intend to specifically ask them, as an early priority, to advise on the on-going performance measures that need to be in place to best indicate the objectives of the Act are being achieved. Regular reporting against these indicators will significantly lift public accountability. I would expect the Executive Director of the Business Unit to attend my Advisory group when appropriate to ensure visible accountability.
73. I note that Police, implementing Recommendation 22 of the Royal Commission, is also developing key measures on public confidence in the firearms licensing system (as measured by New Zealand Police citizens' satisfaction survey reports or a similar mechanism).
74. Police will continue its interim electronic solution for processing firearms licence applications to meet Recommendation 20 ahead of the delivery of the Arms Registry which will provide the comprehensive solution. I am assured by officials that the new system will be electronically separated from existing Policing systems and integrated appropriately to ensure security and privacy requirements.
75. The improvements already underway, strengthened and enhanced through increased investment in the new operating model, should drive improvements in overall trust and confidence in the system and Police's delivery of it.
76. In summary, Option 5 (the Branded Business Unit) will deliver the following key benefits:

- 76.1 dedicated executive leadership and staff;
- 76.2 ring-fenced funding, with transparent public reporting and accountability; and
- 76.3 subject to further work, improved clarity of the firearms regulatory accountability of the Commissioner of Police and the role of the Executive Director by way of a Ministerial Direction.

77. On balance, I consider Option 5 (the Branded Business Unit) is the best option as it delivers benefits through a lower risk, lower cost approach. I seek agreement to support and invest in Police via the Branded Business Unit to ensure public safety objectives are being met through the effective administration of the Arms Regulatory system.

### Ongoing funding for the Arms Regulatory system

78. As noted above in Table Two, the indicative costs for the Branded Business Unit option over 11 financial years from FY 2020/21 to FY 2030/31 is \$451.8 million. Table Four provides more detail of the estimated cost breakdown over this period. These costs will be further defined in the Detailed Business Case and may be subject to change.

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

Option 5 (the Branded Business Unit) (\$ millions)	Note totals are provided for the period to the end of FY 2030/31						
	2020/21	2021/22	2022/23	2023/24	2024/25	<sup>6</sup> 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	s. 9(2)(f)(iv) OIA	
Operations management staff	2.0	5.7	5.9	6.8	7.6		
Other direct costs	2.2	2.8	5.9	6.8	7.0		
Non-core operational costs	-	2.9	2.9	2.9	2.9		
Registry & ICT ongoing costs	-	-	2.5	5.4	5.4		
<b>Total</b>	<b>23.5</b>	<b>49.8</b>	<b>40.4</b>	<b>41.4</b>	<b>45.2</b>	<b>251.5</b>	<b>451.8</b>

79. On 6 April 2020, Cabinet approved an operating tagged contingency of \$60 million over a four-year period, with \$5 million ongoing into the outyears for Arms Regulatory system activities. This tagged contingency will go a long way initially towards meeting the required increase in investment. The financial implications section of this paper seeks approval for draw down from the tagged contingency to meet costs in the current FY 2020/21 and in FY 2021/22.

80. A budget bid will be established for Budget 2022 to fund the updated and on-going costs confirmed in the Detailed Business Case. As part of the Detailed Business Case development, I will also look at the cost recovery settings, discussed below.

### **Cost recovery settings need reviewing**

81. The fees for firearms licencing have remained unchanged for many years. In 1999, the fee for a ten-year firearms licence was set at \$123.75 (now \$126.50 due to GST increases). This was approximately 50% of the estimated cost of processing an application for a firearms licence at that time (\$236.25). The remaining 50% was to be met from the Vote Police appropriation. The fee for a dealer's licence was set at an annual fee of \$200 (now \$204) and the fee for one or more endorsements (which exist for the length of the licence – up to 10 years) was set at \$200 (now \$204).
82. Apart from the GST increases, there has been no other adjustment for increased costs over the last 21 years. In addition, some services of significant private benefit, such as the provision of import permits, are provided free. Other services for which there is no fee include: training for first-time firearms licence applicants, approval/ inspection of sample firearms (to assess whether the item should be imported), permits to possess prohibited and restricted items, endorsement applications for pest controllers, and certification of clubs and ranges.
83. Over a 21-year period, this has resulted in significant public funding of the administration of the Arms Act. The divergence between the fees and costs will only increase, particularly in light of the increased investment needed to meet public safety objectives and be an effective regulator.
84. The Arms Act enables recovery of costs for specified activities. Fees need to be set at a level that balances the private and public good. Any change requires public consultation, after which the Minister of Police may recommend that the Governor-General make regulations prescribing fees or charges. Previous analysis of possible fees will need to be updated to take into account the new operating model.
85. I propose to report back on specific options for cost recovery once the costs become clearer through the development of the Detailed Business Case. This will provide an opportunity for Cabinet to consider the balance it wishes to maintain between the Crown contribution and service user contribution to the administration of the Act.

