

Regulatory Impact Statement

Policing (Cost Recovery) Amendment Bill: Policy Approval

Agency Disclosure Statement

This Regulatory Impact Statement (RIS) has been prepared by New Zealand Police.

It provides an analysis of options for Police to recover the costs of providing certain Police services.

The analysis in this RIS focuses on:

- the reasons why some services that Police provides are considered appropriate for cost recovery; and
- why cost recovery by Police should be legislated for through provisions in the Policing Act 2008 to enable the making of regulations setting out fees or charges for particular services that Police provides.

These provisions would include principles on which cost recovery would be based and provisions in respect of consultation.

The proposed policy option of amending the Policing Act is intended to lead, further down the track, to regulations prescribing fees for certain services provided by Police. At this stage it is proposed that the Minister of Police would submit regulations to Cabinet setting fees or charges for the Police vetting service. This is the only service Police is currently considering as a candidate for cost recovery.

Regulations prescribing fees for services will impose additional costs on those businesses that use those services. In the case of vetting the proposed fees are likely to be very low (\$5-7 per individual vet). It is an option for businesses to recover those costs from the individuals benefitting from the vetting service.

None of the options considered in this Statement impair property rights or override fundamental common law principles.

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1. Status quo and problem definition

1.1 The status quo

Under section 9 of the Policing Act 2008, primary functions of the New Zealand Police include:

- Keeping the peace;
- Maintaining public safety;
- Law enforcement;
- Crime prevention;
- Community support and reassurance;
- National security;
- Participation in policing activities outside New Zealand; and
- Emergency management.

In carrying out these functions, Police provides a wide range of services to the general public and to specific agencies. The overall aim is to reduce crime and to enhance community safety. Police considers some of these services are “core” statutory functions, while others are important but “over and above” Police’s core statutory functions (refer **Table 1**). In line with international experience, some of these “over and above” services are considered to be “special services”. Currently, most services are funded out of Police’s baseline funding and no fee or charge is attached to their provision. Exceptions to this are willing buyer / willing seller agreements Police has with other agencies, such as the Department of Corrections.

Table 1: Examples of core and “over and above” Police services

Appropriation	Examples of core services	Examples of “over and above” services
Preventing general crime	Providing a Youth Education Service and Neighbourhood Policing Teams	Vetting applications for employment; dealing with lost/found property; supervising lottery draws
Preventing specific crime and maintaining public order	Providing witness protection;	Keeping peace at repossessions; providing police escorts (eg for the Reserve Bank)
Maintaining Police primary response	Dispatching in response to calls for assistance; attending incidents and emergencies	Not applicable
Investigations	Conducting criminal investigations	Some non-criminal investigations (e.g. responding to insurance company enquiries)
Resolving case and supporting judicial process	Prosecuting criminal cases	Not applicable
Applying the road safety programme	Operating speed and traffic cameras; detecting/reducing numbers of drunk or drugged drivers	Not applicable

As a state sector agency, Police is striving to deliver better quality services for less cost. In 2009, Cabinet endorsed the Policing Excellence Strategy. Under this strategy, Police examined the way it used its resources; how it could improve service delivery; and how it could provide better value for money within the Police and the wider Justice sector. Police wants to ensure that its resources are carefully prioritised to deliver a sustainable, efficient and high quality service to all New Zealanders. The aim is to refine the use of Police's limited resources to focus more on victims and prevent crime before it happens.

As measured against 2008/09 as a benchmark, Policing Excellence outcomes include a 13% decrease in recorded crime by 2014/15 and a 19% decrease in Police (non-traffic) apprehensions resolved by prosecutions, supported by a 4% increase in preventive activities.

This is also consistent with the Government's Better Public Services priorities involving the responsible management of the government's finances and better delivery of public services within tight financial constraints. To achieve this, Police considers it will need to either re-prioritise resources to allow more time for preventative services and less time for others, or to find a way to expand its resources.

However, unlike many other government agencies with core statutory functions, the Policing Act 2008 does not currently enable Police to charge for any of the functions designated under the Act (nor does it explicitly preclude cost recovery). The issues arising from this are that:

- Police has limited or no control over certain aspects of resource allocation; and
- Police is unable to expand its resources.

