

Foreword



Regulation is one of the most important tools that governments use to protect people. Many things in our daily lives are controlled or influenced in some way by rules and regulations that we may not even be conscious of – the way our houses are built, the labels on our food, the condition of our cars, the schools our kids go to, the medicines we take, even the quality of the air we breathe and the water we drink. In the Department of Internal Affairs, regulation provides an essential context for much of the work that we do. We have roles in numerous regulatory regimes covering areas as diverse as gambling, citizenship, fire services, and charities.

Over the past few years there has been a change in the way government thinks about regulation. We have started seeing regulation as an *asset* – in the same way as buildings, vehicle fleets and computer networks are assets. But like all assets, our regulatory regimes need to be well designed and regularly maintained, and parts that don't work need to be replaced. We need to ensure that we have the best asset we can afford, and stay on the lookout for new developments.

This activity of managing regulatory assets is called *regulatory stewardship*, and it's something that government departments are required to do under the State Sector Act. Stewardship requires us to analyse our environment, understand where the future might take us, and assess whether our regulatory systems are equipped to cope with that future. It also leads us to work with other agencies and with the people affected by regulation, to ensure that regulatory requirements have the desired impact and don't have unwanted impacts. This is why the Department of Internal Affairs, along with a number of other government agencies, has introduced a work programme to incorporate stewardship into its regulatory activities.

This Regulatory Strategy is a 'first' in a number of ways. It is the first annual publication of our regulatory management information as directed by Cabinet. It's the first time we have reported on the condition of all our regulatory regimes in one document, applying a common template to allow regimes to be compared. And it's the first time we have had a strategy setting out how we will manage regulation as a stewardship activity with a coherent underlying approach.

It is also a first step on the way to more effective regulatory management. It's fair to say that not all of the Department's regulatory assets are where we would like them to be. But this Regulatory Strategy shows that we are taking the steps required to address those issues, and sets out our goal: 'future-focused regulatory design and delivery practices that produce resilient, adaptable regulatory systems'. With every annual refresh, this Strategy will provide evidence that our management of regulation is improving, and that we are developing forward-looking and collaborative relationships with those we regulate.

A handwritten signature in black ink, appearing to read 'Colin MacDonald', written in a cursive style.

Colin MacDonald

Chief Executive

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Executive summary

Purpose of this document

This document:

- sets out the Department of Internal Affairs' (the Department's) strategy and plan for exercising stewardship over the legislation it administers and the regulatory systems in which it has a role;
- presents the results of an initial stocktake of the condition and fitness for purpose of the Department's regulatory regimes.

The document constitutes the Department's *regulatory management information*, as requested by the Minister for Regulatory Reform. The regulatory management information is intended to be refreshed and republished annually.

In developing this strategy the Department is acting in accordance with its statutory duty under the State Sector Act to exercise stewardship over its regulatory regimes, reinforced by Cabinet's Regulatory Stewardship Expectations. This strategy is intended to inform, rather than override, government's stated regulatory reform agenda.

The regulatory strategy

Objective of the strategy

The Department will develop future-focused regulatory design and delivery practices that will produce resilient, adaptable regulatory systems, to support the Department's effective performance.

What success looks like

A strategy incorporating regulatory stewardship allows the Department to deliver effectively on government objectives. We will know this strategy is successful when we can:

- clearly articulate how our regulatory systems (or those in which we participate) work to achieve objectives, and effectively measure the impact we are having as regulators.
- anticipate the impacts of changing regulatory objectives or a changing environment and move rapidly to address them, mitigating the risk of regulatory failure.
- target regulatory interventions to areas most likely to achieve objectives, reducing wasted effort.

Building blocks of the strategy

The key elements in our regulatory strategy are:

- ***Making a stewardship approach to regulation part of our core business***: developing a deep understanding of regulatory systems in which the Department operates, designing them to be resilient and adaptable, and maintaining them to reduce the risk of failure.

- **Building on our existing managed approach to policy development:** ensuring that futures thinking is included in our assessment of policy options, systems are routinely monitored and regularly evaluated, and all predictable risks are identified and brought to the attention of Ministers.
- **Further developing our regulatory practice:** expanding on the excellent work we have already done in customer-centric regulatory design, partnering within the Department and across government to improve regulatory capability, and developing responsive, intelligence-led compliance and enforcement services.

Underlying this approach is the need to build:

- a capable **workforce, systems and processes** to support the strategy;
- a rich base of **information** to enable us to assess risk, make better decisions, and measure the effectiveness of regulation;
- effective **feedback loops** that enable front-line and stakeholder experience to inform regulatory design;
- an **outward focus** that involves other agencies, regulated sectors and the public in regulatory design.

Our regulation needs to have a **future focus** to enable it to adapt to rapid change, including demographic change, technology and globalisation.

Key actions

Action 1. Understanding regulatory systems – system assessment

Aim: To fully understand the complex regulatory systems in which the Department has a role, and the nature of that role, so that we are better able to effect positive change.

Action 2. Working with other agencies

Aim: To establish and maintain appropriate linkages between agencies, gain a full understanding of the regulatory systems of which we are a part, develop an end-to-end view of the health of shared regimes, and agree how systems will interlock and work effectively.

Action 3. Working with regulated sectors and stakeholders

Aim: To understand the nature and motivations of those who are affected by our regulatory systems so that we design effective interventions, make compliance easier, avoid unintended consequences and, where appropriate, work in partnership with stakeholders to achieve objectives.

Action 4. Practice and capability review and improvement

Aim: To understand and address the Department's regulatory practice and capability needs.

Action 5. Maintenance and continuous improvement

Aim: To embed regulatory stewardship practice into the Department's business as usual.

Condition and fitness for purpose of our regulatory regimes

The Department has undertaken a stocktake exercise to take a ‘snapshot’ of each regulatory regime and identify areas where the regime’s maturity is questionable or there are information gaps preventing us from fully understanding the system. *The assessment of regulatory regimes presented in this report should be treated as an initial, indicative overview rather than a fully robust ‘health check’ of each regime.*

We used the maturity model illustrated below to assess the maturity of each regime.

Figure 1. Maturity model for regulatory systems



As regulatory stewardship matures our understanding of our role moves from level 1 to level 3.

Level 1 = We understand how well we are able to meet the legal requirements of the regimes where we have a regulatory role.

Level 2 = We understand the outcomes and objectives of our regulatory regimes and how what we do impacts on those outcomes and objectives, including impact on customers, stakeholders and the wider public. We have an understanding of how the regulatory system works within our own agency.

Level 3 = We have a full understanding of our regimes as part of broader systems across government and the regulated sector, and we work with others to optimise our regulatory settings and achieve outcomes.

Results of the initial stocktake are summarised in Table 1.

Most of our regulated regimes are at stages 1 or 2, indicating that understanding of regulatory systems is low or moderate. While information gaps and outdated, inflexible legislation were identified, steps are being taken to address or compensate for these deficiencies, either by legislative reviews or by improvements in frontline operations and information systems within the current legislative framework.

We have used this stocktake in combination with a prioritisation model to prioritise ‘system assessments’ of each regime, which will enhance our understanding of the regulatory systems of which they are a part, and enable us to provide fuller information to Ministers. The highest priority regimes for a system assessment are Local Government and PSPPI (Private Security Personnel and Private Investigators).

Table 1. Summary of maturity assessment

Regime	Maturity level	Rationale
Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT)	2	<ul style="list-style-type: none"> Reasonably fit for purpose but does not meet international standards - major legislative review planned (MOJ-led) Medium understanding of system Limited but improving information base Legislation designed to incorporate responsive regulatory practice
Censorship and Classification	2	<ul style="list-style-type: none"> Not fit for purpose Regime is outdated and not keeping pace with technology developments Medium understanding of system Targeting of resources to risk (child sex abuse images) Extensive compliance work with other agencies Legislative reviews under way (MOJ and MCH-led)
Charities	1-2	<ul style="list-style-type: none"> Fitness for purpose not measurable at present due to new reporting requirements Low to medium understanding of system Limited but improving information base Compliance framework incorporates responsive regulation
Fire and Emergency	2	<ul style="list-style-type: none"> Not fit for purpose – major review under way Medium understanding of system Outdated legislation and regulatory framework Limited information base
Gambling and Racing	2	<ul style="list-style-type: none"> Fitness for purpose adequate but legislation is fragmented and lacks a future focus Medium understanding of system New operating models including responsive regulatory practice Move towards customer-centric service delivery in some areas

Regime	Maturity level	Rationale
Identity Information	2-3	<ul style="list-style-type: none"> • Reasonably fit for purpose • Medium understanding of system • Extensive development of customer-centred services • Well-developed response to non-compliance • Increasing information-sharing with other agencies
Local Government	1-2	<ul style="list-style-type: none"> • Not fit for purpose - local government structures and service delivery not always agile enough to provide for future needs • Low understanding of system • Recognition of need for central and local government to work better together • Major current policy initiatives to deal with issues
National Library	2	<ul style="list-style-type: none"> • Reasonably fit for purpose with a few gaps • Good understanding of system • Relatively low complexity/risk
Private Security Personnel and Private Investigators	1	<ul style="list-style-type: none"> • Fitness for purpose unclear • Low understanding of system • New regime • Limited information base • Department has reactive role
Public Records and Information	1-2	<ul style="list-style-type: none"> • Reasonably fit for purpose – legislation is technology-neutral and workable • Medium understanding of system • Focus on optimising regulation within current settings • Needs to adapt rapidly to pace of technological change • Current levels of compliance are unsatisfactory
Unsolicited Electronic Messages (Anti-Spam)	1-2	<ul style="list-style-type: none"> • Reasonably fit for its original purpose but was not intended to cater for criminal use of spam • Fragmented regime and unclear responsibilities • Low to medium understanding of system • Weak information base • New strategy and operating model to build and use intelligence

Introduction

Purpose of this document

This document sets out how the Department of Internal Affairs (the Department) intends to exercise stewardship over the legislation it administers and the regulatory systems in which it has a role.

Its purpose is to:

- provide assurance to Government and the public that the Department of Internal Affairs is addressing the Government's regulatory stewardship expectations by taking an active stewardship approach to its regulatory systems.
- demonstrate that the Department understands the regulatory systems in which it is involved and the challenges that may impact those systems in future; or that it has identified gaps in that understanding and has plans to address them.
- outline the principles underlying the Department's approach to regulation and regulatory service delivery.
- show how the Department intends to involve other agencies and stakeholders in the design and improvement of regulation.
- provide an indicative assessment of the maturity and fitness for purpose of regulatory regimes in which the Department has a role, and identify how and when any issues will be addressed.
- provide information on the Department's regulatory programme and the rationale for that programme.

The document is in three parts (1) the regulatory strategy (2) the condition and fitness for purpose of our regulatory regimes (3) our regulatory plan for 2016-17. Together this information constitutes the Department's *regulatory management information*, as requested by the Minister for Regulatory Reform in a letter to major regulatory departments dated 28 October 2015. The regulatory management information is intended to be refreshed and republished annually.

How stewardship relates to government priorities

In developing this strategy the Department is acting in accordance with its statutory duty under the State Sector Act to exercise stewardship over its regulatory regimes, reinforced by Cabinet's Regulatory Stewardship Expectations (2013). In this stewardship role, we are obliged to advise Ministers about regimes that are not fit for purpose and areas where legislation or regulatory practice requires improvement.

This strategy is intended to inform, rather than override, government's stated regulatory reform agenda, Ministerial priorities and policy goals. In an environment of scarce resources the government has to make choices between competing priorities, and what is flagged as high priority for assessment in this document may not become a high priority for reform.

Terminology: system and regime

Regulatory system

A *regulatory system* can be broadly defined as *a collection of laws, rules, obligations, relationships, interventions, processes and activities that is intended to achieve a specified government objective*. A system can include, for example:

- the applicable legislative instruments;
- policy development;
- information and education; guidance and codes of practice;
- delivery, intervention and enforcement;
- the roles, responsibilities, activities and processes of regulated parties and other agencies;
- stakeholder relationships;
- supporting functions such as intelligence analysis and operational policy;
- monitoring and evaluation;
- technology and processes;
- organisational culture.

A regulatory system is seldom simple and often not self-contained. Systems can cut across legislative regimes and agencies, and influence or overlap with other systems (e.g. the Unsolicited Electronic Messages regime is probably part of the broader Consumer Protection system which is mainly administered by other agencies).

Regulatory regime

There is a distinction between the concept of a 'system' and a 'regime' (i.e. *a particular piece or set of legislation and the obligations it creates*). Currently the Department tends to think in terms of 'regimes' rather than 'systems'. In this document, a 'regime' encompasses:

- all the legislation for which the Department is wholly or partly responsible in a particular area of regulation, and
- all the activities that the Department, and other parties, are required to undertake to fulfil their legislative responsibilities.