### **Implementation**

86. Option 5 (the Branded Business Unit) requires around two years for transition to full implementation, including the establishment of the Arms Registry. Police will:
- 86.1 continue with the firearms improvement programme already underway, strengthened and enhanced in line with the IBC;
  - 86.2 deliver a Detailed Business Case by December 2021;
  - 86.3 lead the establishment of a Branded Business Unit by the end of 2022 with support from The Treasury;

- 86.4 by May 2021, establish a transition board (agreed in consultation with the Minister of Police) to provide governance oversight which will be chaired by the Police Deputy Commissioner – Strategy and Service; and
- 86.5 work with the Public Service Commission on the appointment of an Executive Director to lead the Branded Business Unit.
87. The transition board will provide governance for establishing the regulatory capability within the Arms system. The board membership will consist of experts in governance, regulatory affairs, service delivery, firearms and enforcement. The board will support the new Executive Director.
88. The Detailed Business Case will further develop the implementation requirements, detail the operating model design, confirm the cost recovery approach, and confirm high-level design and costings for a new Arms Registry.
89. I consider that it will be important to consult stakeholders during development of the Detailed Business Case. This is because there is strong interest in ensuring changes will enhance public safety. I will direct my officials to consult with interested parties, such as my Advisory Group and the Firearms Community Advisory Forum (FCAF). It will also be important to engage with the Muslim and wider ethnic and faith communities, particularly in the context of the wider Royal Commission community engagement.

## Financial Implications

90. The immediate financial implications from this paper relate to confirming Cabinet agreement to draw down the tagged contingency in the manner discussed below to meet costs in FY 2020/21 and FY 2021/22.

*The established tagged contingency and existing baseline funding can off-set funding required through future budget processes*

91. As I noted in paragraph 35, Police has historic average annual direct operating expenditure of \$8.1 million for firearms administration covering district and national headquarters activity (with an additional overhead component of around \$5 million per annum). The \$8.1 million funding will continue to be available.
92. On 6 April 2020, Cabinet agreed to a \$60 million four-year tagged operating contingency, and \$5 million ongoing into the outyears. Draw-down is subject to Cabinet's approval of a business case providing options for meeting the new legislative requirements [CAB-20-MIN-0155.26 Revised]. The amounts provided were:

	\$m – increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Implementation of the Arms Legislation Act – Tagged Operating Contingency	28.000	22.000	5.000	5.000	5.000



93. The established tagged contingency and existing baseline funding can partially off-set funding required for the recommended option. For this, Police seeks agreement:

93.1 to change phasing of the tagged contingency to align to the funding required (ie moving some FY 2020/21 contingency to FY 2021/22);

93.2 to expand the purpose of the tagged contingency from “meeting the new legislative requirements” to “ensuring legislative requirements are being met through the effective administration of the Arms Regulatory system”; and

93.3 to re-categorise part of the existing operating tagged contingency to a capital contingency for the establishment of the Arms Registry.

