



# Arms regulations: Review of fees 2022

Discussion document

This discussion document sets out proposals for licensing fees under the Arms Act 1983. It covers:

- changing current fees, including for firearms licences, dealer's licences, visitor licences and licence endorsements, and
- setting new fees (where no fee has been previously set).

This discussion document was published in December 2022 by New Zealand Police  
| Ngā Pirihimana o Aotearoa.

Police National Headquarters  
180 Molesworth Street  
PO Box 3017  
Wellington

[www.police.govt.nz](http://www.police.govt.nz)

Cover image: Rolla Island, used under a creative commons licence.



© Crown copyright

This work is licensed under the Creative Commons Attribution 4.0 International licence. In essence, you are free to copy, distribute and adapt the work, as long as you attribute the work to the Crown and abide by the other licence terms.

To view a copy of this licence, visit <https://creativecommons.org/licenses/by/4.0/>. Please note that no departmental or governmental emblem, logo or Coat of Arms may be used in any way which infringes any provision of the Flags, Emblems, and Names Protection Act 1981. Attribution to the Crown should be in written form and not by reproduction of any such emblem, logo or Coat of Arms.

# Table of contents

1. Introduction .....	5
1.1 Why we want your feedback .....	5
1.2 Submissions.....	5
2. The current fees system.....	6
2.1 How the current system is funded.....	6
2.2 Current fees .....	7
2.3 Services provided without a fee .....	8
2.4 Why current funding needs to be fixed.....	8
2.5 Fee type advantages and disadvantages .....	9
2.6 Should the Crown subsidise costs? .....	10
2.7 Criteria for assessing the options.....	10
2.8 Presentation of fees in tables.....	11
3. Licence fees .....	11
3.1 Firearms licence.....	11
3.2 Dealer's licence.....	19
3.3 Dealer's licence – museum director curator .....	25
3.4 Fee for visitor licence .....	29
4. Endorsements on dealer's licence .....	31
4.1 Dealer endorsements (including museum curators).....	31
4.2 Dealer employee endorsements (including theatrical armourers).....	33
5. Endorsements on firearms licence and permits to possess .....	35
5.1 Licence endorsements .....	35
5.2 Permit to possess an item needing endorsement .....	42
6. Miscellaneous fees.....	44
6.1 Fees for additional place of business .....	44
6.2 Fee for notification and approval of an ammunition seller .....	48
6.3 Fee for mail order/internet sales .....	49
6.4 Fee for import permits.....	50
6.5 Fee for replacement card or permit.....	56
6.6 Fee variation to endorsement – permission to carry .....	57
6.7 Modification/assembly of firearms.....	59
Appendix One – Methodology applied to establish cost to Police of delivering each regulatory activity .....	61

Legal framework.....	61
Activity-based costing .....	61
Costs included in calculating fees .....	61
Fee types .....	62
Fixed fees .....	62
Variable fees .....	62
Future demand.....	62
Appendix Two – Cost recovery provisions in the Arms Act.....	63
Section 80 Activities that may be subject to cost recovery .....	63
Section 81 Criteria for cost recovery .....	63
Section 82 Consultation .....	64
Section 83 Methods of cost recovery .....	64
Section 84 Payment of fee or charge .....	65
Section 85 Exemptions, waivers, and refunds .....	65
Section 86 Regulations relating to cost recovery .....	65
Appendix Three – Relevant provisions of the Arms Act 1983 and the Arms Regulations 1992.....	66
Appendix Four – Assessment of fee proposals (a summary).....	68

# 1. Introduction

New Zealand Police, Ngā Pirihimana o Aotearoa (Police), seeks your views on proposed fee changes for firearms licences and associated activities. For many years, fees have not been adjusted to cover the costs of administering the firearms licensing, permitting, and approval system. That means that people who benefit from owning and dealing in firearms have had their activities subsidised to an increasing extent by the Crown. We are now developing proposals to review and set firearms-related fees.

This discussion document has five parts:

- **Part 1:** background and the process for making a submission
- **Part 2:** licence fees – for firearms licences, dealer’s and visitors’ licences
- **Part 3:** endorsements on dealer’s licences, including museum curators which are given separate consideration, and endorsement fees for dealer employees
- **Part 4:** endorsements on firearms licences and permits required to possess an item requiring an endorsement
- **Part 5:** fees for a changed place of business, gun shows and auctions, mail order and internet sales, import permits, as well as fees for import samples and replacement licence or permit cards.

## 1.1 Why we want your feedback

The Arms Act 1983 (the Act) requires us to consult with anyone who might be affected by the changes. We want to hear from firearms licence holders, organisations from the community of firearms owners, as well as the general public. We want to hear from iwi/Māori, as partners under Te Tiriti o Waitangi. Your feedback will help us to both identify problems and solutions, and advise Government about updating the fees.<sup>1</sup>

We are not:

- consulting about recent changes to the Arms Act 1983 that lay out the criteria for the recovery of costs, as those changes have already been made by Parliament
- discussing fees relating to shooting clubs and shooting ranges in this document, because we consulted on these separately.

## 1.2 Submissions

You can submit your feedback by:

- using the online submission form  
[consultation.police.govt.nz/policy/arms-regulation-review-of-fees](https://consultation.police.govt.nz/policy/arms-regulation-review-of-fees)  
OR

---

<sup>1</sup> The fees are found in the Arms Regulations 1992, Schedule 1.

- visit [www.police.govt.nz/consultation-arms-regulations-review-of-fees-2022](http://www.police.govt.nz/consultation-arms-regulations-review-of-fees-2022) to download a submission form in Word or PDF format. You may either complete it electronically and email the form to [armsactfees@police.govt.nz](mailto:armsactfees@police.govt.nz), or print it, write on the form by hand, and post it to:

Policy Group, Police National Headquarters, PO Box 3017, Wellington.

Please include your name, contact details, (and organisation or professional capacity, if applicable).

The closing date for submissions is midnight, 16 February 2023

## 2. The current fees system

The purpose of the Act is to promote the safe possession and use of firearms and other weapons, and impose controls over their possession and use.

In 2020, several changes were made to the Act to strengthen the control and regulation of firearms in Aotearoa New Zealand. The changes reflect the Act's principles that owning a firearm is a privilege, and people with that privilege have a responsibility to act in the interests of personal and public safety.

The Act also provides for the setting of fees to recognise the private benefit that arises from the legal possession and use of firearms and ammunition.

Fees were last set in 1999 and other than some adjustments made for changes in GST, they have not been changed since. Additionally, fees have not been set for all established regulatory activities, or for new regulatory activities.

The cost of implementing the Act and its amendments has steadily increased over the years, but the fees have not been changed to reflect this. They need to be reviewed.

### 2.1 How the current system is funded

The arms regulatory system currently supports around 240,000 firearms licence holders to exercise the privilege of lawfully importing, manufacturing, supplying, selling, possessing, or using firearms and ammunition. It also manages and mitigates the risk of people becoming victims of firearms-related harm.<sup>2</sup>

Currently Police data indicates that around 9% of licence holders hold a licence for employment or business purposes and 1% hold a licence for memento reasons. The remaining 90% hold a licence for food gathering, recreational or sporting purposes.

The overwhelming majority of licence holders hold a firearms licence only (around 97%). The remaining 3% hold endorsements for sporting, recreational collecting, display, or trading purposes. Dealers represent .02% of licence holders.

---

<sup>2</sup> 438 of the 240,000 firearms licence holders are licensed dealers.



## 2.2 Current fees

The Arms Regulations 1992 set the fees payable for certain services applicable from 1 August 1999. A small adjustment to some of the fees in the schedule were made when GST increased on 1 October 2010.

<b>Table 1: Current fee schedule</b>				
<b>Activity</b>	<b>Current fee (includes GST increase from 12.5% to 15% in 2010)</b>	<b>Fees prior to 2010 adjustment for GST increase</b>	<b>Date fee set</b>	<b>Period to which the licence/ permit/ endorsement applies</b>
Licence (first time or subsequent application)	\$126.50	\$123.75 – (\$75 prior to 1 February 1999)	1 February 1999	10 years (since June 2020 first-time licences are for 5 years)
Subsequent application after expiry or revocation	\$241.50	\$236.25	1 August 1999	10 years (since June 2020 a new licence after expiry or revocation is 5 years)
Endorsements <sup>3</sup> : (1) Pistol target shooting (2) Bona fide collector (3) Heirloom/memento (4) Museum director/curator (5) Broadcaster/theatrical	\$204.00 for one or more endorsements	\$200.00	7 December 1992	For the duration of the firearms licence (maximum 10 years)
Dealer employee (for arms items requiring an endorsement on their firearms licence)	\$204.00 for one or more endorsements	\$200.00	7 December 1992	One year (if the dealer licence remains valid)
Endorsement use of prohibited firearm for pest control	\$204.00 for one or more endorsements	\$200.00	7 December 1992	For 2.5 years
Visitor licence	\$25.00 (unchanged <sup>4</sup> )	\$25.00	7 December 1992	Up to 12 months
Dealer's licence	\$204.00	\$200.00	7 December 1992	12 months
Consent for gun show	\$50.00 (unchanged <sup>5</sup> )	\$50.00	1 February 1999	Up to 5 days
Replacement licence	\$25.00 (unchanged <sup>6</sup> )	\$25.00	1 February 1999	Expiry at date of original

<sup>3</sup> The endorsement fee is additional to the licence fee.

<sup>4</sup> Fee not adjusted for GST

<sup>5</sup> ibid

<sup>6</sup> ibid

## 2.3 Services provided without a fee

There is no fee set to process the following:

- application to possess an item requiring an endorsement such as a: pistol, restricted weapon, prohibited firearm or prohibited magazine, and permission to change conditions on an endorsement
- application to possess a pistol carbine conversion kit
- application for mail order or internet sales of non-prohibited firearm(s), airgun(s) non-prohibited magazines, ammunition or prohibited parts, pistols, and restricted weapons
- application for permit to import firearms, airguns, restricted airguns, and firearm parts
- application for permit to import non-prohibited or prohibited ammunition
- application by a licensed dealer for approval to manufacture certain classes of arms items (dealer's licence holder)
- recognition to possess prohibited ammunition
- recognition as an ammunition seller as a business
- endorsement on a visitor licence and permit to import a pistol if brought in by a visiting pistol shooter for participation in an internationally recognised competition
- visitor application for a permit to import a non-prohibited firearm.
- application to modify or assemble a firearm to, or from, one requiring an endorsement.

## 2.4 Why current funding needs to be fixed

Funding for the arms regulatory regimes relies on considerable subsidisation. The Crown's contribution to funding the regulation of firearms has increased significantly – from \$5.9 million in the financial year 2011/12 to \$15.5 million in the 2020/21 financial year.

The current funding system:

- isn't equitable between different groups of licence holders, because there is significant variation in the amount of work that the regulator undertakes for applications, but in most cases the fee is the same for all applicants
- subsidises the fee for all services, either partially or entirely, with the subsidy almost entirely provided from Crown funds
- isn't based on any assessment of the risk and benefits of fees, especially behaviours of users of the service and impacts on the regulator's compliance activities
- can result in more people applying for a licence which they may rarely use than would happen if fees were closer to the true cost.



Setting an equitable cost recovery framework will help to address these issues and deliver a system that reduces the potential for harm and improves services to licence holders.

The Act states that costs can be recovered by fees or charges that are set in different ways, including:

- combining fixed and variable fees
- determining full or partial recovery by separating out some costs, like only charging for part of a process, or only for direct costs
- bundling activities together (for example, if there is little or no variation in the items held under an endorsement)
- unbundling activities (for example, a separate firearms safety training course fee for first time applicants).

## 2.5 Fee type advantages and disadvantages

As noted above: fees can be set as a fixed fee (i.e. the same fee for all applicants regardless of the work involved) or a variable fee (i.e. a fee based on the amount of work involved). However, a blend of fixed and variable fees is also possible. The activities covered by the Act better suit different fee types, as this enables a fairer approach. For example, a standard process with a high number of applications, such as a firearms licence application, suits a fixed fee. This is because the processing time is similar for each application, and the cost to charge a specific fee for each applicant would be inefficient and costly for both the regulator and the applicant. Services with wide variation in costs are better suited to a variable rate. An example would be the regulatory oversight of firearms and restricted weapon collections, some of which are small, while others are large.<sup>7</sup> The advantages and disadvantages of variable and fixed cost fees are summarised in table 2 below.<sup>8</sup>

Table 2: Fee type advantages and disadvantages		
Fee type	Advantages	Disadvantages
Fixed fees (based on average cost)	Predictable for service users.  Simple and inexpensive to administer.	Regulator carries the efficiency risk.  May not reflect actual costs.  May be inequitable as some customers may be charged less than the cost of providing the service and some more, depending on variability of costs.  Low demand users subsidise high demand users.

<sup>7</sup> See [Appendix One](#) for further explanation.

<sup>8</sup> Estimated fees in this document are GST inclusive and exclude any recoverable transaction costs imposed by third parties, unless otherwise stated.

Variable: Actual costs (e.g. hourly rates or rates based on a proxy (substitute) measure of regulatory demand)	<p>Can help to manage the demand as services may be used less when they are more expensive to deliver. Receiving applications for licences before their expiry date better allows for sufficient time to issue the replacement before a licence expires.</p> <p>Could be considered more equitable and justifiable as each service user is charged according to the level of service demand. For example, the scale of a dealers' business and items held in a collection vary significantly so it's arguably fairer to charge more where the amount of work required by the regulator is considerably greater. Those requiring less work don't subsidise others who require more work.</p>	<p>Generally, more complex and can be more expensive to administer because information needs to be recorded to determine charges.</p> <p>May be perceived as inequitable as customers could be charged different fees for what they see as the same service.</p> <p>Service users may seek to hide activity to reduce the effort it takes Police to complete the work.</p> <p>The amount of work required isn't always clear until the work is completed (e.g. audits of dealer records).</p>
---	---	---

## 2.6 Should the Crown subsidise costs?

Licences and other fees can be set at either full or partial cost recovery, depending on whether the Crown subsidises the costs incurred by Police in processing applications.

