

# Regulatory Impact Statement (B): Short-term adjustment to non-pistol club reporting requirements

## Coversheet

Purpose of Document	
Decision sought:	Analysis prepared to support Cabinet decisions on amending the Arms Regulations 1992 to adjust non-pistol club reporting requirements in the short-term.
Advising agencies:	Ministry of Justice
Proposing Ministers:	Associate Minister of Justice
Date finalised:	9 May 2024
Problem Definition	
<p>Cabinet is being asked to adjust the annual reporting requirements applied to non-pistol clubs, ahead of wider proposed changes to the regulation of shooting clubs and ranges. The intention is to ensure the ongoing viability of non-pistol clubs that may otherwise struggle to meet existing reporting requirements, potentially undermining the role that the network of shooting clubs and ranges play in supporting firearms safety.</p>	
Executive Summary	
<p>In 2022, a new regulatory framework came into force, governing the activities of shooting clubs and ranges in New Zealand. The approach introduced greater consistency and formality to the regulations of clubs and ranges, underpinned by a focus on safety.</p> <p>One of the changes is a requirement on shooting clubs to provide the regulator with an annual report, detailing changes to the club's constitution and club officers, and minutes of the last annual general meeting. Clubs engaged in the sale of firearms and/or ammunition must also provide financial reports.</p> <p>Approximately 33% of non-pistol clubs are due to furnish their first annual report in July or August 2024. The Minister has heard reports from some stakeholders that they are having difficulty meeting these reporting requirements.</p> <p>The Minister is proposing that the annual reporting requirements be adjusted for non-pistol clubs to reduce the scope of information required (to cover only changes to club officers) to assist these clubs meet their obligations. This is viewed as a short-term measure, ahead of suggested broader changes to the regulation of clubs, including a proposal to remove annual reporting requirements for non-pistol clubs. The Minister intends to introduce this change by Order in Council, to ensure that it can assist clubs as soon as possible.</p> <p>The proposed approach is premised on an assumption that without intervention, non-pistol clubs struggling to meet annual reporting requirement may ultimately close, potentially undermining the role that the network of shooting clubs and ranges play in supporting firearms safety.</p> <p>The Ministry considers that there are too many uncertainties to confidently assess the likely net impact of the option. In particular, likely safety implications and concerns are untested. We do not have information on the scale and significance of the issues experienced by non-pistol clubs, and we have not been able to consult with stakeholders.</p>	

## Limitations and Constraints on Analysis

### Narrow scope

Officials received very clear commissioning from the Minister, who has an in-depth knowledge of, and experience in, shooting clubs and ranges. This commissioning, combined with time constraints, has limited the scope of options developed.

### Lack of public consultation

We understand that the Minister has been informed (by stakeholders affiliated with shooting clubs) that meeting the annual reporting requirements will be problematic. The timeframes in which the policy proposals have been prepared did not allow for public consultation on the potential impact of any regulatory change to address the issue. This means that officials do not have a full view of the problem.

### Minimal evidence base and data analysis

The current legislative requirements have been in place for less than a year, resulting in little evidence (and no reliable trends) about any positive and negative impacts of the reporting requirements in scope. Further, prior to those changes, non-pistol clubs and ranges were not regulated under legislation. This has limited the data available about the previous approach, including the likely impacts on safety.

### Scale of the problem has not been quantified

There are currently 303 non-pistol clubs operating in New Zealand. Of these, 101 clubs (33%) are in the first 'cohort' of clubs due to provide their annual reports to regulator in July or August.

A lack of information means that it is not clear how many of these clubs are at risk of not meeting their annual reporting requirements. The proposals under consideration are therefore based on an assumption that the risk is of a scale that warrants government intervention, within a short timeframe.

Longer timeframes for this work would have enabled officials to consult with stakeholders and the wider public. This could have provided more fully informed advice on the scale and scope of the issue, and the likely impact of the proposal, including unintended consequences, however this would not meet the objective of providing short-term support for clubs and ranges.