The scope of a *regime* is fairly elastic and for convenience we sometimes use the term to group conceptually related, but legally distinct, sets of regulation (e.g. 'Identity Information' encompasses Passports, Citizenship, and Births, Deaths, Marriages and Civil Unions legislation).

This strategy document often refers to *regimes* because we have not yet fully delineated the *regulatory systems* of which we are a part. One aim of the regulatory strategy is to set us on the path towards a better understanding of regulatory systems.

The Department's regulatory roles

The Department is one of the top five government regulators, with policy responsibility for more than 40 Acts (excluding more than 600 local Acts) and service delivery responsibility for more than 20 Acts. Appendix A lists the legislation we administer.

The Department's regulatory activity is complicated by the variety of roles the Department has in the management of regulation. Sometimes we are responsible for both policy and delivery; however, often our role covers only policy or only delivery, and responsibilities are shared with one or more other agencies.

In addition, the Department has two 'quasi-regulatory' roles – the Government Chief Information Officer (GCIO) and Government Chief Privacy Officer (GCPO). Although they are not directly established by statute, these Cabinet-mandated positions are responsible for ensuring adherence to laws and standards across the public sector, in relation to ICT and privacy respectively. These functions are not included in the current stocktake of the condition and fitness-for-purpose of regulatory regimes, but thought is being given to extending the concept of regulatory stewardship to these roles.

A period of experimentation

We are in the very early stages of applying a stewardship approach to the regimes we administer. Like other regulatory agencies, we are going through a time of experimentation in the way we plan, organise and report on this work. Over time we will adapt our methods as we learn what works well and exchange insights with other agencies.

Caveat: It is important to note that we do not yet have a full picture of the performance and operation of our regulatory regimes, and we have not yet initiated the system assessment exercises that will give us that fuller picture and incorporate perspectives external to the Department. The assessment of regulatory regimes presented in this report is largely based on information from subject matter experts within the Department. It should be treated as an initial, indicative overview rather than a fully robust 'health check' of each regime. For example, it does not test the efficiency or cost-effectiveness of regimes.

Part 1. Our regulatory strategy

1.1 Overview of the strategy

Objective

The Department will develop future-focused regulatory design and delivery practices that will produce resilient, adaptable regulatory systems, to support the Department's effective performance.

Building blocks of the strategy

The key elements in our regulatory strategy are:

- ***Making a stewardship approach to regulation part of our core business:*** developing a deep understanding of regulatory systems in which the Department operates, designing them to be resilient and adaptable, and maintaining them to reduce the risk of failure.
- ***Building on our existing managed approach to policy development:*** ensuring that futures thinking is included in our assessment of policy options, systems are routinely monitored and regularly evaluated, and all predictable risks are identified and brought to the attention of Ministers.
- ***Further developing our regulatory practice:*** expanding on the excellent work we have already done in customer-centric regulatory design, and developing responsive, intelligence-led compliance and enforcement services.

To support this approach we must re-examine and adapt our capability, systems and processes. For example:

- We need to fundamentally re-think the traditional view of regulatory capabilities and move to a workforce that is able to function effectively in a globalised, digital regulatory environment.
- Assessing risk, making good decisions, and measuring the effectiveness of regulation require a rich base of information, and management systems that allow us to tap that resource.
- Regulatory policy processes need an outward focus and effective feedback loops that enable the experience of operational staff, other agencies, and customers/regulating sectors experience to inform regulatory design.

Key actions

In pursuit of our objective we will implement the following key actions, explained in more detail in Section 1.3.

Action 1. Understanding regulatory systems – system assessment

Aim: To fully understand the complex regulatory systems in which the Department has a role, and the nature of that role, so that we are better able to effect positive change.

Action 2. Working with other agencies

Aim: To establish and maintain appropriate linkages between agencies, gain a full understanding of the regulatory systems of which we are a part, develop an end-to-end view of the health of shared regimes, and agree how systems will interlock and work effectively.

Action 3. Working with regulated sectors and stakeholders

Aim: To understand the nature and motivations of those who are affected by our regulatory regimes so that we design effective interventions, make compliance easier, avoid unintended consequences and, where appropriate, work in partnership with stakeholders to achieve objectives.

Action 4. Practice and capability review and improvement

Aim: To understand and address the Department's regulatory practice and capability needs.

Action 5. Maintenance and continuous improvement

Aim: To embed regulatory stewardship practice into the Department's business as usual.

What success looks like

Achieving government objectives

A strategy incorporating regulatory stewardship allows the Department to deliver effectively on government objectives. We will know this strategy is successful when we can:

- clearly articulate how our regulatory regimes (or those in which we participate) work to achieve objectives, and effectively measure the impact we are having as regulators.
- anticipate the impacts of changing regulatory objectives or a changing environment and move rapidly to address them, mitigating the risk of regulatory failure.
- target regulatory interventions to areas most likely to achieve objectives, reducing wasted effort.

Achieving the Department's goals

Our 4 Year Plan sets out four primary areas of focus, which each provide a useful lens through which to view the Department's activities. Improving regulatory design and practice can have beneficial effects on all four of these focus areas.

Focus Area 1: Transform service delivery. Our end-to-end approach to regulation aims to ensure high quality delivery of regulatory services through:

- investment in regulatory capability and practice improvement;
- high quality information management;
- system design centred on the customer or regulated party, making it easy for people to comply and difficult for them not to comply.

Our drive to improve regulatory operations will be informed by best-practice service delivery models.

Focus Area 2: Stronger communities. Improved regulatory design and practice supports social cohesion by contributing to:

- reducing community harm;
- connected, informed and resourced communities;
- strong and transparent community governance and institutions.

Focus area 3: Trusted information. Improved regulatory design and practice will:

- deliver clear direction and guidance that enables regulated parties to provide social, cultural and economic value through improved information management and use;
- result in improvements to the Department as we strive to be an exemplar of best practice in information management;
- strengthen the Department's ability to lead, influence, and actively participate in the wider information ecosystem.

Focus area 4: DIA is fit for purpose. Improved regulatory design and practice will give us adaptable, fit-for-purpose regulation with the workforce capability needed to do the job effectively.

An incremental approach

We expect that our regulatory stewardship approach will start bearing fruit within the Department within the next year, in the form of a more structured, measured and planned approach to regulatory work and a conscious effort to understand regulatory systems. Improvements in regulatory regimes, however, are expected to be gradual and incremental as we progressively gain a fuller picture of the strengths and weaknesses of regulatory regimes and test different legislative or operational remedies.

Current state

The Department's existing policy, service delivery and compliance models and practices provide a strong foundation for building a robust approach to regulation. However, these models and arrangements will need to be revised in the light of regulatory stewardship requirements.

Regulatory management arrangements

Until recently there were no dedicated, coordinated accountability structures, processes or resources responsible for taking an overview of how the Department manages its regulatory regimes. In early 2016 a regulatory stewardship function was formally established and governance and accountability processes for regulatory stewardship were put in place.

The Department has a highly diverse set of regulatory regimes, and its regulatory management responsibilities are decentralised across a number of branches and units throughout the agency. In addition, we have roles in a number of regimes where functions are distributed across two or more agencies. In these fragmented or distributed regulatory systems, it is challenging to develop the 'end-to-end' view that effective regulatory stewardship requires; and the Department does not always control the levers that affect regulatory system quality. Our approach to stewardship therefore requires a strong cross-agency focus. We need to link with and influence other agencies, to agree clear priorities and to ensure that all parts of the system work well together to achieve effective outcomes.

Policy (see Appendix B)

The Department has well-developed principles, governance and processes for managing policy work. These arrangements will need to be reviewed in the light of this strategy, to ensure they are congruent with a regulatory stewardship approach.

Customer-focused service delivery

In the regulatory context the term 'customer' does not only apply to those who access government services by choice. Customer-centric thinking can also be used to apply to those we regulate, and even those who are wilfully breaking the law. We can make front-line regulation more effective by designing systems, processes and services that take the regulated party's perspective into account – whether or not they wish to cooperate - making it easy to comply with regulatory requirements and conversely, difficult *not* to comply. By making transactions easy, a customer-centric approach is also likely to minimise compliance costs for those we regulate, and maximise the value for money of our services.

The Department is the lead agency for achieving the Government's 'Better Public Services' Result 10:

"New Zealanders can complete their transactions with government easily in a digital environment"

The Result 10 initiative has challenged agencies to make it easy to transact with government in a digital environment. The resulting blueprint for change paints a picture of a future for the digital delivery of Government's services in which services will be built around citizens' life events, rather than traditional agency boundaries. As government, we are grasping the huge opportunity digital delivery offers our agencies, by getting more of our services out to those who need them, in a way that makes it easy for them to use.

The Department has moved to adopt this approach in a number of regulatory service delivery contexts. An example is the 'Transforming the System of Service Delivery' (TSSD) programme in the Service Delivery and Operations Branch. This initiative will gradually transform regulatory service delivery (for example, in the identity information regimes) by methodically examining current systems and processes and discovering what needs changing to ensure that users' needs are met.

We are only at the beginning of this transformation and there are still many aspects of regulation which can be improved from the perspective of service design.

Fostering good regulatory practice (see Appendix C)

We have made good progress with introducing a model of responsive, intelligence based regulatory practice across the Department. At the core of the compliance and enforcement model is the idea that, while at a minimum regulation should meet the requirements of the law, regulatory practice should also be aimed to minimise harm and maximise benefit – in other words, to achieve outcomes that are beneficial for the public.

In today's tight fiscal environment, government agencies must work hard and work together to deliver within existing budgets. Given that there are not unlimited resources, efforts must be focussed where they can have maximum impact.

Our compliance and enforcement model describes how we work to understand and build relationships with the sectors we regulate, and use intelligence to prioritise and target effort based on risk.

In addition, we are active participants in activities to improve regulatory practice such as the Government Regulatory Practice Initiative; and have a highly engaged internal Regulatory Practice Forum to share information on practice development, regulatory challenges and lessons learned with other practice leaders in the Department.

Monitoring and evaluation

The Department's ability to monitor and evaluate regulatory regimes is currently hampered by a limited evidence base and absence of monitoring and evaluation mechanisms. Most policy resources are targeted at the early stages of the policy process. While we have skilled staff engaged in monitoring, it tends to be patchy and confined to specific regimes. Evaluation is usually an ad-hoc rather than scheduled exercise. One aim of the regulatory strategy is to ensure that every regime has a built-in monitoring and evaluation programme as a standard part of the policy process.

Emerging trends

The variety of regimes we administer means that there is no single set of emerging trends we can identify that influence all regimes. Appendix D outlines future trends that apply to individual regimes. Trends that tend to have a major impact include:

Demographic change

Change is not a new phenomenon. An ageing population, population mobility and the impact of immigration on cultural diversity have always been with us. However, public expectations about how effectively regulation deals with rapid demographic change are changing. This not only creates challenges for stakeholders such as local government; the Department needs to be able to respond to and reflect these changes in how it engages with communities and designs services.

Technology

Technological progress has brought significant advantages, but the pace of that change also poses significant challenges for regulatory agencies. Regulatory systems need to display more flexibility and the future may lie in more principle-based, technology-neutral legislation and co-regulatory arrangements with industry and other stakeholders. Cyber-savvy customers and regulated parties expect sophisticated, easy-to-use transactions with government. Regulators need to be agile to respond to increasingly sophisticated use of technology by criminals and those who wish to evade regulatory requirements.

International cooperation

Global interconnected regulation needs to effectively operate in this new environment and align with other jurisdictions. This requires we build networks with regulators in other jurisdictions and look beyond the traditional sources of inspiration (the English speaking world) to consider other models of operation.

A focus on the future

We are in a time of unprecedented, rapid change in relation to technology, society, the economy and the environment. This creates great opportunities but also requires sophisticated thinking about how government can be fit for the future and utilise technology to achieve results. In the ICT context we have a particular responsibility in relation to our GCIO role, leading the All of Government ICT Strategy; however, the requirement to be future-ready extends across all of our regulatory activities.

A future-focused approach involves:

- Motivating government to keep up with the pace of change in the ICT world.
- Promoting transition to people-centric online government services.
- Developing a workforce that is easily able to regulate in an increasingly digital environment.
- Exploring ICT trends, challenges and opportunities.
- Accelerating initiatives that deliver customer-centric digital services through partnerships.
- Producing practical policy that helps government to improve online service delivery and break down barriers to integrated online services.
- Fostering an information-centric culture that emphasises the use and sharing of information across the system.
- Thinking about how to use ICT to:
 - make it easy for those we regulate to comply and hard for them not to comply.
 - deliver targeted, effective compliance and enforcement interventions.