1.2 Problem Definition

The nature and scale of the problem is that:

1. The status quo does not support future sustainability of Police services. The allocation of resources across competing services is finely balanced. If the status quo is to be maintained, all current services would continue to be provided at present levels, which may represent an inefficient use of resources. The future sustainability of Police services depends on there being room for improvements or investment in new areas requiring additional Police resources.
2. The status quo is inequitable to the taxpayer. Under the status quo, the general public receives limited benefit from some services provided to defined individuals or groups, but currently the taxpayer bears the full cost of providing them.

To demonstrate the nature and scale of the problem, Police has identified one service that it currently provides free-of-charge and that could possibly be provided in alternative ways (refer **Table 2**).

Table 2: Example to demonstrate nature and scale of the problem

Service	Description	Rationale for re-assessing provision of free-of-charge service
Vetting Service	<p>Police conduct computer-based checks to retrieve all information Police holds on a specific individual, including all convictions.</p> <p>This information is supplied to the requesting agency, for one of two purposes: (1) to minimise the likelihood that vulnerable members of society will be put at risk and (2) to determine whether the individual is of good character.</p> <p>Currently over 12,000 agencies (with about 6,000 active users) are registered to use the service, and up to 500,000 vets are processed each year.</p>	<p>The Police vetting service costs Police around \$2.2 million per year.</p> <p>The total cost of providing the vetting service is likely to increase over time due to demand for the service and the operational costs of the service provision.</p> <p>The general public only benefits indirectly from provision of the vetting service. The most immediate and direct benefits go to the agency requesting the vet and/or the person seeking a licence, visa, registration, etc from the agency.</p>

2. Policy Objectives

There are three key objectives for this proposal, which are equally weighted:

1. To ensure the Police has all necessary tools to carry out policing functions, such as:
 - Managing the costs and resource allocation implications associated with demand for over and above services;
 - Ensuring that in the future, core services continue to be provided, and that their provision is sustainable; and
 - Ensuring that provision of over and above services does not create inequity in the provision of, or access to, core Police services to the community;
2. To ensure the cost of providing services is appropriately sourced, whether it be to the user or from the taxpayer;
3. To ensure the best use of Police resources, in line with international best practice.

3. Regulatory impact analysis

3.1. Policy options

Police has identified three feasible options, as set out in **Table 3**.

Table 3: Possible policy options,

Option	Sub-options	Description
1. Retain status quo		As described in section 1.
2. Stop providing certain over and above services, or provide less of them	2(a) Stop providing certain services	Police would not allocate any funding from the Police budget to certain services. Alternatively, legislation could specify the services and service levels that would no longer be provided by Police. In either case, this option would require a clear definition of what services would fall into this category.
	2(b) Provide lower levels of certain services or limit the service provision to those prescribed in statute	Police choose to spend fewer resources on certain services, and provide the services as best they can within these constraints. Alternatively, Police work with Government agencies, companies and individuals, to identify alternative approaches to the current levels of service provision. For example, funding private companies as alternative providers, or identifying ways to minimise the need for Police involvement and use of Police resources.
3. Continue to provide certain over and above services, but look for additional resources	3(a) Private voluntary agreements for payment	This is a non-regulatory option. Police would enter into contractual arrangements with agencies, companies and individuals to negotiate a fee for the provision of certain services. Charging would occur on a non-legislative, willing buyer/willing seller basis. Police would need to examine the Police Commissioner's delegated authority to enter into contracts for the provision of policing functions, and confirm the nature of constraints on those powers. The voluntary nature of the contracts could mean a low uptake by non-government agencies and inconsistencies across organisations as to whether Police receives payment for certain types of services.
	3(b) Legislative enablement for cost recovery	The Minister of Police would seek legislative authority to make regulations so that users of certain Police services may be charged a fee to meet the costs of such services. This would involve an amendment to section 102 of the Policing Act 2008 to include a new regulation-making power enabling Police to recover costs for specific services. It would also require new regulations to be made to implement a cost recovery system.

The three options outlined above are not mutually exclusive. For example, non-regulatory approaches such as option 2(b) could be used in combination with other options to strengthen the impact of those options, and as a means of encouraging compliance. There is also the potential that option 3(a) is an interim step while option 3(b) is further developed.

Under option 3(b), regulations would need to be developed to define a cost recovery approach to be implemented by Police. The prescribed charging regime would need to specify: services which would be subject to fees or charges; the amount of fees or charges; the basis on which fees or charges would be determined; the persons liable for payment; the manner in which fees or charges would be paid; and any associated powers for enforcement of payment that may be needed.