## Responsible Manager(s) (completed by relevant manager)

Rajesh Chhana  
Deputy Secretary Policy  
Ministry of Justice



09 / 05 / 2024



### Quality Assurance (completed by QA panel)

Reviewing Agency:	Ministry of Justice
Panel Assessment & Comment:	<p>The Ministry of Justice's Regulatory Impact Assessment quality assurance panel has reviewed the Regulatory Impact Statement "<i>RIS (B) – Short-term adjustments to non-pistol club reporting requirements</i>" prepared by the Ministry of Justice and considers that the information and analysis summarised in the RIS <b>does not meet</b> the quality assurance criteria.</p> <p>The RIS clearly describes the status quo and context and sets out clear objectives and criteria. However, it relies on evidence from one group of stakeholders to inform the problem definition and analysis of potential impacts of the proposals, including marginal costs and benefits. Other perspectives are not known.</p> <p>The proposals are based on assumptions that without intervention clubs may close and that reducing reporting requirements will not adversely impact firearms safety. These assumptions have not been tested with a wide range of stakeholders, leading to the Ministry concluding that there are too many uncertainties to confidently assess the net impact of the option, in particular safety implications and concerns. Time limitations mean that consultation has not occurred, and alternative options (including non-regulatory options) have not been considered.</p> <p>These limitations and constraints are clearly identified in the RIS. With additional time for engagement, it would be possible for these limitations to be addressed, however this would not meet the objective of providing short-term relief for clubs and ranges.</p>

## Section 1: Diagnosing the policy problem

### What is the context behind the policy problem and how is the status quo expected to develop?

#### Snapshot of shooting clubs and ranges in New Zealand

1. Shooting clubs and ranges are intended to offer a safe place for people to learn how to operate firearms, build confidence and discipline through practice, and engage in sporting competition.
2. The New Zealand Police (Police) reports that as at 22 April 2024, there were 396 shooting clubs in New Zealand – 303 non-pistol clubs<sup>1</sup> and 93 pistol clubs.<sup>2</sup> Some clubs are affiliated with a national organisation, such as the National Rifle Association and the New Zealand Deerstalkers Association.
3. There are 1,184 ranges in New Zealand, of which 412 are pistol ranges<sup>3</sup> and 772 are non-pistol ranges.<sup>4</sup> Some ranges are affiliated with shooting clubs, while others operate independently. Approximately 20% of range operators are commercial in nature.
4. Police estimates that approximately 20,000 to 40,000 individuals are affiliated to clubs across the country, representing approximately 8 to 16 percent of the 238,000 firearm licence holders in New Zealand.

#### The regulatory framework provided by the Arms Act 1983 and Arms Regulations 1992

5. The firearms regulatory regime is controlled by the Arms Act 1983 (the Act) and the Arms Regulations 1992 (the Regulations).
6. Beginning in 2019, a series of changes were made to the regulatory regime, prompted by the terrorist attack on the Christchurch masjidain on 15 March 2019. This work was led by Police, as the agency responsible for the administration of the Act at the time.
7. Amendments to the Act included a new purpose, statement and related principles:

Section 1A(1): The purposes of this Act are to—

- (a) promote the safe possession and use of firearms and other weapons; and
- (b) impose controls on the possession and use of firearms and other weapons.

Section 1A(2): The regulatory regime established by this Act to achieve those purposes reflects the following principles:

- (a) that the possession and use of arms is a privilege; and
- (b) that persons authorised to import, manufacture, supply, sell, possess, or use arms have a responsibility to act in the interests of personal and public safety.

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<sup>1</sup> 296 non-pistol clubs are approved and operating, and seven are not yet approved, but continue to operate because they existed before the legislative changes and made an application by 24 June 2023 for approval (the time required under transitional arrangements).

<sup>2</sup> 92 pistol clubs have been recertified and are operating, and one pistol club is a new club that has not yet been approved. The new pistol club cannot operate until its application has been approved.

<sup>3</sup> 411 pistol ranges are certified, and one is not yet certified as it is a new pistol range, and the application has recently been made. The new pistol range cannot operate until it has been certified.

<sup>4</sup> 230 non-pistol ranges are certified and 542 have not yet been certified. Two of the non-pistol ranges that have not yet been certified cannot operate, as they are new ranges that made an application for certification after 24 June 2023.