94. The following shows the proposed rephasing and categorisation of the tagged contingency:

	\$m – increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Implementation of the Arms Legislation Act – Tagged Operating Contingency	15.400	23.500	7.00	3.000	5.000
Implementation of the Arms Legislation Act – Tagged Capital Contingency	-		11.000	-	-

95. The IBC identified costs in FY 2020/21 totalling 23.5 million. This can be partially met by the \$8.1 million average annual direct operating expenditure. Police seeks to draw-down the further \$15.4 million from the tagged contingency to recover the costs for meeting their obligations with regards to implementing recent legislative changes and the ongoing improvement programme designed to meet public safety objectives and be a more effective regulator, specifically:

95.1 a significant uplift in arms staff (approximately 80 district staff and 45 central staff);

95.2 update to internal systems (processes and forms) and nationwide rollout;

95.3 deployment of online application submission capability;

95.4 update to Police Instructions due to legislation change;

95.5 internal training content development and delivery to staff;

95.6 community engagement and safety training development;

95.7 scoping of future firearms operating model;

95.8 introducing mobile working for the vetter workforce (mobile phones and laptops);

95.9 establishment of change programme team (related to the wider improvement programme);

95.10 Indicative Business Case development; and

95.11 policy development supporting new legislation.

96. During FY 2020/21, Police have delivered to the Government requirements (as outlined above) by diverting internal funds. The continual delays in the draw-down process have resulted in Police being heavily over-subscribed to support firearms and require immediate funding to support the implementation of the firearms legislation. Police are unable to fund the necessary investment from within their baseline.
97. The IBC identified costs in FY 2021/22 totalling \$49.8 million. This total has been revised to \$31.6 million which represents the immediate operational requirements and change programme (the work activities to be done regardless of the option chosen). The majority of the deferred costs relate to the purchase and implementation of the Arms Registry. The Registry costs will be confirmed in the Detailed Business Case. The \$31.6 million can be partially met by the \$8.1 million average annual direct operating expenditure. Police seeks to draw-down a further \$23.5 million from the tagged contingency.

**Table Five: Estimated Arms Cost for FY 2021/22 (deferred registry)**

<b>Option 5 (the Branded Business Unit) (\$ millions)</b>	<b>2021/22</b>
Change programme team	6.2
Registry & ICT	3.5
Other transition costs	0.5
Core operations staff	14.7
Operations management staff	1.6
Other direct costs	2.1
Non core operational costs	2.9
Registry & ICT ongoing costs	-
<b>Total costs</b>	<b>31.6</b>
<i>Less Police baseline</i>	8.1
<b>Total draw-down</b>	<b>23.5</b>

98. The revised FY 2021/22 investment will provide additional operational staff to deliver improved licensing processes, progress implementation of the process and people changes, and establish the Branded Business Unit, including leadership. The recruitment of additional staff will commit Police to ongoing funding which will be included in the Detailed Business Case.
99. The tagged contingency will contribute towards the further investment required in the Arms Regulatory system in the following years. For example, in FY 2022/23, \$11 million will go towards procuring and implementing the new firearms registry, and the further \$7.1 million will go towards configuring and supporting the system.

100. Upon Cabinet endorsement of the Detailed Business Case (which includes Cabinet decisions on cost recovery) Police will submit a 2022 budget bid for future funding.
101. Due to the revisions discussed in paragraph 57, some of the tables and discussion in the IBC that relate to a proposed reallocation of the tagged contingency and/or future budget bids are no longer aligned with this paper.

## **Legislative Implications**

102. There will be no legislative implications if Cabinet agree with my proposal to not establish a new regulatory entity. However, if Cabinet decide to establish a new Crown Agent to take accountability for the administrative functions under the Arms Act (Option 3) the Arms Act will need to be amended. Amendments will include moving some of the decision-making and risk management functions under the Act (such as licensing, permitting, inspections and auditing) from Police to the new Crown Agent, as well as Crown Agent establishment provisions. A placeholder bid for this Amendment Act was placed on the Legislative Programme, with a priority of category 4: to be referred to a select committee in 2021.

## **Impact Analysis**

### **Regulatory Impact Statement**

103. The Regulatory Impact Analysis team at the Treasury has determined that the proposals about a new firearms regulatory entity is exempt from the requirement to provide a Regulatory Impact Statement (RIS) on the basis that it would substantively duplicate the Business Case. This exemption is granted on the condition that the document contains all the requirements that would otherwise be included in the RIS. The RIA team at the Treasury has reviewed the Business Case and confirmed that it contains these requirements.