At this time, the Police has identified one service as a candidate for cost recovery, the Police vetting service.

3.2. Analysis of options

Table 4 summarises the expected costs and benefits of each of the policy options. This is based on information currently available and is a preliminary assessment only.

Table 4: Analysis of policy options

Option	Benefits and opportunities	Risks and costs
Option 1: Retain the status quo	<ul style="list-style-type: none"> • No disruption to current provision of services • No need to pass new legislation • Existing users continue to get free Police services 	<ul style="list-style-type: none"> • Improvements or enhancements in current service delivery are unlikely given current financial constraints • Does not meet policy objectives as set out in section 2 • Inconsistent with other countries' policing systems and many other services provided by NZ government agencies
Option 2(a): Stop providing certain services (where this is not required in law)	<ul style="list-style-type: none"> • Short-term: may be reduced costs from ceasing to provide certain services. These resources could then be directed to other areas • Potentially an improvement in overall efficiency of Police services by allowing greater resources to be allocated to higher priority policing functions • Other providers (e.g. private security) could benefit from Police exiting the market 	<ul style="list-style-type: none"> • Large economic and social impact on the current users of certain services – there may not be any alternatives to Police services or alternatives may not be equivalent (in some areas, this could lead to alternative providers monopolising provision of services) • Potential impact on general public from negative adverse effects (e.g. disorder and injury) from insufficient policing services • Deploying lower cost resources in the first instance may lead to higher cost resources being required later on (i.e. to respond to emergencies) • Reputational risks to Police – with a perception that erosion of services is taking place for fiscal reasons, and that the trade-off is public safety. In the longer-term, there is a risk that negative perceptions impinge on Police's credibility, the level of public confidence in the service that Police provides, and the level of support for policing in communities

		<ul style="list-style-type: none"> • This option is out of line with international practice • Wider reputational impacts possible on NZ Government and the commitment to resourcing policing services • Long-term risk in terms of future proofing, (i.e. if certain services cease to be provided indefinitely, it becomes more difficult to reassess the decision in the future).
<p>Option 2 (b): Provide lower levels of certain over and above services</p>	<ul style="list-style-type: none"> • Police has more flexibility to reduce their costs through the level of services supplied • May result in lowered operating costs from providing certain services at reduced levels • Provides scope for alternative providers to enter the market (Police may encourage this through education or information provision) • Users of services could continue to use Police as a preferred provider or use alternative providers 	<ul style="list-style-type: none"> • Demand for certain services may exceed supply of those services • Reputational risks to Police from being perceived to be supplying insufficient levels of certain services to the public • Concerns about equity of treatment for users of certain services • Police would need a robust and transparent process for defining the level of service that would be provided, and the criteria for making these decisions. This would come at an additional cost to Police (economic costs, as well as risks for the public's trust and confidence in Police)
<p>Option 3(a): Private voluntary agreements for payments</p>	<ul style="list-style-type: none"> • Continuation of current services with opportunity for Police to generate some payment for certain services • Users of service have autonomy and flexibility on whether to enter into contractual arrangements and if so, the amount to be paid and the conditions of this payment • Payment would be on a good will basis, assisting Police to maintain positive relationships with the users of services • Agencies and companies may incur some costs associated with negotiating with Police for service provision, and any reporting and monitoring requirements (for this reason, this option may be more suitable for capacity-based contracts) 	<ul style="list-style-type: none"> • Police would likely continue to provide services at its own cost – the voluntary nature of this option means that a number of agencies and companies that currently use certain Police services would not seek out contractual arrangements to pay the Police • Charging may not be appropriately applied to public policing • Would require many of the same processes as for 3(b) without a guaranteed revenue stream to justify this. Costs associated with setting up processes for charging would depend on the services included in the charging regime • Administration costs to Police from consultation, negotiation and management of contracts. Time and resources spent on this would be less Police time available for front-line policing, which does not address issues in status quo • Agencies and companies that would contract services from Police may pass on inflated costs to service users • Perception risks – may be perceived (or actual) inconsistencies between agencies in respect of the amounts they voluntarily pay • Those who pay may expect to receive priority services in other aspects of policing, for instance response