1.2 Regulatory stewardship framework

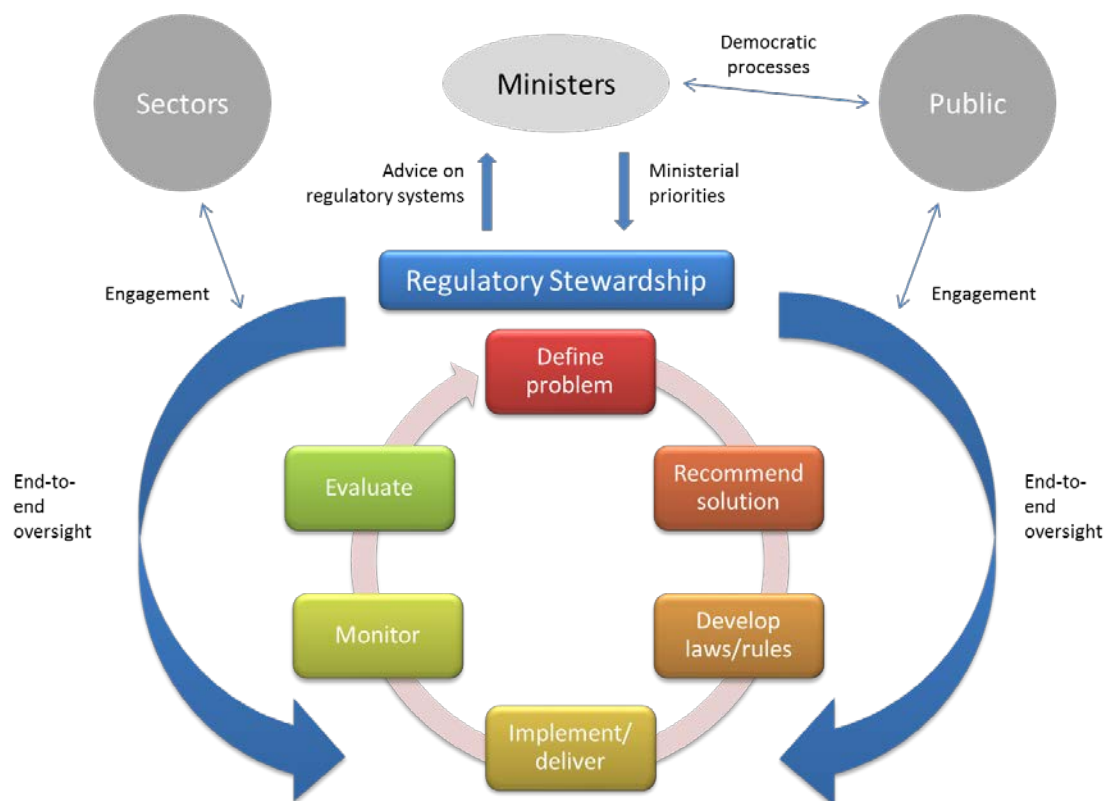
Regulatory stewardship is a focused approach for the design and maintenance of regulatory systems, which in essence treats regulation as an asset that must be designed with long-term sustainability in mind and regularly assessed and maintained in order to ensure that it remains fit for purpose.

Regulatory stewardship is intended to mitigate the risk of regulatory failure, which is typically experienced when design or implementation is poor and/or when regular assessment and maintenance of systems does not take place: for example when legislation is out of date, when roles and responsibilities within a system are unclear, or when different elements of a system do not work well together.

Introducing a stewardship framework also provides an opportunity to incorporate future scanning and cross-system thinking as standard ingredients in regulatory design. This allows us to anticipate possible changes and build flexibility into legislative and regulatory settings to accommodate future challenges.

Regulatory stewardship is an overview approach, which sets up principles and processes for managing our regulatory role – it is about *how* we regulate rather than the detail of *what* we regulate.

Figure 2. Regulatory stewardship: an end-to-end view



The Department's approach to regulatory stewardship

For the Department, regulatory stewardship involves:

- Fostering an end-to-end systems view; recognising that stewardship is not confined to policy and legislation. (Figure 2 illustrates how regulatory stewardship influences all parts of the policy-delivery life cycle.)
- Developing an in-depth understanding of each regulatory system, including the roles and influence of key players, the causes of adverse effects, and the ways in which the Department can influence positive change.
- Incorporating future scanning into systems design, and building flexibility into regulatory settings to accommodate future challenges.
- Working internally to embed stewardship principles into investment planning, organisational culture and practice.
- Working across agencies to facilitate the end-to-end view that stewardship requires.
- Developing systems and processes to test regulatory design.
- Having good measures to test the legislative, practical and financial sustainability of regulation.
- Taking a planned approach to regular evaluation and review of whether regulation is continuing to work to achieve its objectives.
- Constantly testing our assumptions and scanning for changes that will influence the system.

Governance and structure

We intend to make regulatory stewardship part of the Department's business as usual by implementing a cohesive strategy that is mandated and owned at a senior leadership level.

In considering arrangements for oversight and governance of regulatory stewardship within the Department, the following guiding principles have been adopted:

- Regulatory stewardship is a statutory obligation and Ministerial priority that needs to be owned and championed at Executive Leadership Team (ELT) level.
- Regulatory stewardship is a cross-cutting issue that needs to be managed collectively, rather than all responsibility being assigned to a single part of the Department.

The Deputy Chief Executive, Policy, Regulatory and Ethnic Affairs Branch (PREA) has oversight of the Department's regulatory portfolio and leads the implementation of regulatory stewardship. Other ELT members and senior managers are also responsible for championing regulatory stewardship within their respective Branches. A strong sense of mission and purpose will be required for this cross-cutting initiative to maintain momentum.

A cross-Department Regulatory Stewardship Governance Committee, comprising regulatory General Managers, has been established to oversee the development and implementation of the strategy and work programme. A representative from outside the Department is included to ensure the Committee is not stuck in existing ways of thinking.

A Principal Advisor position has been created to lead the regulatory stewardship work programme. This position will work across the Department and also across government to promote the modernisation of regulatory systems, particularly in relation to the Department's 'fragmented' regimes.

1.3 Actions to embed regulatory stewardship

Action 1. Understanding regulatory systems – system assessment

Aim: To fully understand the complex regulatory systems in which the Department has a role, and the nature of that role, so that we are better able to effect positive change.

From 2016/17, we will initiate a series of ‘system assessment’ exercises, aimed to achieve a full understanding of the underlying system/s involved in a regulatory regime, our role in those systems, and the tools we have to influence those systems towards achieving their objectives. We will work with systems thinking experts within the Department to devise a framework for this analysis, and keep in touch with other agencies to share ideas on an effective methodology.

System assessments are intended to identify:

- the main players and their influence;
- the Department’s role and sphere of influence;
- what causes harm and what levers exist to produce benefit;
- a baseline assessment of the ‘health’ of each system, including its future legislative, financial and practical sustainability; and
- the likely future changes that will influence the system.

A completed system assessment should enable the Department to provide full and positive responses to the questions about regulatory stewardship in the PIF (Performance Improvement Framework) core guide.

System assessments will involve regulated parties, key stakeholders and other agencies involved in delivering the regime under review and related regimes.

From a resourcing point of view they will require a strategic partnership approach with business units across the Department and with other agencies.

Action 2. Working with other agencies

Aim: To establish and maintain appropriate linkages between agencies, gain a full understanding of the regulatory systems of which we are a part, develop an end-to-end view of the health of shared systems, and agree how systems will interlock and work effectively.

We will:

- develop an engagement plan for cross-agency collaboration, with the objective of establishing appropriate linkages, developing an end-to-end view of the health of shared systems, and agreeing how evaluation will work across the system.

Action 3. Working with regulated sectors and stakeholders

Aim: To understand the nature and motivations of those who are affected by our regulatory regimes so that we design effective interventions, make compliance easier, avoid unintended consequences and, where appropriate, work in partnership with stakeholders to achieve objectives.

We will:

- ensure that all regimes have a clearly articulated and effectively implemented stakeholder strategy; and
- involve stakeholders in the regulatory stewardship 'system assessment' exercise.

Action 4. Practice and capability review and improvement

Aim: To understand and address the Department's regulatory practice and capability needs.

Capability and practice are aspects of regulation that cut horizontally across systems. Regulatory capability requirements and 'best practice' (for example, policy analysis skills or effective investigative practice) tend to be similar in nature in all regimes. It is important that the strategy identifies how we can develop and fully utilise these transferable capabilities. We have already identified a need to develop a tech-savvy regulatory workforce that can operate effectively in the digital world.

We will:

- review the Department's regulatory design processes to ensure that they universally reflect best practice policy processes, that they make a strong case for regulation or intervention, that customers and stakeholders are involved in regulatory design and testing solutions, and that mechanisms are in place to draw on service delivery experience;
- revise policy programme governance arrangements to take account of responsibilities and priorities that arise from the adoption of a regulatory stewardship approach;
- actively participate in inter-agency forums such as the Government Regulatory Practice Initiative to foster cross-agency collaboration, information sharing and practice development;
- share good regulatory practices and processes as appropriate within the Department, for example through the Regulatory Practice Forum, internal training and seminars, and development of shared intelligence and investigation systems;
- identify gaps in regulatory capability and capacity and plan to address them; and
- implement capability and capacity plan/s, followed by ongoing capability/capacity reviews.

Action 5. Maintenance and continuous improvement

Aim: To embed regulatory stewardship practice into the Department's business as usual.

We will:

- develop effectiveness measures based on our understanding of regulatory systems;
- implement a schedule for periodic evaluation of the effectiveness of regulatory systems;
- plan to address identified 'health issues';
- annually review and report on our regulatory management strategy and priorities;
- plan for ongoing review of regulatory stewardship arrangements, including governance, systems and processes; and
- annually, or more often, test assumptions about regulatory systems and perform an environmental scanning exercise.

Part 2. Condition and fitness for purpose of our regulatory regimes

This section outlines a simple maturity model that we have used to assess our understanding of regulatory systems, and summarises the condition and fitness for purpose of each of our regulatory regimes.

2.1 Maturity model for regulatory systems

This simple maturity model has been adopted to give us insight into the maturity and fitness for purpose of the regulatory systems we administer.

Figure 3. Regulatory system maturity model



As regulatory stewardship matures our understanding of our role moves from level 1 to level 3.

Level 1 = We understand how well are we able to meet the legal requirements of the regimes where we have a regulatory role.

Level 2 = We understand the outcomes and objectives of our regulatory regimes and how what we do impacts on those outcomes and objectives, including impact on customers, stakeholders and the wider public. We have an understanding of how the regulatory system works within our own agency.

Level 3 = We have a full understanding of our regimes as part of broader systems across government and the regulated sector, and we work with others to optimise our regulatory settings and achieve outcomes.

Table 2 gives examples of what we would be doing at each level of maturity.

Table 2. Examples of how we would work at each level

Level	Within DIA	With other agencies	With regulated sector	With broader public
1. Meet current legal requirements	Improve systems, processes and capability – emphasis on efficiency, <i>outputs</i>	Interact in accordance with legal requirements	Regulate in accordance with legal requirements	Provide information/ consult in accordance with legal requirements
2. Understand objectives, outcomes, impacts	Information and intelligence systems to enhance understanding of outcomes and impacts Target resource use Advise Ministers on how to improve impacts Rigorous assessment of case for regulation Regular evaluation – emphasis on effectiveness, <i>results</i>	Information sharing and protocols for working together – e.g. MOUs and AISAs Improve points of connection between different regulatory systems	Risk-based regulation Customer-centric systems, making it easy to comply and difficult not to comply Using range of regulatory tools Find out what sectors need	Customer focus Provision of information on objectives/ outcomes Victim support Finding out what people need
3. Optimise systems across government and sector	Mature regulatory strategy - emphasis on effectiveness across as well as within systems, <i>outcomes</i>	Joint outcomes across agencies Cross-government systems	Increasing partnership and co-regulation with compliant sectors	Empowerment and involvement in regulatory design

2.2 Summary of maturity assessment

In early 2016 the Department undertook a stocktake exercise to take a ‘snapshot’ of each regulatory regime and identify areas where the regime’s maturity was questionable or there were information gaps that prevented us from fully understanding the system.

It is important to recognise that the assessment presented here is based on a rapid overview of each regime. It is not particularly robust and the results need to be treated with caution. For example, assessment of the efficiency and cost-effectiveness of each regime was not undertaken. A much more in-depth assessment such as a ‘system assessment’ exercise will be needed to test the conclusions of this assessment.

It should be noted that the maturity assessment for each regime represents an ‘average’ of the maturity across the board. A more in-depth assessment is likely to show that different parts of a regime are at different levels of maturity.

Appendix D shows the results of the application of the maturity model to each of our key regulatory regimes, coupled with an analysis of the ‘fitness for purpose’ of each regime. The results are summarised in Table 3 below.

