

# Comprehensive Program Design Options

## Final Report

14 May 2021

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## 1. Introduction

### 1.1 Scope & Purpose

In the 2019 Speech from the Throne, the Government pledged to implement measures designed to strengthen gun control, including a prohibition of assault-style firearms, and take the necessary steps to introduce an associated Buyback Program. This commitment was reiterated in the Prime Minister's mandate letters to the Minister of Public Safety and Emergency Preparedness, the Minister of Justice and Attorney General of Canada.

On May 1, 2020, the Canadian Government introduced amendments of relevant regulations to prohibit nine (9) types of assault-style firearms and certain components of some newly prohibited firearms. There is an amnesty period until April 30, 2022. The Amnesty Order came into force at the same time as the prohibition to protect lawful owners of a newly prohibited firearms from criminal liability while they take steps to comply with the law. It also protects licensed business who wish to attempt to return their inventory to their manufacturer. The amnesty also provides a temporary exception for Indigenous Peoples exercising S.35 Constitutional rights to hunt and for sustenance hunters to allow for continued use of newly prohibited firearms until a suitable replacement can be found.<sup>1</sup>

To that end, Public Safety Canada was tasked with the development of Comprehensive Program Design Options to inform the design, implementation, and management of a potential Buyback Program for the Newly Prohibited Firearms (NPFs).

A program refers to a group of clear, related, and complementary activities intended to achieve a desired outcome among target group(s). The design of the Program Options included an iterative process involving research with initial designs followed by the development of options, review, and redesign of options and outputs. These Program Options should be considered as a menu of possible approaches Canada could take with respect to the Buyback Program Design. The Government of Canada will need to select which option(s) represent(s) the best fit for the Buyback Program relative to desired program objectives and outcomes. The development of Program Design Options should be considered an iterative process.

These Program Design Options were defined leveraging an Operations Model Framework called the Component Business Model (CBM) which is outlined in further detail in [Section 3: Program Options: Overview & Methodology](#).

The initial project consisted of a Compensation and Pricing Model Buyback Options phase, and a Program Design Options phase. These two phases will need to be tightly coordinated to create the complete Buyback Program for Canada. The Compensation Model Options, including a suggested Pricing Model, are documented in a separate report.

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<sup>1</sup> Canada Gazette, "Regulations Amending the Regulations Prescribing Certain Firearms and Other Weapons, Components and Parts of Weapons, Accessories, Cartridge Magazines, Ammunition and Projectiles as Prohibited, Restricted or Non-Restricted: SOR/2020-96", May 1, 2020, < <https://canadagazette.gc.ca/rp-pr/p2/2020/2020-05-01-x3/html/sor-dors96-eng.html> >

## 1.2 Limitations of Report

The following items created limitations of what could be included in this report, at the time it was created:

- **Canadian Stakeholder Engagement:** Stakeholder engagement was not conducted in the development of this report. To establish Program Models that will increase participation and elevate satisfaction, it is necessary to engage stakeholders, such as owners and businesses, to solicit input and perspective.
- **Non-permissive Storage Ruling:** During the timeline of this project, Bill C-21 was introduced in the House of Commons on February 16, 2021 and repealed the provisions of the Firearms Act that provided for grandfathering with limited usage (paragraphs 12(8) and (9)).<sup>2</sup> Existing owners and businesses would be given the legal compliance option to keep their NPFs, solely as collection items and without possibility of use, sale, transfer, gift, or acquisition of other firearms of the same class. Further implications of this ruling are not explored within this report. Stakeholder consultations could provide insights relative to this legal compliance option and whether incentives for participation in the program would make the Buyback Program more appealing to owners and businesses.
- **Indigenous Peoples:** There is a potential opportunity to partner with Indigenous Peoples to understand and develop a Buyback Program unique to Indigenous Peoples NPF owners and businesses. Such discussions were not conducted in the development of this report.
- **Provisions for Setting Service Level Standards:** A Service Level Agreement (SLA) is a contract that establishes a set of deliverables one party has agreed to provide to another. This agreement can exist between a business and its customers, or one department that delivers a recurring service to another department. As consultations with other Government departments are ongoing and stakeholders were not engaged on partnership options nor SLA expectations, details of SLAs are not included in this report.
- **Operations Approach, including Security:** At the time this report was developed, pending discussions on Operations approach, including data security, limited information available to inform the report was available and therefore not included.
- **Program Partners:** Decisions on operationalizing the Buyback Program require engagement from other Government of Canada departments as well as consultations with industry partners. These consultations have started and are ongoing at the time this report was written. No decisions have been made and further discussions are pending. The contents of this report do not reflect the nature and decision of potential partnerships required to operationalize the program.
- **Alternatives to Destruction:** In Buyback programs in other jurisdictions, the fate of disabled firearms has never been more than an issue of waste management. Canada could investigate alternatives to destructions such as historical preservation and/or creative recycling. These options are not included in this report.
- **Information Technology/Information Management (IT/IM):** The Data First Digital Platform as part of the Buyback Program has been identified as a key requirement to enable the complete program from Notification through Payment Processing and NPF Destruction. The IT/IM concepts have been identified and continue to be finalized. A separate report will focus on the IT/IM details of the Buyback Program.

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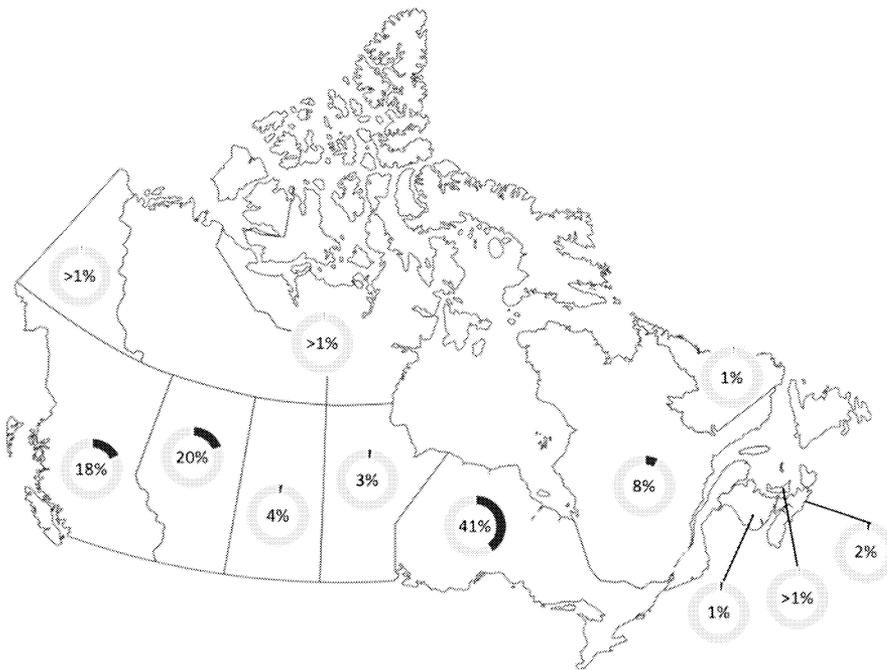
<sup>2</sup> *Government of Canada, "House of Commons – Canada – Bill C-21 – An Act to amend certain Acts and to make certain consequential amendments (firearms)", 2021, < <https://parl.ca/DocumentViewer/en/43-2/bill/C-21/first-reading> >*

## 2. Canadian Context

The total registered NPF population is an estimated 110,000 spread across Canada with an estimated 79.6% of the NPFs in Ontario, Alberta, and British Columbia (see **Figure 1** below for complete distribution). Ownership data is not available for non-restricted firearms as this class of firearm does not require registration. The estimate for non-restricted firearms is based on aggregate, open-source statistical data records from 2012, which have been adjusted (increased by 25% to account for market growth).<sup>3</sup> It should be noted the non-registered NPF population in Canada is estimated to be 34,000 with their location unknown. The assumption could be made that the distribution is like the registered NPFs.

As announced on February 16, 2021, by The Hon. Bill Blair, Minister of Public Safety and Emergency Preparedness and The Rt. Hon. Justin Trudeau, Prime Minister of Canada, participation in the Canadian Buyback Program was deemed voluntary with non-permissive storage as an option.<sup>4</sup> This means consideration could be given to how to incent NPF owners and dealers to participate in the program.

**Figure 1: Distribution of Registered NPFs Across Canada (excluding non-registered)**



Source of data: RCMP Canadian Firearms Registry Data effective March 5, 2021.

<sup>3</sup> Global News, "Want to work with what's left of the long gun registry? Download it here", May 14, 2015, <<https://globalnews.ca/news/1998184/want-to-work-with-whats-left-of-the-long-gun-registry-download-it-here/>>

<sup>4</sup> Government of Canada, Office of the Prime Minister, "New firearms measures to combat crime and increase public safety", February 16, 2021, <<https://pm.gc.ca/en/news/news-releases/2021/02/16/new-firearms-measures-combat-crime-and-increase-public-safety>>

### 3. Program Options: Overview & Methodology

A foundation of Program Design is organizing and aligning activities and requirements into a framework in which an operating model can be determined. For this report, the Component Business Model (CBM) Method was the technique used to develop the key phases (the Buyback Value Chain Components) of a Buyback Program. Through the CBM Method, the phases and activities of a program can be grouped into manageable numbers of discreet, modular and re-usable components that enable flexibility, and provide for a clarified focus on the core capabilities needed to run the program and drive strategy. The Buyback Value Chain Components are illustrated in the top row of the Buyback Program CBM found below in Table 1. The three additional rows in the CBM are the Accountability Level which characterizes the scope and intent of activity and decision-making. The Business Components (part of the program with the potential to operate independently that contains similar activities supported by appropriate assets, such as people, process and technology) are captured in each of the white boxes in Table 1.

For the purpose of this report, Program Design Options for the five Buyback Value Chain Components in the red box (Table 1) were developed in further detail.

Comprehensive Program Design Options

Table 1: Illustrative Component Business Model (CBM) for NPF Buyback Program

	Program Management	Communication & Outreach	Partners & Ecosystem	Notification & Declaration	Collection	Transportation & Warehousing	Destruction	Compensation Processing	Enabling Services
Policy & Strategic Planning	Policy, Directive, Organization & Governance	Communication Strategy & Plan	Partner Strategy & Standards	Communication Strategy Planning	Develop Collection Strategy & Plan	Hazard Mitigation & Preparedness Strategy	Destruction & Disposal Strategy	Compensation Strategy	Training Strategy
	Joint Capability Planning	Outreach strategy & planning	Stakeholder management	Develop Information & Sharing Alliances	Storage Planning	Network & Logistics Planning		Expert Panel	Budgeting & Planning
	Funding & Pricing Strategy	Education Campaign Strategy		Information Gathering Strategy	Assess Risk	Storage Planning		Technology Architecture	
Manage & Controls	Establish Measurement Requirements	Campaign Administration	Monitor Adherence to Standards, Security & Practices	Manage Knowledge, Information & Data	Monitor Status of Collection Services	Hazard Assessment	Destruction & Disposal record Monitoring & Reporting	Assess Risk	Develop Security Procedures
	Monitor Adherence to Standards, Security & Practices		Effectiveness Monitoring & Measures	Manage Security Policy	Manage Collection Site Plan	Preparedness Monitoring		Foreign Exchange	Workforce Mgmt & Resource Balancing
	Monitor Effectiveness of Collaboration	Monitor Effectiveness of Campaigns	Manage Effectiveness of Communications	Notification Scheduling	Monitoring Performance & Effectiveness	Preparedness & Effectiveness Plan Update		Expert Panel	Management & Control
Service Delivery	Integrated Communication Environment	Prospect Identification	Relationship Management	Campaign Execution Information Products, Reports, Notifications, Alerts	Surrender forms	Verify Collected Data & Goods	Monitor Events	Quote, Value & Pricing	Training
		Marketing & Advertising		Notification to stakeholders	Register People, Goods & Information	Monitor Events	Verify Collected Data	Reconciliation forms & claims	Analytic, Reporting & Dashboards
	Knowledge Management	Campaign Execution	Domestic Collaboration	Monitor Information Requests & Declaration to register	Validation of FA condition	Secure & Safe Transport	Firearm Destruction	Payment Processing	Firearm Registry
	Establish Task Forces and Working Groups	Education Campaign Execution	Import / Export Controls	Collect feedback	Verify Collected Data and Value	Secure & Safe Storage	Firearm Retention by Authorities	Dispute Resolution	Firearm Dealers
				Identification of Exceptional Firearms (historical, training)		Firearm Transfer (Museum)		Audit	
				Claim receipt Processing/ Dispute raised		Firearm Scrap Recycle	Expert Panel	Technology	Records Management

## Comprehensive Program Design Options

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As part of the development of the various Program Options, a feasibility assessment was done on the Program Options included in this report. The following criteria were used for consistency across all Program Options:

- **Complexity to Implement:** The option is ranked on how difficult, complicated, or intricate it would be to implement
- **Feasibility** (how easy or difficult it is to do something): The option is ranked on the degree to which it is easily and conveniently performed
- **Risk to Operate** (Safe & Secure): Degree to which the option includes risks, including physical safety of all stakeholders as well as fraud, misrepresentation, data privacy concerns or transaction errors
- **Cost to Implement** (sum of all or part of the actual total costs to implement): Relative cost to implement and execute the program model option as part of the complete Buyback Program
- **Similarity to Other Jurisdictions:** The option is ranked relative to degree to which it follows leading practices from jurisdictions that have implemented Buyback Programs
- **Owner Satisfaction:** The options are ranked on the ability to minimize owner dissatisfaction
- **Governance** (structures and processes designed to ensure accountability transparency and responsiveness): The level of complexity required in the governance structure of the option
- **Compliance and Controls:** The option is ranked based on how well it meets Government of Canada compliance and control requirements
- **Leveraging Federal Assets:** The option is ranked based on the ability to leverage Federal assets for program delivery
- **Partner/Ecosystem Reliance:** The option is ranked based on the degree to which it can be executed by the Government of Canada with minimal support from other government departments/agencies, provincial or municipal governments or from industry
- **HR Requirements:** The option is ranked on the level of additional human capital requirements to implement the program

The above Program Design Options criteria were assessed on a 3-rank scale:

- **High Ranking:** This option can fully meet or exceed the expectations of the Government, businesses/dealers, individual owners, and the public.
- **Medium Ranking:** This option can perform adequately and to meet some of the expectations of the Government, businesses/dealers, individual owners, and the public.
- **Low Ranking:** This option does not meet the expectations of the Government, businesses/dealers, individual owners, and the public.

Draft processes for each of the five Buyback Value Chain Components have been mapped and are included in this report. Process mapping is an iterative process and the final process maps will include tradeoff decisions based on stakeholder feedback, data analysis and visualizations, leading practices, data and analysis, as well as program objectives.

The ultimate success of the Buyback Program will depend on a clear understanding of why and how users will interact with each step of the process, which will in turn offer opportunities to refine these stages. With a well-defined process that embodies leading practices in user centricity, the Government of Canada will be able to map a flow of users through the program and provide rough estimates for rates of attrition and resource budgeting.

### 3.1 Notification and Declaration

#### 3.1.1 Description

**Notification** is the mechanism to effectively reach individual owners or dealers of NPFs to drive maximum participation in the program to provide an opportunity for safe disposal of NPFs. Ensuring Notifications reach all individual owners and businesses with the same effectiveness should be a key priority when defining the Program Notification Options. The data available from the RCMP Canadian Firearms Registry should be considered to inform Notification Options.

**Declaration** is the process to capture individual owner and business submissions, to the Government of Canada, of information such as the make, model, and quantity of NPFs to be collected as well as personal information, such as banking information. The effective collection, security and management of data will be key to the Buyback Program success and therefore should be considered in any Declaration Option proposed.