Subsidies can result in excess demand. For example, a very low fee might encourage someone to hold a firearms licence for very rare or occasional use but still present a similar level of risk. Universal subsidies that aren't applied to particular people or activities are less effective and more expensive. On the other hand, high fees can discourage application for licences, but may encourage non-compliant possession and use of a firearm, and there is public benefit in having a well-functioning firearms regulatory system.

## 2.7 Criteria for assessing the options

The options presented in this discussion document are assessed against criteria. These criteria are based on Government guidance, including guidance issued by the Treasury, the Office of the Auditor General, and set out in section 81 of the Act (see [Appendix Two](#)).

Each of the options should support the high-level objectives of the Arms Act and be assessed against the following criteria.

- Promotion of public safety (contribute to safety outcomes)
- Controlled use of firearms and ammunition
- Equity (between licence holders)
- Practicality (clear, consistent, and easy to understand and follow)
- Efficiency (giving effect to them isn't harder than it needs to be)
- Cost effectiveness (is set at a level that avoids excess demand or encourages unlawful use).

## 2.8 Presentation of fees in tables

Some fee estimates are presented as ranges which allow for a variation of +/- 5% while final figures are ascertained.

Final fees will be specified in the Schedule to the Arms Regulations once made by the Governor-General. The date they come into effect will be specified in the Regulations and will be published before the commencement date for the new fees.

It isn't possible to predict the exact timing of when any new fees will come into effect, but they're likely to be in place for the start of the Government's next financial year on 1 July 2023.

## 3. Licence fees

For many of the fees, more than one option is proposed. We are seeking your feedback on which option you support. For other fees, only one option has been identified, and so only one is presented – these are called proposals rather than options.

### 3.1 Firearms licence

#### Context

The Act confirms that possession and use of firearms in New Zealand is a privilege, not a right, and anyone seeking to exercise that privilege has a responsibility to act in the interests of personal and public safety.

From June 2020, those who apply for a licence for the first time or re-apply after their licence has been surrendered, revoked, or expired will be issued a licence for 5 years instead of 10 years. From then on, the subsequent licence period will be 10 years. Anyone who held a licence before June 2020 holds a 10-year licence.

The issue of a firearms licence requires Police, as the regulator, to assess whether the applicant is fit and proper to possess a firearm at the time of application and will continue to act in the interests of personal and public safety for the full period of the licence.

Endorsements on firearms licences operate in a similar way to driver's licence endorsements, for example a driver's licence can be endorsed so that the driver can legally carry passengers or drive a forklift.

## Regulatory activities

Issue of a licence and maintaining oversight of a licence holder for either a 10-year or 5-year licence<sup>9</sup> includes the following steps:

- receive fees

### **For first-time licence applicants, or reapplying after expiry, surrender or revocation**

- provision of safety training through a firearms safety course – regulatory pre-requisite for an application for a firearms licence
- provision of the Arms Code – knowledge of content of the Arms Code is assessed as part of the requirement to obtain a firearms licence

### **For all applicants including second and subsequent applicants**

- oversee testing of knowledge of the Arms Code
- applicant vetting and interview to check 'fit and proper' status
- referee(s) checks and interviews to check 'fit and proper' status of the applicant
- site visit(s) – checking security of storage arrangements (new licence/renewal)
- produce and issue a licence card and maintain records

### **For some applicants**

- site visit – checking security after change of address
- update records – following report of a theft or a burglary

The current licence fee is \$126.50 for first-time applicants or those who apply for renewal before their licence expires. The fee, if applied for after expiry, is \$241.50.

## Issue

First-time licence applicants, and those applying after surrender, revocation or expiry must enrol in, attend, and pass both the theory and practical elements of a firearms safety training course. This is in addition to the completion of all the remaining steps required to assess an applicant's fit and proper status and to decide whether to issue a licence.

The course is delivered through third-party providers. There is often considerable delay between enrolling, completing and passing the course and progressing the next steps of the application process.

Enrolling in the safety training course is to be separated from the application for a firearms licence.

---

<sup>9</sup> The regulatory processes required of Police are the same irrespective of the length of the licence.

# Options for separate training course

The fee for the course will be paid on application to enrol in the course.

## Regulatory activities

The regulatory activities for a firearms safety training course are:

- receive application and fee
- process enrolments
- run or contract the running of the course – theory and practical components
- receive results from the third-party provider.

## Option A: Full cost recovery

The course fee if set at full cost recovery would be \$88, which is derived from the full cost to Police to use third-party providers based upon the number of courses contracted to be provided.

## Option B: Partial cost recovery

This option suggests a partial subsidy is applied for first-time applicants to offer encouragement to undertake the safety course and obtain a licence.

### Advantages

Option B takes into account the public safety advantages of completing the safety training course. Separating the course enrolment from the licence application removes the need for Police to follow up on applicants who have not completed the course. It also reduces the cost to applicants who do not continue with the full application process.

### Disadvantages

No particular disadvantages identified.

### Impact

First-time applicants may pay a slightly higher cost to obtain a licence.

## What do you think?

1. Should the safety training fee be set on:

Either a full cost recovery basis? Or a partial cost recovery basis?

If you chose a partial cost recovery, on what basis should it be set?

## Options for a firearms licence (excluding safety training course)

As noted in the context section above, issuing a licence requires considerable regulatory oversight activity including the vetting and interviewing of applicants, interviewing referees, and site visits. Most regulatory activity is the same whether the application is for a first-time (5-year licence) or for a new replacement licence (10-year licence).

The full cost to Police of issuing a 10-year firearms licence including the safety training course is \$960 – \$1,060.

The following options **assume the safety training course has been successfully completed by the applicant**. At full cost the estimated fee for a five-year licence would be \$793 – \$875 and for a 10-year licence \$920 – \$1,020.<sup>10</sup> Almost all the regulatory activity and cost occurs at the point of licence application. The cost of compliance oversight during the term of the 5-year licence has been estimated at half of that of the 10-year licence.

We're consulting on three partial cost recovery options. Both options are based on a fixed fee model as the activities involved in issuing a firearms licence don't vary much from person to person.

### Option A: Partial 25% of cost (75% subsidy)

### Option B: Partial 50% of cost (50% subsidy)

### Option C: Partial 75% of cost (25% subsidy)

Excluding the safety training course, three options are proposed based on the level of Crown subsidy of the estimated full cost of either the 5-year or 10-year licence. Based on the mid-point of the range as shown in table 3 below.

Table 3: Fee type advantages and disadvantages			
	Option A (25% of mid-point of full cost)	Option B (50% of mid-point of full cost)	Option C (75% of mid-point of full cost)
First-time/5-year firearms licence	\$208.50	\$417.10	\$625.60
New subsequent application for a 10-year firearms licence	\$242.50	\$485.00	\$727.50

<sup>10</sup> Separating the course cost from the total cost does not reduce the full cost recovery fee (excluding the course) by \$88 for all licence holders. There are fewer first-time applicants. Accordingly, there is not a direct relationship between the cost of the course and the reduction in the fee without the course.



## Payment by instalment

There could be investigation into the possibility of payment by instalment, including the feasibility of Police developing an instalment payments system. This option would only be explored if the licence holders contributed more than 50% of the cost of obtaining a firearms licence.

An instalment option would need to:

- be achieved through conditions applied to a licence
- allow for suspension of a licence if instalment is not paid and a debt recovery system
- recognise that most of the regulatory activity is undertaken before a licence has been issued so the first instalment would be the largest single payment (e.g. 50%)
- allow for a charge to recover the cost to process multiple payments.

## Discussion of the options

### Advantages

All three Options (A, B, C) are easy to implement and treat all licence applicants equitably. Options B and C better reflect that the possession and use of a firearm is a privilege and those who exercise that privilege must act in the interests of personal and public safety. It also better reflects the principle that the beneficiaries meet the cost of delivering the licensing services.

Option B and C go some way to reducing excess demand for a licence from those who may not need a firearms licence for work or recreational purposes, but have obtained one because it is cheap and consider they may at some time want or need to use a firearm.

All options to a lesser or greater extent incentivise higher rates of compliance with the licensing requirement, on the basis that the fee is subsidised.

Option D is not an alternative for A or B. It is for investigation only if fees are set at more than 50% of the cost. If introduced, it may reduce the immediate financial barrier to obtaining a licence, and reduce the risk of illegal retention of firearms. It would be equitable for all licence applicants.

### Disadvantages

Option A represents a reduction in fee when inflation is taken into account. Option B represents a marginal increase in real terms (based on the CPI) but still relies on a 50% Crown subsidy. The Crown may consider it appropriate to maintain this level of subsidy to achieve a well-functioning firearms regulatory system even though this means continuing to significantly subsidise the licence of those undertaking both recreational and commercial shooting activities.

### Impact

Setting a fee at 25% of full cost recovery will have limited impact on the number of people seeking a firearms licence as it represents a decrease in fee when inflation is taken into account. It relies on a substantial increase in the level of Crown subsidy. There is no clear rationale to increase the level of subsidy for this type of recreational activity over any other. Setting a low level fee may not impact on the level of compliance. Those who currently

choose to not apply for a licence and use firearms unlawfully are unlikely to change their behaviour because the level of subsidy has been greatly increased.

Setting a fee at 50% or 75% of full cost recovery (Options B and C) may reduce the number of people who apply for licences and may increase the level of non-compliance (i.e. retaining firearms while not applying for a licence). The extent of this impact is not easy to predict. Those who only occasionally shoot or older licence holders may not renew their licence. Some licence holders will be less price sensitive. This will include those who shoot regularly as a competitive sport, or regular hunters who enjoy this activity. Likewise, those who rely on firearms for employment or generate income from their use such as dealers and their employees will be likely to retain their licence.

A potential consequence of fee increases is an impact on anticipated Crown revenue as some may seek to renew their licence early to avoid a fee increase.

Most non-compliant licence holders (who do not reapply for a licence) will retain firearms with no criminal intent, but there is a risk the firearms will eventually be possessed by those intending to use them for criminal purpose. Once the Registry is fully operational by 2028 this risk may be better mitigated.

Some applicants may have a low income because of their age and not yet earning an income or receive a minimum wage. They may be keen to participate in shooting and hunting as a recreation. For these, if the fee is set at more than 50% of the cost, a firearms licence may be more accessible when the fee can be paid in instalments.

Costs may remain a barrier for others, both Māori and non-Māori who rely on the use of firearms to gather kai or require a licence to be eligible for rural employment. While it's hard to justify subsidising the use of a firearm for recreational activity over any other form of recreational activity, there may be reasons to do so for people who need to use a firearms licence to supplement their food sources or who require one to gain employment. This may be best achieved through support mechanisms outside the firearms licensing regulatory processes. Views are sought on how support with the licence application fee could be offered to these groups.

Table 4: Options for firearms licence fee			
Option	Advantages	Disadvantages	Fee inclusive of GST
<b>Option: A Partial 25% of cost – excludes the safety training course</b>			
A – Fee set at 25% of cost	Encourages compliance with the Registry requirements when they take effect in 2023  Greatly reduces the risk of non-compliance	Requires significant increase in public subsidisation of a private benefit  Represents a reduction in fee (as set in 1999) when adjusted for inflation	\$208.55 (5-year)  \$242.50 (10-year)

Table 4: Options for firearms licence fee			
Option	Advantages	Disadvantages	Fee inclusive of GST
<b>Option B: Partial 50% of cost – excludes the safety training course</b>			
B – Fee set at 50% of cost	<p>Encourages compliance with the Registry requirements for many when they take effect in 2023</p> <p>Reduces the risk of non-compliance</p>	Effectiveness of the subsidy is difficult to predict as risk of non-compliance (i.e. choosing not to renew licence or not register all firearms held) is unclear	<p>\$417.10 (5-year)</p> <p>\$485.00 (10-year)</p>
<b>Option C: Partial 75% of cost – excludes the safety training course</b>			
C – Fee set at 75% of cost	Maintains a level of subsidy to encourage compliance	Effectiveness of the subsidy is difficult to predict as risk of non-compliance (i.e. choosing not to renew licence or not register all firearms held) is unclear	<p>\$625.60 (5-year)</p> <p>\$727.50 (10-year)</p>

What do you think?
<p><b>2.</b> Should the fee for either a 5-year or a 10-year firearms licence (excluding the fee for the safety training course) be partially cost recovered at:</p> <p><b>A.</b> 25% of the costs? <b>OR</b></p> <p><b>B.</b> 50% of the costs? <b>OR</b></p> <p><b>C.</b> 75% of the costs?</p> <p>If you answered 'no' to all partial cost recovery options, on what basis do you think a partial cost recovery fee should be set?</p> <p><b>3.</b> If the fee for a firearms licence is increased significantly (that is the fee set at a level at more than 50% of the cost), would you support Police investigating an option to issue a firearms licence conditional on a specified payment schedule?</p> <p>If you selected no, do you have any other suggestions or ideas?</p> <p><b>4.</b> Firearms licence application costs may present a barrier for those on low household income, those who need to use firearms to supplement their food sources, or those who require a firearms licence to gain employment.</p>

Do you have any suggestions for support mechanisms outside the general firearms licensing system?

If yes, how might this be done?

## Discount for early subsequent applications

A discount for applying for a new licence before the previous licence expires may encourage new applications to be made in sufficient time to be processed before the previous licence expires. However, the application should not be made too far in advance as to minimise the risk for a change in the fit and proper assessment, which must be made at the time of application.