Most of our regulated regimes are at levels 1 or 2, indicating that understanding of regulatory systems is low or moderate. While information gaps and outdated, inflexible legislation were identified, steps are being taken to address or compensate for these deficiencies, either by legislative reviews or by improvements in frontline operations and information systems within the current legislative framework.

A consistent theme for most regimes in the assessment was problems with information gathering and management. Regimes tend either to lack the information that would enable them to assess their effectiveness in achieving objectives, or to have a good base of data but lack the systems to effectively mine the information. This implies that information management should be a key focus of the system assessment exercises.

Table 3. Summary of maturity assessment

Regime	Maturity level	Rationale
Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT)	2	<ul style="list-style-type: none"> Reasonably fit for purpose but does not meet international standards - major legislative review planned (MOJ-led) Medium understanding of system Limited but improving information base Legislation designed to incorporate responsive regulatory practice

Regime	Maturity level	Rationale
Censorship and Classification	2	<ul style="list-style-type: none"> • Not fit for purpose • Regime is outdated and not keeping pace with technology developments • Medium understanding of system • Targeting of resources to risk (child sex abuse images) • Extensive compliance work with other agencies • Legislative reviews under way (MOJ and MCH-led)
Charities	1-2	<ul style="list-style-type: none"> • Fitness for purpose not measurable at present due to new reporting requirements • Low to medium understanding of system • Limited but improving information base • Compliance framework incorporates responsive regulation
Fire and Emergency	2	<ul style="list-style-type: none"> • Not fit for purpose – major review under way • Medium understanding of system • Outdated legislation and regulatory framework • Limited information base
Gambling and Racing	2	<ul style="list-style-type: none"> • Fitness for purpose adequate but legislation is fragmented and lacks a future focus • Medium understanding of system • New operating models including responsive regulatory practice • Move towards customer-centric service delivery in some areas
Identity Information	2-3	<ul style="list-style-type: none"> • Reasonably fit for purpose • Medium understanding of system • Extensive development of customer-centred services • Well-developed response to non-compliance • Increasing information-sharing with other agencies
Local Government	1-2	<ul style="list-style-type: none"> • Not fit for purpose - local government structures and service delivery not always agile enough to provide for future needs • Low understanding of system • Recognition of need for central and local government to work better together • Major current policy initiatives to deal with issues
National Library	2	<ul style="list-style-type: none"> • Reasonably fit for purpose with a few gaps • Good understanding of system • Relatively low complexity/risk

Regime	Maturity level	Rationale
Private Security Personnel and Private Investigators	1	<ul style="list-style-type: none"> • Fitness for purpose unclear • Low understanding of system • New regime • Limited information base • Department has reactive role
Public Records and Information	1-2	<ul style="list-style-type: none"> • Reasonably fit for purpose – legislation is technology-neutral and workable • Medium understanding of system • Focus on optimising regulation within current settings • Needs to adapt rapidly to pace of technological change • Current levels of compliance are unsatisfactory
Unsolicited Electronic Messages (Anti-Spam)	1-2	<ul style="list-style-type: none"> • Reasonably fit for its original purpose but was not intended to cater for criminal use of spam • Fragmented regime and unclear responsibilities • Low to medium understanding of system • Weak information base • New strategy and operating model to build and use intelligence

Part 3. Our regulatory plan 2016-17

3.1 Regulatory stewardship priorities and work programme

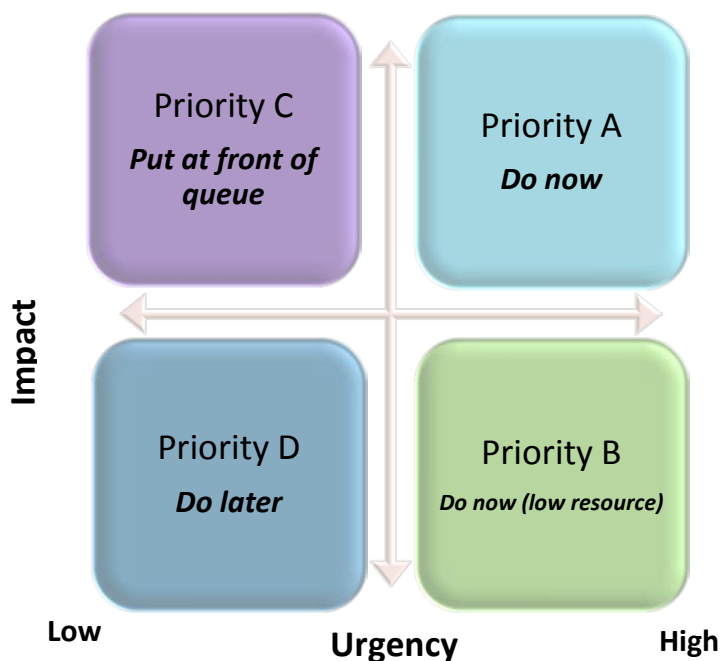
Prioritising regulatory system assessment

This section discusses the standard criteria used to determine the priority for the stewardship-oriented ‘system assessment’ exercise described on pages 18-19.

The system assessment and policy prioritisation exercises are largely independent. A system that is high priority for system assessment is not necessarily high priority for policy review, and vice versa. One purpose of system assessment is to identify potential problems or issues in all systems, including those that are not currently high on the policy ‘radar’. Generally, unless there is a need for urgency, a system assessment exercise should take place before a legislative or service delivery review is proposed, because it will help inform our assessment of the impact and urgency of any review. However, especially in the initial stages, system assessment may work in tandem with a policy review to provide supporting evidence for the policy work.

We use this standard priority matrix to determine priority in relation to impact and urgency of system assessment.

Figure 4. Priority matrix



When deciding on the impact and urgency of a system assessment, we consider the following factors:

Table 4. Impact and urgency of system assessment

Impact	Urgency
<p>The more criteria from the list below that a regime meets, the higher the impact</p> <ul style="list-style-type: none"> • Is our understanding of the system inadequate? • Are there identified serious system failures? • Are there significant gaps in information to enable us to measure system performance? • Does the system impact a broad range of stakeholders? • Does the system have high public visibility? • Is the system highly complex? • Does the Department have the policy function for all or part of the system? 	<p>The time by which the work needs to start</p> <ul style="list-style-type: none"> • Urgent – within 12 months <ul style="list-style-type: none"> - Significant unaddressed risks or information gaps and/or - To support current key policy work • Less urgent – 12 months plus <ul style="list-style-type: none"> - Good understanding of system - Significant risks or information gaps but work under way to address - Less significant risks/ issues

Table 5 on pages 27-28 shows the indicative priority of each of the Department’s key regulatory regimes. Regimes which have been flagged as highest priority for a system assessment exercise are:

- Local Government
- Private Security Personnel and Private Investigators (PSPPI)

The indicative maturity assessment of these regimes identified them as low (1) or low-medium (1-2) maturity – indicating that our understanding of the system is incomplete, with flow-on effects on regulatory effectiveness. The high priority regimes were assessed as having significant information gaps or ‘fitness for purpose’ issues which are difficult to address within the current legislative framework. For Local Government a system assessment exercise is considered important to unravel the system’s complexity, in order to support current policy work. For PSPPI, we would need to work in conjunction with the Ministry of Justice. A system assessment may assist us to advise the Ministry of Justice about whether a policy review is desirable.

Regulatory stewardship work programme

The 2016-17 work programme will include

- Developing a framework for in-depth system assessment to gain an understanding of how each regulatory system works (see pages 18-19).
- Initiating the programme of system assessments, beginning with Local Government and PSPPI. As the methodology will be experimental, it is expected that they will be the only regimes assessed in 2016-17. Table 5 indicates the proposed order of these system assessment exercises.

Table 5. Priority of regimes for system assessment

Timing	Regime	Priority	Rationale	Comment
Within 1 year	Local Government	A- Do now	Highly complex system; significant unaddressed risks and information gaps; significant volumes of potentially outdated legislation; broad range of stakeholders; high public profile; support current key policy work	Involves local authorities, Local Government NZ and numerous agencies whose regulatory regimes affect local government
Within 1 year	Private Security Personnel and Private Investigators (PSPPI)	A- Do now	Low maturity regime; significant unaddressed risks and information gaps	Involves Ministry of Justice as the policy and licensing agency
1-2 years	Unsolicited Electronic Messages (Anti-spam)	C- Put at front of queue	Low to medium maturity regime; significant unaddressed risks and information gaps; system review recently undertaken	Involves MBIE as the policy agency; Commerce Commission; Police
1-2 years	Charities	C – Put at front of queue	Low to medium maturity regime; impact of operational reforms still unclear; broad range of stakeholders	Involves MBIE (corporate regulation); IRD (tax treatment of charities)
1-2 years	Public Records and Information	C- Put at front of queue	Low to medium maturity regime: Significant risks being addressed within existing framework	Involves Ombudsman, Privacy Commission, GCIO and GCPO

Timing	Regime	Priority	Rationale	Comment
2-3 years	Gambling and Racing	C- Put at front of queue	Complex system; significant risks being addressed to some extent	Gambling and Racing Reviews under way; relatively good information base Involves Ministry of Health and relevant Crown entities and boards
2-3 years	Identity Information	C- Put at front of queue	Complex system; risks and information gaps being addressed to some extent; broad range of stakeholders; high public profile	Involves Ministry of Justice (Marriage Act); MBIE (Immigration); law enforcement agencies
2-3 years	Censorship and Classification	C- Put at front of queue	Significant risks being addressed to some extent	Convergence and cyber-crime reviews underway Involves other content regulators; Film and Video Labelling Body; Classification Office; law enforcement agencies
2-3 years	Fire and Emergency	C – put at front of queue	Low maturity regime; significant risks being addressed through reform process	Fire reform under way Involves Fire Service Commission; other emergency services; Defence Force; DOC
Within 3 years	National Library	D – put at back of queue	Less complex system, less significant risks	National Library Requirement Notices will be reviewed in the next year
Within 3 years	AML/CFT	D – put at back of queue	Less significant risks, some information gaps	Tranche 2 reforms of Act (MoJ-led) may involve major change but scope not yet known

- Reviewing the Department’s legislative design processes to ensure that they reflect best practice policy processes, including the revised Guidelines on the Process and Content of Legislation, and mechanisms are in place to draw on service delivery information.
- Revising policy programme governance arrangements to take account of responsibilities and priorities that arise from the adoption of a regulatory stewardship approach.
- Identifying gaps in capability and capacity and planning to address them.
- Developing a communications plan to promote regulatory stewardship and ensure that it is given appropriate priority within the Department.
- Developing an engagement plan for cross-agency collaboration, with the objective of establishing appropriate linkages, developing an end-to-end view of the health of shared systems, and agreeing how evaluation will work across the system.

The 2017-18 work programme will continue the implementation work and start moving regulatory stewardship practice towards ongoing maintenance.

3.2 Policy work programme

Priority for regulatory policy review

We undertake policy reviews, with the agreement of the relevant portfolio Minister, when identified problems or risks within a regime make it important to consider major changes to legislation and/or service delivery. When deciding on the impact and urgency of a policy review initiative, we consider the following factors¹:

The more criteria from the list below that an initiative meets, the higher the impact

- Is the initiative strongly aligned to a Ministerial priority?
- Is the outcome of high importance to NZ?
- Does the initiative have high public visibility?
- Is it strongly aligned to a Departmental priority?
- Is the time right – is there a policy window?

2016-17 policy work programme

Table 6 shows the current high priority policy reviews. It should be noted that the work programme for 2016-17 is in response to Ministerial priorities that as yet are not fully informed by the regulatory stewardship framework. As the stewardship model beds in, we expect to see work appearing on the programme that is based on a Ministerial priority *and* informed by the regular assessment of regulatory regimes’ maturity and fitness for purpose.

For example, we administer a number of minor Acts that are either outdated or do not fit comfortably within the Department’s portfolios or strategic goals. We may discuss with Ministers the possibility of repealing these or transferring them to a suitable agency, with the objective of tidying up legislation that is not fit for purpose. Examples are:

¹ These prioritisation criteria are subject to periodic review.