#### 3.1.2 Options and Related Descriptions

**Notification:**

**Options:**

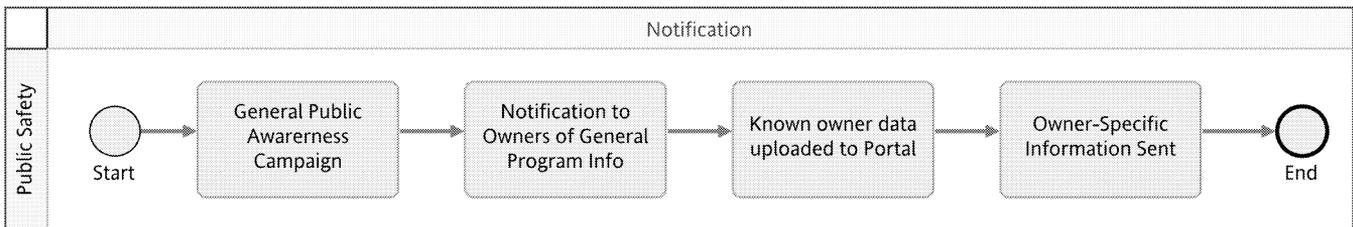
- Personalized Email / Digital Notification
- Personalized Paper Notification
- General Notification to the Public
- Phone Notification / Contact Centre
- Hybrid. Lead with Digital and use Paper, Phone and General Notification to supplement

**Benefits:**

- Data available from the RCMP Canadian Firearms Registry will enable a personalized, Digital First approach for Notification as it is estimated email accounts are available for approximately 70% of registered NPF owners.
- Mailing addresses for all the registered NPF owners and businesses will enable paper notification to reach those owners and businesses without email addresses.
- A general notification to the public is a way to target the unregistered NPF owners and businesses to drive them to the program details and declaration process.

**Process Flow:**

*Figure 2: Notification - Draft Process Flow:*



**Declaration:**

**Options:**

- Digital Form Submission / Online Portal
- Paper Mail Form Submission
- Hybrid – Lead with Digital and Paper as Exception

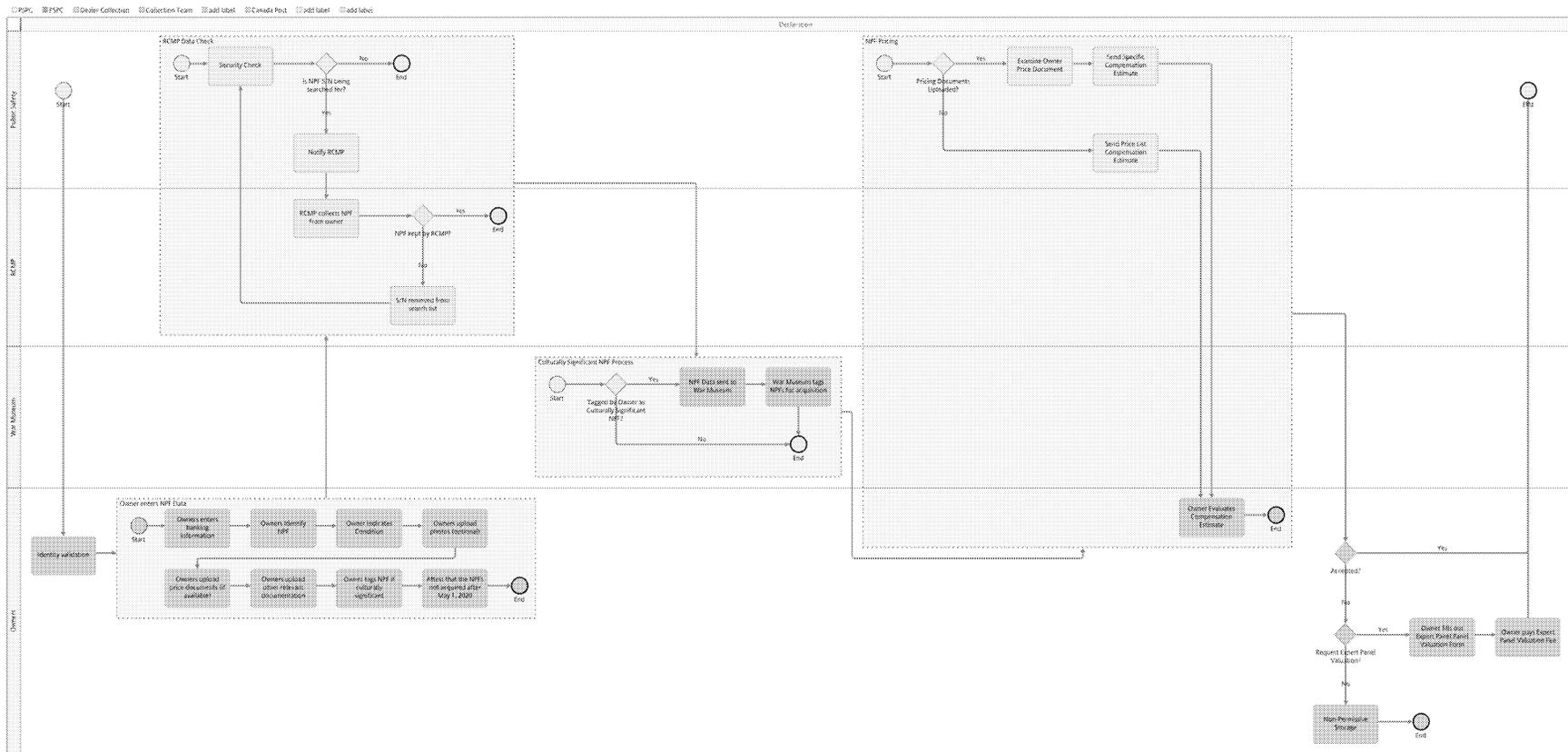
**Benefits:**

- Digital form submission eliminates the need for data entry from paper form submissions when the owners and businesses input information directly into the Buyback Program digital system
- Data collection early in the Buyback Program, through the Declaration process, drives forecasting and decision-making as well as facilitates program monitoring and success measurement
- It is during Declaration the data for non-registered NPFs should be provided by owners and businesses which will drive registration of these NPFs and build a more complete view of the NPFs in scope of the Buyback Program

# Comprehensive Program Design Options

## Process Flow:

Figure 3: Declaration – Example Draft Process Flow:



### 3.1.3 Feasibility Assessment

**Table 2: Program Design Options for Notification**

	<b>Option 01</b> Personalized Email / Digital Notification	<b>Option 02</b> Personalized Paper Notification	<b>Option 03</b> General Notification to the Public	<b>Option 4</b> Phone Notification/Contact Centre	<b>Option 5</b> Hybrid. Lead with 1 and use 2, 3 & 4 as additional opportunities to communicate also
<b>Complexity to Implement</b>	● Distribution handled by existing IT infrastructure	● Low complexity as notification distribution will be handled by a single partner – Canada Post	● There are many channels to reaching the general public and selection which one(s) to use is a critical decision	● Automated phone messaging can be easily implemented, while live responders will require training	● Selecting which notification method to use by decreasing program complexity
<b>Feasibility</b>	● Notifications can be sent immediately after all approvals have been given	● Messaging will be slightly delayed by the time taken to print and mail notifications	● Greater complexity will require more time to implement and make it more difficult to monitor effectiveness	● Best practices for telephone messaging can be leveraged to conduct the notification	● Messaging across multiple channels increases complexity, but also allows for multiple exposures to program messaging
<b>Low Risk to Operate – Safe &amp; Secure</b>	● Zero physical risk to any program staff or participants	● Zero physical risk to any program staff or participants	● Zero physical risk to any program staff or participants	● Harassment over the phone is a risk to live responders	● Zero physical risk to any program staff or participants
<b>Cost to Implement</b>	● Marginal cost to send each additional message is extremely low	● Printing and distribution of messaging will be the primary costs of this option	● Requires a substantial budget to broadcast messages across multiple channels	● Automated messaging can be deployed cheaply. Live phone responders will increase cost	● Cost will vary depending on which channels are used and to what degree
<b>Similarity to Other Jurisdictions</b>	● Online notifications were used in NZ to schedule collection events	● Use of paper notifications by other jurisdictions is not explicitly mentioned in public documentation	● Public awareness campaigns were used in Australia, but their effectiveness was debated	● Telephone hotlines were used both by owners in New Zealand	● New Zealand used a combination of digital and online channels to offer information about their program
<b>Owner Satisfaction</b>	● Rapid and consistent arrival of notification, but messaging will not reach unconnected owners	● Every owner will have a physical mailing address. A very small number of notifications may be lost or delivered to incorrect addresses	● No guarantee that the full message and important details will be retained by owners	● Owners may not be receptive to calls coming out of the blue which cannot be referred to at a later time	● Greatest likelihood that all owners will receive messaging in at least one format
<b>Governance</b>	● Existing approval procedures for public messaging are in place. Corrections or follow-up notices can be sent quickly	● Existing approval procedures for public messaging are in place	● More approvals will be required for each format selected	● Messaging can be carefully prepared, while live responders can have responses recorded for training	● Existing approval procedures for public messaging are in place. Corrections or follow-up notices can be sent quickly
<b>Compliance &amp; Controls</b>	● Crown would need to set up a program email server to manage daily volume of inquiries and or Q&A on program, and keep anonymous sender information secure and secret	● All owners registered with NPF would have an address to use for paper notification and response processing	● General notifications may end up in trash folder if not recognized	● Timing and frequency of phone messages can be easily recorded	● Existing approval procedures for public messaging are in place. Corrections or follow-up notices can be sent quickly
<b>IT Requirements</b>	● Requires existing mass-email infrastructure	● Requires existing printing and distribution network	● Multiple text, audio and video messaging formats will be required	● Automated telephony technology can be rapidly deployed	● Requires existing mass-email infrastructure
<b>Partner/Ecosystem Reliance</b>	● No partners required beyond internal IT and communications team	● Requires the involvement of Canada Post to distribute notifications	● Reliant on multiple channels and their ability to measure the public's exposure to the message	● GoC call centre capabilities can be leveraged	● No partners required beyond internal IT and communications team
<b>Staffing Requirements</b>	● Minimal staffing required to plan and execute notifications	● Minimal staffing required to plan and execute notifications	● Multi-channel messaging will require greater expertise to navigate different channels	● Automated systems can handle the bulk of calls with the option of live service for questions	● Minimal staffing required to plan and execute notifications

Comprehensive Program Design Options

Table 3: Program Design Options for Declaration

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	Option 01 Digital Form Submission/On-line Portal	Option 02 Paper Mail Form Submission	Option 03 Hybrid – Lead with Digital and Paper as Exception
<b>Complexity to Implement</b>	● Digital portals can leverage exiting digital assets and existing identity authentication methods	● Low complexity as communication distribution will be handled by a single partner – Canada Post	● Processing through both digital and paper methods ensure all stakeholders are accommodated
<b>Feasibility</b>	● Unconnected and technologically unsophisticated users will be unable to use this process	● Messaging will be slightly delayed by the time taken to mail forms	● Digital first approach to be feasible in large municipalities
<b>Risk to Operate – Safe &amp; Secure</b>			
<b>Cost to Implement</b>	● Low marginal cost to add additional users to digital channels	● Forms can be made available online and printed by owners	● Parallel declaration processes require a cost to set up and run
<b>Similarity to Other Jurisdictions</b>	● In NZ, forms were filled out digitally or printed/scanned, then emailed to a single inbox	● New Zealand, the first point of contact was through emailed forms	● New Zealand, the first point of contact was through emailed forms
<b>Owner Satisfaction</b>	● Rapid communication will speed information collection and payment processing, but will be a challenge to technologically unsophisticated owners	● Every owner will have access to postal infrastructure, but digitally-distributed forms will be a challenge to technologically unsophisticated owners	● Owners will have the choice as to which communication method they prefer, but will experience the program different depending on that choice
<b>Governance</b>	● All communications can be monitored to ensure consistent controls and standards are applied	● The processing of physical forms increases the probability of transcription errors and lost documentation	● Differing processing will create differing service level which complicates governance and measuring SLA performance
<b>Compliance &amp; Controls</b>	● All communications can be monitored to ensure consistent controls and standards are applied	● Registered mail can be tracked	● All access will be granted to known users with a secure access – like my revenue Canada account
<b>IT Requirements</b>	● Heavy reliance on IT infrastructure to build and manage user portal	● Forms can be posted online with minimal difficulty	● Digital form submission will comprise the bulk of the IT burden
<b>Partner/Ecosystem Reliance</b>	● The IT system can reside within PS Canada, or any government department with the resources to manage digital systems at this scale	● Only requires the involvement of Canada Post	● Parallel declaration processes require a greater number of partners
<b>Staffing Requirements</b>	● Staff for processing applications and payments can be located anywhere in Canada and work done remotely	● Physical receipt and processing of paper forms will be a logistical burden	● Processing of either source of information can be done remotely, but physical forms require in-person processing unless digitized

### 3.1.4 Risk Assessment

#### Notification:

- Challenge of how to notify the owners of the estimated 34,000 unregistered NPFs as no contact data available
- Hybrid approach leveraging digital first with paper and phone notifications as required would maximize notifications being received by owners and businesses
- Data security and privacy of information must be considered for all notification options

#### Declaration:

- Processing declarations digitally with an option for paper-based declarations could maximize owner and business participation as all owners and businesses should have access to postal infrastructure, but digitally distributed forms could be inaccessible to some
- Different declaration options could create differences in service levels which could complicate governance, performance measurements and participant satisfaction
- Data security and privacy of information must be considered for all declaration options
- An exception and/or dispute process should be considered for the declaration option

## 3.2 Collection

### 3.2.1 Description

Collection refers to the process by which Newly Prohibited Firearms (NPFs) are physically transferred from individual owners or businesses into the care and control of the Crown. Any collection option should consider the disbursement of registered NPFs throughout Canada. The majority of NPFs are concentrated in Ontario, Alberta, and British Columbia. Table 4 below shows the population of breakdown of registered NPFs by business and individual owner across provinces from highest to lowest distribution.

**Table 4: Distribution of Registered NPFs Across Canada (excluding non-registered)**

Province / Territory	Individual	Business	Museum	Total	Percentage	
Ontario	40,293	5,121	10	45,424	41.2%	79.6%
Alberta	21,216	921	4	22,141	20.1%	
British Columbia	19,600	557	-	20,157	18.3%	
Quebec	8,290	743	9	9,042	8.2%	
Saskatchewan	4,557	93	-	4,650	4.2%	
Manitoba	2,900	283	-	3,183	2.9%	
Nova Scotia	2,237	78	2	2,317	2.1%	
New Brunswick	1,612	36	2	1,650	1.5%	
Newfoundland & Labrador	729	38	-	767	0.7%	
Prince Edward Island	300	2	-	302	0.3%	
Northwest Territories & Nunavut	229	-	-	229	0.2%	
Yukon	218	3	-	221	0.2%	
Others	78			78	0.1%	
<b>Estimated Total</b>	<b>102,259</b>	<b>7,875</b>	<b>27</b>	<b>110,161</b>	<b>100%</b>	

Source of data: RCMP Canadian Firearms Registry Data effective March 5, 2021.

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## 3.4 Destruction

### 3.4.1 Description

Definition of Destruction is to render collected NPFs unable to fire and to be destroyed beyond repair or reassembly in a safe and environmentally conscious manner. Destruction can be performed in several different methods including crushing, bending, or cutting a firearm with an oxy-acetylene torch to render it unusable and unrepairable. Options considered must follow Government of Canada policy and regulation on disposal of Crown Assets. Depending on the method of destruction, the material may still superficially resemble a functioning NPF, which would require security to control these destroyed NPFs until a more thorough destruction is performed.