### **Climate Implications of Policy Assessment**

104. The Climate Implications of Policy Assessment (CIPA) team has been consulted and confirms that the CIPA requirements do not apply to this proposal as there is no direct impact on emissions.

### **Population Implications**

105. There are around 248,000 licence holders and 485 dealers in New Zealand.
106. 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.
107. The Arms Act establishes a regulatory framework designed to protect the public from the harm that may be caused by the misuse of firearms. Improvements to the administration of the Arms Regulatory system should improve public safety by preventing criminal misuse of firearms. Reducing the opportunity for firearms to get into criminal hands consequently should reduce the opportunities for people to become victims of firearms crime.

108. Based on a sample of data, in 2018, Māori represented 29.6% of victims of firearms offences<sup>3</sup> where there was an identified victim whose ethnicity was known, and by 2020, this had increased to 37.3%.<sup>4</sup>
109. 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.

## **Human Rights**

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

## **Consultation**

111. 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 (Customs), Te Puni Kokiri, the Ministry of Foreign Affairs and Trade, the Department of Conservation (DOC), the Ministry of Primary Industries, the New Zealand Defence Force, Ministry of Culture and Heritage and Te Arawhiti.
112. The Treasury prefer Option 5 (the Branded Business Unit) over Option 3 (new Crown Agent) due to concerns about operational and security risks and that a new Crown entity would not deliver good value for money. PSC also prefer Option 5 over Option 3 because where a regulatory regime carries a high level of risk, and where significant trade-offs need to be considered, those functions should not be held at arms-length from Ministers.

## **Communications**

113. I will release a media statement announcing the final decision.

## **Proactive Release**

114. It is intended to release this paper after decisions are confirmed by Cabinet.

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<sup>3</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>4</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.



## Recommendations

The Minister of Police recommends that Cabinet:

### *Options for an independent regulatory entity*

1. **note** that in June 2020, Cabinet:
  - 1.1. noted that the Minister of Police had agreed to the establishment of an independent regulatory entity;
  - 1.2. agreed that officials undertake further work on a model for moving accountability for some of the Arms Act regulatory functions from Police; and
  - 1.3. invited the Minister of Police to report to Cabinet in November 2020 on options for an independent regulatory entity [CAB-20-MIN-0263];
2. **note** that five options were identified and assessed, with Options 1 to 4 moving the policy advice and system oversight regulatory function and/or the administrative (including licensing and arms management) regulatory function away from Police, and Option 5, where Police retains all the regulatory functions, establishes a Branded Business Unit, and continues to significantly improve its regulation of the arms environment;
3. **endorse** the attached Indicative Business Case (IBC) which identifies the characteristics of an effective firearms regulator, how this may be delivered in an operating model, what that new operating model looks like across the five options, and the estimated costs;
4. **note** that Option 3 (new Crown Agent to undertake administrative functions, including licensing and arms management) and Option 5 (the Branded Business Unit) scored well across the critical success factors and both provide credible options for delivering effective arms regulation;
5. **note** the new Crown Agent option has some benefits, including a greater degree of flexibility to deliver clear, easy regulatory processes for licence holders and foster effective relationships
6. **note** that the new Crown Agent option also bring some risks that would need to be mitigated, including complex integration with Police IT systems, needing to manage information flows in a consistent manner with privacy considerations, and significant risk of intelligence failure leading to community safety risks;
7. **note** that with Option 5 (the Branded Business Unit) the integration requirements and risks are removed as Police has access to all critical data as owner of both the regulatory and constabulary workforce; and investment would be made to improve customer facing systems and processes;
8. **note** that Option 5 (the Branded Business Unit) is the best option as it delivers benefits through a lower risk, lower cost approach than Option 3 (new Crown Agent);

9. **note** that Option 5 (the Branded Business Unit) requires around two years for transition to full implementation, including the establishment of the Arms Registry;
10. **agree** to establish and invest via a new Branded Business Unit (Option 5) within Police;
11. **note** Police will work with the Public Service Commission on the appointment of an Executive Director to lead the Branded Business Unit;
12. **note** I intend to work with the Minister of Finance to establish a separate appropriation for the Branded Business Unit;
13. **note** I am exploring making a Ministerial Direction under section 16(1)(e) of the Policing Act 2008;