## Changes to the regulatory regime applied to clubs and ranges

8. Other changes introduced through the Arms Legislation Act 2020 included the introduction of Part 6 to the Act, covering the regulation of shooting clubs and ranges.
9. The changes were intended to:
  - give the regulator knowledge and oversight of all shooting clubs and shooting ranges, including where firearms are used and stored
  - require shooting clubs to have formal management and governance structures in place, to better achieve safety and responsibility in the use of firearms, and
  - provide greater assurance of the safe use of shooting ranges, for users and the general public.
10. The approach introduced greater consistency and formality to the regulation of shooting clubs and ranges. Prior to these changes, there was minimal government oversight of *non-pistol* shooting clubs. For example, club operators were not required to be a firearms licence holder, unless the club intended to hold, store, or lend firearms on the club premises. (Historically, pistol shooting clubs have been subject to higher levels of regulation – and this continues under the current regulatory regime).
11. The Firearms Safety Authority (FSA) was established in late 2022 as a business unit within Police. The FSA is the regulator for firearms, responsible for the management of the firearms licensing system, managing the Firearms Registry, and educating people to enable compliance and promote the safe use of legitimate firearms.

## New requirements placed on shooting clubs

12. Part 6 of the Act, together with Parts 5 and 6 of the Regulations, place requirements on shooting clubs and ranges.
13. A shooting club is defined as “a voluntary association of people who act in accordance with a set of written rules, and participate in, or intend to participate in, shooting activities on a regular basis”. (s38A of the Act).
14. The legislation sets out requirements related to:
  - *the status of clubs*, including the need for shooting clubs to hold a certificate of approval
  - *the application process to become approved/certified*, including who may apply, how applications must be made, and what information must be provided
  - *the criteria and conditions for approval/certification*, including rules for safe operation and facilities for secure storage
  - *ongoing obligations on approved clubs*, including what information must be recorded, retained, and provided, and renewal of range certification
  - *ongoing obligations on clubs if ammunition and/or firearms are held on their behalf*, including a requirement to be incorporated,<sup>5</sup> and what information must be recorded and reported, and
  - *powers for monitoring and enforcement of approved clubs*, including inspection, issue of improvement notices, temporary suspension, and criteria for cancellation of approval/certification.

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<sup>5</sup> Pistol clubs must be incorporated in any case, but non-pistol clubs in this position must also be incorporated.

### ***Certificate of approval required to operate***

15. All shooting clubs that use a shooting range for its shooting activities must hold a certificate of approval to operate. It is an offence, subject to a fine of up to \$10,000, if individuals do not comply with these requirements (s 38B).
16. Under s38F, applications for a certificate of approval must satisfy the regulator that the club:
  - will be using a certified shooting range for its shooting activities, and
  - has rules in place relating to the safe operation of firearms and promotes the safe possession and use of firearms, and
  - is appropriately administered, and
  - is able to safely manage its shooting activities, and
  - has proper storage for any firearm or ammunition held at any of the club's premises or at a shooting range used by the club.
17. A shooting club's approval lasts until it is surrendered by the club or is cancelled by the Commissioner of Police. The application fee is \$140 and the annual fee is \$40 for clubs that sell ammunition or firearms on behalf of others and \$30 for all other clubs.

### ***Ensuring regulatory compliance***

18. The FSA is responsible for ensuring compliance with the regulatory regime. As regulator, the FSA can:
  - enter and inspect clubs and ranges
  - issue improvement notices
  - temporarily suspend operations on the basis of non-compliance with an improvement notice
  - cancel the club's approval or range certification, and
  - ultimately, bring prosecution against individuals for operating clubs and/or ranges that are not approved/certified.
19. We understand the FSA's compliance approach involves first engaging and educating the club/range operator, and then sending escalating reminders. This action is taken before improvement notices are issued, cancellations, and prosecution.

### ***Implementation of new requirements placed on shooting clubs***

20. Part 6 of the Act came into force in June 2022, and Parts 5 and 6 of the Regulations came into force in December 2022.
21. Transitional arrangements required existing shooting clubs to apply for certification approval. Clubs that made applications by the required date have been able to continue to operate pending a decision on their application. However, new clubs cannot start operating until their applications have been approved.
22. Police data on the approvals of shooting clubs suggests that clubs have successfully transitioned to meet the new regulatory requirements. All clubs that have made their applications are continuing to operate. Police is currently awaiting documentation for seven non-pistol clubs to complete their approval (pending receipt of documentation or a physical security check).