- Boxing and Wrestling Act 1981
- Commonwealth Games Symbol Protection Act 1974
- Official Appointments and Documents Act 1919
- Royal Titles Act 1974

Table 6. Policy review programme 2016-17

Affected regime/s	Portfolio	Description of review	Priority
Multiple regimes within and external to DIA	IA	Multi-Lateral Initiative on Serious Online Crime	A- do now
Local Government	LG	Better Local Services – efficiency and effectiveness review	A – do now
Local Government	LG	High Performing Local Government – performance and reporting review	A – do now
Local Government	LG	Local government bylaw toolbox review	A – do now
Fire and Emergency	IA	Fire Services Review	A – do now
Gambling and Racing	IA	Gambling Review	A – do now
Gambling and Racing	Racing	Racing Act review - implementation of Offshore Betting Working Group recommendations	A – do now
Local Government	LG	LG Regulatory Systems Omnibus Bill	B – do now (low resource)
Local Government	LG	Rules Reduction response coordination	B – do now (low resource)
Identity Information	IA	Review of BDM access provisions	B – do now (low resource)
Identity Information	IA	Review of Digital Identity Environment	B – do now (low resource)
Identity Information	IA	Electronic Interactions Reform Bill	B – do now (low resource)

3.3 Other significant regulatory initiatives

Table 7. Current regulatory service delivery initiatives

Affected regimes	Description of work	Mandate/driver
Gambling and Racing	Rollout of Class 4 and Casino Gambling Operating Models	DIA Focus Area 2 – stronger communities
Identity Information	Ongoing rollout of customer-centric services (TSSD programme)	AOG ICT Strategy – BPS Result 10
Local Government	Central and local government Chief Executives' forum – taking a whole-of system approach to practice improvement	Regulatory stewardship
Public Records and Information	Review of Records and Information Management Standard	DIA Focus Area 3 – trusted information

3.4 Financial sustainability

As part of developing the 2015 Four Year Plan for the Department, a Financial Sustainability Plan (FSP) was created. The FSP outlines a set of work streams to support the Department to sustain delivery of its outcomes whilst undertaking new initiatives that are prioritised.

One part of the FSP is the proactive management of third party fees under the regulatory regimes administered by the Department. The aim is to ensure these third party fees remain at levels over the medium term (2-4 years) that match the underlying costs of delivering the service or product.

The Department has reviewed 20 service/product areas which receive third party fees to determine when the fees were last reviewed and to create an indicative schedule for future reviews of these fees.

Table 8 provides a view by financial year of the number of services or products for which fee reviews will be undertaken and the expected third party revenue to be received in 2015/16 as indicated in the 2016 March Baseline Update.

Table 8. Three year high level fee review plan

Financial Year	2015/16	2016/17	2017/18	2018/19
Number of service/product areas undergoing third party fee reviews	5	7	7	1
Third party fee revenue (2016 MBU forecast) for 2015/16 for service/product areas indicating fee reviews (\$million)	14.7	24.9	136.9	1.0

Appendix A: Our regimes and Acts we administer

Note many of these Acts have associated secondary legislation (regulations, rules etc.) which have been omitted in the interests of brevity.

Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT)

Act	DIA policy role	DIA delivery role
Anti-Money Laundering and Countering Financing of Terrorism Act 2009		✓

Censorship and Classification

Act	DIA policy role	DIA delivery role
Films, Videos and Publications Classification Act 1993		✓

Charities

Act	DIA policy role	DIA delivery role
Charities Act 2005	✓	✓

Fire and Emergency

Act	DIA policy role	DIA delivery role
Fire Service Act 1975	✓	
Forest and Rural Fires Act 1977	✓	

Gambling and Racing

Act	DIA policy role	DIA delivery role
Gambling Act 2003	✓	✓
Racing Act 2003	✓	

Identity Information

Act	DIA policy role	DIA delivery role
Births, Deaths, Marriages, and Relationships Registration Act 1995	✓	✓
Citizenship Act 1977	✓	✓
Citizenship (Western Samoa) Act 1982	✓	✓
Electronic Identity Verification Act 2012	✓	✓
Human Assisted Reproductive Technology Act 2004		✓
Identity Information Confirmation Act 2012	✓	✓
Marriage Act 1955		✓
Passports Act 1992	✓	✓

Local Government (excludes 615 local acts)

Act	DIA policy role	DIA delivery role
Bylaws Act 1910	✓	
Chatham Islands Council Act 1995	✓	✓
Counties Insurance Empowering Act 1941	✓	
Dog Control Act 1996	✓	✓
Freedom Camping Act 2011	Jointly with DOC	
Impounding Act 1955	✓	
Land Drainage Act 1908	✓	
Libraries and Mechanics Institutes Act 1908	✓	
Litter Act 1979	✓	
Local Authorities (Members' Interests) Act 1968	✓	
Local Authority Reorganisation (Property Transfers) Act 1990	✓	
Local Electoral Act 2001	✓	✓
Local Government Act 1974	✓	
Local Government Act 2002	✓	✓
Local Government (Auckland Council) Act 2009	✓	
Local Government Borrowing Act 2011	✓	
Local Government Official Information and Meetings Act 1987	✓	
Local Government (Rating) Act 2002	✓	
Maritime Transport Act 1994		✓
Municipal Insurance Act 1960	✓	
Public Authorities (Party Wall) Empowering Act 1919	✓	
Public Bodies Contracts Act 1959	✓	
Public Bodies Leases Act 1969	✓	
Rangitaiki Land Drainage Act 1956	✓	
Rates Rebate Act 1973	✓	✓
River Boards Act 1908	✓	
Waimakariri-Ashley Water Supply Act 1961	✓	

National Library

Act	DIA policy role	DIA delivery role
National Library of New Zealand (Te Puna Mātauranga o Aotearoa) Act 2003	✓	✓
Public Lending Right for New Zealand Authors Act 2008	✓	✓

Private Security Personnel and Private Investigators

Act	DIA policy role	DIA delivery role
Private Security Personnel and Private Investigators Act 2010		✓

Public Records and Information

Act	DIA policy role	DIA delivery role
Public Records Act 2005	✓	✓

Unsolicited Electronic Messages (Anti-Spam)

Act	DIA policy role	DIA delivery role
Unsolicited Electronic Messages Act 2007		✓

Other minor and/or non-regulatory legislation

Act	DIA policy role	DIA delivery role
Boxing and Wrestling Act 1981	✓	
Commissions of Inquiry Act 1908	✓	✓
Commonwealth Games Symbol Protection Act 1974	✓	
Inquiries Act 2013	✓	✓
Members of Parliament (Remuneration and Services) Act 2013	Jointly with Parl Service	✓
Official Appointments and Documents Act 1919	✓	
Time Act 1974	✓	✓
Trustee Banks Restructuring Act Repeal Act 1999	✓	
Winston Churchill Memorial Trust Act 1965	✓	✓

Appendix B: Department of Internal Affairs policy approach and governance

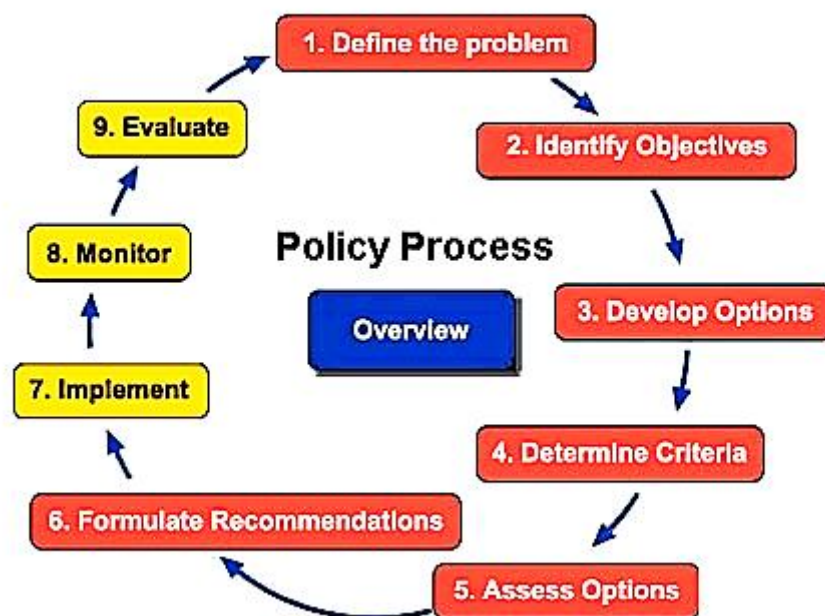
Policy design approach and principles

A good policy process aims to:

- make sure we understand clearly the problem to be addressed;
- canvas the full range of options for resolving the problem;
- make sure the appropriate people are involved in identifying and assessing options;
- make sure the appropriate person or body makes the decisions about the option for resolving the problem; and
- help decision makers choose the option most appropriate (in relation to the Government's objectives) for resolving the problem.

While a good process does not guarantee a satisfactory policy outcome, the risks of a poor process leading to an unsatisfactory outcome are high. A systematic, continuous, iterative approach to policy problems is more likely to result in high quality policy advice. The Department's approach to policy provides the Chief Executive with assurance that a quality process is being followed.

Figure B1. The policy process



The Department's policy development process can be represented as a cycle of stages that are, at least analytically, distinct (Figure B1). While this cycle appears simple, real-life policy processes are difficult because life occurs in complex, adaptive systems. We operate in a multi-faceted setting characterised by:

- a diverse range of portfolio areas;
- issues which are multi-causal, interdependent and difficult to define due to lack of evidence;
- issues around which responsibility can span multiple organisations;
- issues that can change by the month, the day or even the hour; and
- many other sources of advice Ministers can draw on.

This means that policy development is not a linear process; there can be several stages running in parallel or multiple feedback loops backwards and forwards. Continual adjustment of the problem definition and options is often required, as well as a keen sense of what evidence bears on the problem. It is important for policy work to be open to trial and error, learning what works and improving iteratively over time.

Effective policy work needs:

- data and evidence – e.g. insights from research and overseas experience;
- feedback loops – to learn, adapt and improve;
- agility – to respond to changing environments by rapidly evolving our advice;
- clarity – about how our advice will improve the lives of citizens in the short and longer term;
- broader thinking – cross-DIA, cross-government and broader;
- people-centred outcomes – providing advice to support the delivery of these across our core focus areas;

The Department's guidance also emphasises that:

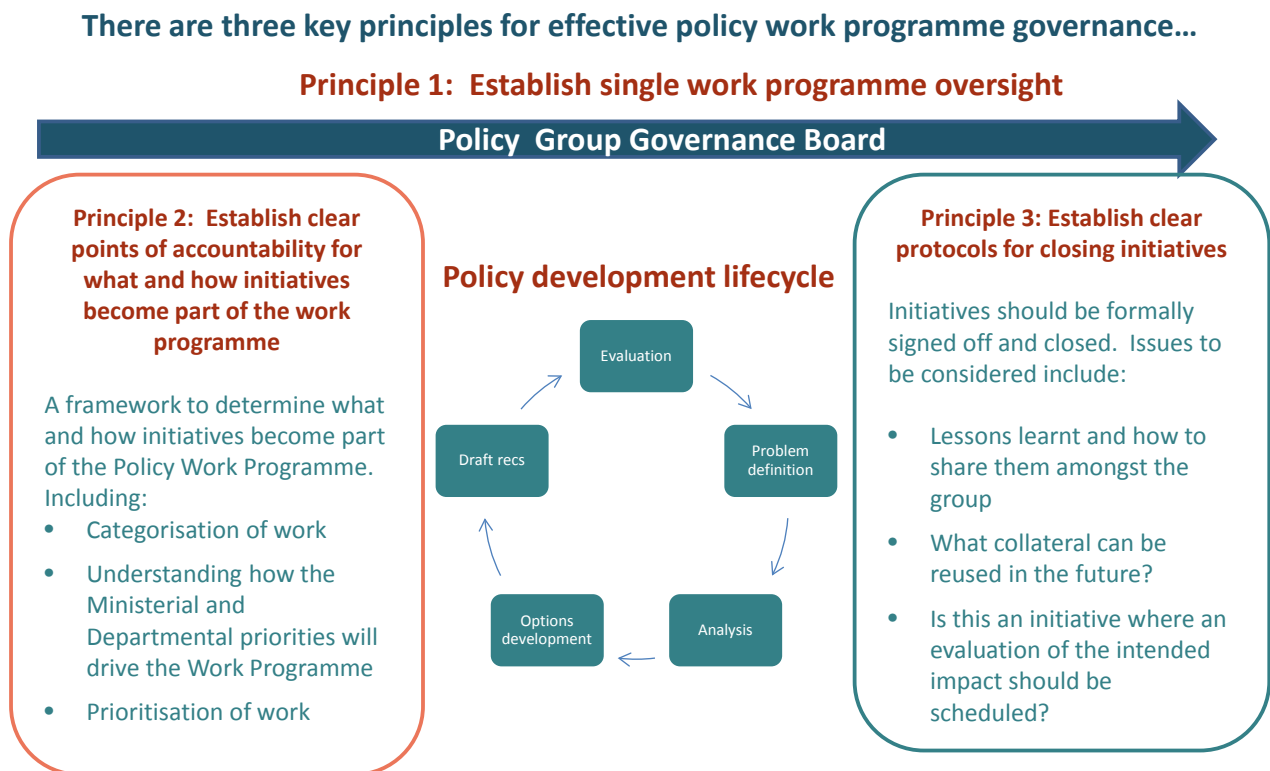
- Policy development process takes place within the context of government expectations, constitutional, institutional and legal frameworks with which staff need to be familiar.
- It is important to adopt a project management approach, particularly for large or risky policy projects and when planning how to implement the policy, to ensure that information management and monitoring are appropriately provided for.