It is feasible that some NPFs may be desired or needed for Military use, police training purposes or for preservation in museums. Therefore, destruction may not be the desired end result of all NPFs collected.

### 3.4.2 Options and Related Descriptions

The Canadian Buyback Program has a mandate to dispose and/or destroy NPFs. This option of NPF destructions follows leading practices applied in other jurisdictions. For example, NZD had specific destruction protocols for NPFs that included machines that bent the NPFs in strategic areas rendering the firearm inoperable. Other suggested ways to dispose or destroy NPFs range from disassembly into components to cutting the NPFs to render them inoperable. In most cases, the salvage is harvested from metal recycler or smelter manufacturer using NPF materials or precious metals for other uses.

#### Options:

- Immediate Destruction at Collection Event
- Disablement and Later Destruction
- Long Term Storage for Future Use / Sale

#### Benefits:

- Destruction removes the NPF from Buyback Program's list of assets and reduces the level of security required when handling the scrap material
- Recycling of scrap material improves the program's environmental impact
- Alternatives to destruction (retention by RCMP, War Museum, etc.) demonstrate an appreciation for NPFs as useful tools and as cultural artifacts

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### 3.4.3 Feasibility Assessment

**Table 8: Program Design Options for Destruction**

	Option 01 Immediate Destruction at Collection Event	Option 02 Disablement and Later Destruction	Option 03 Long Term Storage for Future Use / Sale
<b>Complexity to Implement</b>	● Immediate destruction is a simple process in concept and in execution	● Increased security along the whole process adds layers of complexity and cost	● A policy for storage and eventual sale/disposal will need to be established to govern how these assets will be used in the future
<b>Feasibility</b>	● Tools to perform adequate destruction must be procured and carried with personnel performing collections	● Disablement can be done quickly at collection points and key parts kept separate from the rest of the firearm	● This option is predicated on the existence and availability of secured storage facilities
<b>Risk to Operate - Safe &amp; Secure</b>	● Destroying firearms requires PPE and a controlled environment needs to be set up for destruction to be done safely	● Destroying firearms in a controlled environment reduces risk of injury	● Firearms will be stored in a secure location and monitored by trained professionals, but theft remains a real risk
<b>Cost to Implement</b>	● Reduced security levels later in the program represent cost savings	● Storage and monitoring costs between collection and disposal will be borne by the project	● Long term storage costs are dependent on how long storage lasts, or if value can be extracted through sale/alternative disposal
<b>Similarity to Other Jurisdictions</b>	● Brazil used this option due to a lack of trust that authorities would not sell the firearms into the black market	● NZ, AUS and UK all performed destruction after collections were performed	● Small numbers of firearms were retained in Australia for "training and display purposes"
<b>Owner Satisfaction</b>	● Owners may be uncomfortable seeing or being aware of the immediate destruction of their (former) possessions	● Disablement, rather than destruction, demonstrates an understanding and respect for the firearm	● Knowing that firearms will not "go to waste" demonstrates an acknowledgement of firearms' value
<b>Governance</b>	● The reduced security in the supply chain risk eliminates the severity of oversight required	● Proper auditing of firearms movement and storage will be critical	● Long term storage will require continuous auditing to ensure that inventory has not been stolen or tampered with
<b>Compliance &amp; Controls</b>	● Future auditing will not have the firearm for inspection	● Inspection, audit or and valuation of NPF can be done anytime	● Long term storage will need frequent monitoring and audits
<b>IT Requirements</b>	● As scrap metal, careful inventory management is not a priority	● Inventory management systems are required to carefully track the location and disposal status of every firearm.	● Inventory management systems are required to carefully track the location and condition of every firearm.
<b>Partner/Ecosystem Reliance</b>	● By immediately rendering firearms unusable, the program's reliance on security services is greatly reduced	● Security partners will be required to transport and monitor firearms between collection and destruction	● Long term storage will require an extended relationship with a logistics partner
<b>Staffing Requirements</b>	● Program personnel will need to be trained in the safe operation of the tools used to destroy the firearms	● Disabled firearms require the same level of security and monitoring as complete firearms	● Firearms will need to be secured and monitored at every stage of the program, and into the future until ultimate disposal is determined

### 3.4.4 Risk Assessment

- Appropriate knowledge of how to disable and/or destroy all categories of NPFs will be required by the members of the Buyback Program responsible for these processes
- As the property of the Government of Canada, collected NPFs must be handled and disposed of according to established policies and regulations for Crown Assets
- Proper logging and auditing of NPF movement and storage will be critical and could be done through an inventory management system

## 3.5 Compensation Processing

### 3.5.1 Description

The Canadian NPFs Buyback compensation processing is an integral piece to the end to end Buyback Value Chain from Notification & Declaration, Collection, Transportation & Warehousing to Destruction. Compensation Processing is initiated with a commitment by owners and businesses to participate in the Buyback Program through a formal declaration that documents what NPFs will be surrendered, and the respective price to be compensated to the owner or business upon transferring the NPFs to the collection authority for processing and destruction. The actual compensation commitment will be validated once NPFs are received through Collection which then triggers acceptances of compensation. The Compensation Processing is then completed through a central processing centre that may transact payment through direct deposit, cheque, email transfer or mail cheque.

### 3.5.2 Options and Related Descriptions

It should be noted this section is focused on the initiation and processing of payments. This report does not address pricing or compensation models. For details on potential Pricing and Compensation Models, including calculation methodologies, a separate report is available.

#### Options:

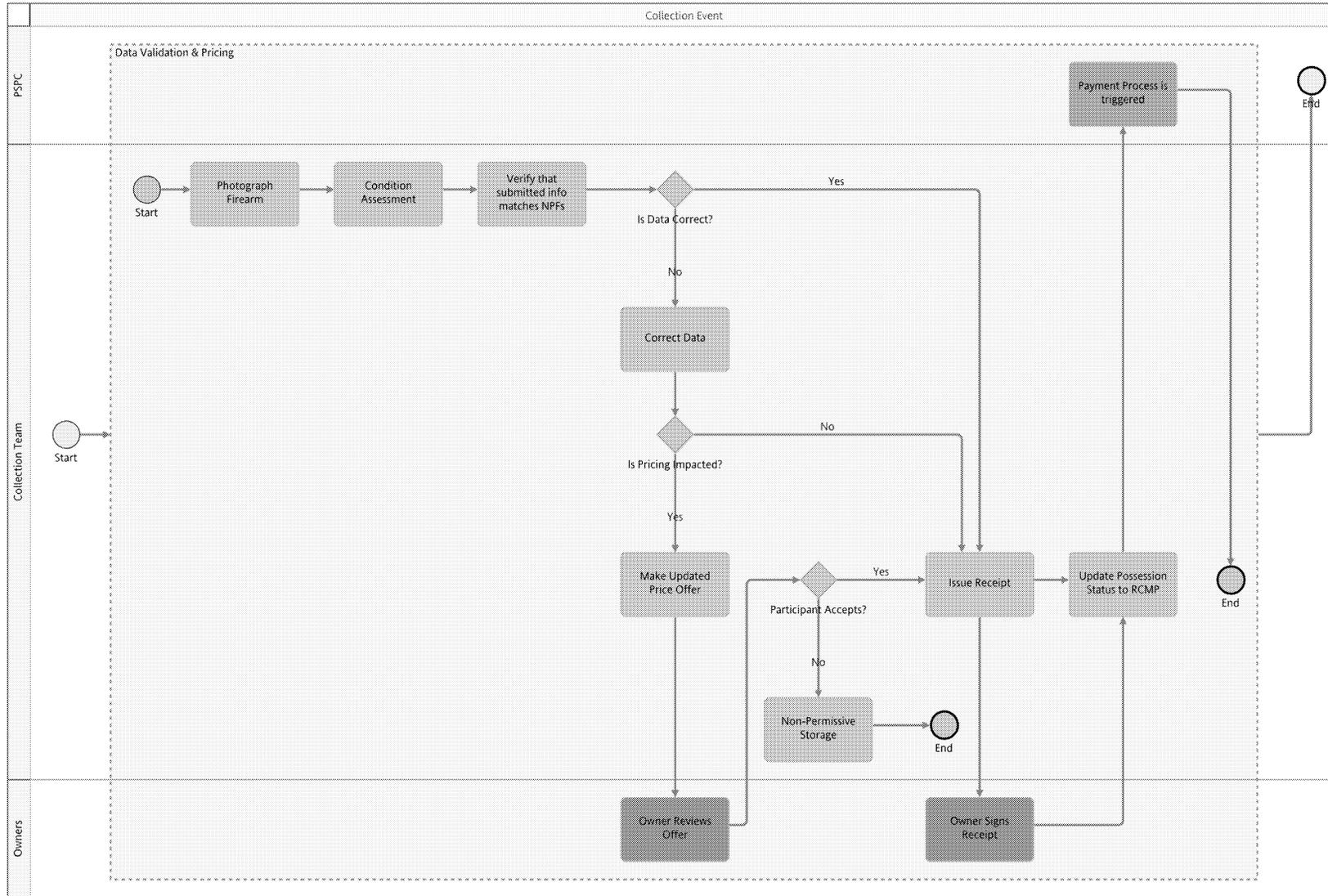
- Data First Approach for Notification & Declaration ([Section 3.1](#))
- Validation and Trigger for Compensation ([Section 3.2](#))
- Compensation Processing (Figure 12 below)
- Method of Payment (Table 9 below)

#### Benefits:

- Data First Approach can provide insights into required compensation funds based on detailed NPF declaration information provided by NPF owners and businesses
- Digital records created from declaration through compensation payment will provide supporting documentation for audit purposes
- A short period between collection and compensation will drive overall satisfaction with the program
- Transparency in the pricing methodology will demonstrate that compensation is fair

Process Flow:

Figure 12: Compensation Processing- Draft Process Flow



### 3.5.3 Feasibility Assessment

**Table 9: Program Design Options for Method of Payment**

	Option 01 Direct Deposit	Option 02 Cheque	Option 03 E-Transfer Funds
<b>Complexity to Implement</b>	<input checked="" type="radio"/> Once payment information is collected, existing financial infrastructure can handle large number of large value transactions	<input type="radio"/> Cheque printing and processing is already in place, but physical cheques come with a greater chance of payment being impeded	<input type="radio"/> Secure E-Transfer of funds can be done through email
<b>Feasibility</b>	<input checked="" type="radio"/> Direct deposit can be done through direct bank deposit	<input type="radio"/> Cheques are well-understood and can be processed by any financial institution	<input type="radio"/> Secure E-Transfer can be done via bank and email address
<b>Risk to Operate – Safe &amp; Secure</b>	<input type="radio"/> Accurately collecting banking information will be critical to the success of this option	<input type="radio"/> Accurately collecting name and address information will be critical to the success of this option	<input type="radio"/> Accurately collecting email information will be critical to the success of this option
<b>Cost to Implement</b>	<input checked="" type="radio"/> Low, given that existing financial payment infrastructure can be leveraged	<input type="radio"/> While existing cheque printing capabilities exist, handling stale-dated and fraudulently cashed cheques increase error handling cost, also mail costs can be substantive	<input type="radio"/> Handling large e-mail E transfer of funds require oversight or ability to automate process to reduce manual errors
<b>Similarity to Other Jurisdictions</b>	<input checked="" type="radio"/> NZ and Australia only processed payments by direct deposit	<input type="radio"/> Cheques have not been the primary payment method for any buyback program	<input type="radio"/> Suited for smaller-scale buyback programs which pay out lower amount of dollars per item
<b>Owner Satisfaction</b>	<input type="radio"/> Funds are deposited as collection and valuation is processed, but requires owners to present banking information	<input type="radio"/> Funds will be distributed promptly based on existing name and address information validation	<input type="radio"/> Owners are paid immediately, and funds can be traced through email trail
<b>Governance</b>	<input checked="" type="radio"/> Transfers of funds are fully auditable and program performance monitoring is much easier	<input type="radio"/> Cheque payments can be accounted for, but stale dated cheques and cheque fraud remains a risk factor	<input type="radio"/> E Transfer can be monitored but more difficult to track errors
<b>Compliance &amp; Controls</b>	<input checked="" type="radio"/> Revenue Canada has existing compliance and controls on Direct Deposit for tax refunds	<input type="radio"/> Revenue Canada has existing compliance and controls on cheques for tax refunds	<input type="radio"/> E Transfer using email deemed not secure enough for GoC transactions
<b>IT Requirements</b>	<input checked="" type="radio"/> Existing financial payment infrastructure can be leveraged	<input type="radio"/> Existing financial payment infrastructure can be leveraged	<input type="radio"/> E transfer payments are not a standard payment method and monitoring tools will need to be implemented
<b>Partner/Ecosystem Reliance</b>	<input checked="" type="radio"/> Internal GoC payments resources can process payments	<input type="radio"/> Internal GoC payments resources can print and mail cheques	<input type="radio"/> Large E transfer amounts require reviews and approvals
<b>Staffing Requirements</b>	<input checked="" type="radio"/> Existing GoC payments resources have the skills and capabilities to process and monitor direct deposit payments	<input type="radio"/> Existing GoC payments resources have the skills and capabilities to print, mail, and monitor cheque payments	<input type="radio"/> Handling and monitoring of large E Transfer amounts will increase the need for auditing and program oversight

### 3.5.4 Risk Assessment

- Disputes could arise if the proposed compensation does not match the expectations of the owner or business and therefore an exception process must be considered as part of the Buyback Program Compensation Processing (see [\*Appendix E: Table 3: Program Design Options for Exception Process\*](#))
- The compensation acceptance is authorized by owners or dealers before physical payment is transferred while the checks and balances that trigger compensation need to comply with a physical NPF inspection and verification before authorization to pay is done

## 4. Next Steps

Tangible next steps will involve detailed Business Process Mapping using the findings in this report. The detailed Process Maps will enable The Government of Canada to identify required key control points (for example: safeguards for overall process safety, security of individuals' information and internal control for the disbursement of payments for NPFs to owners and businesses). The detailed Business Processes are also a key element to adequately develop the Digital Architecture that will underpin the Buyback Program.

From a policy perspective, this report will inform:

- The work to develop program delivery costs.
- The work on a comprehensive program risk assessment.
- The engagement strategy as it pertains to consultations with the private sector; and
- The development of a Memorandum to Cabinet that will provide Program Delivery options to Cabinet Members for decision-making purposes.