For example, a 10% discount could apply to subsequent applications made at least 6 months and no more than 12 months in advance of the current licence expiring. A discount set at this rate should be sufficient to encourage licence holders to renew their licence earlier.

If set at a 10% discount of the estimated average full fee, the licence fee would be reduced to \$828 – \$918 (10% less than the full fee of \$920 – \$1,020).

A discount would not apply for a licence fee that is set at 25% of cost.

## Discussion of the options

### Advantages

The discount provides an incentive to apply early for a subsequent licence. Earlier applications will allow licence holders to continue with the activities that require a licence. If this incentive is successful, the number of people who have an expired licence and hold firearms may be reduced because this provides more time to process an application before licence expiry. In addition, some applicants may have their re-application rejected and they will be identified earlier.

### Disadvantages

The effectiveness of the proposed 10% discount is not known. It may not be adequate to produce the desired effect.

### Impact

The total impact of the discount on applicant behaviour is not known. The effects could be earlier applications or a financial incentive to renew their licence. Early applications can benefit both Police and applicants because it reduces the risk of a licence expiring even though an application has been made before the current licence has expired.

Table 5: Reduced fee for early subsequent applications			
Option	Advantages	Disadvantages	Fee inclusive of GST
Reduced full cost fee for early application (e.g. 6 months but no more than 12 months before the current licence expires)	<p>Fewer expired licences</p> <p>Allows time for vetting process</p>	Effectiveness of the incentive is difficult to predict	<p>\$655 (if set at 75% of cost)</p> <p>\$436.50 (if set at 50% of cost)</p>

What do you think?
<p><b>5.</b> If the fee is set at 50% or 75% of cost, do you consider a 10% discount is sufficient to encourage timely applications before their licence expires?</p> <p>If not, what level of discount would be sufficient?</p>

## 3.2 Dealer's licence

This section discusses dealer licences. The options in this section discuss all dealer licences, except for museum director/curator.

See the separate discussion at 3.3 for the specific proposal for a museum director/curator's dealer licence.

### Context

Anyone applying for a dealer's licence must first hold a firearms licence.

While a firearms licence lasts for 5 or 10 years, a dealer's licence lasts for 12 months. Therefore, dealers need to apply annually to maintain their licence. Application to renew their licence must be made before their current licence expires. Once the application has been made, a dealer can continue trading as a dealer until their licence is renewed.

A dealer is defined in section 5 of the Arms Act. A dealer's licence is required if a person is:

- in the business of selling, hiring out, lending, or otherwise supplying arms items
- possessing arms items for the purposes of an auction
- in the business of repairing or modifying arms items
- displaying arms items as the director or curator of a bona fide museum

- manufacturing a class of arms items for sale, hire, lending, or other supply
- manufacturing (for the purposes of permitted supply<sup>11</sup> prohibited parts and/or using prohibited items to test the prohibited parts).

The estimated cost to Police for carrying out the regulatory activities for dealers varies for several reasons, including the size of the dealer's business, and the type of dealer activity. The amount of trade and stocks held also affects the work required of Police. Dealers may carry out one or more of the activities listed in the above definition of a dealer.

## Regulatory activities

### **The regulator's activities for first-time application or changed dealer activity**

To issue a dealer's licence to a first-time applicant for all types of dealer activity or a subsequent application where there has been a substantial change to the ownership structure, proposed dealer activities, classes of items handled, or change to premises, Police carries out the following activities:

- vetting of applicants, family sharing the same household, employees and all business owners
- assessment of the competencies, firearms specific knowledge, and adequacy of resources for the proposed dealer activities
- assessment of the understanding of a dealer's legal obligations and ability to provide advice on all licence holders obligations
- consideration of the legal form of the business
- assessment of the scale of the business and adequacy of security arrangements
- consideration of the type and category (class) of items that will be traded, or manufactured
- adequacy of recording systems sufficient to enable ready accessibility and audit of records
- issue licence
- receive fees.

### **Second and subsequent application where no significant change**

If there is no significant change to the ownership structure, dealer activities, classes of items being traded or handled, or no change of premises the activities required of Police for a second and subsequent dealer licence are as follows:

- vetting of applicants, family sharing the same household, and employees annually

<sup>11</sup> Section 4A (3) of the Act defines permitted supply as the supply of prohibited parts to the Crown for animal control or the export of prohibited parts permitted or authorised by the Customs and Excise Act 2018, or other persons who have been authorised.



- seek confirmation of no or minimal change to the previous information regarding nature of business, type and category of items traded, supplied, security arrangements, or recording systems
- audit, of stock, sale records, and financial status
- issue licence (annual)
- re-issue dealer endorsements (annual)
- receive fees.

## The current fee only partially recovers costs

The current fee for a dealer's licence is \$204 a year. The fee was set at \$200 in 1992 and, other than being adjusted in 2010 when GST increased from 12.5% to 15%, it has remained unchanged for 30 years.

This fee is well below what it costs Police, as the regulator, to process an application and to undertake the associated compliance activities.

Substantial private benefit is obtained from holding a dealer's licence and the Crown is currently subsidising this private benefit through low fees.<sup>12</sup>

The fee is not equitable between dealers because a large dealer business that takes longer for the regulator to process, pays the same fee as a one-person business.

## Options

Two options are proposed, the second of which contains a choice of ways to treat second and subsequent applications.

All approaches are based on full cost recovery. This is because a dealer's licence provides the holder to undertake activities with a purely commercial benefit.<sup>13</sup>

### Option A Full cost recovery

- fixed fee (same fee for all, based on the average cost measured across all applicants).

The application fee for a dealer's licence would be set at a level that meets the full costs of the activities required of Police, as the regulator.

By averaging an annual fee across all dealers (excluding museum director curators) the fee would be in the vicinity of \$2,330 to \$2,570 a year. Dealers renewing their licence and those applying for the first time would pay the same amount.

<sup>12</sup> An exception to this is when the dealer is a museum curator see discussion at 3.3 below.

<sup>13</sup> ibid

## Option B Full cost recovery

- variable fee (higher fee for first-time applicants, and those with significant changes in the business activities or ownership structure).

Under Option B, first time applicants and those with significant changes in the dealer business ownership structure<sup>14</sup> would pay a higher fee, based on the extra work required for these applications.

Based on full cost recovery, and averaged across all first-time applicants, the fee for these applicants would be between \$2,330 and \$2,570 a year.

Second and subsequent applications where there is no or minimal change to the nature of the business activities, classes of items handled, business structure, or to premises, would pay less (see below).

### The treatment of second and subsequent applications under Option B

There are two options for the cost of a second and subsequent dealer's licence applications.

- B.1** Two set fees – a higher fee for first-time and significantly changed applications regardless of size of the dealer's business activities.

Averaged over this group of applicants (at full cost recovery), this would range from \$1,760 – \$1,940 a year.

- B.2** A fixed estimated base fee plus a variable fee based on of the size and extent of the dealer's business activities.

Under this option there would be a fixed fee, plus a variable fee per employee. It uses the number of employees holding firearms licences as a proxy (or substitute measure) to reflect the turnover of the business and the amount of regulatory oversight required.

The current regulations require applicants for a dealer's licence to specify the licence number of their employees.

For the purposes of determining fees, a person is counted as an employee irrespective of the arrangement they have with the dealer, be it a full or part time position, casual, fixed term, paid by financial or non-financial consideration, or unpaid – if that person is involved in the handling, or has access to firearms in support of the dealer's activities.<sup>15</sup>

To avoid doubt, this would include people who provide services in a similar or like fashion to an employee but could be doing so as an independent sole proprietor or a separate legal entity.

Dealers who undertake greater trading activities and consequently place greater demands on Police in terms of regulatory oversight would pay more than smaller trading dealers.

---

<sup>14</sup> Refer section 5 of the Act. Significant change would be any change in the corporate body to which the licenced dealer reports or change in ownership of that company

<sup>15</sup> See Regulation 4(a) of the Arms Regulations 1992.

Under this option, the number of employees requiring a firearms licence is used as a substitute measure for the work required.

The fee would be scaled to the size and type of dealer activity by setting:

- an average base fee for the dealer of between \$1,000 – \$1,100 a year; and
- an average additional fee for work required based on the scale of the business, between \$190 – \$210 per employee.

A maximum fee based on eight employees of each dealer is proposed. While there may be dealer businesses with more employees, Police auditing would likely use sampling to determine that a dealer is meeting their obligations as comprehensive checking of every transaction would not be useful after a certain point. Therefore, it's proposed that the maximum fee would be capped at \$2,510 – \$2,710 per year.

## Discussion of the options

A choice must be made between Option A and Option B. This is because Option A sets the fee at the same cost for all dealers (except director/museum curators), whereas Option B would charge first-time applicants more than other applicants. There are two ways to approach Option B:

**B.1** two set fees – a higher fee for first-time and significantly changed applications.

**B.2** a set fee that is higher for first-time and significantly changed applications, and a variable fee for second and subsequent applications based on the size and extent of the dealer's business activities.

### Advantages

Option A is easy to administer because there is only one fee to apply. Using Option B is more equitable than Option A because the fees more closely reflect the amount of work required. Option B.2 only applies to second and subsequent applications.

Option B.1 allows for the different amount of work required between new and returning applicants, but it has a set fee for second and subsequent applications.

Option B.2 offers a more equitable approach. It reflects the different amount of work required by using the number of dealer employees as a guide. Option B.2 assumes that the number of employees holding firearms licences will reflect the turnover of the business and the amount of regulatory oversight required. This combination most closely reflects the work required.

### Disadvantages

Option B.1 doesn't recognise the variation in regulatory activities required of different businesses. Option B.2 is more complex, and relies on declaration of employee numbers.

### Impact

Substantial private benefit<sup>16</sup> is obtained from holding a dealer's licence and the Crown has been subsidising this private benefit through low fees. Setting a fee that better represents

---

<sup>16</sup> ibid

the actual cost to the regulator of delivering services and undertaking compliance work with dealers is more equitable than the current average fee.

Options A and B do not subsidise applicants but result in some paying more than the work demanded of the regulator, while others pay less. Option B better reflects the reduced work required to process each dealer re-application for a licence. This arises largely because Police, as the regulator, is focussed on any change in the business rather than its establishment. Option B allows for work required to ensure compliance.

Option B.2 reduces cross-subsidy between dealers. It recognises the extra work required for businesses of different sizes as well as the extra cost of processing an application from a dealer seeking to enter the market.

A fully cost recovered fee would be a large increase over the fee set in 1992 but is not significant when compared to the turnover of a viable dealer's business. For example, under Option B.2, a one-person dealer with \$100,000 in annual revenue would pay \$900–\$1,000 or 1% in fees.

Table 6: Dealer (other than Museum Director Curator)			
Options	Advantages	Disadvantages	Fee inclusive of GST
<b>Option A. Averaged across dealers</b>			
Averaged across dealers (excluding museum curators)	Closer reflection of the additional work required to process application	Does not recognise variations in work required	\$2,330 – \$2,570
<b>Option B. First application for a dealer's licence</b>			
First application for a dealer's licence	Same as Option A	Same as Option A	\$2,330 – \$2,570
<b>Option B. 1 Lower cost for second and subsequent application</b>			
Lower fee for second and subsequent application	Reduced work reflected in fee	Reduced work to process application	\$1,760 – \$1,940
<b>Option B. 2 Fixed plus Variable Fee</b>			
Fixed (per dealer)	Fees recover compliance work on an equitable basis	More complex to administer; relies on correct number of employees reported	\$1,000 – \$1,100
Fee per licenced employee (up to 8)			\$190 – \$210

## What do you think?

- 6.** Should the annual fee for a dealer's licence be set on a full cost recovery basis?

If you selected no, do you have any other suggestions or ideas?

**Irrespective of the level of fee set:**

- 7.** Should the annual fee for a dealer's licence be set at the same average rate for both first-time and subsequent applicants? (Option A)

**OR**

Should the annual fee for a dealer's licence be set with different rates depending on whether the application is a first-time or subsequent application? (Option B)

Please select one

- 8.** If different rates are set for first-time and subsequent applications for a dealer's licence, it's proposed these are set on either a fixed fee (Option B.1) or a variable fee (Option B.2) which would take into account the amount of regulatory effort required.

Do you agree these should be two set fees, an average first fee with a lower average fee for second and subsequent applications? (Option B.1)

**OR**

Do you agree that it should be a fixed average base fee set for first-time or significantly changed applications, and a variable fee for second and subsequent applications based on the size of the dealer business? (Option B.2)

Do you have any other suggestions or ideas on how to set these different fees?

## 3.3 Dealer's licence – museum director curator

### Context

In 2020, the Act extended the scope of the activities that fall within the category of dealer to include directors or curators of museums displaying arms.<sup>17</sup> Prior to this, museum directors/curators were not required to hold a dealer's licence and simply held a museum director/curator endorsement on a firearms licence.

---

<sup>17</sup> Section 5(1) and 5(2) Arms Act 1983, dealer definition. This definition now specifies that a person or a body corporate must not carry on any of the activities relating to the 'displaying, as the director or curator of a bona fide museum, a class of arms items' without a dealer's licence.

## **Falling outside the definition**

The museum must be bona fide. This refers to genuine collections and their curators.

If any items in a bona fide museum collection are used for any other purpose than display<sup>18</sup>, then the status of museum curator does not apply, and a different dealer's licence is required.

Use of items for re-enactment falls outside the scope and purpose of museum activity. A museum has the purpose of display and conservation, not the physical use of its collection. Physical use is not considered curatorial.

A dealer who carries on other dealer activities but also displays items may be considered a museum director/curator only if the collection on display meets the conditions. (Noting that as for all dealers, museum director/curator dealers must first obtain a firearms licence.)