## How the status quo may develop if no action is taken

23. The Minister has received feedback from some stakeholders associated with shooting clubs and ranges suggesting that they have struggled with the requirements established by the legislation. We understand that stakeholders have submitted that the regulatory requirements are unnecessarily burdensome, particularly as all clubs and some ranges are run by volunteers.
24. In particular, some non-pistol shooting clubs have raised concerns directly with the Minister citing a lack of communication and guidance to help them to comply with their annual reporting requirement. The Minister is concerned that some of these clubs may not be able to meet the current annual reporting requirement, and this could contribute to their closure.
25. Left unchanged, this situation could ultimately reduce the accessibility of clubs and ranges in some regions of New Zealand and, arguably, compromise the safety of firearms users and the wider community.

## What is the policy problem or opportunity?

### *Annual reporting obligations*

26. Section 38K of the Act establishes an annual reporting requirement for shooting clubs. Clubs are required to submit an annual report to the FSA within five months of the club's financial year end.
27. Regulation 28GO of the Arms Regulations 1992 states that a shooting club's annual report must include (unless the information is otherwise publicly available on the incorporated societies register):
  - detail of any changes to the club's constitution or rules since the date on which the club applied for a certificate of approval or since the date of the club's last annual report, whichever is the later, and
  - detail of any changes to the club's officers since the date it applied for a certificate of approval or since its last annual report, whichever is later, and
  - the minutes of its last annual general meeting.
28. In addition, if firearms and/or ammunition is sold on the club's behalf, this must include a financial report containing sufficient detail:
  - to reconcile firearms/ammunition purchased on behalf of the club and held or sold on behalf of the club, and
  - to evidence that all revenue generated by the sales was used, or is to be used, for the benefit of the club.<sup>6</sup>
29. Approximately 33 percent (n = 101) of non-pistol clubs are due to provide their annual report in July or August 2024. Officials understand that stakeholders affiliated with non-pistol shooting clubs have expressed concerns to the Minister about their ability to meet these requirements and have cited a lack of communication and guidance to help them comply with the law.
30. The Minister considers this to be an example of the complexity of the regulations, which may ultimately contribute to the closure of some clubs, and in so doing,

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<sup>6</sup> This is one of the requirements that means that a club involved with sale of firearms/ammunition for the benefit of the club does not need a club member to become a licensed firearms dealer.

potentially undermine the role that the network of shooting clubs and ranges plays in supporting firearm safety.

31. We have not been able to quantify the scale of this issue – it is not clear how many of the 101 non-pistol clubs required to submit an annual report in the July/August period are unlikely to be able to. Nor is it clear what the longer-term outlook is for the remaining non-pistol clubs.
32. The Minister has identified an opportunity to remove some of the compliance burden by adjusting the annual reporting requirements applied to non-pistol shooting clubs. This is intended to be an interim measure, pending the potential introduction of the broader set of proposals to change the regulatory regime applied to shooting clubs and ranges.
33. The key assumption underpinning the proposal is that the risk of non-pistol clubs being unable to meet the annual reporting requirements is of a scale and significance that warrants regulatory intervention. It is also assumed that reduced reporting requirements for non-pistol clubs will not adversely impact firearms safety (for users and the public).

#### **Who is affected and how?**

34. Non-pistol clubs will likely benefit from 'lighter touch' reporting requirements that will assist them to retain their approval to operate.
35. We do not have information about likely impact of reduced reporting requirements on safety outcomes. It is likely that the public will have a range of perspectives on this issue, but these have not been tested.

#### **No consultation is planned**

36. The Minister is proposing to make this change without undertaking stakeholder consultation. If agreed, an amendment will be made to the Regulations via an Order in Council. The intention is that the adjustment to reporting requirements is made in time to assist the 101 non-pistol clubs due to provide annual reports for the first time in July/August 2024. The adjustment would remain in place until the proposed wider changes to Part 6 of the Act and related Regulations are enacted (a Bill is planned to be introduced by September and passed by the end of 2024).
37. Section 74(4) of the Arms Act 1983 provides that regulations may be made on the recommendation of the Minister of Police after being satisfied that the Commissioner has done everything reasonable to consult persons or organisations that appear to be affected or likely to be affected. However, there is an exception where the Minister is satisfied that in the circumstance it was not practicable to consult to that extent or to carry out any consultation.
38. S9(2)(h)



## What objectives are sought in relation to the policy problem?

39. The overarching objectives for firearms regulatory reform is to deliver a system that:
- Supports the safe possession and use of firearms and other weapons for legitimate purposes (e.g. sport, hunting, collecting, and pest control), and
  - imposes controls that protect individual and public safety from firearms-related harm.
40. In addition, proposed changes to Part 6 of the Act and associated Regulations seek to reduce the burden on clubs and ranges, helping to ensure the ongoing viability of shooting clubs and ranges as critical contributors to firearm safety.