<p>Option 3(b): Legislative enablement for cost recovery</p>	<ul style="list-style-type: none"> • Provides a means for service level enhancement by increasing Police’s pool of resources • Provides Police with tools to carry out Police functions by: (a) limiting and reducing demand for certain services (b) self-funding ongoing demand for certain services, and (c) improving quality in the services that Police provide • Cost recovery enablement is not novel in New Zealand – a variety of agencies across local and central Government charge fees for services with ultimate public benefit • Aligns with international practice • Allows charges to be imposed on users – beneficiaries pay their share of the costs of the provision of certain services, making the situation more equitable for taxpayers 	<ul style="list-style-type: none"> • Additional costs posed on businesses and individuals who benefit from the use of the services • Users of service choose not to request service if they have to pay for it – which could lead to potential increases in emergency response because Police service is not provided • Negative public perceptions about how Police provides its services, and of what motivates the provision of those services i.e. that it is moving to “policing for sale”
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Based on an initial assessment as outlined above, Police considers:

- The status quo does not meet the policy objectives set out in section 2 and is not a viable option.
- Options 2(a) and 2(b) involve the removal or reduction or inequitable delivery of certain services. While these options meet policy objectives in terms of Police’s resources, they come at a cost in terms of Police’s reputation and the future sustainability of Police’s services. The risks of option 2 outweigh the benefits, and are not considered to be appropriate for either the provider or end user.
- Option 3(a), if effective, would substantially meet the policy objectives. However, most users are likely to be reluctant to voluntarily pay for the service they currently receive for free. There would be significant administrative costs, which outweigh the expected benefit. In addition, it could lead to perceptions of inequitable provision of policing services. This option is not recommended.
- Option 3(b) best meets the policy objectives and is the preferred option. It is Police’s view that the policy objectives in section 2 cannot be realised without additional revenue to support and sustain service enhancement. The proposed approach would allow an increase in resources focused on the front-line response and preventative services, without this occurring at the expense of other services.

4. Consultation

4.1. Initial public consultation

Police engaged with the public on the potential for cost recovery for certain services during the 2006/07 review of the previous Police Act, which led to the new Policing Act 2008.¹ Around 75% of respondents from the general public supported this model being applied in some situations,² however there was strong opposition from some quarters, such as national sporting organisations.

4.2. Initial consultation with government agencies

Police has had initial consultation with some government stakeholders on this cost-recovery proposal. This includes The Treasury; the Ministries of Justice, Social Development (Child, Youth and Family Services), Transport, Health, Business, Innovation and Employment, Pacific Island Affairs and Women's Affairs; Te Puni Kōkiri; the Departments of Corrections and Internal Affairs; the New Zealand Transport Agency; the Accident Compensation Corporation; and the Office of the Privacy Commissioner.

At this stage, the key stakeholders Police have met with to discuss the cost recovery proposal are set out in **Table 5**.

Table 5: Initial consultation with key stakeholders

Proposal	Key stakeholder	Comment
Cost recovery	Treasury	Police has had ongoing consultation with Treasury on the nature of this proposal. The preferred option 3(b) assumes that the revenues collected from charging for non-essential services would be retained by Police to fund these services. There is still a question about whether the funding currently used to deliver these services could be better spent across the justice or public sector, or retained by Police to help deliver core policing. These discussions will need to happen, but this does not change the fact that cost recovery for some services is good for the public sector.

¹ The scope of services was not defined, but the example given was “police presence at what are essential private money-making events, such as music festivals and sporting events.”

² This was a survey of 750 respondents who were asked if supported or opposed police being able to recover costs from event organisers for policing at large events such as rock concerts. 73% were in support of this, 22% opposed it, 4% did not know and 1% said that it would depend on the event.

Charge for vetting service	Department of Internal Affairs (DIA)	DIA is a large user of the Police vetting service for citizenship applications. DIA has indicated it may not be able to immediately pass on the charge for vetting to users of its citizenship service. DIA provided information for a case study included in the public consultation document.
	Ministry of Education, including New Zealand Teachers Council	A number of groups in the education sector use vetting for employment purposes. In particular, the New Zealand Teachers Council is the largest user of the vetting service. By law, teachers must receive a Police vet to be registered, and registration must be renewed every three years. The Teachers Council is opposed to their organisation being charged for the vetting service. The Teachers Council provided information for a case study in the public consultation document.
	Ministry of Justice	One issue that has been raised concerns the parallel process planned for the Ministry of Justice to charge for the provision of individual criminal records. ³ There is the potential to develop operational guidelines that enable Police and the Ministry of Justice to streamline the two services, which is being looked at.
	Children, Youth and Family Services (CYFS)	CYFS would be impacted by this proposal, as a user of the vetting service for its own staff, as well as its providers being Police vetted. Police vets are used to ensure the safety of the vulnerable, and CYFS is opposed to the introduction of a charge for this service as they consider that these vets are done in the public good.
	Ministry of Education	The Ministry does not agree that the vetting and screening service should be subject to cost recovery in all cases. Vetting and screening is considered a public good and is a preventative service. The Ministry considers that there is a potential risk that cost recovery will disincentivise the use of vetting and screening in the education sector and consequently affect the safety of children.