#### *Financial recommendations*

14. **note** that on 6 April 2020, Cabinet agreed to a \$60 million four-year tagged operating contingency and \$5 million ongoing into the outyears, with draw-down subject to Cabinet approval of a business case providing options for meeting the new legislative requirements [CAB-20-MIN-0155.26 Revised];

	\$m – increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Implementation of the Arms Legislation Act – Tagged Operating Contingency	28.000	22.000	5.000	5.000	5.000

15. **note** the IBC details options analysis for the preferred organisational emphasis for investment;
16. **agree** that the purpose for the tagged contingency can be expanded from “meeting the new legislative requirements” to “ensuring legislative requirements are being met through the effective administration of the Arms Regulatory system”;
17. **agree** the rephrasing and categorisation of the tagged contingency as noted below:

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

18. **agree** to the partial drawdown of the tagged contingency to continue to meet the requirements;
19. **approve** the following changes to appropriations to provide for the decision in recommendation 18 above, with a corresponding impact on the operating balance and net core Crown debt:

	\$m – increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
<b>Multi-Category Expenses and Capital Expenditure:</b>					
Policing Services (MCA) Departmental Output Expense: Crime Prevention (funded by revenue Crown)	15.400	23.500			
<b>Total Operating</b>	<b>15.400</b>	<b>23.500</b>	-	-	-
<b>Total Capital</b>	-	-	-	-	-

20. **agree** that the expenses incurred under recommendation 19 above be charged against the [Implementation of the Arms Legislation Act – Tagged Operating Contingency] described in recommendation 17 above;

*Cost recovery*

21. **note** the Regulation making powers of the Arms Act 1983 provides for fees to be set and that the current fees were set in 1999 for some but not all activities;
22. **note** some activities provided for in the Arms Act and required of Police (and if in future the new Crown Agent) to deliver substantial private and commercial benefit for applicants and some those activities are delivered free of charge;