## 5. Appendix A: Program Options: Cost Groups Overview

For the purposes of this report, the common Cost Groups identified for a Buyback Program are:

- **Administration Cost Group** includes, but is not limited to, the following:
  - Communications and campaign advertisement for targeted campaigns for owner and dealer collections events
  - Notification campaigns
  - Museum collection and shipping
- **Events Cost Group** includes, but is not limited to, the following:
  - Secure site rentals such as warehouses
  - Event equipment (tables, chairs, bins, tent, etc.,) rentals
- [REDACTED]
- **Skills Cost Group** includes, but is not limited to, the following:
  - Training materials
  - It is expected the ex-Military or Police firearm experts would be required to help and support training and execution of Buyback Program
- **Program Cost Group** includes, but is not limited to, the following:
  - Waste Disposal Contracts, Security Contracts, & Postage [REDACTED]
- **Contact Centre Cost Group** includes, but is not limited to, the following:
  - Centralized human-staffed capability for inbound, outbound and reminder calls with respect to Buyback Program communication, instructions to participate, instructions on campaigns and collection events, other commonly asked questions, and answers.
  - This capability and capacity may be available from other government departments that service Canadians with contact centre expertise, leveraging other departments at a cost recovery is another strategy to contain costs of operations.
- **Support Centre Cost Group** includes, but is not limited to, the following:
  - One centralized, program centre for coordinating, development, administration of a Buyback Program
  - The estimated launch of a program or service is estimated to take 6-10 months.
  - The process and system capabilities could be leveraged from another government department given the setup of owner and dealer data expected to be a challenge and taken time and accuracy to administer.
- **Marketing and Communications Cost Group** includes, but is not limited to, the following:
  - Core communications to owners and dealers on participation and instructions to participate and information on the program and compensation methods.
- **IT Development, Support and Portal Cost Group** includes, but is not limited to, the following:
  - End to end online system for digital processing of NPFs with appropriate security, external portal interface and appropriate back end access and dashboards
- **Payment Processing Cost Group** includes, but is not limited to, the following:
  - Centralized capability to process requests for compensation based on valuation of NPFs quantities collected, valued and priced.
  - Ability to process payments for compensation through direct bank deposit, cheque or other e transfer method
  - The process and system capabilities could be leveraged from another government department given the setup of owner and dealer data expected to be a challenge and taken time and accuracy to administer.
- **Audit** includes, but is not limited to, the following:
  - Reports on collections reconciled to expected planning records from campaign design and planning
  - Verification of expect expenditure per campaign, total compensation per NPFs collected and processed

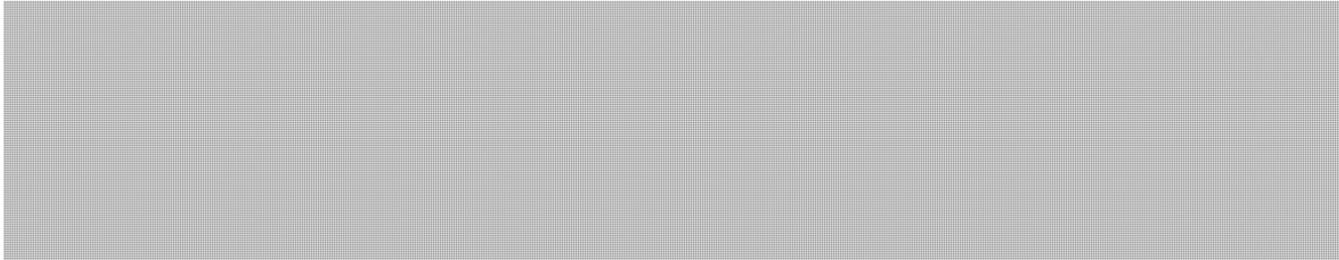
- **Risk Contingency Plan**

- A risk and contingency budget should be prepared to account for probability and risk of inflation, growth in population of NPFs non restricted, address variability of participation by owners and dealers on the Buyback Program, and other known or unknown program capability requirements not identified
- To address program and compensation unexpected or potential risks that drive costs like incremental campaigns over plan, higher than expected cost to compensation owners and dealers as a result of expert valuation, a risk and contingency budget should be prepared to mitigate risks or exposure deemed highly probable and high to medium risk in nature

## 6. Appendix B: Program Design Considerations

- A key decision for the Buyback Program is how it will execute collection events. Should the program focus on local areas one at a time, or should it be deployed to all Canadians simultaneously? The Canadian context is especially important to this question as no country with the geographic scale of Canada, with firearms dispersed over so wide an area, has ever attempted to implement a firearms Buyback Program. Additionally, the program must also account for the profound regional differences in various jurisdictions. These include not only differences in language, but in culture and identity – Indigenous identity in particular. In making this decision, the program will have to balance a number of different factors. The roll-out of the program at smaller scales would be able to address local circumstances, but at the expense of providing a uniform experience to every Canadian.

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- In addition to treating individuals and dealers according to two separate collection schedules, there is also the possibility that both could be combined into the same program rollout. The key consideration is to balance the needs of one without impacting the level of service expected by the other. Depending on how this balance is achieved, human and IT resources can be deployed to support for individuals and dealers simultaneously. Communication, transportation, storage, and processing capability could be shared by both dealers and individual collection efforts.
- Given the scale of the Buyback Program being undertaken, the program can benefit from collaboration with outside partners to enable a better level of service to program participants. Dealers represent both a challenge and an opportunity. Dealers cannot be treated the same as individual NPF owners due to the large number of NPFs in their possession, and their obligations to run their businesses effectively.



- Indigenous Peoples must be considered to be a part of the ecosystem of partners for this program. The involvement of leadership in Indigenous Peoples communities is critical to the successful participation of these communities in the program. These relationships should be established early and maintained with great care throughout the duration of the program.
- The effective collection and management of data will be key to the program's success, and to the measurement of that success.<sup>5</sup> Poor data will drive inaccurate reporting, poor decision-making, and could lead to wasted time, energy and funds. To ensure that the data used by the program is of good quality, care should be taken to collect it in such a way that human error and intentional sabotage are avoided.

<sup>5</sup> This was a key recommendation of the audit of the New Zealand program. *New Zealand Controller and Auditor-General, "Implementing the firearms buy-back and amnesty scheme", May 2020, Pg. 46, <<https://oag.parliament.nz/2020/firearms-buy-back/docs/firearms-buy-back.pdf/view>>*

- [REDACTED]
- Although most participants, be they dealers or individual owners, will move through the buyback process with little friction, the program must be prepared for situations where a participant objects to the standard valuation of their NPF. This may not be a result of a failure of the program. Even with a very robust compensation model, there will always be participants who believe their NPFs are worth more than what is reflected in market data. In some cases, this perception is unreasonable and a demand for higher compensation cannot be accommodated. In other cases, the participant may have an NPF of exceptional rarity, unique features, or special provenance that supports an argument for greater compensation. Firearm owners, and firearm collectors, have a deep knowledge of the subject and should have the opportunity to articulate their case for higher compensation.
  - For participants in the program, the point at which they relinquish ownership of their NPF will be the defining experience of the entire program.<sup>7</sup> This is also true for media coverage of the Buyback Program which will use the imagery of this part of the program to represent the entire program. Collection must be done in a way that is safe, efficient, and simple. [REDACTED]
  - Temporary storage is a Program Design component that may or may not be a part of the final process depending on where and when the NPFs are collected and destroyed. Like collection, temporary storage must prioritize the safety of program staff through NPF disablement, and safety of the general public by preventing theft. Regular checks of inventory will be required to ensure that no NPF is ever unaccounted for. With every step in the storage and transportation processes, these checks must be performed. If storage stretches into longer periods, for example, if the NPF is not destined to be destroyed or if it is part of a valuation dispute, it may be necessary to account for the maintenance of the NPF as program participants may not have surrendered their NPF in a condition that is suitable for longer term storage.
  - Payment will be the final stage of the process from the perspective of those who participate in the program. The sooner the payment can be processed and received by the participant, the better. Given that NPF values range from [REDACTED] the payment method selected must be able to handle amounts within that range.<sup>8</sup> It is critical that these payments be done securely, and any personally identifiable information must be collected, stored, and managed with the appropriate safeguards. Once the program is complete, a final plan for this information must be in place.
  - The level of security necessary during transport will be dependent on the current state of the NPF as disabled, disassembled or complete. Complete NPFs will require much greater security than NPFs that have already been disassembled or destroyed. If it is decided that NPFs need to be transported before they can be destroyed, it is possible to disable them by removing key components. However, a disabled firearm can be reassembled into a complete, functioning firearm. Only destruction renders the firearm unusable. Any transportation option should have the ability to handle the material as if it were a complete NPF that could be reassembled and fired.
  - Destruction can be performed in several different methods including crushing, bending, or cutting a firearm with an oxy-acetylene torch to render it unusable and unrepairable.<sup>9</sup> Depending on the method of destruction, the material

<sup>6</sup> Stuff.co.nz, "Police restrict online hand-in gun form after flood of fake submissions", March 24, 2019, <<https://www.stuff.co.nz/national/christchurch-shooting/111511875/police-restrict-online-handin-gun-form-after-flood-of-fake-submissions>>

<sup>7</sup> New Zealand Controller and Auditor-General, "Implementing the firearms buy-back and amnesty scheme", May 2020, Pg. 24, <<https://oag.parliament.nz/2020/firearms-buy-back/docs/firearms-buy-back.pdf/view>>

<sup>9</sup> In New Zealand, firearms were bent to render them unusable. Cutting them is the recommended method of the USA's Department of Alcohol, Tobacco, Firearms, & Explosives: ATF, "How to Properly Destroy Firearms", August 14, 2019, <<https://www.atf.gov/firearms/how-properly-destroy-firearms>>

may still superficially resemble a functioning NPF, which would require security to control these destroyed NPFs until a more thorough destruction is performed. Additionally, some NPF categories have a vibrant market for parts – sometimes literal nuts and bolts – that could incentivize the removal of parts for sale. Therefore, until the NPFs are destroyed beyond salvage to the point where every single component, down to the nuts and bolts, cannot be reused, some degree of security must be in place.

- It should be noted that in the case of long-term storage, it should not be expected that the NPF was surrendered in a state that is ready for storage. Firearms require regular maintenance when being operated and special measures need to be taken to prepare a firearm for long-term storage. Not doing so could result in rust or other damage to the firearm.

## 7. Appendix C: Program Design Research

A review of existing Buyback Programs used by other jurisdictions was undertaken to identify lessons learned and best practices that could be applied by the Government of Canada in consideration of the design of the Canadian Buyback Program.

The factors listed below were the focus of the existing Program Design research:

- Population: How many people fall under the jurisdiction of the program?
- Mandatory versus Voluntary: Was participation in the program mandatory or voluntary?
- Time frame: How long did the program run?
- Type of firearms targeted: What types, brands, styles and/or technical specifications of the firearms covered by the Buyback Program?
- State objectives: What was the reason for this program’s implementation?

**Table 1: High Level Comparison of Existing Buyback Programs**

Program Details:	Australia <sup>10</sup>	UK <sup>11</sup>	New Zealand <sup>12</sup>
Population	18,710,000	58,390,000	5,040,000
Mandatory vs Voluntary	Mandatory	Mandatory	Mandatory
Time Frame	Oct 1996 - Sept 1997	July 1997 - Feb 1998	Mar 2019 - Dec 20, 2019
Type of Firearms Targeted	Self-loading rifles, and Self-loading and Pump-action shotguns	Pistols & Accessories	Military-style semi-automatic (MSSA) firearms
Stated Objectives	Crime Reduction & General Disarmament	Crime Reduction	Crime Reduction & General Disarmament

Upon the request of the Government of Canada, much of the research conducted focused on the Buyback Program done in New Zealand. The following was created to outline the differences between New Zealand and Canada in policy, geography, demographics and targeted NPF data.

<sup>10</sup> Australian National Audit Office, “The Gun Buy-Back Scheme”, 1997, <[https://www.anao.gov.au/sites/default/files/anao\\_report\\_1997-98\\_25.pdf?acsf\\_files\\_redirect](https://www.anao.gov.au/sites/default/files/anao_report_1997-98_25.pdf?acsf_files_redirect)>

<sup>11</sup> UK Hansard, “Firearms (Amendment) Act 1997 Compensation Scheme”, June 9, 1997, <<https://api.parliament.uk/historic-hansard/lords/1997/jun/09/firearms-amendment-act-1997-compensation>>

Library of Congress Law, “Firearms-Control Legislation and Policy: UK”, December 30, 2020, <<https://www.loc.gov/law/help/firearms-control/greatbritain.php>>

<sup>12</sup> New Zealand Police, “Interim Supplementary Analysis Report: Arms (Prohibited Firearms, Magazines, and Parts) Amendment Bill (No.1) 2019 implementation of proposals and a buy-back scheme”, April 1, 2019, <<https://www.police.govt.nz/sites/default/files/publications/sar-arms-amendment-bill-no1-2019.pdf>>

**Table 2: High Level Comparison of New Zealand's Buyback Program and Canada's Current Situation**

Topic	New Zealand (2019 Program)	Canada
Population	4.9 million	37.59 million
Participation	Mandatory program	Voluntary program
Program Ownership	NZ Police	The Government of Canada
Data Availability	No data available	Registered firearms population is estimated to be 110,000. Unregistered firearms population has been estimated based on 2012 firearms registry data plus 25% for an estimate of 134,000.
Firearms Collected	57,716 firearms <sup>13</sup> 205,209 parts 4,075 modifications	Targeted: 106,000 (estimated registered) 34,000 (estimated unregistered)
Cost of Firearms Purchased	\$103M NZD (\$93.4M CAD)	
Number of Claimants	34,185	Estimated 110,292 owners of registered firearms
Police Partnership	Single national police force	Multiple police agencies with independent jurisdictions
Geography / Accessibility	268,021 km2 Relatively compact and can be completely traversed by car in 24hrs	9,985,000 km2 Physical size of Canada with dispersed population and accessibility
Licensing	Issued at police discretion to a "fit and proper person" <sup>14</sup> A Class: General public B Class: Pistol Club Member C Class: Collectors, Theatrical Armourer, Owners whose firearm has "special significance as an heirloom or memento" D Class: Dealers	Possession & Acquisition License: the only license currently available to new applicants Prohibited License: can only be acquired via endorsement if a family member passes down a prohibited firearm
Payment Type	Direct deposit w/ banking info provided at collection point <sup>15</sup>	To be determined
Collection Venue	Police Stations <sup>16</sup> Travelling Collection events Dealers	To be determined
Indigenous Identities	NZ did not have a separate program tailored to the indigenous population as NZ has a relatively strong integration of Maori communities into political power structures.	Canada has the opportunity to create partnerships with Indigenous Peoples communities to design Program Options that reflect the input from the Indigenous Peoples

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<sup>13</sup> New Zealand Police, "Firearms Amnesty and Buy-back Performance data", March 2020, <<https://www.police.govt.nz/about-us/publication/firearms-amnesty-and-buy-back-performance-data>>

<sup>14</sup> New Zealand Police, "Apply for a New Zealand firearms license", 2021, <<https://www.police.govt.nz/advice-services/firearms-and-safety/licences-permits-and-endorsements/apply-new-zealand-firearms>>

<sup>15</sup> New Zealand Controller and Auditor-General, "Implementing the firearms buy-back and amnesty scheme", May 2020, Pg. 34, <<https://oag.parliament.nz/2020/firearms-buy-back/docs/firearms-buy-back.pdf/view>>

<sup>16</sup> New Zealand Controller and Auditor-General, "Implementing the firearms buy-back and amnesty scheme", May 2020, Pg. 23, <<https://oag.parliament.nz/2020/firearms-buy-back/docs/firearms-buy-back.pdf/view>>

### Research Findings: New Zealand's Gun Buyback Program

The following list of grouped findings were gathered as part of a reach out to the Government of New Zealand. They include, among other things, service level standards and design principles.