4.3. Public consultation

On 11 December 2012, Police released the public consultation paper *Cost Recovery for Certain Police Services*. Members of the public had until 5 March 2013 to make submissions on the document.

The purpose of the consultation paper was to seek public feedback on whether or not Police should have the ability to recover the costs of certain services it provides, through an amendment to the Policing Act 2008. It also sought views on whether the police vetting service was suitable for cost recovery.

The consultation document was organised in four sections:

- Section one described the drivers for Police exploring cost recovery for certain Police services.
- Section two set out the proposed framework for cost recovery.
- Section three discussed how this framework might apply specifically to the Police vetting service.

³ DOM (11) 67 refers.

- Section four drew on the evidence base (two case studies on the vetting service) to describe the possible outcomes of cost recovery, including both the potential benefits and any risks.

Police received 147 submissions on the document. Of these, 128 were written submissions, 12 were a combination of written and verbal submissions (received during Police's consultation with key stakeholders and interest groups), and 7 were verbal submissions.

Submitters were asked whether they believed Police should be able to recover all or some of the costs of providing certain services, on the basis of the problem definition and stated rationale for cost recovery.

Summary of submitters' comments

Concept of Police recovering all or some of the costs of providing certain services

Of the 102 submitters who responded to the question of whether Police should be able to recover the costs of certain services it provides, 67 (66%) broadly supported the proposal.

A large number of these submitters commented that cost recovery would be appropriate 'in certain/limited situations', where the services are not "core" police functions and where the benefit is only to an individual user or private organisation operating for commercial gain. A number of submitters also commented that Police should not be able to charge for services provided in the interest of the public good, for example Police services that contribute to the protection of vulnerable people.

Of the 35 submitters opposed or mostly opposed to Police introducing cost recovery for certain services, some were concerned that this could set a precedent for a range of Police services (and public services in general) being "user pays", and/or that charging could not be applied appropriately to public policing.

Another issue raised by some of those opposed to Police recovering costs was the possibility of a cost recovery regime leading to inequitable treatment of paying customers versus non-paying customers, resulting in inequity of access to Police services and public safety.

Principles for cost recovery

Submitters were asked whether they agreed with the proposed 'principles' upon which cost recovery would be based (these being 'equity', 'quality', 'efficiency' and 'transparency'). Of the 61 submitters who responded to this issue, 51 broadly supported the proposed principles, noting that they appeared to be fair, appropriate and robust.

Charging the full economic cost versus the direct cost of providing certain services

Submitters were marginally more in favour of recovering the full economic cost of certain services, versus direct costs only. Of the 63 submitters who responded to this issue, 32 broadly supported this approach, while 31 submitters broadly opposed it.

Those mostly in favour of Police recovering the full cost (including overheads and depreciation) emphasised the importance of the costs to Police being transparent. A number of these submitters considered that whether full or direct cost recovery is applied

should depend on the benefit derived by the users. Several submitters felt that full cost recovery would only be appropriate where the service user receives a private benefit, or if the service user is generating a profit.

Charging for services that generate a largely private benefit

Sixty-nine submitters responded to this issue, with 58 broadly supporting the proposal that Police should be able to recover the costs of those services that generate a clear private benefit to the user of the service (for example, to an individual or commercial organisation). A number of submitters supported this provided that costs did not deter use of the service or present a risk to public safety.

Criteria used to identify services that may be suitable for cost recovery

In the consultation paper five criteria were set down for assessing the eligibility of Police services for cost recovery. These were reasonableness/suitability, eligibility (not already being paid for by users), whether it was practiced internationally, whether it could be authorised by legislation, and the financial impact on Police.