Policy programme governance

Figure B2 illustrates how the governance of the Department's policy work programme operates on three principles:

- A single group for work programme oversight (the Policy Governance Board).
- Clear points of accountability for what and how initiatives become part of the work programme.
- Clear protocols for closing initiatives.

Figure B2. Governance of policy work programme



The Policy Governance Board is chaired by the General Manager Policy, with the three Policy Directors as members. The role of the PGB, as currently expressed, is to:

- Understand Ministerial and Departmental priorities, the context and drivers for these priorities, and how they will drive the policy work programme.
- Review policy initiative scoping briefs and understand the impact and feasibility of delivery within current resources.
- Prioritise resourcing across the work programme to ensure delivery as agreed with key stakeholders.
- Monitor the delivery of the work programme and initiate course corrections as required.
- Review the work programme to ensure:
 - it continues to align with priorities;
 - investment is balanced between short term priorities (the ‘urgent’) and strategically important issues (the ‘important’);
 - there is an appropriate balance between resources allocated to ongoing responsive work and policy initiatives;
 - it is achievable within budget and available staff resources;
 - critical delivery risks are identified and appropriately managed; and
 - accountabilities are well defined across the work programme.

These governance arrangements are accompanied by a set of clear processes and requirements for management and documentation of policy programmes.

Appendix C: Department of Internal Affairs compliance and enforcement model

At the core of our compliance and enforcement model is the idea that, while at a minimum regulation should meet the requirements of the law, regulatory practice should also be aimed to minimise harm and maximise benefit – in other words, to achieve outcomes that are beneficial for the public.

In today's tight fiscal environment, government agencies must work hard and work together to deliver within existing budgets. Given that there are not unlimited resources, efforts must be focussed where they can have maximum impact. The Department's model for compliance and enforcement describes how the sectors we work with are analysed and how this analysis is used to prioritise and target effort based on risk.

It is important to be clear and open to provide the people we regulate with greater certainty and understanding about the Department's approach. Being clear and open encourages people to trust the Department to support those who are trying to comply with the law and deter those who are not trying to comply. This trust allows us to work together with people for compliance and better outcomes.

Promoting sustained compliance

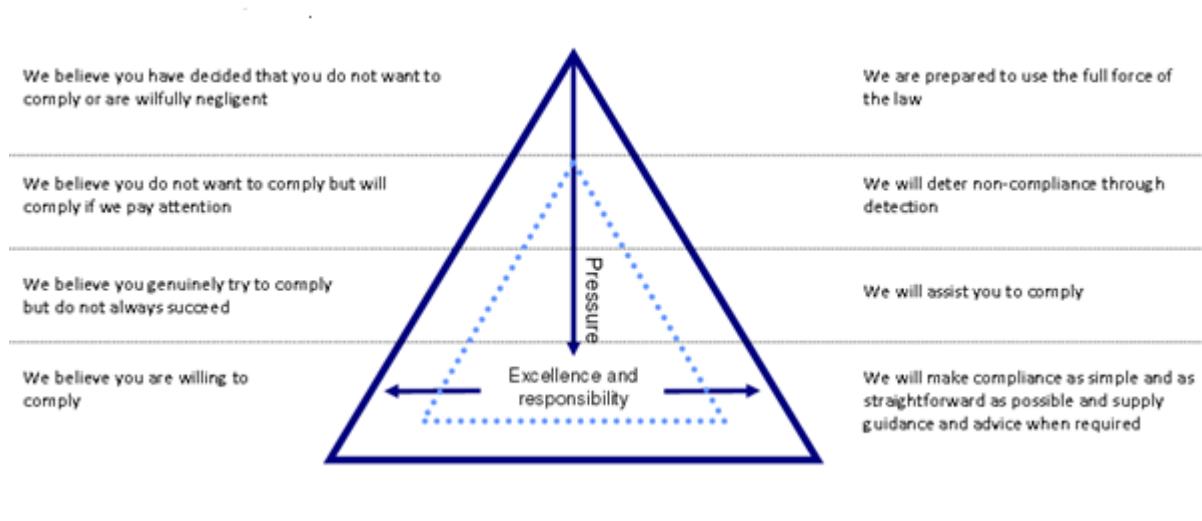
By choosing the optimal mix of tools and techniques from a wide 'menu', the Department can exert a downward pressure on our regulated sectors to promote widespread and sustained compliance. The Department understands that no single approach is likely to work in all situations. This also reflects an understanding that, within any regulated sector, there are ranges of differing attitudes, behaviours, and levels of compliance.

To be successful, the Department responds to non-compliance based on our assessment of the motivations of the regulated party as well as the seriousness and harmfulness of any breach. For example, persuasive and supportive techniques may be chosen or enforcement options or sanctions. The over-riding objective is to maximise the impact of effort to uphold the law and obtain broad and sustained compliance across the regulated sector.

A responsive regulatory model (see Figure C1) assumes that the majority of people are compliant with the law most of the time and that only a small percentage of people engage in serious, wilful non-compliance. This enables enforcement efforts to be targeted on the most serious and wilful non-compliance and where we believe our efforts will have the biggest impact. Where people are willing to comply, we use non-coercive interventions such as education and system design to assist compliance.

The 'art' of a successful regulator is knowing when and how to choose a particular tool or technique from a wide range of options in order to have the greatest impact or influence.

Figure C1. Responsive regulation model (after Ayres and Braithwaite)



Being focused, informed, and prioritised

This operating model depends on being knowledgeable about the people and sectors that the Department interacts with – their motivations, attitudes, and history of compliance. This requires a lot of information and sophisticated analysis. In order to do this successfully we must focus our efforts on the most pressing or significant issues and areas of non-compliance. The best way to achieve this is to have a structured prioritisation process.

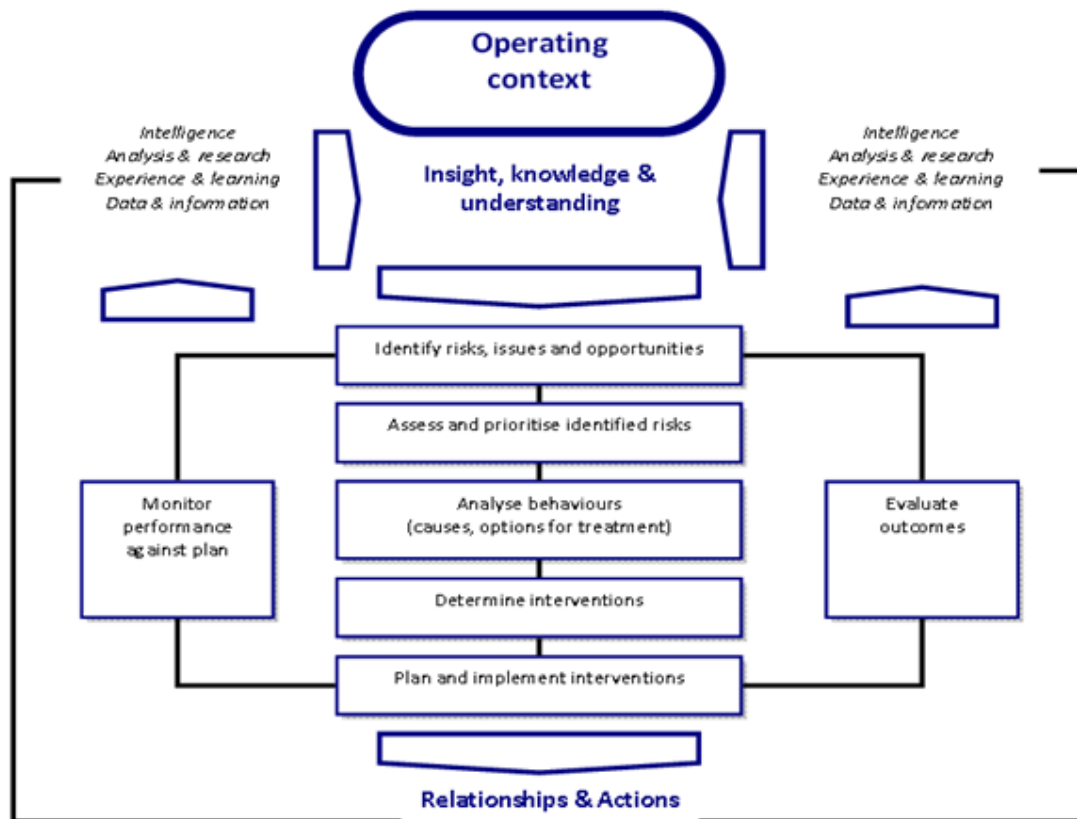
Figure C2 shows how efforts are targeted and prioritised proactively to ensure the maximum level of impact on compliance. A feedback/learning loop allows us to monitor and measure our effectiveness so we can learn and adapt our approach.

A principled approach

The following principles were originally implemented to guide compliance and enforcement. However, we are increasingly applying them to all aspects of regulatory service delivery:

- Outcomes focus – maximising the impact.
- Fairness – acting with the highest level of integrity, in accordance with good administrative practice and natural justice.
- Consistency – the approach to decision-making is consistent and responsive.
- Public expectations – offending that causes the most harm will be met with the strongest response.
- Transparency and openness – those affected by our decisions have opportunities to ask questions and seek review.
- Intelligence and analysis will be used to identify risk and target effort- the right technique or intervention is selected from a range of regulatory options.
- Goal focused – obtaining long-term sustainability.

Figure C2. Regulatory planning and prioritisation model



- Simplifying compliance – making things straightforward and simple to reduce cost and encourage the take-up of services.
- Supporting responsibility and excellence – supporting those that are striving for excellence and positive community outcomes.
- Trust and confidence – the community and stakeholders recognise the Department as an effective, competent and principled modern regulator.
- Supporting compliance – engaging with stakeholders, providing guidance and support, minimising compliance burden.

Appendix D: Regime maturity assessments

Note on terminology

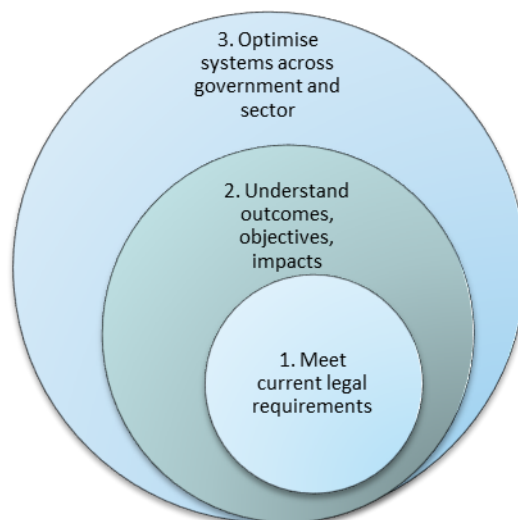
In this document, a *regime* encompasses:

- all the legislation for which the Department is wholly or partly responsible in a particular area of regulation, and
- all the activities that the Department, and other parties, are required to undertake to fulfil their legislative responsibilities.

The scope of a *regime* is fairly elastic and for convenience we have sometimes used the term to group conceptually related, but legally distinct, sets of regulation (e.g. 'Identity Information' encompasses Passports, Citizenship, and Births, Deaths, Marriages and Civil Unions legislation).

How we have assessed the maturity of our regimes

Figure D1. Regulatory system maturity model



As regulatory stewardship matures our understanding of our role moves from level 1 to level 3.

Level 1 = We understand how well are we able to meet the legal requirements of the regimes where we have a regulatory role.

Level 2 = We understand the outcomes and objectives of our regulatory regimes and how what we do impacts on those outcomes and objectives, including impact on customers, stakeholders and the wider public. We have an understanding of how the regulatory system works within our own agency.

Level 3 = We have a full understanding of our regimes as part of broader systems across government and the regulated sector, and we work with others to optimise our regulatory settings and achieve outcomes.

Caveat

It is important to note that we do not yet have a full picture of the performance and operation of our regulatory regimes, and we have not yet initiated the system assessment exercises that will give us that fuller picture and incorporate perspectives external to the Department. The assessment of regulatory regimes presented in this report is largely based on information from subject matter experts within the Department and from existing documentation. For example, assessment of the efficiency and cost-effectiveness of each regime was not undertaken. This information should be treated as an initial, indicative overview rather than a fully robust 'health check' of each regime.