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

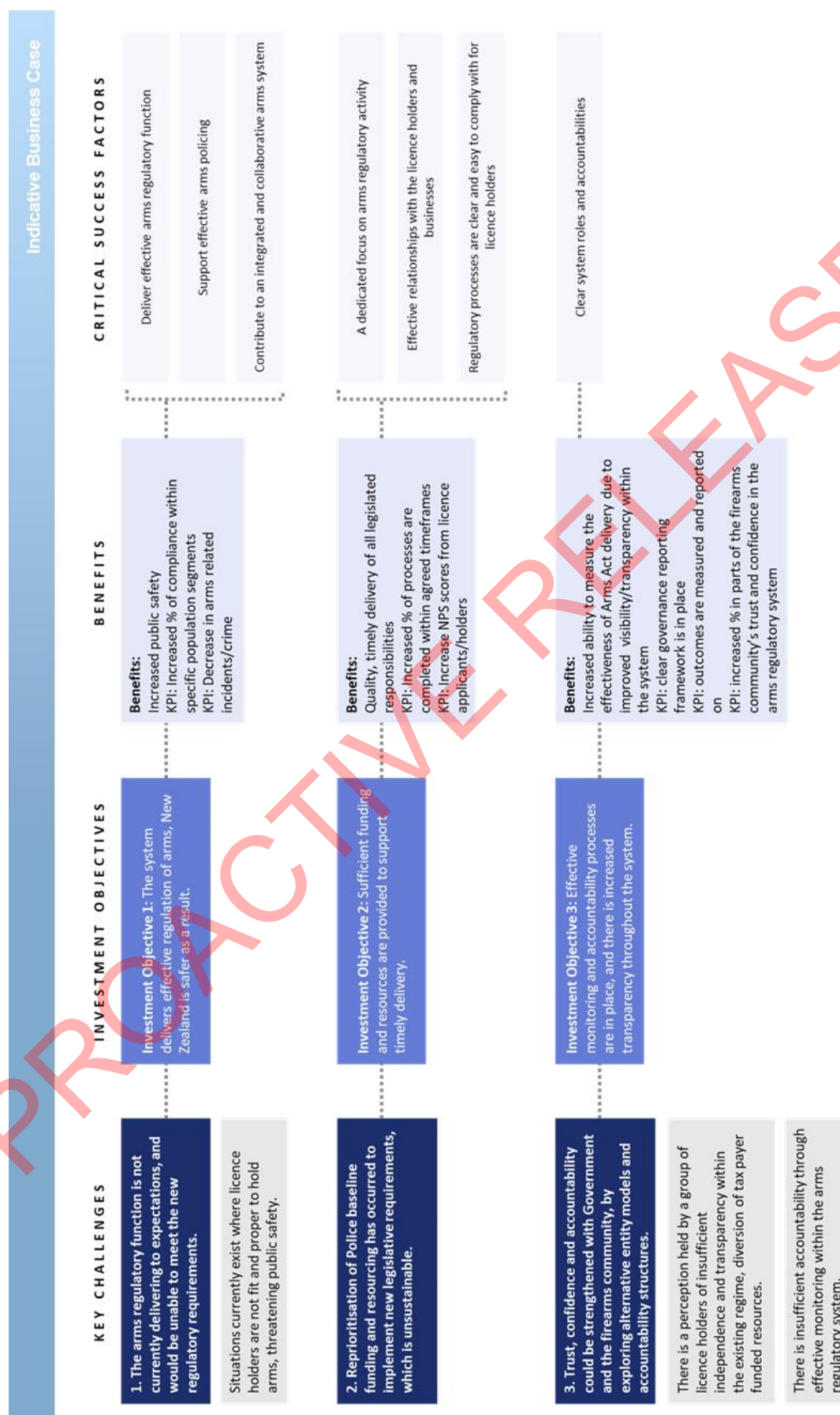
23. **note** I will report back to the Cabinet Social Wellbeing Committee once a Detailed Business Case has been completed to:
- 23.1. further develop the implementation requirements and present more detailed operating model design, including the establishment of and operating the new Registry;
- 23.2. confirm and inform the future budget bids from Budget 2022/23 onwards related to the Arms Regulatory system; and
- 23.3. inform cost recovery options based on identified costs for specific activities.

Authorised for lodgement

Hon Poto Williams

Minister of Police

## Appendix One: The case for change





## Appendix Two: Regulatory functions currently undertaken by Police in the Arms regulatory system

### Policy advice and oversight functions

- regulatory stewardship
- advising the responsible Minister
- legislative development (including regulations)
- monitoring and evaluation
- secretariat to the Minister's Arms Advisory Group (once set up)

### Administrative functions (including operational policy and service delivery)

#### Licensing

- licensing applications
- arms safety education and training
- endorsements, permits and approvals
- management of licence holdings (e.g. change of address)
- management of cessation of licence (surrender, death, expiry, revocation and suspension)
- compliance (audits, inspections, certifications and improvement notices)
- health practitioner notification management
- regulatory investigations

#### Arms management

- registration and transfers of possession for prohibited arms items, pistols, restricted weapons and arms modifications
- applications to import, export or manufacture arms
- management of arms holdings (lost, reports of stolen, found, surrendered, seized arms)
- storage, transport and destruction of arms
- arms items as evidence in proceedings

#### Operational policy and engagement

- agency engagement
- community engagement
- media engagement and responding to Official Information Act requests
- engagement with the Firearms Community Advisory Forum (FCAF) (along with Policy)
- strategy and operational policy (development of processes, policies and procedures)
- quality assurance and performance reporting
- decision review

### Policing (operational) functions

- policing our borders
- intelligence and strategy (intelligence collection and response, interagency and international collaboration)
- policing illegally held arms in the community
- criminal/forensic investigations
- arms encountered in routine situations
- arms encountered in unsafe situations.