## **Adding to a collection**

Where a person or body corporate adds to their collection by using revenue from selling items in the collection, the activities required of Police, as the regulator, including the compliance audit will be same as for all other dealer licensing as discussed in 3.2 above.

Museums differ by the size of the collection, their theme, location, facilities, and employees. The number of arms items held by a museum can be high, especially when military history is a theme of the collection. Larger museums may hold arms in storage and not on display, in addition to displayed items. Typically, museums acquire and conserve items for study or education.

Most museums have modest collections of arms items. Police records show that 80% of museums, where the curator had previously held an endorsement on their firearms licence, hold fewer than 30 items. Four museums hold 100 – 300 items, and one holds over 1,070 items.

Unlike other types of dealer activities, museum collections do not change frequently. When museum collections change, it's usually to enhance a collection by the purchase of an item. Donations are also made to collections.

Unlike collectors (discussed under endorsements), museums are mainly funded by local or central government, private donations (financial or non-financial), and entry fees.

The regulated activities for museum director/curator dealers are the same as for all dealers, but more limited, as the nature of the museum collections are largely static, and there are restrictions on trading.

---

<sup>18</sup> 'Display' is normally taken to mean the static presentation at the location of the museum but may include temporary display at another museum whose curator holds the required licence and endorsements.



## Regulatory activities

For many museums, the arms-related regulatory activities are limited to ensuring security arrangements are suitable and the collection can be reconciled with records. The licence and its endorsements are checked for the people who have access to the items in the collection.

## Options

### Option A: Full cost recovery

A fixed annual fee averaged across all dealers, based on full cost recovery. Under this Option the fee would be the same as for all dealer's licence options summarised in table 7 below.

### Option B: Dealer's licence fee set at zero

Under Option B, a museum curator dealer's licence would be set at zero, if the museum meets certain conditions (which would be specified in regulation). For example, the museum:

- a. operates as a charitable trust or similar not for profit body that operate for educational purposes
- b. is a member of 'Museums Aotearoa' and adheres to that organisation's 'Code of Ethics and Professional Practice 2021'
- c. is open to the members of the public for educational and cultural purposes
- d. acquires arms items through donation, purchase from another museum or on loan
- e. meets the following conditions in relation to disposal of arms items:
  - (i) they only be transferred to another museum, returned to a donor or a family member, whānau, hapū, and iwi of the donor and other member of 'Museums Aotearoa' who has the licences and any endorsements required, and
  - (ii) the items are not transferred to a donor if there is evidence that the item was obtained by illegal activity.

Your views on these conditions are invited.

## Discussion of the options

### Advantage

Option B is a more accurate reflection of the cost of delivering regulatory oversight of museums.

### Disadvantage

Option A would result in an over-recovery of fees from most small museums which hold relatively static collections. Option B might be perceived as being unfair by dealers and licence holders, who have to pay for their licences.

## Impact

Having no fee – as long as certain criteria are met – will avoid a negative impact on smaller regional and community museums. This will support communities to fulfil educational opportunities and provide local tourism. The revenue forgone by the Crown is small.

Table 7: Museum Director/ Curator			
Options	Advantages	Disadvantages	Fee inclusive of GST
<b>Option A</b> Standard dealer licence fee structure including endorsements and employees	Simpler and avoids incentive to masquerade as a museum	Does not take account of fundamental differences between dealers	Same fees as other dealers
<b>Option B</b> No fee	Better represents costs and contribution of museums	There are costs to the regulator, but they are relatively small	Nil

What do you think?
<p><b>9.</b> Should a museum director/curator dealer application be set at the same fee as for other dealer applications? (Option A)</p> <p><b><u>OR</u></b></p> <p>Should the fee for a museum director/curator dealer application be zero, if conditions prescribed in proposed regulation are met? (Option B)</p> <p>Please select one</p> <p>Do you have any other suggestions or ideas?</p> <p><b>10.</b> Do you agree with the conditions for a museum director/curator dealer fee set at zero? Namely, that the museum:</p> <ul style="list-style-type: none"><li><b>a.</b> operates as a charitable trust or not-for-profit organisation</li><li><b>b.</b> is a member of 'Museums Aotearoa' and adheres to that organisation's 'Code of Ethics and Professional Practice 2021'</li><li><b>c.</b> acquires arms items through donation, purchase from another museum or on loan</li><li><b>d.</b> meets prescribed conditions for the disposal of arms items (see e (i) and (ii) above).</li></ul> <p>If you selected no, do you have any other suggestions or ideas?</p>

**11.** Should any of the conditions listed in page 27 be removed?

If yes, what and why?

**12.** Should other conditions be added to those listed on page 27?

If yes, what and why?

## 3.4 Fee for visitor licence

### Context

Visitor licences are issued to people visiting New Zealand for the length of the visit up to a maximum of 12 months. They are required to obtain a licence to compete in various shooting events using rifles, shotguns, and pistols.

Other visitors travel to New Zealand for hunting experiences, either independently or with a guide.

Some visitors choose to bring their firearms with them. If they do, they must get a separate import permit (fee for import permits is discussed later in this document).

### Issue

The Visitor Licence fee of \$25 was set in 1999. Because it is issued for up to 12 months, the fee was set at one-tenth of the 10-year licence. The fee of \$25 does not cover the cost of regulatory activities required of Police, most of which are up front.

### Regulatory activities

Delivering visitor licences requires the following tasks of the regulator:

- Receive online application and fee
- Validate detail of shooter status in home country and fit and proper status
- Confirm intended security arrangements
- Meet at airport
- Handle fee
- Issue visitors licence
- Check firearm if brought in by the visitor
- Issue import permit where required (see discussion on import permits 6.4 below)

- Check importation has been approved/remove and dispose of firearm if not previously approved
- Travel to airport check-in terminals on visitor departure
- Check firearms are taken out on departure or have been disposed of lawfully.

## Proposal

A single option, that of full cost recovery, is presented for visitor licences.

### Full cost recovery

Setting the visitor licence fee at the full cost to the regulator would mean a licence would cost between \$420 – \$470.

#### Advantages

There is a clear link between the benefit and the cost because it applies to a particular visitor and their activities. Full cost recovery means that the cost does not fall on the Crown. The fee is unlikely to deter people from visiting New Zealand for sporting events or recreational hunting.

#### Disadvantages

Full cost recovery would be more than 15 times the current fee.

#### Impact

The main impact is one of fairness, and consistent with a move to a system based more firmly on cost recovery. New Zealand firearms owners will not feel disadvantaged by having to pay if visitors are also charged at a cost recovery rate. Additions to Crown revenue would be minimal, but the change would mean that visitor-related activities are not subsidised by New Zealand based licence holders.

Table 8: Visitor licences			
Description	Advantages	Disadvantages	Fee inclusive of GST
Full cost recovery (applicant may need import permit)	Relatively easy to implement	None	\$420 – \$470

### What do you think?

**13.** Should the fee for a firearms visitor licence be set at full cost recovery?

If you selected no, do you have any other suggestions or ideas?

## 4. Endorsements on dealer's licence

### 4.1 Dealer endorsements (including museum director/curator)

#### Context

Dealers who possess pistols, prohibited firearms, prohibited magazines, or restricted weapons for the purpose(s) of the dealer activities are required to have an endorsement on their dealer licence. Before a dealer takes possession of any prohibited firearm, prohibited magazine, pistol or restricted weapon, the dealer must first obtain a permit to import or permit to possess and that makes the endorsement on the dealer's licence specific to that item. These items cannot be sold, hired, lent, or displayed based on the dealer's personal firearms licence.

The endorsement is valid if the dealer's licence remains current. Endorsements must be applied for each time an application is made for the dealer's licence. Endorsements applied to a dealer's licence last for the term of the licence (which is 12 months).

#### Issue

The current fee for all endorsements (either on a dealer's licence or a firearms licence) is \$204.00.

Except for a museum director/curator, private benefit is obtained by holding an endorsement on a dealer's licence because it broadens the type of arms items that can be sold, hired, lent or displayed. The cost to the regulator is higher for a first-time application than for subsequent applications, which are likely to be considered at the same time as the application to renew the dealer's licence.

Application for a dealer's licence may or may not coincide with a first application for an endorsement on a dealer's licence. Each first application for a new endorsement requires extra work, if applied for separately from an application for a dealer's licence, or from any other endorsement on the dealer's licence that has unique conditions.

#### Regulatory activities

The extent of regulatory activity varies according to the type of items requiring endorsement, and whether they are held, sold, manufactured, hired out, lent, or publicly displayed.

Activities required of the regulator include:

- additional background checks of dealer
- consideration of proposed scale of the additional business (including number of employees also requiring endorsements to handle) and adequacy of security arrangements
- adequacy of recording systems sufficient to enable ready audit of records
- issue endorsement
- receive fees.

## Option for endorsement on a dealer's licence

Acknowledging that most dealer's licences and endorsements are renewed together, one proposal is presented for the fee for endorsements on a dealer's licence:

Set the annual fee for all dealer's endorsement at the additional cost of regulatory activities over the cost of issuing an annual dealer's licence. The issue of one or more endorsement is estimated to cost in the range of \$110 – \$130.

## Discussion of the option

### Advantages

This recognises that most applications are renewals, occurring at the same time as the renewal of the dealer's licence. Consequently, there is little additional activity required of the regulator to issue one or more dealer's endorsement. There are also some legal constraints on the number of endorsed items that can be held by any one dealer, making an average cost appropriate for all dealers including museum curators.

### Disadvantage

The option over-recovers the costs to Police of monitoring use of the endorsement because the regulator's costs are lower when an endorsement is processed at the same time as a dealer's licence.

### Impact

The cost to apply for and renew an endorsement is reduced by around 50% compared with the status quo. This will have an impact on Police revenue, but the change aligns with the Act's fee-setting requirements, which must be based on direct and indirect costs.

Table 9: Dealer endorsements			
Options	Advantages	Disadvantages	Fee inclusive of GST
Fixed fee based on costs	Fee reflects the actual work	None	\$110 – \$130



### What do you think?

**14.** Should the fee for each endorsement held on a dealer's licence be based on the additional cost of issuing an annual dealer's licence?

If you selected no, do you have any other suggestions or ideas?

## 4.2 Dealer employee endorsements (including theatrical armourers)

### Context

Employees of dealers who handle or have access to firearms or ammunition must hold a firearms licence. Employees who handle pistols, prohibited items or restricted weapons also require an endorsement. This is assigned to their 5 or 10-year licence. However, the employee's endorsement must be renewed annually. This usually happens at the same time that the employer's dealer licence is renewed.

One option is presented for dealer employee endorsements.

### Distinguish between first and subsequent annual applications

Set two fees: one for a first application for a dealer employee and one for second and subsequent application as follows:

- i. **first applications:** \$250 – \$270 for one or more endorsements (at full cost recovery).  
When an employee changes employment and starts working with a different employer, the first application fee applies. First-time applications for an employee endorsement are unlikely to be undertaken at the same time as that employee's application for a firearms licence. If more than one endorsement is required for employment, these are likely to be applied for simultaneously.
- ii. **second and subsequent applications:** \$110 – \$130 for one or more endorsement.  
This fee would not apply if the employee has started work with a different dealer (in which case it would be treated as a first-time application).

### Advantages

This two-part option most accurately reflects the work involved. It allows for the additional regulatory activity required to consider a first-time application for an employee working with a specific dealer. It also acknowledges that most applications are renewals and occur at the same time as the renewal of the dealer's licence. There is little additional activity required of Police to issue more than one endorsement to a single employee.

### Disadvantages

No particular disadvantages identified.

## Impact

There is a small increase in fee to the dealer paying for a first-time employee endorsement when compared with the status quo. But there is a greater reduction in the cost of the second and subsequent renewal of an employee's endorsement when compared with the status quo, leading to an overall neutral impact.

Table 9: Dealer employee endorsement (annual)			
Option	Advantages	Disadvantages	Fee inclusive of GST
A. (i) First endorsement; and (ii) second and subsequent if employed by same dealer	Charges reflect actual work	None	\$290 – \$320  \$110 – \$130

What do you think?
<p><b>15.</b> Should the fee for one or more endorsements held as a dealer employee be set at full cost recovery?</p> <p>If you selected no, do you have any other suggestions or ideas?</p> <p><b>Irrespective of the fee set:</b></p> <p><b>16.</b> Should the fee be the same for a first-time endorsement(s), no matter how many endorsements are sought as a dealer employee?</p> <p>If you selected no, do you have any other suggestions or ideas?</p> <p><b>17.</b> Should the fee be lower for a second and subsequent endorsement(s), no matter how many endorsements are sought as a dealer employee?</p> <p>If you selected no, do you have any other suggestions or ideas?</p>

# 5. Endorsements on firearms licence and permits to possess

This section discusses endorsements on firearms licences and permits to possess.

## 5.1 Licence endorsements

### Context

Endorsements applied to a firearms licence exist for the term of the licence.<sup>19</sup> They enable a licence holder to:

- possess and use pistols and pistol carbine conversion kits (on a pistol range)
- possess and use prohibited firearms and prohibited magazines for the purposes of pest control
- possess prohibited firearms, prohibited magazines, pistols, pistol carbine conversion kits and restricted weapons as part of a collection, with a special reason for possessing these items (noting the vital part of a prohibited firearm must be stored at a separate site)
- possess prohibited firearms, prohibited magazines, pistols, pistol carbine conversion kits, prohibited items and restricted weapons as mementos
- possess and use (in blank-firing configuration) firearms for theatrical re-enactments.

The current endorsement fee is charged for an application for one or more endorsements if applied for simultaneously. Endorsements must be reapplied for at the time an application has to be made for a new licence. The exception is that a person holding an endorsement to possess and use prohibited items for pest control purposes must renew their endorsement every 30 months.