- **Service Level Standards:** Service Level Standards refer to the level of service expected by program participants, laying out the elements and metrics by which the services are measured, and the remedies, if any, should the service levels not be met. In New Zealand the payment standard was roughly 10 days from when the firearm was collected, and the condition of the weapon assessed.<sup>17</sup>
  - In Canada, consideration should be given to service level standards as the expansive geography and dispersed population could drive differences in experience between remote/rural communities and urban centres. Setting reasonable and fair expectations with owners will be an important part of any communication strategy.
- **Digital Security:** All on-line and digital interactions must be secure to protect access as well as personal and business information. In New Zealand, the website used by firearm owners to register and relinquish weapons was subject to a security lapse. Some dealers were erroneously given the wrong level of access to the website which allowed these dealers to access private information of other owner's accounts.<sup>18</sup>
  - Digital security plays an important role in any design for the Buyback Program in Canada. Clear definitions of roles and diligent oversight of the program's digital footprint are key security considerations.
- **Payments:** New Zealand attempted to pay participants within 10 working days after the firearms had been collected and condition of the firearms assessed with most payments being delivered in under 10 days.<sup>19</sup>
  - Payment issuance will play a significant role in the Canadian Buyback Program and appropriate consideration must be given to ensure government policies and restrictions are followed when processing compensation for any NPF returned through the program.
- **Collection Sites:** New Zealand set up Collection Events at local commercial sites, for example a raceway, and community sites. NZ also leveraged the existing network of dealers to act as collection points for firearms owners. Special accommodations were made for owners who had particularly large numbers of firearms to have the firearms collected at their home.<sup>20</sup>
  - In Canada, all these possibilities are available, including leveraging the existing infrastructure of NPF dealers to act as secure collection sites.
- **Destruction:** Destruction of firearms also took place within the week following collection. i.e. The Canterbury team completed the first buyback events on the weekend of the 13 and 14<sup>th</sup> of July 2019 and the items were destroyed the following week.<sup>21</sup>
  - Consideration can be given to the difference between disabling the NPFs and their destruction. All processes built for the Canadian Buyback Program could include detailed plans for disablement of the NPFs and their subsequent destruction. What should be considered in the process, is what triggers the compensation payment for the owner or business with consideration of timeliness of destruction should that be key to payment.
- **Collection Event Experience:** The entire Collection Event process was designed to provide the best user experience possible. The overall feedback from users (using a survey technique) was very positive. As delivery teams became more familiar with the systems and processes, the user experience improved. For example, on many occasions when someone came in with two firearms and a few parts, they were generally processed within ten minutes.<sup>22</sup>
  - In Canada, the owner and business experiences with any collection event will play a role in determining their overall view of the program. Consideration should be given to recognize the event experience will also be

<sup>17</sup> Information collected during of interviews with representatives of the New Zealand Police

<sup>18</sup> New Zealand Controller and Auditor-General, "Implementing the firearms buy-back and amnesty scheme", May 2020, Pg. 6, <<https://oag.parliament.nz/2020/firearms-buy-back/docs/firearms-buy-back.pdf/view>>

<sup>19</sup> Information collected during of interviews with representatives of the New Zealand Police

<sup>20</sup> New Zealand Controller and Auditor-General, "Implementing the firearms buy-back and amnesty scheme", May 2020, Pg. 16, <<https://oag.parliament.nz/2020/firearms-buy-back/docs/firearms-buy-back.pdf/view>>

<sup>21</sup> Information collected during of interviews with representatives of the New Zealand Police

<sup>22</sup> New Zealand Controller and Auditor-General, "Implementing the firearms buy-back and amnesty scheme", May 2020, Pg. 22, <<https://oag.parliament.nz/2020/firearms-buy-back/docs/firearms-buy-back.pdf/view>>

reflected in media coverage of the event. New Zealand often featured media interviews with owners who had just handed in their firearm.

- **Collection Event Timing:** On average, most of the collection events were scheduled to run for 5 to 6 hours and typically from 10am to 3pm or 4pm. Timings were determined by the lead of each district collection team. The aim was to create as many opportunities as possible for the public to relinquish prohibited firearms. There was some flexibility with event timings. For example, if an event slowed or members of the public stopped coming in, some of the events were shut down early. This was on an exception basis. Event timings took into consideration how long staff were working. Safety was a key design consideration and staff fatigue was considered as a factor.<sup>23</sup>
  - By taking a data-first approach, the Canadian program could, in advance, predict and better control the number and type of NPFs being collected.
- **Collection Event Duration:** On a number of occasions, teams would book a venue over several days. This meant that participants had the opportunity to participate in an event during that period, in the same location. Event duration was guided by projected demand and expected volumes by using license data and who held licenses in what districts.<sup>24</sup>
  - In Canada, there is the benefit of having registered firearms population data which could be leveraged to help plan collection flow (something New Zealand did not have).
- **Firearm Modification:** New Zealand's program was complicated by easily circumvented importation rules that allowed for 'sporterised' semi-automatic firearms and parts. Once in New Zealand in this format they are readily assembled or converted to a military style assault weapon (MSSA) with the simple addition of an unregulated large capacity magazine or through simple modifications – the instructions for which are easily accessible online.<sup>25</sup>
  - In Canada, modification of the class of firearms defined by muzzle energy and bore diameter could be done resulting in additional items not accounted for into scope for the Buyback Program.

#### Lessons Learned: Other Buyback Programs

The following list of lessons learned were gathered from gun Buyback Programs run in other jurisdictions around the world and could be taken into consideration by the Government of Canada when formulating Canada's Buyback Program. Research was conducted on other small, regional Buyback Programs done in Canada but were deemed poor comparisons, so no references or lessons learned from these programs have been included in this report.

- The implementation of a performance information and monitoring framework is important as it enables government stakeholders to assess the performance of the program during all phases and respond to issues promptly.
  - The Australian program was cited by the program's audit as having done insufficient monitoring of the program to allow the Attorney-General's Department to assess the achievements of the program.<sup>26</sup>
- When selecting locations to act as collection points, the guiding principle of "neutrality" can be useful in designing the collection experience. The location of the physical handoff of the firearms could have an impact on the public's impression of the program.
  - Los Angeles's program, which specifically targeted guns used in gang crimes, was conducted in sites that were deemed to be "neutral" between conflicting gangs. Collections were done without the owners leaving their cars and the people running the program wore colours that were "neutral" to the conflicting gangs.<sup>27</sup>

<sup>23</sup> Information collected during of interviews with representatives of the New Zealand Police

<sup>24</sup> New Zealand Controller and Auditor-General, "Implementing the firearms buy-back and amnesty scheme", May 2020, Pg. 23, <<https://oag.parliament.nz/2020/firearms-buy-back/docs/firearms-buy-back.pdf/view>>

<sup>25</sup> New Zealand Police, "Interim Supplementary Analysis Report: Arms (Prohibited Firearms, Magazines, and Parts) Amendment Bill (No.1) 2019 implementation of proposals and a buy-back scheme", April 1, 2019, <<https://www.police.govt.nz/sites/default/files/publications/sar-arms-amendment-bill-no1-2019.pdf>>

<sup>26</sup> Australian National Audit Office, "The Gun Buy-Back Scheme", 1997, Pg. 14 <[https://www.anao.gov.au/sites/default/files/anao\\_report\\_1997-98\\_25.pdf?acsf\\_files\\_redirect](https://www.anao.gov.au/sites/default/files/anao_report_1997-98_25.pdf?acsf_files_redirect)>

<sup>27</sup> Los Angeles Gang Reduction & Youth Development, "Gun Buyback", 2018, <<https://www.lagryd.org/gun-buy-back>>

- Collection events should occur in locations where the entire experience is well controlled, and all reasonable risks can be mitigated. Secured locations will minimize the risk of an individual or group interfering with the orderly implementation of the program. It will also convey to the public the seriousness of the program and present the program in the best possible light.
  - US programs often take place in parking lots and community centres. In one instance of a Buyback Program in Minneapolis, several individuals set up across the street from the Buyback Program and offered to purchase firearms at a price that's higher than what was offered by the program. This was reported by the media as evidence of the program's shortcomings.<sup>28</sup>
- Collection events must be prepared for the public bringing in anything. Although the program targets only a specific range of firearms, it is very likely that the public will use this as an opportunity to bring in other firearms – both legal and prohibited. In some cases, individuals will arrive unannounced with firearms to surrender. In other cases, individuals will bring in firearms that are out of scope to hand in along with firearms that are in scope. Similarly, whether the program chooses to collect parts, accessories, or ammunition, it should be expected that some individuals will bring those materials with them to be surrendered. The program should be prepared to handle all these situations.
  - In Australia, the best example of an individual bringing in firearms that are out of scope was one individual who surrendered 22 Hispano-Suiza anti-aircraft cannons to the police in the Northern Territory for \$400,000 AUD. This is an example of just how unorthodox the firearms can be that the program will have to address.<sup>29</sup>

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<sup>28</sup> *Minneapolis Star Tribune*, "After strong response, gun buyback closes early in Minneapolis", August 27, 2016, <<https://www.startribune.com/gun-buyback-underway-in-minneapolis/391496081/>>

<sup>29</sup> Australian National Audit Office, "The Gun Buy-Back Scheme", 1997, Pg. 46 <[https://www.anao.gov.au/sites/default/files/anao\\_report\\_1997-98\\_25.pdf?acsf\\_files\\_redirect](https://www.anao.gov.au/sites/default/files/anao_report_1997-98_25.pdf?acsf_files_redirect)>

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## 9. Appendix E: Supplemental Option Information

Table 3: Program Design Options for Exception Process

	Option 01 Digital Process	Option 02 Phone / Contact Centre Process	Option 03 Face to Face
<b>Complexity to Implement</b>	<input type="radio"/> Digital portals can leverage exiting digital assets and existing identity authentication methods	<input type="radio"/> Brief description of feasibility	<input type="radio"/> Disputes over issues such as condition can be addressed directly
<b>Feasibility</b>	<input type="radio"/> Unconnected and technologically unsophisticated users will be unable to use this process	<input type="radio"/> All owners can be expected to have access to telephony services	<input type="radio"/> The logistics of bringing program staff face to face with owners poses numerous logistical and scheduling challenges unless done as a campaign
<b>Risk to Operate – Safe &amp; Secure</b>	<input type="radio"/> Zero physical risk to any program staff or participants Data security will be a critical issue	<input type="radio"/> Zero physical risk to program staff, but emotional abuse over the phone is possible	<input type="radio"/> Pandemic-related infections are a significant concern Physical safety of program staff is threatened by escalated disputes
<b>Cost to Implement</b>	<input type="radio"/> Low marginal cost to add additional users to digital channels	<input checked="" type="radio"/> Staff training will require a substantial investment of time and funds	<input type="radio"/> Dispute resolution will need to be done by multiple teams due to geographic constraints
<b>Similarity to Other Jurisdictions</b>	<input type="radio"/> In NZ, unique items required digitally submitted forms and photos	<input checked="" type="radio"/> Call centres have not been a preferred communication channel for any other jurisdiction	<input type="radio"/> In person collection events where questions and issues could be resolved were used by every jurisdiction
<b>Owner Satisfaction</b>	<input type="radio"/> Rapid communication will speed dispute resolution	<input type="radio"/> Satisfaction will depend on wait time and ability of staff to address owners' questions and concerns	<input type="radio"/> Owners will have questions addressed immediately, but will require a greater investment of their time
<b>Governance</b>	<input type="radio"/> All communications can be monitored to ensure consistent dispute resolution rules are applied	<input type="radio"/> All communications can be monitored to ensure consistent dispute resolution rules are applied	<input type="radio"/> Exceptional, unforeseen circumstances may require program staff to apply their judgement to resolving issues
<b>Compliance &amp; Controls</b>	<input type="radio"/> Digital process have designed checks and controls features included secure access	<input type="radio"/> GoC service centres or help assets can be leverage like service Canada	<input type="radio"/> Face to Face events would need to be scheduled and controlled to ensure safety and security
<b>IT Requirements</b>	<input type="radio"/> Heavy reliance on IT infrastructure to build and manage user portal	<input type="radio"/> Availability of call centre IT infrastructure is critical	<input type="radio"/> Minimal IT requirements
<b>Partner/Ecosystem Reliance</b>	<input type="radio"/> The IT system can reside within PS Canada, or any government department with the resources to manage digital systems at this scale	<input type="radio"/> GoC call centre resources will need to be leveraged	<input type="radio"/> Groups and individuals designated as experts to resolve disputes will need to devote a great deal of time in order to provide their services
<b>Staffing Requirements</b>	<input type="radio"/> Dispute resolution can leverage experts anywhere in Canada	<input type="radio"/> Call centre employees will have to trained in the policies of the program and any additional firearms-related knowledge	<input type="radio"/> Large staffing requires given the unpredictability of where in Canada will see the most disputes

Public Safety Canada

Compensation Model Options  
Draft Final Report

Last Updated 22 April 2021

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## 1. Introduction

### Scope and Purpose:

In the 2019 Speech from the Throne, the Government pledged to implement measures designed to strengthen gun control, including a prohibition of assault-style firearms, and take the necessary steps to introduce an associated buyback program. This commitment was reiterated in the Prime Minister's mandate letters to the Minister of Public Safety and Emergency Preparedness and the Minister of Justice and Attorney General of Canada.

On May 1, 2020, the Canadian Government introduced amendments of relevant regulations to prohibit nine (9) types of assault-style firearms and certain components of some newly prohibited firearms. There is an amnesty period until April 30, 2022. The Amnesty Order came into force at the same time as the prohibition to protect lawful owners of a newly prohibited firearms from criminal liability while they take steps to comply with the law. It also protects licensed businesses who wish to attempt to return their inventory to their manufacturers. The amnesty also provides a temporary exception for Indigenous persons exercising S.35 Constitutional rights to hunt and for sustenance hunters to allow for continued use of newly prohibited firearms (if previously non-restricted) until a suitable replacement can be found.

To that end, Public Safety Canada was tasked with the development of Pricing and Compensation Model options and approaches to inform the design, implementation and management of a potential buyback program for the recently prohibited firearms.

The firearms outlined in the Order in Council (OIC) represent approximately 1,500 firearm models and variants and can be categorized into 11 categories (See [Appendix A: Table 1: Newly Prohibited Firearms \(NPFs\) Category Details](#)). Accessories and Components not in the Order in Council are not part of the Pricing or Compensation Model Options contained in this report.

The scope of the Pricing and Compensation Model Buyback Options phase includes:

- Comparative research of existing pricing and compensation models
- Data collection, review and analysis
- Creation and assessment of pricing and compensation model buyback options

The contents of this report focus on the potential options for the Pricing and Compensation Models for the Buyback Program.

**Note:** It is important to note the Pricing and Compensation Model Options inform the Comprehensive Program Design Options which are documented in a separate report, "**Comprehensive Program Design Options**".

### Canadian Context:

The total estimated number of firearms impacted by the May 1, 2020 prohibition is 144,000. Of these approximately 110,000 were formerly classified as restricted (registered) and approximately 34,000 were classified as non-restricted (non-registered). The Royal Canadian Mounted Police's (RCMP) Canadian Firearms' Program (CFP) maintains registration information for restricted firearms legally owned by an individual or business. Ownership data is not available for non-restricted firearms as this class of firearm does not require registration. The estimate for non-restricted firearms is based on aggregate, open-source statistical data records from 2012, which have been adjusted (increased by 25% to account for market growth).

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## Pricing & Compensation Model Options

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The approximation of key data elements are as follows:

- An estimated 80% of the registered NPFs are located in: (see [Appendix A: Table 2: Newly Prohibited Registered Firearms \(NPFs\) Distribution by Province](#))
  - Ontario (41.2%)
  - Alberta (20.2%)
  - British Columbia (18.3%)
- Approximately 102,000 registered items are deemed to be AR-15 types
- It is estimated that 7% of registered NPFs are owned by businesses and dealers

### Outstanding Items

The following items were outstanding at the time this document was created. Each of these items may have an impact on the data, options and costing identified within this report. Future phases of the development of these models could be further matured when additional information and/or data is made available.

- Canadian Stakeholder Engagement: To establish compensation models that will increase participation, it is necessary to engage stakeholders, such as owners and businesses, to solicit input and perspective.
- Pricing Model Accuracy: Inclusion of Canadian pricing data will inform a more accurate pricing model. This data from Canadian dealers and manufacturers was not made available during the timeline of the creation of this report.

### Out of Scope:

The following are out of scope for the purposes of this report.