	Option 1 (Policy PSD / Admin Police)	Option 2 (Policy DA / Admin DA)	Option 3 (Policy Police / Admin CA)	Option 4 (Policy PSD / Admin CA)	Option 5 (enhanced SQ)
<b>Description</b>	Regulatory functions (Arms Act administration) are delivered by the Police in a branded business unit.  Policy advice and oversight functions are delivered by a Public Service Department.	Regulatory functions (Arms Act administration) and policy advice and oversight functions are delivered by a Departmental Agency within a Public Service Department.	Regulatory functions (Arms Act administration) are delivered by a new Crown Agent.  Policy and oversight functions remain with the Police.	Regulatory functions (Arms Act administration) are delivered by a new Crown Agent.  Policy advice and oversight functions are delivered by a separate Public Service Department.	Regulatory functions (Arms Act administration) and policy advice and oversight functions are delivered by the Police in a branded business unit.
<b>Accountability</b>	The Police Commissioner is accountable to the Minister for Police's performance.  The Chief Executive of the Public Service Department is accountable to the Minister for the Department's performance.	A Chief Executive is appointed and accountable to the Minister for the Agency's performance. The Minister responsible for the Agency can be different from that of the host Public Service Department.	An independent Board oversees the Agent and is accountable to the Minister. The Board appoints a Chief Executive.  The Police Commissioner is accountable to the Minister for Police's performance.	An independent Board oversees the Agent and is accountable to the Minister. The Board appoints a Chief Executive.  The Chief Executive of the Public Service Department is accountable to the Minister for the Department's performance.	The Police Commissioner is accountable to the Minister for Police's performance.
<b>Independence</b>	Provides for high degree of ministerial oversight, control and accountability. The Minister has a close relationship with the regulator and has power to direct the Police to give effect to government policy.  An independent Public Service Department would provide independent policy advice to the Minister.	Provides for high degree of ministerial oversight, control and accountability. The Minister has a close relationship with the regulator and has power to direct the Agency to give effect to government policy.  Provision of policy advice to the Minister is less independent, as the Agency is also responsible for policy and oversight.	Governance board puts regulator at arms-length from ministers.  The Agent must "give effect to" policy that relates to the entity's functions and objectives if directed by Minister. The Police would provide independent policy advice to the Minister.  Must "give effect to" whole of government approach if directed by Ministers of Finance and State Services.	Governance board puts regulator at arms-length from ministers.  The Agent must "give effect to" policy that relates to the entity's functions and objectives if directed by Minister. A Public Service Department would provide independent policy advice to the Minister.  Must "give effect to" whole of government approach if directed by Ministers of Finance and State Services.	Provides for high degree of ministerial oversight, control and accountability. The Minister has a close relationship with the regulator and has power to direct the Police to give effect to government policy.  Provision of policy advice to the Minister is less independent, as the Police is also responsible for policy and oversight.
<b>Establishment</b>	No legislative changes required. Change programme is established to improve existing services within the Police.  The policy function is transitioned to a Public Service Department.	Cabinet agrees to establish, including the role and principal functions of the departmental agency.  Arms Act amendment required.	The Crown Entities Act 2004 requires separate legislation to establish a new crown agent (can be the same legislation that sets out specific powers).  Arms Act amendment required.	The Crown Entities Act 2004 requires separate legislation to establish a new crown agent (can be the same legislation that sets out specific powers).  Arms Act amendment required.	No legislative changes required. Change programme is established to improve existing services.
<b>Benefits</b>	Leverages existing arrangement  Enhanced independence within the system  Improved public perception	Enhanced independence within the system  Opportunities presented through divestment	Leverages existing arrangement  Enhanced independence within the system  Opportunities presented through divestment  Enhanced governance and accountability	Enhanced independence within the system  Opportunities presented through divestment  Enhanced governance and accountability	Leverages existing arrangements
<b>Risks</b>	Divestment causes complexity/inefficiency  Lack of agency/separation  Lack of responsiveness	Divestment causes complexity/inefficiency  Intelligence failure  Legislative reform  Lack of agency/separation  Lack of responsiveness  Reliance and reduced flexibility	Divestment causes complexity/inefficiency  Intelligence failure  Legislative reform  Lack of agency/separation  Lack of responsiveness	Divestment uses complexity/inefficiency  Intelligence failure  Legislative reform  Lack of responsiveness  Complex arrangement due to three actors within the system	Lack of agency/separation  Lack of responsiveness