### Issue

The current fee does not allow for the different amount of regulatory oversight required for different endorsement types because the fee is the same for every application. Private benefit (commercial, sporting, and recreational) is obtained from holding an endorsement on a licence. At present these endorsements are provided well below the cost of issuing and applying compliance oversight.

### Current fee

The current fee for all endorsements is \$204. Apart from a small GST increase in 2010, the fee has remained unchanged since 1992.

---

<sup>19</sup> This excludes dealer employee endorsements.

# Regulatory activities

Delivering all endorsement services on a licence requires of Police the following:

## **For all endorsements**

- processing of applications – vetting, interviewing applicant, referees
- site visit on application – checking security
- site visit on change of address
- site visit – checking security following reported theft or burglary
- produce and issue endorsed licence card
- receive fees.

## **PLUS**

### **For pistols**

- annual checking of security and reconciliation with records
- checking conditions of endorsement:
  - confirming membership of a Police-approved pistol club which must be an Incorporated Society
  - frequency of endorsed licence holders' active involvement with pistol club.

### **For pest control**

- confirm valid reason(s) for holding prohibited firearms and/or prohibited magazines
- confirmation of reason for needing a pest control endorsement
- processing re-application every 30 months if required.

### **For bona fide collectors**

- consideration of the rationale, themes, and collecting activities
- character and demonstrated knowledge of obligations of a collector
- consideration of the reasons provided for holding a collection with pistols, restricted weapons, prohibited firearms and/or prohibited magazines
- storage arrangements for vital parts
- visit and audit of collection.

### **For heirloom or memento**

- specify conditions and audit.

**For theatrical re-enactment** – enabling blank-firing of items held solely for re-enactment purpose

- specify conditions and audit.

# Proposal

Full cost recovery of endorsements on licences:

- a. endorsement fees based on the full cost to Police for processing the application, plus associated compliance costs, and

## For a single endorsement, either

- i. set at average for all endorsements with an additional fee if the application is made in the duration of the licence

or

- ii. a separate fee for each endorsement type to reflect the variability in the regulatory activity required with an additional fee if the application is made in the duration of the licence.

## For multiple endorsements

If applied for at the same time as the application for a firearms licence and set as a separate fee for each endorsement type, a single fee paid for the endorsements would be set at the highest fee.

The extent of regulatory activity varies according to the type of item requiring endorsement, the number and type of items held, whether the application for endorsement or endorsements coincides with the application/renewal of a licence, and whether the application or applications are made at some time in the duration of the licence.

Police records of holdings of firearms held under endorsements, as shown in table 10 below, provide an indication of the amount of work required to maintain regulatory oversight of the holdings of firearms requiring endorsement.<sup>20</sup>

Table 10: Items held against endorsements		
Endorsement type	Unique endorsements	Recorded holdings
Pistol	4,173	90% hold 11 or fewer items
Pest control	360	90% have 4 or fewer prohibited items
Bona fide collector	3,710	90% have 24 or fewer items
Memento/heirloom	367	90% have fewer than 4 items. Fewer than twenty have 5 or more.
Theatrical endorsements	163	90% have fewer than 36 items. The largest single holding is 338

<sup>20</sup> There are limitations with the data as full reconciliation of records following the 2020 buyback has yet to be finalised.

# Different endorsements have different regulatory costs

The cost of processing one of the two applications for an endorsement as a collector, or as a broadcaster/theatrical collector is similar except where the collector is holding prohibited firearms. Introducing a base fee plus a variable charge for these two types of endorsements would be one way to fairly reflect the variability in the size of collections.

The greater cost incurred is the work required by Police after an endorsement is granted. These costs arise from the frequency of compliance visits, and the compliance activity required. Arms items that require endorsements are regarded as higher risk if stolen, lost or sold illegally so the ongoing compliance activity and cost to Police is higher. The compliance activity is intended to ensure the ownership can be reconciled with Police records so that lawful ownership can be established. The risk management and consequential costs are drivers of the fee.

For an application for a pistol endorsement, there's the added cost of confirming club membership and involvement in club activities on a certified pistol shooting range. This is because pistols can only be fired by shooting club members on a range certified for pistol shooting. Applications for pest control endorsements have the added cost of confirming the need to possess a prohibited item.

The current fee is set for one or more endorsements irrespective as to whether the applications are made concurrently or at separate times in the duration of the licence.

## Options

### Endorsements applied for at the same time as licence renewal

Two options are presented.

#### Option A: One fixed fee

A fixed fee based on the average cost of undertaking the required regulatory activities across all endorsement types including pest control.<sup>21</sup> This would work out at a fee between \$1,370 – \$1,510.

#### Option B: Fixed fee for each endorsement

A series of fixed fees, that differ by endorsement type. The fee for each endorsement would be based on the average cost of undertaking the required regulatory activities for that endorsement type:

- i. use of a pistol on a certified pistol range (\$1,350 – \$1,490)
- ii. possessing a prohibited firearm and prohibited magazine for pest control purposes (\$930 – \$1,020)
- iii. possessing a memento or heirloom item (\$930 – \$1,020)

---

<sup>21</sup> The pest control costs are adjusted to a 10-year period even though a pest control endorsement must be renewed each 30 months under the Act.

- iv. for a bona fide collector a fixed base fee, plus a fee determined by the number of items held on each endorsement (\$1,230 – \$1,360 fixed base fee, plus \$10 for each major item<sup>22</sup> inspected)
- v. for theatrical re-enactment a fixed base fee, plus a fee determined by the number of items held on each endorsement (\$1,230 – \$1,360) fixed base fee, plus \$10 for each major item inspected).

## **Endorsements applied for during the duration of the licence**

These fees mirror the options set out above for endorsements applied for at the time of licence renewal, except that an additional fee would be charged for each endorsement. This fee would be in the range of \$590 – \$650. Extra work is required if endorsements are applied for during a licence period. However, this extra work is the same whether one endorsement or several endorsements are applied for at the same time. Accordingly, the fee would be the same regardless of the number of endorsements. If they are applied for at different times in the duration of the licence, a fee in the range of \$530 – \$590 for each application would need to be paid.

## **Discussion of the options**

### **Advantages**

Option B is more equitable as it allows for the variation in the regulatory activity. Option A is simple to administer.

### **Disadvantages**

Option A is inequitable. Lesser demand endorsement holders cross-subsidise higher demand activity. Option B introduces uncertainty for multiple endorsement holders where renewals are made at the same time. The fee would need to be set for the endorsement with the highest demand activity. Both options may overstate the regulatory activity required for second and subsequent applications for endorsement if throughout the term of the licence regulatory oversight has been maintained and the rigour of the vetting process at renewal may be able to be reduced.

### **Impact**

Under all options, the fee is a large increase over the current fee set in 1992. Irrespective of the option decided, a fee that better reflects the actual cost to Police (as regulator) of delivering services and undertaking compliance work is more equitable to endorsement holders and the Crown. It also ensures the importance of auditing collections and checking the storage of vital parts of prohibited firearms. These activities limit the risk of non-compliance. A fixed fee plus a variable charge allows for variability in collection sizes. Larger collections create greater risk if endorsed items are stolen.

Those people holding pistols and collections do so for sporting and recreational purposes, and personal interest in history. The case for the Crown to continue to subsidise these purposes is weak.

---

<sup>22</sup> Major item will be an item that is required to be recorded in the Registry as set out in regulations to be in force by 24 June 2023.

Setting a full cost recovery fee for pest control endorsements is also a cost increase. Pest control activities are for the benefit of the landowner (both public and private). If properly and regularly undertaken they also deliver wider benefit to others including the conservation estate.

<b>Table 11: Licence endorsements</b>			
<b>All endorsements</b>	<b>Advantages</b>	<b>Disadvantages</b>	<b>Fee inclusive of GST</b>
<b>Endorsements coincide with application for renewal of licence</b>			
<b>Option A</b>  Averaging the costs across all endorsements	Simple and predictable for applicants	Not fair to endorsement holders holding small number of items	\$1,370 – \$1,510
<b>Option B</b>			
(i) Pistol (s29(2)(b))	Reflects actual work	None	\$1,350 – \$1,490
(ii) Pest control	Reflects actual work	None	\$930 – \$1,020
(iii) Memento/heirloom	Reflects actual work	May be high for an endorsement holder with a single item	\$930 – \$1,020
(iv) Bona fide collector/(s29(2)(c))	Equitable – fees related to costs	More complex	Fixed \$1,230 – \$1,360 plus Variable per item \$10 – \$10
(v) Theatrical endorsements (for display and re-enactments) (s29(2)(e))	Equitable – fees related to costs	More complex	Fixed \$1,230 – \$1,360 plus per item \$10 – \$10
<b>Additional fee if application made in the duration of the licence</b>			
Fee if application for one or more endorsement is made together but not concurrent with the firearms licence application	More equitable and recognises the additional work required	More complex to operate	\$590 – \$650 for one or more endorsements and applied for at the same time



Table 11: Licence endorsements			
All endorsements	Advantages	Disadvantages	Fee inclusive of GST
Fee if application for additional endorsement is made not concurrent with the firearms licence and not at the same time as the previous endorsement.	More equitable and recognises the additional work required	More complex to operate	\$590 – \$650  For the additional endorsement

What do you think?
<p>The estimated full cost recovery rates for endorsements are shown in table 11 above.</p> <p><b>Irrespective of the level of fee set:</b></p> <p><b>18.</b> Should the fee be set at:</p> <p>Option A – the same fixed average fee for all types of endorsements? Or</p> <p>Option B – for possession of a pistol, or prohibited item for pest control, a memento/heirloom firearm: a different fixed average fee for each endorsement type</p> <p>Do you have any other suggestions or ideas?</p> <p><b>19.</b> Option B – for bona fide and theatrical re-enactment endorsements: Should the endorsement fee for bona fide and theatrical re-enactment endorsements be set at a base fixed fee plus a variable fee (the variable fee being set according to the number of arms items held)?</p> <p>If you selected no, do you have any other suggestions or ideas?</p> <p><b>20.</b> If you think the fee for each endorsement type should <u>not</u> be set at full cost recovery, on what basis should it be set?</p> <p><b>21.</b> Do you agree that an additional fee (or fees) should be set to meet the additional work required when an application for endorsement (or endorsements) is made in the duration of the licence?</p> <p>If you selected no, do you have any other suggestions or ideas?</p> <p><b>22.</b> Do you consider that the application for endorsement for a renewal of the same endorsement should be set at a lesser fee than for a first-time application for that endorsement?</p> <p>If you selected no, do you have any other suggestions or ideas?</p>

## 5.2 Permit to possess an item needing endorsement

### Context

Under the Act, people can possess arms items such as pistols, prohibited firearms, prohibited magazines, and restricted weapons. These items have the potential to produce a high level of harm if misused or used criminally. The possession of these items is recorded on the Police register against the relevant licence holder. A licence holder obtains permission to hold any such item through an application for a permit to possess or through an import permit.

### Issue

Each year, Police processes over 7,000 permits to possess such higher harm items. This process enables dealers and individual licence holders to purchase these items for commercial, sporting, or recreational purposes. No fee has been charged for this regulatory activity.

### Proposal

A new fee, based on full cost recovery. For these permits, we do not suggest a partial cost recovery option because these items are held for the direct benefit of the licence holder for commercial, sporting, display or recreational purposes.

#### Regulatory activities

The activities required of Police are:

- receive application for permit
- consider if the item is appropriate to the endorsement on the applicant's licence
- consider if the item is appropriate to the conditions on the holders endorsed licence
- approve or decline
- reconcile and update the Police database.

The uniform nature of the work involved in issuing a permit to possess means a single fixed fee is appropriate, regardless of whether the item is a pistol, prohibited firearm, prohibited magazine, or restricted weapon.

Any variation in the regulatory work required is minor, unless the additional item requires Police to consider a change to the conditions applied to the applicant's licence endorsement as well as the secure storage provisions.

A registry of all firearms is to be established in June 2023 and expected to be fully developed by 2028. This registry is expected to enable Police to introduce a more cost-effective process for managing permits to possess. Until the register is fully developed, the estimated full cost to Police of delivering permits to possess is \$40 per permit.

### Advantages

An averaged fee is easy and straight forward.

### Disadvantages

No disadvantages identified.

### Impact

The fee represents the cost to Police of approving the transaction and maintaining the register of items requiring endorsement. Some efficiencies may be gained when the licence holder is able to update transactions directly onto the registry online once established. The compliance audit activities will remain the same irrespective of how the data is entered on the registry.

Table 12: Permit to Possess			
Proposal	Advantages	Disadvantages	Fee inclusive of GST
Fee for each permit at full cost	Fee commensurate with cost with Police	None identified	\$40

What do you think?
<p><b>23.</b> Do you agree that a full cost recovery fee should be charged for permits to possess?</p> <p>If you selected no, do you have any other suggestions or ideas?</p> <p><b>24.</b> Do you agree that the fee for a permit to possess should be averaged across all permits to possess, irrespective of the type of item being obtained?</p> <p>If you selected no, do you have any other suggestions or ideas?</p>

## 6. Miscellaneous fees

### 6.1 Fees for additional place of business

#### Context

A dealer's licence is issued in respect of one place of business. Where a dealer hires out firearms and restricted weapons for theatrical/cinematic/television production, and the use of these items is supervised by an on-site theatrical armourer, that person must hold written consent specifying the location of the site(s) and the duration of the production at that site.

There are two reasons to request an additional place of business – either a consent for an additional site or sites when this involves an on-site theatrical armourer, or consent for a gun show or auction.

#### 6.1.1 Fees for changed place of business (dealer employing a theatrical armourer)

#### Issue

There is currently no fee for this regulatory requirement. The service provided by Police is solely for the commercial benefit of the applicant, suggesting that full cost recovery is appropriate.