- Non-permissive storage in accordance with Bill C-21
  - Bill C-21 was introduced in the House of Commons on February 16, 2021 and repeals the provisions of the Firearms Act that provided for grandfathering with limited usage (paragraphs 12(8) and (9)). Instead, it provides for storage only grandfathering. Existing owners and businesses will be given the legal compliance option to keep their NPFs, solely as collection items and without possibility of use, sale, transfer, gift or acquiring other firearms of the same class. There will also be ongoing compliance requirements to qualify:
    1. Possess a Restricted Possession and Acquisition License
    2. Register the NPF
    3. Comply with storage conditions with periodic confirmation of compliance
  - Potential risks associated with non-permissive storage include:
    - Lower participation in the buyback program
    - NPFs which remain with owners and businesses could be misused or stolen
    - If the legislation is overturned, these NPFs may re-enter circulation
  - Stakeholder consultations could provide insights relative to interest levels in this legal compliance option and whether or not incentives for program participation would appeal to owners and businesses.
- Component Scope and Accessories not included in the scope of this report could impact the future pricing and compensation models or data required to complete the analysis. Should additional components and/or accessories be added to the list of items covered by the Buyback Program, further work will have to be conducted to build pricing for the additional items.

## 2. Compensation Models: Potential Options

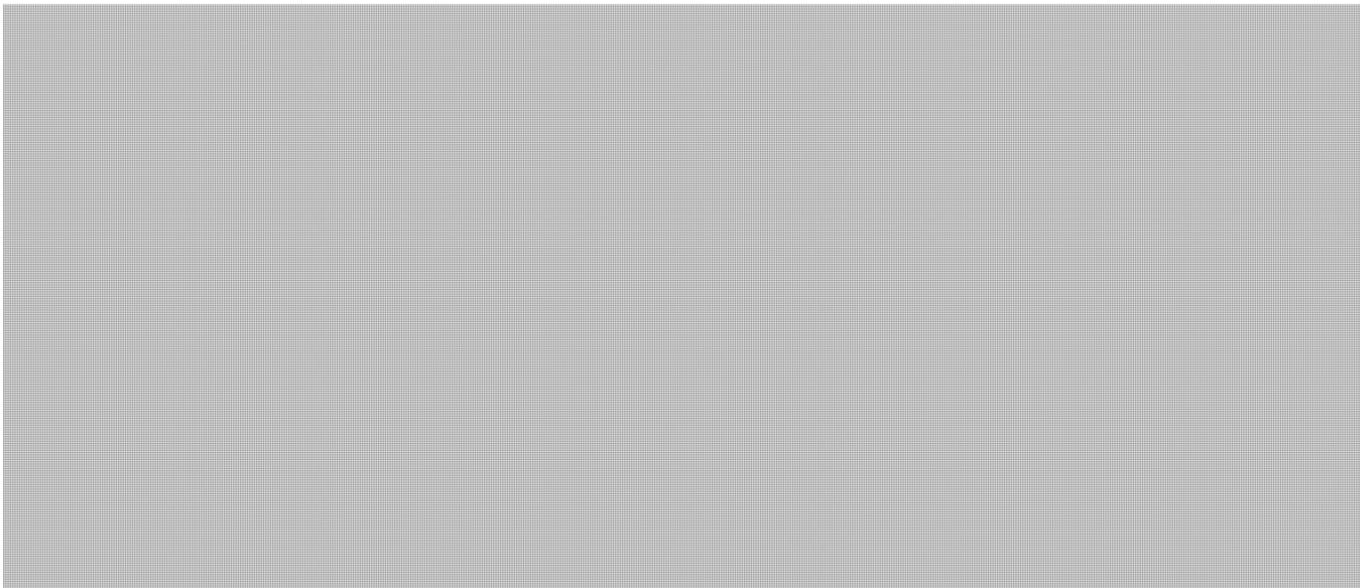
### Introduction:

The Compensation Model is driven by the Pricing Model (details can be found in Section 5 of this report) and represents the compensation to be reimbursed to businesses or individuals for newly prohibited firearms (NPF).

The following criteria and guidelines set by the Government of Canada were considered in the creation of these options:

- Offer fair compensation to individual owners and businesses
- Private safe and secure data exchange with individual owners and businesses
- Encourage compliance to surrender firearms
- Cost effectiveness
- Transparency to individual owners, businesses and the general public
- Administrative and conceptual simplicity

This report outlines a variety of Compensation Model Options, all of which could be applied as stand-alone approaches or combined, phased or tiered based on the final decision made by the Government of Canada.



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s.18(a)

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## Pricing & Compensation Model Options

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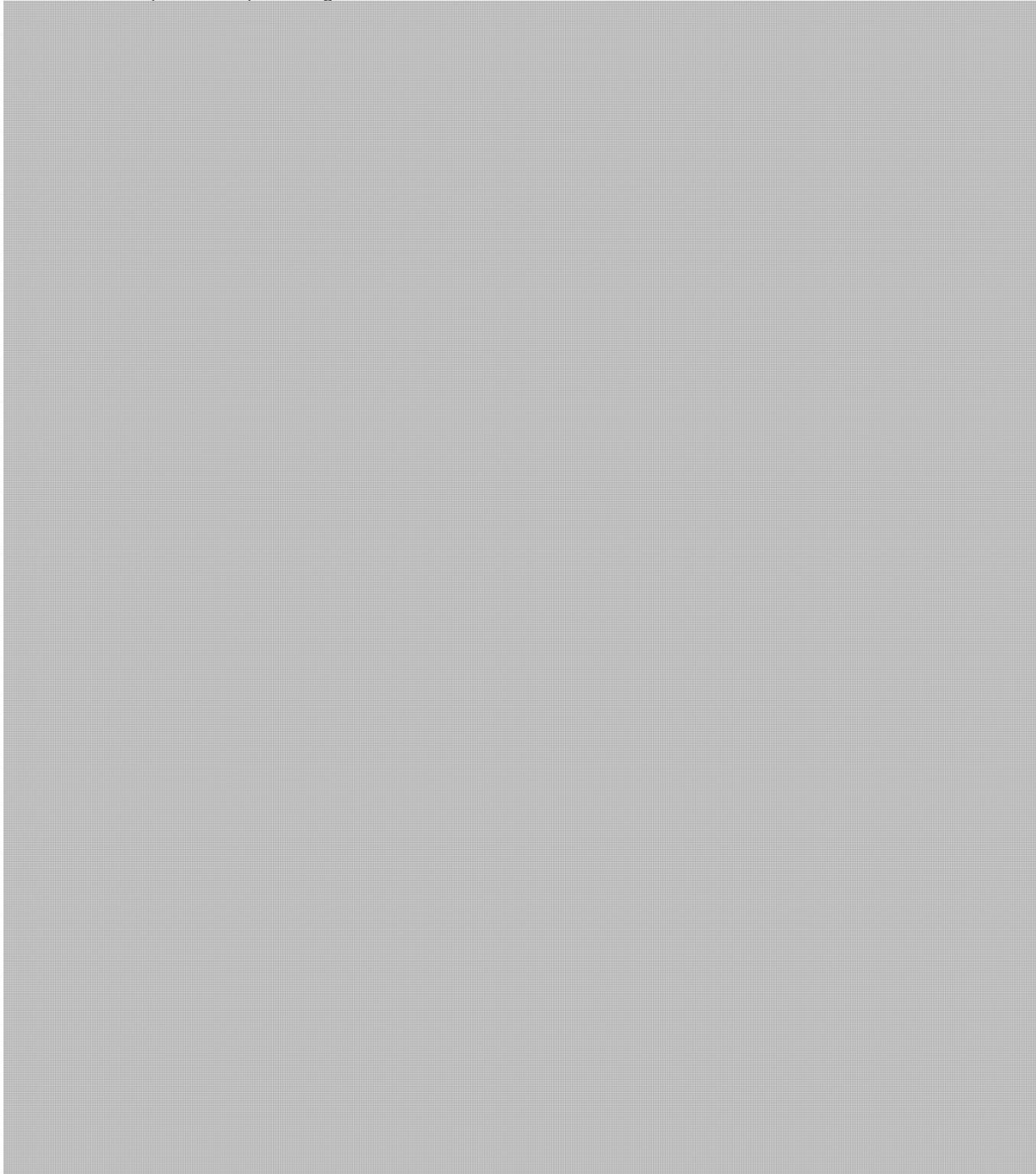
### Other Jurisdictions and Lessons Learned:

The approach taken to determine the Compensation Model Options included in this report leverage lessons learned from existing compensation models from Australia, New Zealand, UK, and the USA. The scope of the research included publicly available information.

- Different compensation models can be made for dealer versus individual firearms owners.
  - In Australia and the UK, a distinction was made between firearms owned by individuals and those owned by dealers. In the case of dealers, pricing was often a function of their invoice price, as these firearms are in new condition. The issue of condition was only a factor for firearms turned in by individual firearm owners.
  - The Government of Canada could consider taking this approach to capitalize on high volume collection and contribute to cost effectiveness. (7% of NPFs, representing approximately 8,000 firearms, are owned by businesses)
- An exception valuation process could be established for firearms that are deemed by their owners to have exceptional characteristics that make them more valuable than a standard firearm.
  - New Zealand and the UK allowed the program participants to choose how they wanted their firearms to be valued by using a standard price list, or a valuation by a board of knowledgeable individuals. In the case of New Zealand, this process required the applicant to pay a fee of \$138 NZD as this was considered a “premium” service and not meant to be a standard procedure. The fee both paid for the valuator’s time and prevented participants from slowing down the program by asking for independent valuations of every firearm. Of the 56,530 firearms collected, NZ had 278 applications for expert panel valuation submitted of which 165 of them were approved.
  - By establishing an exception valuation process, the Canadian program would have the ability to value unorthodox and exceptional firearms that cannot be anticipated during compensation model design. This could also lead to the identification of rare NPFs or those with historical importance that may be considered to submit to museums for preservation.
- A uniform application of the same pricing of firearms across a wide geography can result in the perception of unfair pricing.
  - In the Australian program, the intent was to create a uniform price across the entire country. Among firearm dealers in the sparsely populated Northern Territory, dealers argued that the compensation received was insufficient on account of their business model being different from dealers located closer to urban areas. Higher shipping costs and lower volumes were cited as causes for these price differences. The audit of the Australian report did not refer to any pricing adjustments in response to these concerns. In fact, the program’s audit criticized the program for not being more consistent with its pricing. Decisions made by collection teams in dealing with unorthodox firearms, parts, and accessories resulted in different prices in different jurisdictions which was counter to the goal of the program.
  - Canada is the second largest country in the world. Based on the size of the population, NPFs are dispersed across the country and spread disproportionately between urban and rural centers. This offers a unique challenge to the Government of Canada to balance administrative simplicity with the compensation levels paid to various regional owners and businesses.
- Consideration of Indigenous and First Nation Communities
  - Programs in Australia and New Zealand did not make any mention of Aboriginal or Maori communities, respectively, as part of their compensation and pricing designs.
  - In Canada, for cultural recognition and inclusivity as well as geographical disbursement there is an opportunity to focus on compensation model options through engagement with First Nations Communities to understand and develop a compensation model unique to the Canadian First Nation NPF owners and businesses. Through this collaboration, the Pricing and Compensation Models available to the First Nations NPF owners and business, could increase acceptance and participation by the First Nations Community.

### 3. Compensation Model Options: Estimated Costing Analysis

As part of the development of the various Compensation Model Options, an analysis was done on selected models identified. They were analyzed using elements such as:



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s.18(a)

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are withheld pursuant to sections  
sont retenues en vertu des articles**

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de la Loi sur l'accès à l'information**

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## Pricing & Compensation Model Options

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### Potential HR Considerations:

Although program design will need numerous, critical roles to execute all phases of the Buyback Program, the following roles have been identified for compensation specifically. These roles would address compensation planning, budgeting, forecasting, variance analysis as well as compensation execution from valuation to payment. For all of the Compensation Model Options outlined above, the following key roles should be considered:

- **Compensation Analyst:** to keep track of updates or changes to the pricing model, communications, manage run plan, budgets and forecast of compensation leading up to and during program execution
- **Compensation Manager:** to track, compare and report actual to budget compensation as the program is delivered as well as assess impacts of favourable and unfavourable compensation variances and assess potential disputes and feedback on compensation that may trigger adjustments to baseline price to adequately reflect lessons learned or adjustment required.
- **Expert Panel Evaluators:** may be deemed necessary to assess rare firearms outside the range captured for standard, available retail brands. An Expert Evaluator would be expected to provide a compensation estimate reflective of the market price of such an NPF.
- **Payment Team:** to process compensation payments through direct deposit, cheque or e-transfer. A partnership with the Receiver General or another existing government department where payment capabilities already exist. This could be done through a cost recovery agreement for the volume of expected compensation records to be processed.

## 4. Compensation Model Options: Feasibility Assessment Summary

The compensation model feasibility assessment uses ten criteria and a low, medium and high ranking to differentiate compensation models that work for government, individual owners and businesses.

In reviewing these alternatives, some models are stronger than others but need to be supplemented to address unique scenarios like the ability to challenge the compensation estimate or assessment given the potential for discrepancies in pricing among collectables or higher end firearm models. It appears that a leading model can handle the majority of cases to a high degree but requires support from other models to address any potential discrepancies raised by individual owners or businesses an option as stand-alone or combined, phased or tiered based on the final decision made by the Government of Canada.

As part of the development of the various Compensation Model Options, a detailed feasibility assessment was done on selected models identified. The criteria and definitions listed below were applied to the selected Compensation Model Options for both individual owners and dealers:

- **Complexity to Implement:** The option is ranked on the level of impact to Government of Canada and/or Partners to implement
- **Feasibility:** The option is ranked on the degree to which existing Government of Canada capabilities can be leveraged
- **Administration Simplicity:** The level to which the option allows a straight through process, minimizing interventions or touch points
- **Similarity to Other Jurisdictions:** The proposed design principle has been used in other jurisdictions
- **Fair Compensation:** The options are ranked based on the level of compensation offered by each model will allow owners to get fair compensation value for their NPF
- **Owner Satisfaction:** The options are ranked on the ability to minimize owner dissatisfaction
- **Transparency/Consistency:** The ability of owners and businesses to see and understand the fairness of values and processes across all dimensions of the program
- **Ability to Challenge Valuation:** The options are ranked on the ability of owners and businesses to challenge valuation if they disagree with the value deemed for compensation
- **Cost to Implement:** The level of human effort and money required to implement the compensation model option as part of the complete buyback scheme
- **Risk to Operate- Safe and Secure:** The degree to which the options include risks, such as fraud, misrepresentation, data privacy concerns, cyber security or transaction errors

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Future analysis could include detailed feasibility assessments on the remaining Compensation Model Options.

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The ranking criteria and definitions used to evaluate favourable versus unfavourable Compensation Models options are high, medium and low as defined below:

- **High (Favourable):** This Compensation Model ranking is perceived as value added, fair and drives NPF owners and dealers positive satisfaction
- **Medium:** This Compensation Model ranking is perceived as neutral, it may or may not be seen as fair, value added or drive owner or dealer positive or negative satisfaction
- **Low (Unfavourable):** This Compensation Model ranking is perceived as unfavourable and negative by NPF owners and dealers with a negative satisfaction experience expected

**Pages 74 to / à 75  
are withheld pursuant to sections  
sont retenues en vertu des articles**

**16(2), 18(a)**

**of the Access to Information  
de la Loi sur l'accès à l'information**

## 5. Pricing Model

Pricing Model: A model to be developed and proposed denoting a base price for every brand, make and model of each prohibited firearm.

Based on categorization of the list of NPFs affected by the Order in Council, a unique standardized Price List was developed from market prices for the Government of Canada to leverage in the various Compensation Model options.