Regime			
Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT)			
Maturity assessment Level 2	Level 1 = Meet current legal requirements	Level 2= Understand objectives, outcomes, impacts	Level 3= Optimise systems across government & sector
Objectives/outcomes			
To detect and deter money laundering and the financing of terrorism; maintain and enhance New Zealand's international reputation; and contribute to public confidence in the financial system.			
Key legislation (not an exhaustive list)			
AML/CFT Act 2009 and associated regulations			
Current state (describe existing environment and any barriers to effective performance)			
Multi-agency regime - DIA is one of three AML/CFT supervisors that educate sector, monitor and enforce compliance with Act. Ministry of Justice has policy function. Regime structured around responsive, risk-based regulation – wide spectrum of interventions. Diverse sector with varying levels of maturity, mostly willing to comply. Some areas of high risk for serious non-compliance enabling criminal activity.			
Future (describe influences that will impact on the regime in the future)			
Sector is Auckland-dominated and this will increase in future – impacts on structure of function, diversity of sector. Pressure on resources if we become responsible for more entities after Tranche 2 review. Increasing number of online financial platforms require different compliance methods.			
Information base (comment on availability of evidence to assess performance of regime)			
Feedback from regulated sector surveys. Recent comprehensive environmental scan including assessment of our ability to influence outcomes. Evidence base on effectiveness still thin. Annual report will eventually provide rich data source but only 2 years' unreliable data to date.			
Fitness for purpose (is regime achieving objectives? can it continue to do so?)			
Reasonably fit for purpose but does not meet Financial Action Task Force (FATF) standards. Next evaluation for compliance with FATF standards due in 2019, with potential to seriously affect NZ's reputation. MOJ working on remaining non-compliance - e.g. sectors not captured by Act – as 'Tranche 2'. Question about efficiency of multi-supervisor regime, especially if more supervisors added – balanced by ability of multiple supervisors to specialise and target more effectively.			
Key risks		Mitigation (current or planned)	
Massive increase in size of regulated sector under Tranche 2		Develop resource bid for Tranche 2 if required	
NZ non-compliance with FATF standards – risk to international reputation		Work to ensure DIA compliance; assist/influence MOJ with Tranche 2 legislation	
Sector immaturity, risk of non-compliance		Use whole range of regulatory tools, education/remediation/ prosecution.	
Planned legislative/regulatory reviews			
Tranche 2 reform (MOJ-led) underway to bring NZ into compliance with FATF standards.			
Priority for system assessment			
D- Put at back of queue			

Regime			
Censorship and Classification			
Maturity assessment Level 2	Level 1 = Meet current legal requirements	Level 2= Understand objectives, outcomes, impacts	Level 3= Optimise systems across government & sector
Objectives/outcomes Protect the public from harmful content, particularly content depicting actual sexual abuse of children; ensure the web is a hostile environment for criminals trading objectionable content; rescue victims; maintain integrity of the classification regime.			
Key legislation (not an exhaustive list) Films, Videos and Publications Classification Act 1993 and associated regulations			
Current state (describe existing environment and any barriers to effective performance) Responding to market and technology change, DIA has increasingly turned focus away from (largely compliant) traditional film and publications sector, towards online trade in objectionable content. A world leader in this field. Working with law enforcement nationally (Police and Customs) and internationally to provide support and training; increasingly partnering with internet service providers and social media platforms. Web filtering system has effectively prevented access to child abuse websites in NZ. Significant number of victims identified and rescued. Focus is on high value offending – producers rather than consumers of material.			
Future (describe influences that will impact on the regime in the future) Increasing digitisation and convergence (merging) of digital media. Some parts of the hard-copy publication industry are in decline. Increasing sophistication of offending behaviour requiring law enforcement to invest in more sophisticated detection and forensic techniques, and possibly legislative change. Limited focus on other forms of deterrence.			
Information base (comment on availability of evidence to assess performance of regime) Good information on our own part of the system - which we do not always mine effectively; unclear information on the broader system/s into which DIA's functions fit, e.g. on-line crime; content regulation.			
Fitness for purpose (is regime achieving objectives? can it continue to do so?) Not fit for purpose. Regime is outdated and unsuited to increasing convergence of digital media (currently DIA part of a multi-agency convergence review). DIA performing what is in effect a law enforcement function; question about appropriate fit within Department. NZ law enforcement does not have all the powers necessary to conduct high level on-line and international investigations.			
Key risks		Mitigation (current or planned)	
Telecommunications providers do not retain essential data for investigations		Participating in MOJ-led cybercrime review 'Enforcement action in a digital world'	
Lack of powers to conduct effective covert investigations online		Participating in MOJ-led cybercrime review 'Enforcement action in a digital world'	
Small size and high specialisation of unit		Ongoing efforts to get increased resource; partnership approach with Police and Customs	
Planned legislative/regulatory reviews Convergence review (Ministry of Culture and Heritage-led); Cybercrime review (MoJ-led)			
Priority for system assessment C - Put at front of queue			

Regime			
Charities			
Maturity assessment Level 1- 2	Level 1 = Meet current legal requirements	Level 2= Understand objectives, outcomes, impacts	Level 3= Optimise systems across government & sector
Objectives/outcomes To promote public trust and confidence in the charitable sector, encourage good governance of charities, and encourage the effective use of charitable resources.			
Key legislation (not an exhaustive list) <ul style="list-style-type: none"> Charities Act 2005 and associated regulations 			
Current state (describe existing environment and any barriers to effective performance) Sector and public increasingly support active charities regulation. We are working on how to measure charitable sector's contribution to strong communities and social cohesion. Our compliance framework incorporates responsive regulation – making it easy to comply, educative approach, communicating consequences of non-compliance. Narrow range of legal tools. Deregistration is key compliance tool; no power to suspend a charity or remove individual officers. Limited statutory grounds for disqualification; some charities may be registered with unsuitable officers. No 'rate of return to charitable purposes' obligations relative to charity's income/ assets.			
Future (describe influences that will impact on the regime in the future) Increasing co-produced delivery of social services. Charities subjected to more regulatory/ contract requirements – difficult for small charities. Possible risk of government partnering with unsuitable co-producer. 'Social enterprise' may clash with criteria for 'charity'. Continued public unease about aspects of charities law (e.g. registering groups that undertake for-profit activities). Risk of international and/or organised crime involvement in charities.			
Information base (comment on availability of evidence to assess performance of regime) Information on compliance and financial performance of charities (e.g. are they accumulating funds rather than using them for community benefit?) has been mixed quality, but recently introduced reporting standards will improve evidence base over time. Looking at alternative performance indicators to ensure we are measuring the right things.			
Fitness for purpose (is regime achieving objectives? can it continue to do so?) Fitness for purpose not currently measurable due to changed reporting requirements. Stakeholder acceptance increasing but there are areas where it could be strengthened. Evidence base is not strong but being developed. Potential improvements could include a 'fit and proper' test for officers; and broader range of enforcement interventions. There are diverse sector and public views about whether the definition of 'charity' should be amended to fit modern practice.			
Key risks		Mitigation (current or planned)	
Registration of entities that have unsuitable/ criminal officers involved		Flag risky entities for investigation; no ability to prevent registration at present	
Compliance with Financial Action Task Force (FATF) recommendations relating to non-profit organisations		Gather information about charities that operate overseas to inform risk assessment. Information sharing with other interested agencies	
Planned legislative/regulatory reviews None at this time.			
Priority for system assessment C – put at front of queue			

Regime			
Fire and Emergency			
Maturity assessment Level 2	Level 1 = Meet current legal requirements	Level 2= Understand objectives, outcomes, impacts	Level 3= Optimise systems across government & sector
Objectives/outcomes Protection of life and property from fire. (Proposed new legislation purpose clause will include reducing the incidence and consequence of unwanted fires; and formally recognise other emergency services performed by the Fire Service.)			
Key legislation (not an exhaustive list) <ul style="list-style-type: none"> • Fire Service Act 1975 and associated regulations • Forest and Rural Fires Act 1977 and associated regulations 			
Current state (describe existing environment and any barriers to effective performance) Existing fragmentation of fire service was leading to poor coordination ineffective strategic investment in fire prevention, preparation and response. Lack of legislative recognition of non-fire emergency services. Major reform announced in November 2015 aimed at unifying fire services, achieving a modern, efficient, well-equipped Fire Service and making the legislation fit for purpose – resulted in proposed merger of urban and rural fire authorities.			
Future (describe influences that will impact on the regime in the future) Aging demographic profile of Fire Service. Increased rural-urban commuting leading to decrease in population available for emergency services. Increasing demand for flexible work practices. Increased diversity in service due to increased range of functions performed. Impact of climate change: drier hotter environment, more rural fires.			
Information base (comment on availability of evidence to assess performance of regime) Information base is very light; systems are outdated and focused on front-line delivery rather than reporting. Reform is an opportunity to address this issue.			
Fitness for purpose (is regime achieving objectives? can it continue to do so?) Not fit for purpose. Mismatch between purpose clause of Act and existing purpose/objectives of Fire Service. Structure of Fire Service is outdated - does not allow for factors such as demographic shifts, improvements in communications technology, or changing resource and capability needs. Reform aims to address these issues.			
Key risks		Mitigation (current or planned)	
Failure of reform transition process – e.g. through industrial action, resistance to change		Investment in change management, stakeholder engagement	
Cost of asset disposal during transition		Negotiated approach with high engagement	
Planned legislative/regulatory reviews Major reform underway – see above			
Priority for system assessment C – put at front of queue (but further down the list due to current review)			

Regime			
Gambling and Racing			
Maturity assessment Level 2	Level 1 = Meet current legal requirements	Level 2= Understand objectives, outcomes, impacts	Level 3= Optimise systems across government & sector
Objectives/outcomes To minimise harm associated with gambling and maximise community benefit from gambling.			
Key legislation (not an exhaustive list) <ul style="list-style-type: none"> • Gambling Act 2003 and associated regulations • Racing Act 2003 and associated regulations 			
Current state (describe existing environment and any barriers to effective performance) The gambling sector has achieved a level of consolidation and maturity. Gaming machine expenditure has declined but community funding is stable, as is prevalence of problem gambling. Enforcement combined with education has improved compliance levels. New operating models for Class 4 and casino gambling include increased collaboration with sector to build trust. NZ Lottery profits have grown. Lottery Grants system now provides integrated, customer-centric online grants and community support.			
Future (describe influences that will impact on the regime in the future) Decline in interest in gaming machines in overall population, despite recent stability of community returns. Likely increase of offshore internet gambling, which may bypass NZ's regulatory frameworks due to current prohibitions.			
Information base (comment on availability of evidence to assess performance of regime) Good base of data on cashflow through the system (e.g. turnover, grants). Good information on prevalence and cost of problem gambling but limited information on broader societal impacts, e.g. benefits of gambling funding to communities, benefits of casinos, broader cost of gambling harm.			
Fitness for purpose (is regime achieving objectives? can it continue to do so?) Fitness for purpose currently adequate but legislation is fragmented and lacks a future focus on e.g. internet gambling. Objectives of the regime have a natural tension (e.g. community benefit vs problem gambling), so not clear that objectives can be 'achieved' – more that the right balance needs to be found. Gambling compliance is a high-cost regime and current cost-recovery model for class 4 gambling is likely to be unsustainable. Legislation difficult to manage –inconsistent in treatment of different forms of gambling.			
Key risks		Mitigation (current or planned)	
Serious non-compliance in Class 4 or casino sector		Interventions within framework of current Act – e.g. responsive regulatory practice; modernise grant-making; cashless/pre-commitment	
Existing compliance framework becomes unaffordable		Class 4 gambling review exploring possible legislative options	
Increase in offshore internet gambling (e.g. TAB uncompetitive vis-à-vis offshore betting)		Racing Act review – increase range of TAB products, fees for offshore operators	
Planned legislative/regulatory reviews Review of the Racing Act; review of Class 4 gambling (on-going)			
Priority for system assessment C - put at front of queue			