#### Regulatory activities

- receive application, assess
- check secure storage arrangements
- review theatrical armourer provisions/services and processes
- propose conditions where necessary
- approve or decline application
- attend site following report of loss, theft, or burglary.

#### Proposed fee

Between \$2,140 – \$2,360, based on full cost recovery.

#### Advantage

A set fee is easy to administer.

## Disadvantage

The set fee may underestimate the cost to Police to deliver the service for a large production that uses several location sites or where sites change after approval.

## Impact

The financial impact on the theatrical production will be insignificant. It provides for rigour and a consistent service. Police will recover costs for an activity for which it currently gets no revenue.

Table 13: Consent for additional site (theatrical armourer)			
Option	Advantages	Disadvantages	Fee inclusive of GST
Average fee per production site	Aligns with costs	No significant disadvantages	\$2,140 – \$2,360

What do you think?
<p><b>25.</b> Should the fee for a consent to an activity at an additional business site supervised by an on-site theatrical armourer be set at full cost recovery?</p> <p>If you selected no, do you have any other suggestions or ideas?</p>

## 6.1.2 Fee for consent to hold/attend a gun show or auction

### Context

A dealer's licence is issued in respect of one place of business. With the consent of Police, a dealer may, from time to time, apply to use another place of business for the purpose of conducting a gun show or auction. The application can only be for a period not exceeding five days.

Prior to COVID-19 restrictions, there were fewer than 50 gun shows a year in New Zealand, and numbers are expected to return to these levels in time.<sup>23</sup>

### Issue

The current fee for holding a gun show is \$50. This fee was set in 1992 and has remained the same, with no adjustment for changes in GST. The fee doesn't cover the regulator's costs. Regulatory oversight of a gun show or auction, particularly one involving the display and transfer of endorsed items (pistols, prohibited firearms, restricted weapons) requires significant work.

---

<sup>23</sup> Annual gun show data taken from internal Police records.

## Regulatory activities

To carry out the work required for a gun show or auction requires the following tasks to be undertaken:

- Receive application and assess
- Attend site to inspect security
- Decide conditions where necessary
- Approve or decline application
- Attend gun show or auction
- Issue permits to possess if required
- Ensure ownership changes are completed
- If an auction is part of the gun show – confirm the dealer(s) who is undertaking the auction.

The estimated cost to Police depends on the duration of the gun show or auction. A weekend show may require two full days of attendance by one or more staff member.

Each dealer participating at a gun show or auction must apply to use another place of business. If each dealer were charged for Police staff attendance, Police would over-recover costs or risk placing the full cost unfairly on the dealer that made the first application. To avoid this, an application must be made no less than 90 days before the show commences. This enables Police to determine the number of applicants, the cost of inspection of the security and to spread the site attendance and security inspection costs across the number of dealer applicants.

## Proposal

Set the fee based on the average estimated full cost to Police. The fee would consist of two parts:

- the fixed cost of consideration of an application
- the variable per day cost for the site visit, inspection of security and site attendance.

The fee would be paid after the application is made but prior to the consent being issued.

### **Advantages**

Averaged fixed fee and variable daily charge is simple, easy to understand and equitable.

### **Disadvantages**

Avoiding over-recovery of costs requires an application to be made before the fee is paid. This differs from most other fees that must be paid with the application and evidence of payment provided with the application. The current fee partially recovers the Crown's costs and is not supported.

## Impact

The fee may influence the dealer's decision to participate in the show if they consider the business generated would be insufficient to meet the cost of the fee. There is an additional risk that one or more of the applicants decides not to attend the gun show and consequently the variable fee under-recovers and is borne by the Police. The impact on an auction would be insignificant.

Table 14: Consent additional site (gun show or auction)			
Option	Advantages	Disadvantages	Fee inclusive of GST
Two-part fee (i) Application Fee plus if required (ii) Daily fee per Police staff member attendance at show	Aligns with costs	No significant disadvantages	\$1,020 – \$1,120
	Minimum one Police staff required	The number of staff required is not easy to predict with a gun show where multiple dealers attend	\$1,120 – \$1,240 per Police person per day

## What do you think?

**26.** Should the fee for consent for a dealer to display, sell, supply firearms at a gun show or auction be set at the estimated full cost to Police?

If you selected no, do you have any other suggestions or ideas?

**27.** Irrespective of your answer to 26, should the fee for the consent for a dealer to display, sell, supply firearms at a gun show or auction be comprised of a fixed fee and a variable component to cover the cost of Police's site attendance?

If you selected no, do you have any other suggestions or ideas?

**28.** Should the variable component referred to in 27 be spread across the number of dealers sharing the service at a specific gun show?

If you selected no, do you have any other suggestions or ideas?

**29.** If you answered yes to 28 above, should applications be made 90 days in advance of the gun show or auction so as to enable the variable component referred to in 27 and 28 to be spread across multiple dealers?

If you selected no, do you have any other suggestions or ideas?

## 6.2 Fee for notification and approval of an ammunition seller

### Context

A person with a firearms licence can sell ammunition (but not firearms), provided they have notified Police of their intention to undertake this business activity, meet secure storage requirements, and maintain records of sales. The notification is renewed when the firearms licence is renewed (maximum of 5 years if a first-time licence holder or 10 years if a second or subsequent licence holder).

### Issue

Approval and regulatory oversight of the selling of ammunition as part of another business is a new provision which came into law in April 2020. There is currently no fee for this regulatory activity, despite the ammunition seller deriving commercial benefit from it.

### Proposal

Set an average fee for notification and approval to sell ammunition as a business activity (\$560 – \$620).

#### Regulatory activities

To carry out the work required for a gun show or auction requires the following tasks to be undertaken:

- consider application
- check secure storage arrangements
- confirm records are kept
- check records.

### Discussion of the option

#### Advantages

A set fee is easy to administer. The beneficiary pays for the cost of the service.

#### Disadvantages

The cost to Police to deliver the service may be underestimated, particularly as this is a new regulatory requirement on the seller and Police may need to take an educative approach as sellers become familiar with the requirements.

#### Impact

The financial impact on the ammunition seller will be insignificant. It provides for rigour and a consistent service.



Table 15: Recognition as ammunition seller			
Description	Advantages	Disadvantages	Fee inclusive of GST
Recognition as ammunition seller	Aligns with costs	No significant disadvantages	\$560 – \$620

What do you think?
<p><b>30.</b> Do you agree that a full cost recovery fee should be set for the regulatory oversight of an ammunition seller?</p> <p>If you selected no, do you have any other suggestions or ideas?</p>

## 6.3 Fee for mail order/internet sales

### Context

Domestic sales by mail order or over the internet don't take place face-to-face. Those seeking to trade or exchange firearms, certain firearm parts and ammunition using these processes must ensure that the transaction is with a person who is legally able to possess the item that's being traded or transferred.

The need to ensure legality of the transaction applies to both dealers and individual licence holders. It requires Police to physically sight and check the currency of the licence of both the buyer and receiver of the item before approving the transaction.

### Issue

The mail order process only applies to standard firearms and ammunition. Permits to possess apply to items requiring endorsement (which is a much more detailed process and the items recorded by Police and are listed against the endorsed licence holder).

At present, there is no charge for the regulatory oversight of mail order or internet transactions. The legal requirements on the person buying the arms item are substantial and the process can be drawn out if Police front-desk staff are unable to efficiently transfer the mail order form to the arms staff and then on to the supplier of the item. There is also no central database recording these transactions.

For items that do not require a permit to possess, the process can be circumvented where the transaction is between two licence holders. This is less likely to occur with dealers where records must be held and made available to Police.

A specific mail order process applies to prohibited parts as these transactions do not require a permit to possess.

# Proposal

The mail order/internet approval process is time-consuming for both Police and the applicant seeking to purchase an arms item or ammunition. The process is likely to be simplified for most applicants at some stage after the registry becomes available in 2023. Until then it is proposed to set the fee for a mail order application at zero. This fee may be revisited after the registry becomes operational.

We appreciate that in other proposals, we have included full and partial cost recovery options. In this instance, the forthcoming registry means those options are not presented for consideration.

## Advantages

A zero fee should help to minimise non-compliance with non-face-to-face transactions undertaken through mail order or the internet.

## Disadvantages

It requires Police to absorb the cost of this service.

## Impact

No impact on the licence holder.

### What do you think?

**31.** Do you agree that no fee should be charged for mail order and domestic internet sales?

If you selected no, do you have any other suggestions or ideas?

## 6.4 Fee for import permits

### Context

Anyone seeking to import any firearm, firearm parts (including prohibited magazines, restricted airguns, restricted weapons, and ammunition) must hold a firearms licence and apply to Police for an import permit. An import permit is also required for blank-firing guns which may require examination to check that they cannot be readily modified into a firearm.

Imports are necessary, as there is very little manufacturing of firearms in New Zealand, although repairs and modification services are available. Some firearms require specialised parts, and overseas manufacturers are recognised for the qualities and characteristics of their products. There is some local manufacture of ammunition, but most of it is also imported.

# Issue

At present, there is no charge for the regulatory oversight of imports. Demand for import permits is high, with over 6,000 applications processed by Police each year.

In 2021, 62,145 firearms, pistols and prohibited firearms were listed on import permits issued.<sup>24</sup> Permits were also issued for the import of 214,381 parts (excluding prohibited parts).

The requirement to obtain an import permit for ammunition took effect in April 2020. In 2021, around 78 million rounds of ammunition were imported: an average of 748,940 rounds per permit.<sup>25</sup>

An import permit remains valid for 12 months, or until it is used. Several permits can be issued and then expire without being used.

## 6.4.1 Fee for import permit for firearms, firearm parts (including magazines), prohibited magazines, restricted airguns, restricted weapons

### Regulatory activities

The activities required of Police with respect to importing are as follows:

- receive application for a permit to import
- assess status of applicant
- assess nature of firearm and establish if a sample is required
- establish list of items
- approve/refuse
- arrange for Police armourer to assess any sample
- audit shipments on receipt
- remind importer they must within 30 days advise of receipt of item(s)
- audit advice received from importer.

---

<sup>24</sup> Of the 62,145 firearms 2,293 were pistols and 1,417 were prohibited firearms.

<sup>25</sup> 77,879,310 rounds.

# Options

Two options are presented for setting a fee for these import permits: the same fee for all permit applications, or one tailored to the type of items being applied for.

## Option A: Full cost recovery

Set an average full cost recovery fee, irrespective of the number and type of arms item proposed to be imported (\$540 – \$590).

## Option B: Fixed base fee plus per item charge

A fixed base fee and an additional fee based on the different types of items applied for on a single import permit application (fixed fee \$42 – \$46, plus \$5 per item).

# Discussion of the Options

### Advantages

Option A results in a simple fee structure. Option B sets a fee which better represents the work required.

### Disadvantages

Option B is not as easy for the applicant and Police to calculate in advance of making the application compared to Option A. Option A is inequitable to an individual licence holder who imports a single item or part.

### Impact

The fee for the permit is insignificant when compared with the purchase cost of the item or items, freight costs, and other handling charges. Applying a fee should reduce the number of unused permits applied for.

Table 16: Import for arms items: all firearms, firearms parts etc.			
Option	Advantages	Disadvantages	Fee inclusive of GST
A: Fixed fee irrespective of item(s) imported	Simple	Favours those who import large numbers and different types of items	\$540 – \$590
B: Fixed fee plus variable fee	Better represents the work required	Difficult to get an accurate representation of the work required	Fixed fee \$42 – \$46 plus Variable fee per item type and major firearms part as defined in the Arms Regulations 1992: \$5 – \$5

### What do you think?

**32.** Do you agree to a fee for import permits set at full cost recovery?

If you selected no, do you have any other suggestions or ideas?

**Irrespective of the level of fee set:**

**33.** Do you agree that they should be a fixed fee? (Option A)

**OR**

Do you agree that there should be a fixed fee plus a variable fee? (Option B)

Please select one

Do you have any other suggestions or ideas?

## 6.4.2 Fee for import permit for ammunition

### Proposal

An import permit fee for ammunition set on a full cost recovery basis. The fee is derived from the average full cost of the regulatory oversight required for importing ammunition, to ensure it is only sold or supplied to a firearms licence holder.

An average fee set, irrespective of the quantity of each type of ammunition applied to import on the permit.

The estimated average full cost to Police to issue a permit and the regulatory oversight of the import of ammunition is estimated at \$540 – \$590 per ammunition type.

### Regulatory activities

The activities required of Police with respect to importing are as follows:

- receive application for a permit to import
- assess status of applicant
- assess nature of ammunition
- establish if a sample is required
- approve/refuse
- audit shipments on receipt
- remind importer they must within 30 days advise of receipt of ammunition
- audit advice received from importer.

## Discussion of the option

### Advantage

Results in a simple fee structure.

### Disadvantage

The quantity of each type of ammunition on a permit will vary greatly.

### Impact

The fee for the permit is insignificant when compared with the purchase cost of the ammunition, and other handling charges. Applying a fee should reduce the number of unused permits applied for.

Table 17: Import permit for ammunition			
Option	Advantages	Disadvantages	Fee inclusive of GST
Fixed fee irrespective of quantity or type of ammunition imported	Simple	Favours those who import large quantity	\$540 – \$590

What do you think?
<p><b>34.</b> Do you agree that a full cost recovery fee should be set for permits to import ammunition irrespective of the quantity or type of ammunition imported?</p> <p>If you selected no, do you have any other suggestions or ideas?</p>

## 6.4.3 Fee for import sample

### Context

The Act enables Police to require an applicant for an import permit to produce items for examination and testing. This may include any firearm, pistol, restricted airgun, restricted weapon, blank-firing gun, any part of a firearm or blank-firing gun, non-prohibited ammunition, pistol carbine conversion kit, air pistol carbine conversion kit, a prohibited item, or prohibited ammunition.