### Firearms in Scope:

Firearms are a collection of parts. The difference between a complete firearm and a collection of parts is an important distinction to make when creating a pricing model. This issue is particularly important with AR-type firearms (71% of total NPF population) for which an ecosystem of interchangeable parts and accessories has been developed. This definition is key to the approach used to determine the Pricing Model.

### Definitions:

- In Canada, Section 2 of the Criminal Code defines a “firearm” as a barreled weapon that discharges projectiles capable of causing bodily harm or death, or anything that can be adapted as a firearm. On May 1, 2020, through the Order in Council the Government of Canada prohibited nine (9) types of items, by make and model, and their variants; and items with a bore of 20 mm or greater, and those items capable of discharging a projectile with a muzzle energy greater than 10,000 Joules; and the upper receivers of M16, AR-10, AR-15 and M4 pattern items
- For reference, other jurisdictions have used the following definitions:
  - In New Zealand, the lower receiver was defined as the elemental component of a firearm. All other pieces were considered to be parts or accessories. A lower receiver was priced according to their firearms price list as a full, but non-functioning firearm, entitling the owner to 25% of the full list price.
  - The USA also considers the lower receiver to be the elemental component of the AR-type firearm and has the serial number engraved on it. In the USA, components must be 80% complete in order to be considered firearms components and thus subject to restrictions. This has resulted in the sale of “80% Lowers” – lower receivers that are less than 80% complete and come with the tools and instructions for buyers to complete the machining themselves.

**Categorization:** It is important to understand the breadth of the categorization of the NPFs as this becomes the foundation of the Pricing Model Option framework:

- The 1,628 firearms outlined in the Order in Council (OIC) can be assigned to 11 categories (*See Appendix C: Table 4: Newly Prohibited Firearms (NPF) Category Details*)
- The AR Platform Category Level reflects the majority of the total firearms outlined in the OIC (*See Appendix C: Table 5 Newly Prohibited Firearms (NPFs) Category Data*):
  - An estimated 102,000 of the 144,000 NPFs (71%)
  - 1,001 of the 1,628 in the OIC (61%)
  - 354 different brands
- New Zealand and Canada used different criteria to define the firearms in scope affected by the action taken to restrict firearms (*See Appendix C: Table 6: Details of New Zealand and Canada Firearm Categorization*). Canada could consider the approach taken by NZ but for the purpose of this report, the Pricing Model reflects the firearm categories included in Canada’s Order in Council.

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## Pricing & Compensation Model Options

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### Pricing Model Data:

NPF price data must come from a number of different sources as there is no single source of pricing for the firearms outlined in the Order in Council. Market data is not consistent from category to category therefore multiple sources and pricing guidebooks were used.

*Note \* Firearms' prices do not change at a rate that would require updating the price list during the length of the program (See Appendix C: Figure 1: New Zealand Price Variability Through Time).*

- Market data (8,000 data points) from four categories of sources was used to build the Pricing Model. For a detailed review of the strengths and weaknesses of these data types, please refer to **Appendix C: Table 7: Data Sources Strengths and Weaknesses**.
  - **Manufacturer Prices:** These prices were sourced directly from the NPF manufacturer and include prices being offered at the time this report was written and does not include historical prices from manufacturers who have gone out of business or have merged with other manufacturers.
  - **Retail Prices:** These prices were pulled from websites and price lists of third-party retailers. A distinction was made between retailers located in Canada, USA, and Europe. In reclassifying the NPFs, the OIC altered the market for these firearms in Canada. The affected NPFs disappeared from Canadian retailers' websites with the limited source of publicly available Canadian retail pricing data extracted from internet archives. A thriving industry for these NPFs in the USA makes retail pricing data reflecting the US marketplace readily available on-line. As a result, 98% of the retail data used in developing the Pricing Model originated from the US.
  - **Auction Listings:** Auction listings included in the Pricing Model are those for which a bid was accepted for the item and a transaction was completed. In some cases, auction listings post an expected price, but no buyer makes a bid and thus the item remains unpurchased. Any instances of uncompleted auction items were excluded from the data used in building the Pricing Model.
  - **Pricing Guidebooks:** The prices came from pricing guides published to assist collectors in valuing their firearms.
- The upper receivers of the AR Platform firearms were included in the pricing model as they are considered prohibited devices according to the Order in Council.
  - The AR Platform upper receivers are produced by many manufacturers in a range of materials and manufacturing methods. These components were priced according to averages of all receivers found in the market.

### Pricing Model Methodology:

The methodology used to build the Price List focused on building a list of prices that reflect what the average Canadian would have paid for an NPF prior to the issuance of the Order in Council.

- Given the differing strengths and weaknesses of the different data types, price data was prioritized in the following order:
  - Manufacturer Prices
  - Retailer Prices (CAD)
  - Retailer Prices (USD)
  - Retailer Prices (EUR)
  - Pricing Guidebooks
  - Auction Listings

## Pricing & Compensation Model Options

- The prices for NPFs were compiled by looking for pricing data in the order listed above. If price data existed in a higher priority source, data from a lower priority source was disregarded. For example, if there was data from a Canadian Retailer, any Auction Listings would have been disregarded. In instances where multiple data points existed within each data type for an NPF, an average of the data within this type was calculated and used in the Pricing List. The process began by looking for any Manufacturer Prices associated with an NPF. If a Manufacturer Price was located, that price was converted to Canadian Dollars (CAD) at 1 USD = 1.3 CAD and used as the price for that NPF. If no, Manufacturer Prices were found, Canadian Retailer prices were leveraged. If no Canada Retailer prices were found, American Retailer prices were used and converted to CAD. If no such prices could be located, European Retailer prices were used and converted to CAD at 1 EUR = 1.54 CAD. If no such prices could be located, Pricing Guidebook prices were taken and converted to CAD as required. If no such prices were located, Auction Prices were used and converted to CAD as required.
- If no market data could be found for a specific NPF, an average was taken of the prices for that brand within that NPF category.
  - *E.g. Armalite manufactures NPFs in the AR platform and 50 BMG categories. No pricing data was found for the Armalite AR-10 KLM (FRN: 161652), an AR Platform NPF. Therefore, an average of the prices of all other Armalite AR Platform firearms was taken. By taking an average of prices within the same category and brand, higher-end firearms will be priced higher than if a more general average was taken. Similarly, lower-end firearms will be priced lower than if a more general average was taken.*
- If no market data existed for an NPF, and no market data existed for any other NPF within that brand and category, a population-weighted average of firearms within that category was applied. E.g. No price data was found for the Gazela 58 (FRN: 143121), a type of VZ.58 rifle. Since no other Gazela brand firearms are listed, the population-weighted average price of all VZ.58 rifles was applied to this NPF.

### Pricing Model Files:

Pricing model files have been created to gather all relevant data points for the costing of the options. The Pricing Model has been provided in a PDF file and an Excel file for the use of the Government of Canada and are defined below.

- The Price List has been provided as a pdf file (*Public Safety Pricing Model Final Price List.pdf*) and includes the following information:
  - Firearms Reference Number (FRN): a unique 5 or 6 digit number that identifies a specific firearm
  - Category: Groups of NPFs that are based on a common pattern and known by the name of their principal model and/or Groups of NPFs defined according to their technical characteristics - bores diameter and muzzle energy.
  - Make: the brand name of the manufacturer of the NPF
  - Model: the name or number assigned by a manufacturer to one of their product lines
  - Price: base price, in Canadian dollars, for each make and model
- The Pricing Model working file has been provided as an excel spreadsheet (*Public Safety Pricing Model Final Workbook.xlsx*) which includes links to all market-based sources of data used and all calculations built into the worksheets.
- The Price List reflects the market prices that the typical Canadian would have paid for NPFs before the issuance of the OIC. For Canadians living in remote communities, an additional amount could be added to these prices to account for the additional costs associated with living in these communities. These uplifts could be applied as a percentage of the prices listed, or as a flat amount added to the price of each NPF collected from a remote community.

### Highlights of the Pricing Model:

- The lowest market data point is [REDACTED] for a used Armi Jager AP-15
- Among the highest market data price point is [REDACTED] for Sig Sauer SG550-1 Sniper
- The AR-Style category has the most pricing data while the Sig Sauer 550/551 category has the least
- The 20mm bore diameter category has the greatest range of prices ([REDACTED])

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## Pricing & Compensation Model Options

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**The Current Approach** taken for The Pricing Model includes a price for all 1,628 listings included in the Order in Council.

- For consideration: New Zealand's opted for a shorter and simplified pricing list (454 listings) despite having an equivalent or smaller scope than the Canadian program. (*See Appendix C: Figure 2: New Zealand's Simplified Price List*)
- Canada could consider simplifying the Pricing Model to fewer number of FRNs. This would require further work to be completed outside the scope of this report. Benefits and downsides of a simplified pricing model include:
  - **Benefit:** Simpler tool to be used by program staff or the public
  - **Benefit:** Lower chance of an NPF being misidentified and put into the wrong category
  - **Downside:** Greater chance of an NPF being under or overpriced

### **Pricing Data Gaps:**

- **Pricing Model Accuracy:** Inclusion of Canadian pricing data will inform a more accurate pricing model. This data from Canadian dealers and manufacturers was not made available during the timeline of the creation of this report.

### **Out of Scope and not considered in the pricing model:**

- **Component:** parts & equipment that are integral to operation of a firearm and whose removal would render the firearm inoperable or unsafe (e.g. Trigger Assembly, Barrel, Bolt Carrier Group, Buffer Tube, Magazine)
- **Accessory:** parts & equipment that can be removed from a firearm with no impact to the safety of the user (e.g. Rail systems, Optics, Carrying Handle)

## 6. Technical Interviews to Inform Pricing

For the creation of this report, no external technical interviews with owners or businesses were conducted. It is recommended to identify stakeholders, such as owners and businesses, who will be impacted by the Pricing and Compensation Models to better understand and manage expectations regarding the Pricing and Compensation Models' design, scope and proposed results. Any data and insights gathered from future interviews could be used to further develop and refine the Pricing and Compensation Models outlined in this report.

## 7. Components

The Order in Council specified that the upper receivers of the AR Platform as Prohibited Devices and therefore, these components have been priced along with the list of 1,628 NPFs.

The question of including components and/or accessories is important in defining the scope of a buyback program. It is important to distinguish between the two.

Components are parts of a firearms that are integral to its safe operation. Examples include:

- Trigger mechanisms
- Barrels
- Bolt carriers
- Safety mechanisms

Accessories are additional pieces of equipment that are not completely necessary to the safe operation of a firearm. Examples include:

- Rail Systems
- Scopes
- Foregrips
- Bipods
- Carrying Handles

The distinction between these two categories is not perfectly clear. It can be argued whether some parts are integral to the safe operation of a firearm or are only accessories. *For example, the butt of a firearm is a common ergonomic feature of most rifles. Their use increases the accuracy of the firearm and lowers the strain on the hands and arms of the user. However, the butt can be removed, and the firearm operated without impacting the firearm's destructive capabilities.*

It must also be noted that some accessories can be used on non-prohibited firearms as well as on NPFs. This is especially true of accessories like scopes which attach to firearms using rail systems. Rail systems are standardized interface platforms that allow accessories to be modular and thus easily added or removed from multiple firearms based on the user's personal preferences.

In many cases, these components and accessories are not controlled devices so their population within Canada is unknown. The number of these components and accessories that would be surrendered were they to be included in the program is difficult to estimate, and the processing capacity for an unexpected volume of these components and accessories would need to be factored into the program deployment.

If the decision is made to include components, accessories, or both, as part of the buyback program, it will be necessary to define the categories for each component. The program could give a flat fee for a type of component or accessory, regardless of its related NPF category. *E.g., the program could pay a flat fee for all barrels, regardless of whether they are compatible with an AR Platform NPF or a Mini-14 NPF. Alternatively, different prices could be assigned to components based on their associated NPF category. E.g., a bolt carrier from an AR Platform NPF would be priced differently from a bolt carrier of a VZ.58 NPF. These two approaches could also be mixed into a hybrid approach. E.g., Barrels of AR Platform and Mini-14 NPFs receive different prices, but all bipods receive the same price.*

## 8. Research Summary

A review of existing compensation models used by other jurisdictions was undertaken to identify lessons learned and best practices that could be applied to the Canadian policy, legal and regulatory contexts.

The assessment began with reviews of existing buyback programs and compensation models in other jurisdictions which led to a classification of three categories based on focus, reason for creation and compensation approach:

### **Type 1: New Firearms Policy Implementation**

- a. National programs applicable to all citizens
- b. Creation motivated by mass shooting incidents and safety of public is primary objective
- c. Legislation defines targeted firearms and includes amnesty period
- d. Compensation intended to reflect market value of firearms and includes buyback of business stock
- e. Administration by National or State level police forces
- f. Participation is mandatory

### **Type 2: Crime Reduction**

- g. Small scale with short duration
- h. Creation motivated to get “guns off the street” with a focus on gang violence and accident prevention
- i. Targets cheap, disposable and/or old firearms
- j. Compensation is nominal with simple program structure
- k. Police have varying level of involvement
- l. Participation is voluntary

### **Type 3: Conflict Disarmament**

- m. Focus on specific military or paramilitary groups rather than specific weapon type(s)
- n. Programs exist to facilitate peace processes
- o. Non-monetary payments often used with recipients choosing what they receive (ex: sewing machines, bicycles, or construction materials)
- p. Monitored by international, non-governmental organizations
- q. Participation determined by fighters’ willingness to participate

For a Geographic representation of the three types of buyback programs, see [\*\*Appendix D: Figure 3.\*\*](#)

It was determined, the approach to the Canadian buyback program outlined in the Order in Council and subsequent legislation, aligns most closely to a Type 1: New Firearms Policy Implementation model with:

- National scope
- Motivation for public safety
- Legislation and/or policy governance
- Commitment to fair compensation

## Pricing & Compensation Model Options

Within the Type 1 models, the existing programs of New Zealand, Australia and the United Kingdom most closely aligned to the Canadian context. This alignment makes these programs the best use cases and templates for the design and pricing of the Canadian program and allows for the application of the lessons learned. Table 10 summarizes a comparison between Australia, UK, NZ and Canada and the payout of the Compensation Model.

**Table 10: Compensation Model Totals Comparison Across Existing Programs:**

Program Details:	Australia	UK	New Zealand	Canada
Time Frame	October 1996 - Sept 1997	July 1997 - Feb 1998	March 2019 - Dec. 20, 2019	2020 - 2022
Population of Country during Program	18,710,000	58,390,000	5,040,000	38,440,000
Size of Country	7,692,000 km <sup>2</sup>	242,495 km <sup>2</sup>	268,021 km <sup>2</sup>	9,985,000 km <sup>2</sup>
Program Scope	Self-loading rifles, and Self-loading and Pump-action shotguns (banned under the National Agreement on Firearms)	Pistols and Accessories	Military-style semi-automatic (MSSA) firearms	9 categories of firearms defined by platform type and 2 categories of firearms defined by technical metrics
Targeted # of Firearms to Collect	No data available	No data available	No data available	Targeted number of NPFs: est. 144,000
Firearms Collected	640,000 firearms	162,000 firearms 700 tons of ammunition	56,530 firearms (2019) 188,000 parts (2019)	Assumption made that 100% of targeted is collected
Actual Compensation Paid	\$243,000,000 AUD	£90,200,000 GBP	\$103,796,908 NZD	Potential Range of Estimated Compensation: 
Actual Compensation Paid in Canadian Dollars	\$233,200,000 CAD	\$263,000,000 CAD	\$93,420,000 CAD	Actual Compensation: TBD

Sources: Various research sources found in Section 5.