Submitters largely supported the stated criteria for identifying services that may be eligible for cost recovery. Of the 53 submitters who responded to this issue, 34 broadly supported the proposed criteria. Of the 19 submitters who were mostly opposed to the stated criteria, eight of these commented on the criterion of 'reasonableness/suitability' because they thought that the statement that it was reasonable to charge for services that generate a largely private benefit failed to identify differences between users of the service and the purposes for which the service is used.

Proposed process for determining the level of cost recovery to be applied

Twenty-seven submitters supported the proposed process for determining the level of cost recovery (i.e. full or partial cost recovery or no charge for the service being based on a public/private benefit analysis of the identified service, in consultation with affected parties). Twenty were opposed or mostly opposed. The majority of those who supported the proposed process did not elaborate on their reasons.

Suitability of the Police vetting service for cost recovery

Submitters were asked whether they considered the police vetting service to be suitable for cost recovery on the basis of the information provided on the service (this included: the service's functions and processes, current use by approved organisations, and legal requirements to obtain police vetting checks); the stated rationale for introducing cost recovery; who cost recovery would apply to; and how much would be charged. Two case studies were also provided on the Department of Internal Affairs' and the New Zealand Teachers Council's use of the service.

Of the 119 submitters who responded to the specific proposal of police recovering costs for the vetting service, 11 (9%) gave unqualified support to it and 39 (33%) were broadly supportive of the proposal (with some exemptions) or considered it may be appropriate to introduce fees 'in limited situations' (for example, for those organisations operating for profit, or where staff being vetted are paid employees). 32 submitters (27%) were mostly opposed because they did not think it should apply to themselves and/or other similar organisations and 37 (31%) were totally opposed.

It was expected that cost recovery for vetting services would generate some adverse stakeholder attention, since groups were being asked to consider paying for a service that they currently receive for free. Taxpayers receiving no benefit from the service would more likely be in favour of charging those who receive the benefit.

The majority of submitters who were opposed in principle to cost recovery for the vetting service, took this position on the basis that vetting serves to protect vulnerable people and the wider community, thereby providing a predominantly public benefit. A large majority of these submitters considered that vetting is part of Police's public duty obligations and the core functions of crime prevention, maintaining public safety and community support and reassurance (as set out in the Policing Act 2008). They argued that vetting is not an "additional service" and that the cost of vetting should therefore be covered by general taxation.

There are other viewpoints. The demand for vetting is derived from the demand for other services (education, visas, healthcare). It is a cost of doing business in those sectors. The costs of funding should be more closely associated with those services. Police acknowledges that vetting has elements of both public good (improved public safety) and private benefits (it helps people get a job and income). It would be similar to charging for food inspections by Public Health Officers (under Food Hygiene Regulations) which serve to protect public health.

4.4. Additional Targeted Consultation

As foreshadowed in the public discussion paper, and supported by submissions, Police undertook additional consultation on possible fee exemptions to apply to any charging regime for the Police vetting service. A short consultation paper was sent to the 147 organisations and individuals who made a submission to the initial consultation paper.

Consultation ran from 23 August to 8 September 2013 and Police received 56 submissions from the education, social services, healthcare, voluntary, and wider community care sectors.

The consultation paper put forward two broad options: regulations giving the Commissioner of Police the discretion to waive fees for vetting based on internal Police guidelines (that would be publicly available); or setting out all the specific exemptions in the regulations.

This proposal for having Police discretion in regulations attracted broad support from submitters who noted this would give Police the flexibility to take a case by case approach in deciding which organisation would receive a fee exemption and would allow Police to take into account the individual circumstances of each organisation.

Police also considers this option has the most advantages. It allows for individual assessments to be made within guidelines that will be less rigid than regulations and allows for adaptations or reviews as circumstances change. It will have transparency, as the guidelines will be publicised, and be able to better deal with potential unintended inequities.

Some submitters opposed to this option raised concerns that providing the Commissioner of Police with discretion could mean a readily changeable approach and

would not be transparent. Police considers, however, that these issues can be mitigated by having clear, publically available guidelines subject to regular review.

Feedback was also sought on exempting volunteers, specifically either

1. A general exemption for all volunteers undertaking a public service
2. A threshold exemption – exemptions for organisations vetting up to a specified number of volunteers (e.g. 100) per annum
3. An activity(ies) based exemption such as for services provided by volunteers to children or vulnerable persons (e.g. those with physical or mentally disability or elderly)
4. A hardship exemption for vetting for volunteers working for community organisations operating with a small budget where the payment of vetting fees would cause financial hardship.