Regime			
Identity Information			
Maturity assessment Level 2- 3	Level 1 = Meet current legal requirements	Level 2= Understand objectives, outcomes, impacts	Level 3= Optimise systems across government & sector
Objectives/outcomes To collect and provide reliable and authoritative identity information that enables New Zealanders to interact easily with government and others.			
Key legislation (not an exhaustive list) Births, Deaths, Marriages, and Relationships Registration Act 1995 and associated regulations Citizenship Act 1977, Citizenship (Western Samoa) Act 1982 and associated regulations Electronic Identity Verification Act 2012 and associated regulations Identity Information Confirmation Act 2012 Passports Act 1992 and associated regulations			
Current state (describe existing environment and any barriers to effective performance) Ongoing reviews of systems and removal of legislative barriers to on-line delivery – to ensure services are customer-centric, and compliance is easy. Compliance levels with information collection are very high. Inquiry into Philip Smith/Traynor incident highlighted inadequate take-up by other agencies of opportunities to share identity information: now being addressed. Some IT systems are outdated and vulnerable. Strong processes in place to deal with internal security issues, privacy breaches etc., as well as identifying and taking action against identity fraud.			
Future (describe influences that will impact on the regime in the future) Government ICT Strategy and BPS result 10 aim to provide a more customer-centred ecosystem of public services, allowing customers to access services with less effort than now. Fit-for-purpose digitally-enabled identity verification tools will be critical to providing people with access to integrated public services end-to-end in a digital environment. Achieving this may require changes to legislation, funding arrangements, service delivery, and information management practices. New technologies will enable increasingly sophisticated online identity fraud.			
Information base (comment on availability of evidence to assess performance of regime) We have an excellent base of customer feedback to measure the effectiveness of service delivery. Evidence about the risk of on-line fraud is scanty.			
Fitness for purpose (is regime achieving objectives? can it continue to do so?) Reasonably fit for purpose and flexible to respond to future needs; legislation may need change to meet expanded 'Result 10' objectives for integrated services. We need to be proactive to address emerging risks of international on-line identity fraud. We are currently reviewing the digital identity environment to ensure that the government's objectives are continuing to be met.			
Key risks		Mitigation (current or planned)	
Failure to keep pace with customer and agency needs for digital identity services		Review of digital identity environment. Transformation of Systems and Service Delivery	
System failure across government due to poor take-up of information sharing		Smith/Traynor response – adapt systems to enable more effective information sharing	
Increasing international identity fraud via new technologies		Monitor to identify nature of risk and need for investment; explore cross-border data sharing	
Planned legislative/regulatory reviews Ongoing rollout of customer-centred services; review of digital identity environment; legislative changes to facilitate more electronic interactions being developed			
Priority for system assessment C- Put at front of queue			

Regime			
Local Government			
Maturity assessment Level 1- 2	Level 1 = Meet current legal requirements	Level 2= Understand objectives, outcomes, impacts	Level 3= Optimise systems across government and sector
Objectives/outcomes To provide for democratic and effective local government that recognises the diversity of New Zealand communities (Local Government Act 2002).			
Key legislation (not an exhaustive list) <ul style="list-style-type: none"> • Local Government Act 2002 and associated regulations • Local Electoral Act 2001 and associated regulations • Numerous other acts and regulations administered by DIA and other agencies • Local authorities are regulators in respect of their own bylaws and about 70 other acts 			
Current state (describe existing environment and any barriers to effective performance) DIA has oversight of the regulatory framework for local authorities, and therefore has an interest in central and local government working together to develop effective and efficient regulation. Concerns about currency and quality of bylaws are the subject of a current review. Some central government legislation that imposes duties on local authorities does not do so in a consistent way and laws do not always achieve their intended effect. We have developed proposals for an Omnibus Bill, which may be the first in a series to establish regular 'housekeeping' for the local government regulatory system.			
Future (describe influences that will impact on the regime in the future) 'Smart cities' – opportunity to facilitate innovation in local service delivery through connected cities and business/citizen engagement. Demographic changes (growth/depopulation, aging, diversity) affect the relationship between people and councils. Aging infrastructure; earthquake strengthening. Environmental impacts – climate change, freshwater. Information society – social identification with other than geographical community – reduced identification with 'place'.			
Information base (comment on availability of evidence to assess performance of regime) We have access to relevant council information, which is not fully tapped or systematised. We are working with government agencies and councils to improve accessibility and ease of understanding of key performance information (High Performing Local Government initiative).			
Fitness for purpose (is regime achieving objectives? can it continue to do so?) Not fit for purpose. LG structures and service delivery not always agile enough to provide for future needs. System is burdened with hundreds of Local Acts - can cause confusion and conflict with other legislation.			
Key risks		Mitigation (current or planned)	
Challenges to regulatory capability and capacity of local councils; some councils unable to provide for future needs		Better Local Services – more efficient and effective service delivery, e.g. shared services, review of local government regulatory tool box and capability	
Poor central/local government coordination – increases costs, decreases effectiveness		Central and local government Chief Executives' forum, taking a whole of system approach	
Planned legislative/regulatory reviews Better Local Services; High Performing Local Government; Rules Reduction response; Local Government Regulatory Systems Omnibus Bill; Local Government Bylaw Toolbox Review			
Priority for system assessment A- Do now			

Regime			
National Library			
Maturity assessment Level 2	Level 1 = Meet current legal requirements	Level 2= Understand objectives, outcomes, impacts	Level 3= Optimise systems across government & sector
Objectives/outcomes			
To collect, maintain and make available a comprehensive collection of documents relating to New Zealand and the people of New Zealand.			
Key legislation (not an exhaustive list)			
National Library of New Zealand (Te Puna Mātauranga o Aotearoa) Act 2003 and associated regulations			
Public Lending Right for New Zealand Authors Act 2008 and associated regulations			
Current state (describe existing environment and any barriers to effective performance)			
All NZ books, periodicals and off-line electronic documents must be deposited. National Library Act authorises the Library to make a copy of public documents that are Internet documents, and access conditions provided for in the Act. Enforcement powers very rarely used.			
Public Lending Right scheme provides for authors to receive payment for their books being available for use in libraries. Mechanistic, formulaic system removes discretion in funding but also prevents disclosure of fund recipients, unless they have agreed – reduces transparency.			
Future (describe influences that will impact on the regime in the future)			
Continued changes in the publishing environment may impact the effectiveness of the current regime.			
Information base (comment on availability of evidence to assess performance of regime)			
Very comprehensive performance evidence.			
Fitness for purpose (is regime achieving objectives? can it continue to do so?)			
Reasonably fit for purpose with a few gaps. So far the National Library Act is holding up well to the changing nature of publishing in the digital environment, but in the future it may require review. It is intended the National Library Requirement Notices will be reviewed in the next year to take into account the Library's revised Collections Policy.			
Public lending right scheme achieves intended objectives in relation to print publications only; other formats, particularly e-books and audio books are not covered.			
Key risks		Mitigation (current or planned)	
Security breach - National Digital Heritage Archive		High level of security assurance on existing system. Schedule security review.	
Rarely, a digital collection item may be ultra vires due to inclusion of non-NZ content		Collect evidence on level of risk to advise Minister	
Planned legislative/regulatory reviews			
None at this time			
Priority for system assessment			
D – Put at back of queue			

Regime			
Private Security Personnel and Private Investigators			
Maturity assessment Level 1	Level 1 = Meet current legal requirements	Level 2= Understand objectives, outcomes, impacts	Level 3= Optimise systems across government & sector
Objectives/outcomes To ensure that people working in the security and investigation industries can be trusted by those businesses and the public.			
Key legislation (not an exhaustive list) Private Security Personnel and Private Investigators Act 2010 and associated regulations			
Current state (describe existing environment and any barriers to effective performance) Relatively new regime, split between Ministry of Justice (policy, licensing) and DIA (investigation, enforcement). DIA's powers are limited to licensed security personnel and we are unable to initiate investigation in absence of MoJ-referred complaint. We can however make our own complaints to MoJ and have a good relationship with MoJ staff. Sector appears generally willing to comply but no statistics available. We take an educative approach to securing sector compliance and intend to further develop this.			
Future (describe influences that will impact on the regime in the future) From 2016 there will be renewal activity as licences will start to expire. The Authority has indicated that crowd controllers, personal and property guards that have not completed training requirements will not be renewed. This has the potential to impact on the sector.			
Information base (comment on availability of evidence to assess performance of regime) We have good internal efficiency information. No information on MOJ triage process, making it difficult to assess whether we are getting the right cases. No comprehensive data on extent of compliance or sector risk, to enable us to measure effectiveness of our activities. Some visibility of unlicensed/illegally operating part of sector through complaints and other intelligence.			
Fitness for purpose (is regime achieving objectives? can it continue to do so?) Fitness for purpose unclear. Limited information base and reactive nature of the regime continue to pose issues that are being managed well within the constraints of the legislation. Given the limited scope of DIA's function, enforcement and investigation is working well and using a range of interventions. Good operational relationship between agencies but it is not clear that there is a shared view of regulatory strategy.			
Key risks		Mitigation (current or planned)	
Serious harm/risk not investigated due to absence of complaint or information gaps		Work with MoJ to develop better quality information and an appropriate educative initiative.	
Poor targeting due to information gaps		Work with MoJ to develop a better understanding of the sector.	
Risks not addressed due to resource constraints – small team		Collect evidence on resource requirements to inform possible funding bid	
Planned legislative/regulatory reviews None at this time			
Priority for system assessment A – do now			

Regime			
Public Records and Information			
Maturity assessment Level 1- 2	Level 1 = Meet current legal requirements	Level 2= Understand objectives, outcomes, impacts	Level 3= Optimise systems across government & sector
Objectives/outcomes To maintain Government accountability by ensuring that full and accurate central and local government records are created, maintained and accessible.			
Key legislation (not an exhaustive list) Public Records Act 2005			
Current state (describe existing environment and any barriers to effective performance) Recordkeeping maturity is unsatisfactory in many agencies, with potentially major impact on integrity of the public record, efficiency of systems, and public access to information. Draft regulatory statement that sets out responsive regulation approach – using powers effectively and proportionately to achieve objectives. New recordkeeping standard has been issued for sector consultation and guidance. Monitoring/reporting and audit programme are being revised.			
Future (describe influences that will impact on the regime in the future) Adoption of new systems will highlight deficiencies in agencies’ past practice when information migration and disposal needs are considered. Drive towards ‘open data’ – proactive release of public records – will put more pressure on agencies to manage records well and will reveal previous poor practice. All-of-Government ICT strategy requires transformation in government information management which will require major investment to achieve. Increasing government contracting/ private sector partnership will further complicate recordkeeping to support accountability.			
Information base (comment on availability of evidence to assess performance of regime) We have good information from audits of public sector entities, public complaints, advice queries and interaction on agency disposal authorities. This needs to be enriched from other sources and integrated into a clearer picture. Other sources could include the ability of agencies to answer OIA requests and information from related mandates such as the GCIO and GCPO.			
Fitness for purpose (is regime achieving objectives? can it continue to do so?) Reasonably fit for purpose. Act was drafted to be technology-neutral and remains workable. Focus on optimising our regulatory role within current legislative settings, strengthening alignment with other key agencies.			
Key risks		Mitigation (current or planned)	
Unnecessarily bespoke and poorly used recordkeeping and content management systems pose risks to joined-up and accountable government		New standard aims to raise leaders’ awareness. Working with other DIA All-of-Government roles to ensure mutually supporting approaches	
Poor quality of existing digital records prevents effective management and archiving		Working with MBIE to explore problem and develop possible solutions. System-wide condition assessment may be needed to inform next steps.	
Planned legislative/regulatory reviews Review of Records and Information Management standard underway. No current legislative review.			
Priority for system assessment C – put at front of queue			

Regime			
Unsolicited Electronic Messages (Anti-Spam)			
Maturity assessment Level 1- 2	Level 1 = Meet current legal requirements	Level 2= Understand objectives, outcomes, impacts	Level 3= Optimise systems across government & sector
Objectives/outcomes To prohibit spam from being sent to promote a safer and more secure environment for the use of information and communication technologies (ICT) in New Zealand; and to deter people from using ICT inappropriately.			
Key legislation (not an exhaustive list) Unsolicited Electronic Messages Act 2007 and associated regulations			
Current state (describe existing environment and any barriers to effective performance) Commercial direct marketing sector in NZ has moved to high level of compliance among large corporate areas, with education and low-level enforcement interventions working well. Still a high level of non-compliance among SMEs. High-risk areas are fraud, scams and malware, often sent from overseas. Cyber-crime system is fragmented between multiple agencies and roles are unclear. Regulatory strategy shifting from a complaints-driven approach to a proactive approach.			
Future (describe influences that will impact on the regime in the future) Continuing uptake and growth of ICT provides opportunities for increasingly sophisticated spamming which may be false, fraudulent or harmful. With other relevant agencies, Department is involved in the proposed establishment of a CERT (Computer Emergency Response Team) to respond to cybersecurity threats.			
Information base (comment on availability of evidence to assess performance of regime) Evidence base currently weak. New strategy involves building and using intelligence to inform risk-based prioritisation and targeting of interventions.			
Fitness for purpose (is regime achieving objectives? can it continue to do so?) Reasonably fit for its original purpose but was not intended to cater for criminal scams and 'malware' delivered by spam. Lack of role clarity makes it difficult for agencies to deal with the burgeoning scam and malware problem. DIA could benefit from further powers and increased penalties to deal with offending.			
Key risks		Mitigation (current or planned)	
Major cyber threat not prevented due to limited DIA investigation and enforcement powers		Gather evidence for change and work with MBIE to explore extension of powers in legislation	
Threats not identified due to duplication and fragmentation of regimes		Work with other agencies to clarify roles and address fragmentation	
Planned legislative/regulatory reviews None at this time			
Priority for system assessment C – put at front of queue			