### Issue

The examination and testing of a sample of an arms item requires the expertise of a Police armourer, or a qualified ammunition technician in the case of ammunition. At present there is no fee for this activity. This has two effects. It places a demand on a Police-employed armourer without compensation, which also diverts that person away from their duty as an

armourer employed for the maintenance of Police-held arms. Without specific funding, the armourer is unlikely to prioritise this work over other Police demands, resulting in delays to the delivery of service for the person seeking to import the item.

## Proposal

One option is proposed: set an average full cost recovery fee estimated to be in the range of \$1,230 – \$1,360 per item or ammunition type for an import permit for an item requiring a sample to be imported and examined. This includes firearms, firearm parts (including magazines), prohibited magazines, restricted airguns, and restricted weapons.

### Regulatory activities

The activities required of Police with respect to importing a sample are as follows:

- receive application for a permit to import
- assess status of applicant
- establish if a sample is required
- arrange for Police armourer or ammunition technician to assess any sample
- approve/refuse
- arrange export or disposal of sample if import is refused.

### Advantage

Results in a simple fee structure.

### Disadvantage

The time taken to assess an item will vary depending on the item.

### Impact

Importers may be reluctant to import new improved items. It may, however, discourage importers to seek to bring in items to circumvent restrictions on prohibited and other high-risk items.

**Table 18: Fee for sample import permit and assessment**

Proposal	Advantage	Disadvantage	Fee inclusive of GST
Fee to assess new arms item or ammunition by sample	Reflects the work applied by a qualified person	None	\$1,230 – \$1,360

### What do you think?

**35.** Do you agree that a fee for an import sample should be the cost of an assessment of a sample by a qualified Police armourer or equivalent qualified person?

If you selected no, on what basis should the fee be set?

## 6.5 Fee for replacement card or permit

### Context

The Act provides for a fee to be set for the issue of a replacement card or permit with evidence of loss or destruction.

### Issue

There is no centralised data set of the number of replacement cards/permits issued. The current fee for providing this service is \$25.

### Proposal

One option is proposed: set a \$40 fee, which is the estimated average full cost of production and issue of a new card or permit.

### Discussion of the option

#### Advantage

Aligns with cost.

#### Disadvantage

No significant disadvantage to the applicant. They are required to present a current licence to lawfully purchase arms items and ammunition. Younger licence holders use their firearms licence as a means of identification where they do not yet hold another form of identification, such as a driver licence. The increase in fee from \$25 to \$40 is not significant when inflation is considered.

#### Impact

Enables licence holders to lawfully possess firearms and ammunition.

**Table 19: Application for replacement firearms licence/permit**

Option	Advantage	Disadvantage	Fee inclusive of GST
Fee for replacement	Aligns with costs	No significant disadvantage	\$40



### What do you think?

**36.** Do you agree that the fee to issue a replacement firearms licence or permit be set at full cost recovery?

If you selected no, on what basis should the fee be set?

## 6.6 Fee variation to endorsement – permission to carry

### Context

The Act makes it an offence to carry any firearm held on endorsement beyond the dwelling and the section it sits on, except where the conditions of the endorsement for that item specifically allow for this.<sup>26</sup> Those licence holders who hold an endorsement on their licence that allows them to hold pistols, restricted weapons and prohibited firearms, must apply for permission to carry to a place not specified on the conditions of their endorsement.

### Issue

There are a number of circumstances where an endorsed licence holder needs to carry one or more of their endorsed items beyond the curtilage of their dwelling. Examples of this include participation in public re-enactments of war-related events. These events can involve one or more licence holders and require a number of one-off activities of the regulator. At present there is no fee for the work required of Police to consider an application for a permit to carry.

### Proposal

It is proposed to set a full cost recovery fee for the application for a change of conditions to allow an endorsed firearm to be carried outside the place it is approved to be held.

A single option, that of full cost recovery, is presented for a permission to carry as this change to conditions is for the private benefit of the licence holder. It enables the temporary change to the place where an endorsed item is to be held and introduces a new set of risks that need to be mitigated through a change to condition. Regulatory oversight is needed to ensure continuous security.

---

<sup>26</sup> Section 36 of the Act.

## Regulatory activities

The activities required of Police with respect to permission to carry are as follows:

- receive application for a permit to carry
- assess status of applicant's endorsements
- assess the conditions on the endorsements
- site visit if required to check security arrangements
- approve subject to conditions.

### Advantages

There is a clear link between the benefit and the cost because it applies to an activity that the licence holder wishes to undertake outside the normal conditions for that item. Full cost recovery means that the cost does not fall on the Crown.

### Disadvantages

A charge is being applied where once the service was met by the Crown.

### Impact

The main impact is one of fairness and is consistent with a move to a system based more firmly on cost recovery.

Table 20: Permission to Carry			
Description	Advantages	Disadvantages	Fee inclusive of GST
Application fee per event plus Attendance on site by one Police person (if required)	Aligns with costs	No significant disadvantages	\$1,020 – \$1,100  plus  \$560 – \$620

### What do you think?

**37.** Do you agree that an application to obtain a permit to carry an endorsed item beyond the dwelling and the section in which it sits being set at an average full cost recovery fee?

If you selected no, on what basis should the fee be set?

## 6.7 Modification/assembly of firearms

### Context

Commencing on 24 June 2023, the Act will require every holder of a firearms licence to provide information into the firearms registry when manufacturing (including modification and assembly) of a firearm. Section 4 of the Act limits the ability to manufacture a prohibited firearm to certain people holding the required endorsement on their firearms licence.

### Issue

It is possible that a person may wish to apply to modify their prohibited firearm to a non-prohibited firearm in some circumstances such as no longer needing a firearm for pest control purposes. Likewise an endorsed licence holder may wish to assemble or modify a non-prohibited firearm to a prohibited firearm. To provide for these possibilities, Police's discussion document on regulations for the firearms registry has proposed that a person who applies to manufacture a prohibited firearm through assembly, modification or vice versa must provide the following to Police for inclusion in the registry:

- a. details of the original non-prohibited/prohibited firearm
- b. details of the new non-prohibited/prohibited firearm
- c. number of the permit to possess the prohibited firearm (if it's a conversion to a prohibited firearm) which must be granted before the modification is made
- d. a copy of a report from a Police-employed armourer confirming the converted firearm has been appropriately modified and if converted to a non-prohibited firearm that the modification is irreversible.

### Proposal

One option is proposed: set an average full cost recovery fee for the examination, report, and return or disposal of the modified firearm which is estimated between \$1,230 – \$1,360 per item.

### Regulatory activities

The activities required of Police-employed technician/armourer are as follows:

- receive application for assessment of modification
- receive the modified firearm
- Police armourer to assess the modified firearm
- issue a report
- arrange the return of the modified firearm or arrange for its disposal if deemed unsafe.

### Advantage

Results in a simple fee structure while maintaining regulatory oversight of modified firearms through the registry.

### Disadvantage

The time taken to assess an item and assessing the safety and irreversibility of the modification will vary greatly depending on the item.

### Impact

Enables licence holders to possess the modified/assembled firearm lawfully and safely. It is difficult to assess if the fee will lead to non-compliance. Should this particular cost associated with the registry be found to be a driver of non-compliance, consideration will be given to reviewing this fee.

**Table 21: Fee for modification/assembly of a firearm**

Proposal	Advantage	Disadvantage	Fee inclusive of GST
Fee set at full cost to Police of armourer assessment	Reflects the work applied by a qualified person	Risk of non-compliance unknown	\$1,230 – \$1,360

### What do you think?

**38.** Do you agree that a full cost recovery fee should be charged for assessment of a modified firearm by a qualified Police-employed armourer?

If you selected no, on what basis should the fee be set?

# Appendix One – Methodology applied to establish cost to Police of delivering each regulatory activity

## Legal framework

The cost recovery provisions of the Arms Act 1983 are attached below in Appendix Two.

Section 81 requires that the Minister must be generally satisfied that:

- fee or charge for the activities delivered relate to the licence holder's use of that service
- the relationship between the costs and the nature and duration of the activity is clear, and
- the costs of the activity are efficiently incurred.

The following sections outline the methods used to identify the cost to Police in delivering the activities that enable the legal use and control of the possession and use firearms and ammunition.

## Activity-based costing

The fee proposals presented in this document employ an activity-based costing method. The costs are derived from estimates of the time required to carry out the activities. The estimates of the time required have been derived through consultation with experienced frontline arms and licensing staff and other subject matter experts with direct experience of the activities. A separate activity-based costing was conducted for each proposal consulted on.

## Costs included in calculating fees

All fees presented are estimates using the best information available.

The following costs have been included in the calculation of fees:

1. Operating expenses
2. Expected wage and cost increases
3. Non-salary labour costs
4. Overheads (only those associated with delivering the specific activities)
5. Depreciation

The costs exclude transitional costs, capital charge, contingencies and any transaction costs imposed by third parties.

# Fee types

The fee types are both fixed and variable.

## Fixed fees

Fixed fees are the average activity cost per application. Fixed fees are preferred where:

- the quantity is so large that it is not feasible to calculate a variable component (for example, there is some variation in the cost to process a licence, but it is impractical to have a different fee for each application when the number of applications received per year can reach 50,000).
- there is insufficient variation in the amount of work required to warrant a variable cost. For example, the holdings of heirlooms and mementos do vary but 90% have three or fewer items.

## Variable fees

Some fees have a fixed and variable component. To calculate the fees, the total cost of the activity has been estimated and then allocated to a fixed and variable component. The fixed component is the cost to process each application received (a single unit). The variable component is applied where there is wide variation in demand for regulatory activity from individual applicants.

For example, in the case of import permits, the total cost of providing import permit activities has been calculated. The fixed cost is the activity-based cost to process one application, the variable component is the remaining cost per item type on the application.

Likewise for dealers, the fixed cost is the cost to process the one application. The variable component arises from oversight of trading activity and has been pro-rated according to the number of licence-holding employees. In the case of bona fide collectors, the variable component is based on the requirement to reconcile the number of items in the collection.

The number of units such as number of licence holders, number of dealers, number of import applications, number of endorsed licence holders etc. have been obtained from Police records.

## Future demand

No provision has been made in the costings for change in future demand. The demand for services and the expected cost have been based on previous levels of demand. The main source of demand variation is due to the number of re-applications for licences by those who already have a licence. To allow for this the licence fee has been calculated across ten-years, being the term of the overwhelming majority of licences. Using a shorter period would result in a biased estimate – either over- or under-estimating demand.

# Appendix Two – Cost recovery provisions in the Arms Act

## Section 80 Activities that may be subject to cost recovery

- (1) The Minister of Police may recommend the making of a regulation under section 86 only if satisfied that the fee or charge concerned relates to an activity undertaken by the Police in accordance with this Act in relation to a person, shooting club, or shooting range.
- (2) The activities for which fees or charges may be imposed under section 86—
  - (a) include—
    - (i) processing an application for a firearms or dealer's licence, including assessing whether the applicant is a fit and proper person:
    - (ii) providing training and testing services in relation to obtaining a firearms licence:
    - (iii) issuing any licence under this Act:
    - (iv) processing any application for an endorsement, a permit to possess, or permit to import:
    - (v) issuing any endorsement, a permit to possess, or permit to import:
    - (vi) undertaking inspections and compliance checks, including checks relating to any licence, endorsement, permit, certification, conditions, or improvement notices:
    - (vii) providing testing of samples in relation to firearms, firearm parts, restricted weapons, parts of restricted weapons, magazines, pistol carbine conversion kits, air pistol carbine conversion kits, blank-firing guns, or ammunition:
    - (viii) processing any application for approval or certification of a club or range:
    - (ix) approving the manufacture for sale of arms items:
  - (b) do not include—
    - (i) the response of the Police to calls relating to potential offending; or
    - (ii) the conduct of criminal investigations; or
    - (iii) the prosecution of criminal offences.

## Section 81 Criteria for cost recovery

The Minister of Police may recommend that regulations be made under section 86 only if the Minister is satisfied that, —

- (a) subject to the provisions of section 86, the fee or charge recovers no more than the actual and reasonable costs (including both direct and indirect costs) of the activity to which the fee or charge relates; and
- (b) the fee or charge for the activity or class of activities to which the fee or charge relates is generally obtained from the users or beneficiaries of the service or class of services to which the activity relates at a level commensurate, as far as practicable, with their use of the service; and
- (c) the costs of the activity to which the fee or charge relates are efficiently incurred; and
- (d) the relationship between the costs of the activity to which the fee or charge relates and the nature and duration of the activity is clear.

## Section 82 Consultation

- (1) The Minister of Police may recommend that regulations be made under section 86 only if the Minister is satisfied that the Commissioner has done everything reasonable on the Commissioner's part to consult the persons or organisations (or representatives of those organisations) that appear to the Commissioner to be affected or likely to be affected by the fee or charge.
- (2) The process for consultation must, to the extent practicable in the circumstances, include—
  - (a) the giving of appropriate notice of the intention to make the regulation and of the contents of the proposed regulation; and
  - (b) a reasonable opportunity for interested persons to make submissions; and
  - (c) the adequate and appropriate consideration of those submissions.
- (3) A failure to comply with this section does not affect the validity of any regulations made under section 86.

## Section 83 Methods of cost recovery

- (1) Regulations for the recovery of costs may provide for the following:
  - (a) fixed fees or charges:
  - (b) fees or charges based on a scale or formula or at a rate determined on an hourly or other unit basis:
  - (c) the recovery by way of a fee or charge of estimated actual and reasonable costs expended in, or associated with, the performance of an activity:
  - (d) fees or charges based on costs incurred from charges by third parties:
  - (e) any combination of the above.
- (2) Without limiting the way in which a fee or charge may be set, a fee or charge may be set at a level or in a way that—
  - (a) is determined by calculations that involve an averaging of costs or potential costs:



- (b) takes into account costs or potential costs of activities that are not services to be provided directly to the person who pays the fee or charge, but are an indirect or potential cost arising from the undertaking of the activity in question in relation to a class of persons or all persons who use the service or class of services to which the activity relates:
- (c) takes into account indirect costs, which include the costs and potential costs of support, maintenance, and development associated with provision of the activity.