Regarding the extent to which Police guidelines should provide for exemption from vetting charges for volunteers, the majority of organisations submitting on this issue favoured exempting the vetting of all volunteers. However, this option needs to be balanced against a wider public view. As it is the most wide-reaching, it is likely to seriously compromise the benefits of delivering an efficient and sustainable vetting service. It also does not exclude agencies, using some volunteers, which deliver primarily private benefits.

Each of the options involving volunteers (in addition to a no exemptions option) has been initially assessed against the principles of efficiency, fairness, legitimacy, and cost effectiveness.

An assessment of the options, along with comments, are outlined below:

Table 5 Comparison of exemption options

Option	Efficiency	Fairness	Legitimacy	Cost Effectiveness	Comment
<i>1-No exemptions</i>	H	LM	H	H	Perceived risk of discouraging use where this would present genuine financial difficulties. Burdensome on smaller less resourced volunteer organisations.
<i>2-All Volunteers exemption</i>	H	M	M	L	May be perceived unfair as a limited range of similar services would be treated differently depending on their provision by volunteers or paid workforce. Likely to involve a significant number of exemptions.
<i>3-Volunteers/ Threshold exemption</i>	MH	M	M	M	Is more targeted at smaller organisations who are likely to have limited financial resources. But would also include organisations with ability to pay.
<i>4-Volunteer/ Activities exemption</i>	M	MH	MH	H	Is more targeted at a particular type of service perceived to have an important need for vetting as a priority for Government. However it does not distinguish on ability to pay.
<i>5-Volunteer/ Hardship exemption</i>	M	H	H	H	Is specifically targeted at organisations that may suffer financial hardship as a result of paying for vetting so ranks high on efficiency and fairness. This is the option that would produce the least number of exemptions but would involve more assessment in each case

Source: adapted from NZIER: L= Low; M = Medium; H = High

Based on this assessment, Police supports an exemption for some volunteers in Police guidelines based either on hardship (which scores highly on fairness, legitimacy and cost effectiveness) or on the undertaking of activities for a defined public purpose, (which scores high on cost effectiveness and medium high on fairness and legitimacy), or both. This needs further analysis based on the numbers involved.

5. Conclusions and Recommendations

Currently, Police is unable to charge for most of the functions designated under the Policing Act 2008. (There are charges set in legislation for Police vetting for the NZ Transport Agency and Police recovers fees for firearm licensing under the Arms Regulations. There are also willing buyer/willing seller agreements with other Government agencies such as the Department of Corrections.) This means that Police has limited or no control over demand driven services and is unable to expand its resources to meet expanding demand. This creates inefficiencies and prevents Police from meeting its goals under the Policing Excellence programme.

Police has explored a range of policy options for the provision of services that largely provide public benefits. Police recommends option 3(b), legislative enablement of Police cost recovery, as the preferred approach to achieving the policy objectives.

This option is preferred on the basis of the contribution that cost recovery would make to sustainable service delivery, and takes account of the public feedback received (which shows a relatively high level of public support for the general concept of Police being able to recover all or some of the costs of certain services, in certain situations).

6. Implementation

If Ministers agree to the preferred policy option, this would be given effect through an amendment to section 102 of the Policing Act 2008, via a Policing (Cost Recovery) Amendment Bill. This would enable regulations to be made for charging for certain services. This Bill has a priority 3 on the 2013 Legislation Programme. There would also be other amendments to the Act setting out the principles for cost recovery and the need for consultation prior to introducing cost recovery for any particular service.

If the authority to make regulations to charge for services is given effect, regulations would subsequently be introduced for specific services, along with the charging regime for those services. A robust policy development process would support each regulation.

A detailed implementation plan will be developed to implement any charges. Implementation would include the provision of information and education to affected parties and the general public.

At this stage it is envisaged that the statutory provisions would only be used for the making of regulations for cost recovery for Police's vetting service.

7. Monitoring, evaluation and review

At the time cost recovery is implemented through regulations, it will be important to embed monitoring and evaluation processes of the cost recovery arrangements as part of business-as-usual operations.

Depending on the decisions made by Government, consideration will be given to undertaking a high level review of the operating processes for cost recovery 18 months after the first regulations come into force.

The monitoring, evaluation and review frameworks are still to be developed.