## Section 2: Deciding an option to address the policy problem

### What criteria will be used to compare options to the status quo?

41. The following assessment criteria were used for option assessment:

Criteria	Description
Promote public safety	<ul style="list-style-type: none"><li>• Contribute to protecting the public from firearms-related harm</li></ul>
Effective implementation	<ul style="list-style-type: none"><li>• Simple and easy to understand and apply</li><li>• Provide for effective and efficient delivery of service</li></ul>
Proportionate	<ul style="list-style-type: none"><li>• Requirements are necessary to achieve the overarching objective</li></ul>
Protect individual freedoms	<ul style="list-style-type: none"><li>• Protect individual freedoms and rights and the security and privacy of personal information</li></ul>

42. We note that there may be tensions between some aspects of these criteria, for example judgement calls around the measures necessary to protect public safety, and perceptions about what constitutes efficient and effective regulation.

### What scope will options be considered within?

43. Officials have received very clear commissioning from the Minister, who has an in-depth knowledge of, and experience in, shooting clubs and ranges. The Minister has drawn on feedback received from the sector, to identify the annual reporting requirements as an immediate 'pain-point' for some non-pistol shooting clubs.
44. Time constraints have further limited our ability to develop feasible options. Consideration has not been given to non-regulatory approaches to support clubs.

### What options are being considered?

45. Cabinet is being asked to consider a proposal to change the Regulations to adjust the annual reporting requirements applied to non-pistol clubs, to take immediate effect (via an Order in Council). This is intended to be a short-term measure while work on the broader regulatory proposals is progressed.
46. The two options presented are limited to the status quo and the proposal contained in the Cabinet paper.

## Option One – status quo

47. Under the status quo, all shooting clubs must comply with the existing annual reporting requirements (outlined in Regulation 28GO of the Arms Regulations 1992, refer paragraphs 26 to 28).

## Option Two – short-term adjustment to non-pistol club annual reporting requirement

48. This option seeks to simplify the annual reporting requirement for non-pistol clubs by reducing reporting requirements. Under this option, a non-pistol club's annual report would focus only on changes to club officers. Reports would be required where there have been changes to the club's officers since the club applied for a certificate of approval, or since the club's last annual report was provided to the regulator. Where there has been no change, confirmation would be required from the club.
49. The proposal aims to reduce the compliance burden placed on non-pistol shooting clubs, while maintaining a focus of firearms safety. This is a short-term adjustment ahead of suggested broader changes to the regulation of clubs, under which it is proposed that annual reporting requirements are removed for non-pistol clubs.
50. Compared with the counterfactual, this option is focused on reducing the compliance burden on non-pistol shooting clubs, thereby supporting them to remain in operation. It will particularly benefit the non-pistol clubs due to provide their reports in the second half of this year, before the proposed broader changes are planned to come into effect.
51. Time constraints mean that officials have not been able to engage directly with stakeholders, or otherwise assess the likely level of stakeholder support for this option.

## How do the options compare to the counterfactual?

	Option One – status quo	Option Two – short-term adjustment to the non-pistol club annual reporting requirement
Promote public safety	0	<p>-</p> <p>May assist some clubs and ranges to remain in operation, where they may otherwise close, this maintains the assumed public safety benefits that the network of shooting clubs and ranges may contribute to. (However, scale of risk of closures is not known, nor are resultant impacts on safety).</p> <p>Limits the intended oversight the FSA has over shooting clubs and therefore could compromise public safety.</p> <p>For example, the removal of financial reporting requirements may increase the risk that people seek to use clubs to (illegally) sell ammunition or firearms without a dealer's licence.</p>
Effective implementation	0	<p>+/-</p> <p>Simplifies non-pistol club annual reporting requirement and may result in minor efficiencies for some clubs and the volunteers that support them. (However, a lack of information on the scale and significance of issues makes it difficult to assess).</p> <p>The implications for the effectiveness of service delivery by the FSA are not clear – it may, for example, make it more difficult to target compliance activities.</p>