## Section 84 Payment of fee or charge

- (1) A fee or charge prescribed by regulations made under section 86 is payable at the time prescribed in respect of a particular activity, whether that time is before, during, or after completion of the relevant activity.
- (2) All fees and charges prescribed by regulations made under section 86 and received by the Police or any other government agency must be paid into a departmental bank account.

## Section 85 Exemptions, waivers, and refunds

- (1) Regulations made under section 86 may provide for exemptions from, or waivers or refunds of, any fee or charge prescribed by regulations made under this Act, in whole or in part, in any class of case.
- (2) Regulations made under section 86 may authorise the Commissioner, as the Commissioner thinks fit in the circumstances specified in those regulations, to exempt, waive, or refund the whole or any part of a fee or charge prescribed by the regulations.

## Section 86 Regulations relating to cost recovery

The Governor-General may, by Order in Council on the recommendation of the Minister of Police made after consultation in accordance with section 82, -

- (a) make regulations prescribing fees or charges for specified activities in accordance with sections 79 to 83:
- (b) make regulations for the purposes of section 84:
- (c) make regulations for the purposes of section.

# Appendix Three – Relevant provisions of the Arms Act 1983 and the Arms Regulations 1992

Discussion document context		Relevant sections of the Arms Act 1983	Arms Regulations 1992
Firearms licence			
3.1	Firearms licence	23, 24, 24A, 24B, 25, 34A,	14,15, 15A,16,19, 19A, 28B, 28D
Dealer's licence			
3.2	Dealer's licence – excluding museum director curator	5, 5A, 5B, 6, 6A, 6B, 7, 8, 8A, 12, 14, 34A	3, 4, 7, 7D, 7E, 7F, 8, 8A, 9, 9A, 9B, 9C,9D, 9E, 9F, 28B, 28D
3.3	Dealer's licence – museum director or curator	5, 5A, 5B, 6, 8, 29, 30, 30A, 31, 34A,	3, 4, 7, 7A, 8, 8A, 9B, 9E, 28B, 28D
3.4	Fee for a visitor licence	23, 24, 25	15, 21, Schedule 1
Dealer endorsements on dealer's licence			
4.1	Dealer endorsements (including museum curators)	10, 29, 30, 30A, 30B, 31, 31A, 32, 33A, 33B, 33C, 34A	20A, 20B, 28D
4.2	Dealer employee endorsements (including theatrical armourers)	11, 30, 30A, 32, 33C,	21A,
Endorsements on firearms licence and permits to possess			
5.1	Licence endorsements	29, 30, 30A, 30B, 31, 31A, 32, 33A, 33B, 33C, 34A,	20A, 20B, 22, 22A, 28, 28B, 28D

<b>5.2</b>	Permit to possess an item needing endorsement	35, 35AAA, 35A, 43A	23A, 24, 25, 26, 26A, 26B, 26C, 27, 28, 28AAA, 28B, 28D
Miscellaneous fees			
<b>6.1</b>	Fees for additional place of business	5C, 7	
<b>6.2</b>	Consent: gun show or auction	7A	6, 7B
<b>6.3</b>	Fee for notification and approval of an ammunition seller	2, 22D, 22E, 24C	9G, 9H, 9I
<b>6.4</b>	Fee for mail order/internet sales	43A	29A
<b>6.5</b>	Fee for import permit for firearms	16, 18, 18A, 18AA, 18AAB, 18A	10, 12, 12A, 13
<b>6.5.1</b>	Fee for import permit for ammunition	16, 18, 18A	10
<b>6.5.2</b>	Fee for import sample	18, 18AA, 18AAB, 18B, 18C	
<b>6.6</b>	Fee for Replacement Card/Permit	80	32, Schedule 1
<b>6.7</b>	Fee variation to endorsement – permission to carry	36	

# Appendix Four – Assessment of fee proposals (a summary)

Each of the fee proposals have been assessed against the following criteria:

➤ **Public safety (contribute to safety outcomes)**

Fees are not intended to be direct contributors to public safety in themselves but they may reduce the demand for and use of firearms.

➤ **Control use of firearms and ammunition**

Full cost recovery does not directly control the use of firearms. Current licence holders have no incentive to change their behaviour with fire-arms if fees increase.

➤ **Equity (between licence holders)**

Addressing the equity of fees is important that is requiring people to pay according to the level of use or risk to be mitigated. It maintains a fairer fee structure, reduces distortions in the dealer market, importing, and private holdings. This is best achieved with a mix of fixed and variable fees. However, it is not always practical to implement a variable structure if some instances because, the costs will vary but not sufficiently or it is too complicated to calculate a fee. Averaging is the best option in these cases.

➤ **Practicality (clear, consistent, and easy to understand and follow)**

All the fee proposals are “practical” but variable fees a little more complicated to implement and there may be areas of judgement that could result in perceptions of reduced equity.

➤ **Efficiency (giving effect to them isn’t harder than it needs to be)**

Cost effectiveness is a trade-off – full cost recovery is most likely to encourage unlawful use, but subsidies will encourage excess demand. Some activities are more at risk of the effect of full cost recovery either directly or consequently. In other case, it is difficult or may not be possible to be unlawful and full costs recovery is likely to be the most favourable option.

Key for following analysis of proposals against criteria:

	Does not meet
	Neutral
	Does meet

Proposals vs Criteria	Public safety	Control use	Equity	Practicality	Efficiency	Cost effective
<b>Firearms licence</b>						
<b>Separate Course fee – full cost</b>	Will be effective if participation is not significantly affected	Safety training contributes to control by identifying those who are eligible to be considered for a licence	Course fee is same for all, and Police costs do not vary	Very simple to follow, implement, and consistent across all for the service delivered	Third party supplier provides service, but fee collected through standard systems	If participation is discouraged, access to firearms may be possible without safety knowledge
<b>Partial cost</b>						May better encourage participation
<b>Option A-25% of full cost</b>	In general, partial recovery is less likely to result in avoidance or evasion	May support control if avoidance or evasion is contained	Any average fee below actual cost advantages every applicant	Updating an existing fee is low cost and easy to implement	Easy to administer	The greater the subsidy the greater the level of Crown financial support
<b>Option B – 50% of full cost</b>						
<b>Option C – 75 % of full cost</b>						
<b>Reduced fee for early renewals</b>	Reduces the likelihood of holding firearms after expiry of licence	Will help to control use if discount reduces avoidance or evasion	This is a fixed fee but not intended to be equitable; the cost is the same, but the fee is different however there is a net benefit	Application of a deduction is straightforward with adequate systems	Easily implemented but the choice of amount of discount may be less clear	Effectively a subsidy — adds to demand and requires additional Crown financial support
<b>Dealer's licence</b>						
<b>Option A Full – averaged</b>	Effective because avoidance and evasion is not easy achieved by dealers	May reduce the number of dealers but not necessarily the number firearms	Generally, no because costs vary by application	Updating an existing fee is low cost and easy to implement	Simplest to implement	Costs to address avoidance and evasion may partially offset fees

Proposals vs Criteria	Public safety	Control use	Equity	Practicality	Efficiency	Cost effective
Dealer’s licence (continued)						
Option B Full — First time averaged	Clear effect on public safety of alternatives	Compliance may be higher if seen as fairer	Equity is improved because costs can be higher for some first applications	Simple and reasons are clear for difference	Easily implemented like all fixed fees	Feasible option to align demand and costs
Option B.1 Full – renewals						
Option B.2 Fixed plus variable	Effectively full cost recovery	More likely to result in compliance because relationship between costs and fees is clear	Most equitable fee structure – payment according to use	Implementation will not be as simple – some interpretation will be required	Some extra complexity but simple enough to be managed	Most effective option to align demand and costs
Dealer museum curator						
Option A Museum curator full fee	Risk of avoidance or evasion is small	Items are not “in use” apart from display purposes	There will be some variation due to collection sizes, but this can be moderated	Very simple to follow, implement, and consistent under either option	Simplest to implement	Strict criteria will prevent excess demand
Option B Museum curator zero fee					Ensuring that the extensive conditions are met will take time	
Visitor licence						
Full cost recovery	Avoidance is possible if firearms use is possible after entry to NZ	Higher likelihood of avoidance or evasion	Some variation in costs but insufficient to warrant a variable fee	Updating an existing fee is low cost and easy to implement	Simplest to implement	Costs to address avoidance and evasion may partially offset fees collected
Dealer endorsements						
Full cost recovery	Reduction on current fee, not easily avoided	Effective due to high level of compliance	Dealer variation dealt with in the dealer licence	Updating an existing fee is low cost and easy to implement	Simplest to implement	Easily enforced

Proposals vs Criteria	Public safety	Control use	Equity	Practicality	Efficiency	Cost effective
Dealer employee endorsements						
First application	No direct effect on public safety	Compliance may be higher if seen as fairer	Equity is improved because costs can be higher for some first applications	Simple and reasons are clear for difference	Easily implemented	Good option to align demand and costs
Subsequent application						
Consent theatrical armourer						
Full cost recovery	Avoidance or evasion is possible but difficult to achieve	Higher likelihood of avoidance or evasion but reduced demand	Costs may vary depending on scale of theatrical production	Very simple to follow, implement, and consistent	Simplest to implement	Costs to address avoidance and evasion may partially offset fees
Consent additional site (gun show/auction)						
(i) Full cost application fee	Effectively full cost recovery	More likely to result in compliance because relationship between costs and fees is clear	Most equitable fee structure – payment according to use	Implementation will not be as simple – some interpretation will be required	Some extra complexity but simple enough to be managed	Most effective option to align demand and costs
(ii) Full cost daily fee						
Firearms licence endorsements						
A. Average full cost Fixed fee	Will be effective if unlawful behaviour is not encouraged	Higher likelihood of avoidance or evasion although this is moderated by current knowledge of personal holdings	Costs vary – an average fee will retain the inequity of the status quo	Very simple to follow, implement, and consistent	Simplest to implement	Costs to address avoidance and evasion may partially offset fees
B. Per endorsement fee			Proposal includes a fixed and variable component giving good equity properties			

Proposals vs Criteria	Public safety	Control use	Equity	Practicality	Efficiency	Cost effective
Additional fee if application made in duration of the licence						
Additional fee for one or more together but separate from licence application	Will be effective if unlawful behaviour is not encouraged (unlawful possession of pistols, prohibited and restricted weapons)	Higher likelihood of avoidance or evasion but reduced demand likely	Costs vary – an average fee will retain the inequity of the status quo do vary by application	Very simple to follow, implement, and consistent	Simplest to implement and may encourage applicants to make application in conjunction with the application for their licence	Costs to address avoidance and evasion may partially offset fees
Additional fee one or more separate from licence application and separate from each other						
Permit to possess						
Average full cost fee	Will be effective if unlawful behaviour is not encouraged	May support control if avoidance or evasion is reduced	Equitable where there is a variable component	Very simple to follow, implement, and consistent	Simplest to implement	Costs to address avoidance and evasion may partially offset fees
Ammunition seller						
Average full cost fee	Avoidance or evasion is possible, but detection is likely	Will help to identify cases of unusual sales	Costs will vary by application, but it is not practical to vary fee	Very simple to follow, implement, and consistent	Simplest to implement	Costs to address avoidance and evasion may partially offset fees
Mail order/Internet sales						
Fee set at zero	Partial recovery is least likely to result in avoidance or evasion	Avoidance and evasion are no easier to achieve when compared with the status quo	Equitable where there is a variable component	Very simple to follow, implement, and consistent	Setting a lower fee is simple but the choice of discount may be less clear	Will mostly be captured in dealer fees



Proposals vs Criteria	Public safety	Control use	Equity	Practicality	Efficiency	Cost effective
<b>Import permits</b>						
<b>Fixed and variable</b>	Effectively full cost recovery	More likely to result in compliance because relationship between costs and fees is clear	Most equitable fee structure – payment according to use	Implementation will not be as simple – some interpretation will be required	Some extra complexity but simple enough to be managed	Most effective option to align demand and costs
<b>Import permit ammunition</b>						
<b>Fixed fee</b>	Avoidance and evasion not easily achieved	Effective control likely to be achieved	Costs vary by application	Very simple to follow, implement, and consistent	Simplest to implement	Unlikely to result in excess demand or unlawful activity
<b>Import permit sample</b>						
<b>Fixed fee</b>	Avoidance and evasion not easily achieved	Effective control likely to be achieved	Costs may or may not be similar for each sample	Very simple to follow, implement, and consistent	Simplest to implement	Unlikely to result in excess demand or unlawful activity
<b>Replacement card/permit</b>						
<b>Fixed fee</b>	Avoidance and evasion not easily achieved	Effective control likely to be achieved	No significant variation in costs	Very simple to follow, implement, and consistent	Already a well-defined repeatable process	Unlikely to result in excess demand or unlawful activity
<b>Permission to carry</b>						
<b>Fixed fee</b>	Could result in avoidance or evasion	May support control if avoidance or evasion is reduced	Equitable because fee relates to the work required	Very simple to follow, implement, and consistent	Setting a lower fee is simple	Possible that costs may be incurred in enforcement
<b>Modification</b>						
<b>Fixed fee</b>	Could result in avoidance or evasion	May support control if it unlawful modification discouraged	Equitable because fee relates to the work required	Very simple to follow, implement, and consistent	Simplest to implement	Most effective option to align demand and costs