<b>Proportionate</b>	0	0 Views on proportionality are likely to differ across different sets of stakeholders. However, a lack of consultation makes this difficult to assess.
<b>Protect individual freedoms</b>	0	0 The option has no material impact.
<b>Overall assessment</b>	N/A	There are too many uncertainties to confidently assess the likely net impact of the option. In particular, likely safety implications and concerns are untested. We do not have information on the scale and significance of the issues experienced by non-pistol clubs, and we have not been able to consult with stakeholders.

### What option is likely to best address the problem, meet the policy objectives, and deliver the highest net benefits?

52. Given the constraints officials have operated within to prepare advice on the matters under consideration, the Ministry has not identified a preferred option.

### What are the marginal costs and benefits of the option?

53. Officials have considered the marginal costs and benefits of option two. However, we have very limited evidence or information on which to basis an assessment.

Affected groups	Comment	Impact	Evidence certainty
<b>Additional costs of the preferred option compared to taking no action</b>			
<b>Non-pistol clubs</b>	No additional costs incurred.	\$ nil Non-monetised - Low	High - reporting requirements are reduced.
<b>Regulator (FSA)</b>	A reduction in reporting requirements limits the oversight the FSA has on the operation of non-pistol clubs and may need to be off set by other remedial action (e.g. more site visits).	\$ unknown Non-monetised - medium/low	Low -it is difficult to determine how frequently the FSA will seek to use other compliance tools, and at what cost.
<b>General public</b>	The introduction of new requirements for shooting clubs and ranges was intended to contribute to improved public safety. The removal of some of these requirements may therefore present a risk to public safety.	\$ unknown Non-monetised - medium	Low – reporting requirements have been in place for less than a year. We have no evidence of the positive or negative impact of requirements on public safety.
<b>Total monetised costs</b>		<b>Unknown</b>	
<b>Non-monetised costs</b>		<b>Med/low</b>	

Additional benefits of preferred option compared to taking no action			
<b>Non-pistol clubs</b>	Reduced reporting requirements and therefore reduced call on club time/administration (including volunteers).	\$ Unknown Non-monetised - medium/low	Low- we don't have sufficient information to assess the scale of significance or the issue.
<b>Regulator (FSA)</b>	The FSA is likely to spend less time checking the annual reports provided by non-pistol clubs, which will provide a lower level of information. However, as above, this may be offset by other enforcement/compliance activities.	\$ Unknown Non-monetised - unknown	Low – the reporting mechanism is new and disaggregating this aspect of the FSA's workload from other compliance functions is difficult.
<b>General public</b>	It is possible that some non-pistol shooting clubs may close if they cannot meet reporting requirements – this could lessen the overall positive safety impact provided by a network of shooting clubs and ranges.	\$ unknown Non-monetised-unknown	Low – as above, we don't have sufficient information to assess the scale of significance or the issue, or the impact of the reduction in the number of non-pistol clubs.
<b>Total monetised benefits</b>		<b>Unknown</b>	
<b>Non-monetised benefits</b>		<b>Unknown</b>	

## Section 3: Delivering an option

### How will the new arrangements be implemented?

54. Subject to Cabinet approval of the proposed approach and the Regulations being amended, communications will be issued to inform non-pistol club stakeholders that the annual reporting requirement has changed. The Ministry will work with the FSA to update the guidance on their website.

### How will the new arrangements be monitored, evaluated, and reviewed?

55. The proposal is intended to be a short-term adjustment to annual reporting requirements, pending broader changes to the regulation of shooting clubs and ranges. In this time, the FSA will continue to monitor adherence to the reporting requirement, ensuring non-pistol clubs continue to submit an annual report.
56. The FSA's compliance approach for clubs in relation to annual reporting obligations is consistent with the general approach to: engage and educate, issue escalation reminders, issue improvement notices (potentially providing an extension of the deadline of the notice), and temporarily suspend the club's operations, and possible cancellation of certification of approach.