Canada's approach has some notable differences, including:

- Voluntary participation
- The availability of owner data
- Federally ran (police are not accountable for the program)
- Multiple police agencies with independent jurisdictions
- Physical size of Canada with dispersed population and accessibility

When examining previously constructed compensation models, a common set of criteria emerged that enabled a logical comparison of existing models and were used as guidelines to structure the Canadian compensation model and associated costing (See **Appendix D: Table 8 and Table 9** for additional information):

- Population: the number of people who fall under the jurisdiction of the program
- Participation: mandatory versus voluntary
- Time Frame: length of program
- Firearm Scope: types, models, makes, technical specification of the firearms to be compensated
- Objective: reason the program is being implemented
- Pricing Factors: consideration when pricing firearms
- Pricing Data: sources of information used to determine pricing list
- Compensation Range: highest and lowest prices paid for firearm
- Payment Type: disbursement of payment
- Total Amount Distributed: total value of funds distributed to buyback firearms

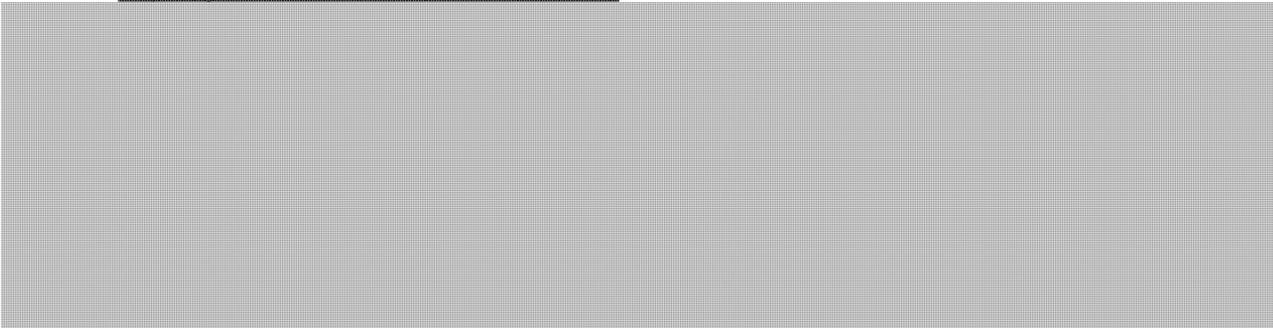
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## Pricing & Compensation Model Options

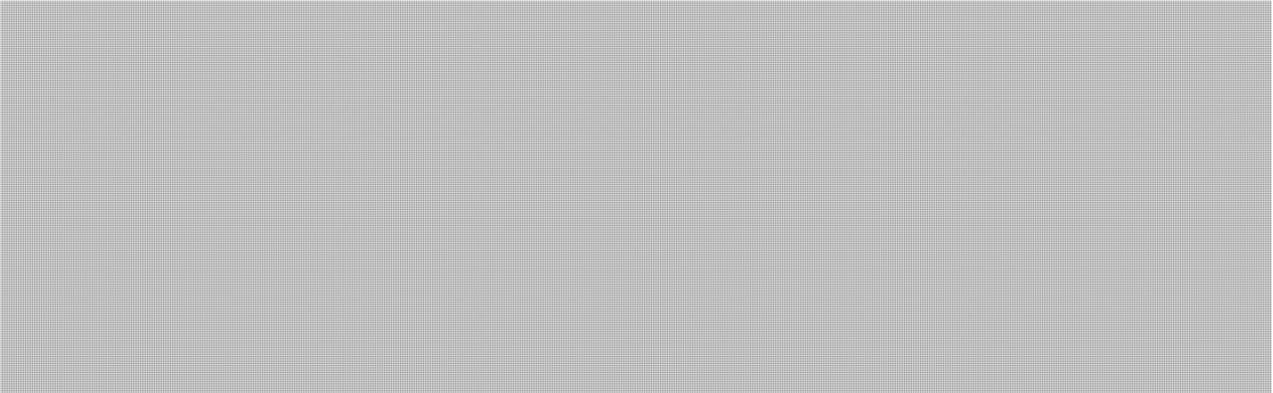
### Lessons Learned

- The use of the most detailed information available on the population of targeted firearms will drive more accurate costing estimates and pricing list as well as forecasts of participation.
  - A survey of Australian gun ownership was not used in the planning of their buyback program because the data was deemed to be unreliable given the level of knowledge about the new gun laws when the survey was conducted.
  - In New Zealand, a lack of a firearms' register, limited history and decentralization of dealer records and a well-established private market, resulted in limited population baseline data. Due to the lack of trust in existing firearms population data, the program was unable to accurately estimate total compensation and the effectiveness of the compensation paid.
  - The Canadian buyback of BD38 and BD3008 rifles in 2013 was driven by the knowledge of who was in possession of these firearms. As shown through the data in the firearms database, it was known there were 74 BD38s and six BD3008s to be collected. This meant the program could easily track its progress as the firearms were surrendered.
  - **References:**
    - Australian National Audit Office Report, Dec. 1997, Pg. 33; [https://www.anao.gov.au/sites/default/files/anao\\_report\\_1997-98\\_25.pdf?acsf\\_files\\_redirect](https://www.anao.gov.au/sites/default/files/anao_report_1997-98_25.pdf?acsf_files_redirect)
    - New Zealand Police Department Interim Supplementary Analysis Report: Arms (Prohibited Firearms, Magazines, and Parts) Amendment Bill (No.1) 2019 implementation of proposals and a buy-back scheme, 2019, Pg. 7; <https://www.police.govt.nz/sites/default/files/publications/sar-arms-amendment-bill-no1-2019.pdf>
    - "Feds budget \$260,000 to seize rifles easily converted to sub-machine guns" Global News, May 1, 2013 <https://globalnews.ca/news/525833/525833/>

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  - Another method of exploiting the compensation model is the surrender of firearms that are out of scope, but still expecting compensation. Australia's program suffered such a setback when the scope of the program was unclear to the state police forces and the population at large. This came into focus when the police forces of the Northern Territory submitted to the federal government a request for reimbursement of \$400,000AUD which had been paid to an individual who surrendered 22 Hispano-Suiza anti-aircraft cannons. The federal government claimed it had only authorized payment for newly banned firearms and new legislation had to be passed to authorize payments for such unanticipated firearms.
  - **Reference:** [https://www.anao.gov.au/sites/default/files/anao\\_report\\_1997-98\\_25.pdf?acsf\\_files\\_redirect](https://www.anao.gov.au/sites/default/files/anao_report_1997-98_25.pdf?acsf_files_redirect), page 46
- A uniform application of the same pricing of firearms across a wide geography can result in the perception of unfair pricing.
  - In the Australian program, the intent was to create a uniform price across the entire country. Among firearm dealers in the sparsely populated Northern Territory, dealers argued that the compensation received was insufficient on account of their business model being different from dealers located closer to urban areas. Higher shipping costs and lower volumes were cited as causes for these price differences. This resulted in higher dissatisfaction among dealers.
  - References: Australian National Audit Office Report, Dec. 1997, Pg. 69; [https://www.anao.gov.au/sites/default/files/anao\\_report\\_1997-98\\_25.pdf?acsf\\_files\\_redirect](https://www.anao.gov.au/sites/default/files/anao_report_1997-98_25.pdf?acsf_files_redirect)

## Pricing & Compensation Model Options

- Different compensation models could be created for dealer versus individual firearms owners.
  - In Australia and the UK, a distinction was made between firearms owned by individuals and those owned by dealers. In the case of dealers, pricing was often a function of their invoice price, as these firearms are in new condition. The issue of condition was only a factor for firearms turned in by individual firearm owners.
  - **References:**
    - Firearms (Amendment) Act 1997 Compensation Scheme, Hansard; June 9, 1997, <https://api.parliament.uk/historic-hansard/lords/1997/jun/09/firearms-amendment-act-1997-compensation>
    - New Zealand Firearms Amnesty & Buy-back - National Overview, New Zealand Police Department, February 20, 2020, <https://www.police.govt.nz/sites/default/files/publications/firearms-amnesty-buy-back-national-overview.pdf>
    - Australian National Audit Office Report, Dec. 1997, Pg. 37; [https://www.anao.gov.au/sites/default/files/anao\\_report\\_1997-98\\_25.pdf?acsf\\_files\\_redirect](https://www.anao.gov.au/sites/default/files/anao_report_1997-98_25.pdf?acsf_files_redirect)
- An exception valuation process could be established for firearms that are deemed by their owners to have exceptional characteristics that make them more valuable than a standard firearm.
  - New Zealand and the UK allowed the program participants to choose how they wanted their firearms to be valued by using a standard price list, or a valuation by a board of knowledgeable individuals. In the case of New Zealand, this process required the applicant to pay a fee (\$138 NZD) as this was considered a “premium” service and not meant to be a standard procedure. The fee both paid for the valuator’s time and prevented participants from slowing down the program by asking for independent valuations of every firearm. Of the 56,530 firearms collected, NZ had 278 applications for expert panel valuation submitted of which 165 of them were approved.
  - **References:**
    - Firearms (Amendment) Act 1997 Compensation Scheme, Hansard; June 9, 1997, <https://api.parliament.uk/historic-hansard/lords/1997/jun/09/firearms-amendment-act-1997-compensation>
    - New Zealand Police Department Interim Supplementary Analysis Report: Arms (Prohibited Firearms, Magazines, and Parts) Amendment Bill (No.1) 2019 implementation of proposals and a buy-back scheme, 2019, Pg. 14; <https://www.police.govt.nz/sites/default/files/publications/sar-arms-amendment-bill-no1-2019.pdf>
- 
- Consideration of Indigenous and First Nation Communities
  - Programs in Australia and New Zealand did not make any reference to Aboriginal or Maori communities, respectively, as part of their compensation and pricing designs.

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## Pricing & Compensation Model Options

### Case Studies and Other Research Sources

*Note: All pricing data sources are found in the separate document "Public Safety Pricing Model Final Workbook.xlsx"*

- **Canadian Regional Buyback Programs**

- <https://www.torontopolice.on.ca/buyback/>
- <https://globalnews.ca/news/5411028/toronto-police-gun-buyback-program/>
- <https://torontosun.com/news/local-news/gun-buyback>
- <https://www.toronto.ca/legdocs/mmis/2019/ex/bgrd/backgroundfile-132432.pdf>
- <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX16.48>
- <https://ottawa.ctvnews.ca/1035-guns-collected-during-pixels-for-pistols-campaign-1.1527344>
- <https://blog.henrys.com/pixels-for-pistols-ottawa/>
- <https://winnipegssun.com/2012/11/30/pixels-for-pistols-program-ends-today/wcm/a5e55d4e-327a-44e4-8df9-08187740f92f/amp>
- <https://ottawa.ctvnews.ca/pixels-for-pistols-gun-amnesty-program-underway-1.1483823>
- <https://globalnews.ca/news/525833/525833/>

- **New Zealand**

- <https://www.police.govt.nz/sites/default/files/publications/firearms-amnesty-buy-back-national-overview.pdf>
- <https://www.police.govt.nz/advice-services/firearms-and-safety/firearm-law-changes-prohibited-firearms/amnesty-and-buy-back/firearms-buy-back-scheme-data>
- <https://www.police.govt.nz/about-us/publication/firearms-amnesty-and-buy-back-performance-data>
- <https://www.police.govt.nz/sites/default/files/publications/sar-arms-amendment-bill-no1-2019.pdf>
- <https://www.police.govt.nz/advice-services/firearms-and-safety/what-do-i-need-know/new-firearms-laws-and-what-they-mean/amnesty>
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## Pricing & Compensation Model Options

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## 9. APPENDIX A: Introduction

**Table 1: Newly Prohibited Firearms (NPFs) Category Details**

Category Label	Description
<b>20mm</b>	Any firearm with a bore diameter of 20 mm or greater – other than one designed exclusively for the purpose of neutralizing explosive devices
<b>50 BMG</b>	Any firearm capable of discharging a projectile with a muzzle energy greater than 10,000 joules
<b>AR Platform</b>	The firearms of the designs commonly known as the M16, AR-10 and AR-15 rifles and the M4 carbine, and any variants or modified versions of them
<b>Cx4 Storm</b>	The firearm of the design commonly known as the Beretta Cx4 Storm carbine, and any variant or modified version of it
<b>CZ Scorpion</b>	The firearms of the designs commonly known as the CZ Scorpion EVO 3 carbine and CZ Scorpion EVO 3 pistol, and any variants or modified versions of them
<b>M14 Rifle</b>	The firearm of the design commonly known as the US Rifle, M14, and any variant or modified version of it
<b>Robinson Armament</b>	The firearm of the design commonly known as the Robinson Armament XCR rifle, and any variant or modified version of it
<b>Ruger Mini-14</b>	The firearm of the design commonly known as the Ruger Mini-14 rifle, and any variant or modified version of it
<b>SG550 &amp; SG551</b>	The firearms of the designs commonly known as the SG-550 rifle and SG-551 carbine, and any variants or modified versions of them
<b>SIG Sauer MCX, MPX</b>	The firearms of the designs commonly known as the SIG Sauer SIG MCX carbine, SIG Sauer SIG MCX pistol, SIG Sauer SIG MPX carbine and SIG Sauer SIG MPX pistol, and any variants or modified versions of them
<b>VZ.58</b>	The firearm of the design commonly known as the Vz58 rifle, and any variant or modified version of it

Source: <https://canadagazette.gc.ca/rp-pr/p2/2020/2020-05-01-x3/html/sor-dors96-eng.html>

**Table 2: Estimated Newly Prohibited Registered Firearms (NPFs) Distribution by Province**

Province / Territory	Individual	Business	Museum	Total
Ontario	40,293	5,121	10	45,424
Alberta	21,216	921	4	22,141
British Columbia	19,600	557	-	20,157
Quebec	8,290	743	9	9,042
Saskatchewan	4,557	93	-	4,650
Manitoba	2,900	283	-	3,183
Nova Scotia	2,237	78	2	2,317
New Brunswick	1,612	36	2	1,650
Newfoundland & Labrador	729	38	-	767
Prince Edward Island	300	2	-	302
Northwest Territories & Nunavut	229	-	-	229
Yukon	218	3	-	221
Others	78			78
<b>Estimated Total</b>	<b>102,259</b>	<b>7,875</b>	<b>27</b>	<b>110,161</b>
	92.83%	7.15%	0.02%	100%

Source file of screen shot: Public Safety Pricing Model Final Workbook.xlsx

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**is withheld pursuant to sections  
est retenue en vertu des articles**

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de la Loi sur l'accès à l'information**

## 11. APPENDIX C: Pricing Model

**Table 4: Newly Prohibited Firearms (NPF) Category Details**

Category Label	Description
20mm	Any firearm with a bore diameter of 20 mm or greater – other than one designed exclusively for the purpose of neutralizing explosive devices
50 BMG	Any firearm capable of discharging a projectile with a muzzle energy greater than 10,000 joules
AR Platform	The firearms of the designs commonly known as the M16, AR-10 and AR-15 rifles and the M4 carbine, and any variants or modified versions of them
Cx4 Storm	The firearm of the design commonly known as the Beretta Cx4 Storm carbine, and any variant or modified version of it
CZ Scorpion	The firearms of the designs commonly known as the CZ Scorpion EVO 3 carbine and CZ Scorpion EVO 3 pistol, and any variants or modified versions of them
M14 Rifle	The firearm of the design commonly known as the US Rifle, M14, and any variant or modified version of it
Robinson Armament	The firearm of the design commonly known as the Robinson Armament XCR rifle, and any variant or modified version of it
Ruger Mini-14	The firearm of the design commonly known as the Ruger Mini-14 rifle, and any variant or modified version of it
SG550 & SG551	The firearms of the designs commonly known as the SG-550 rifle and SG-551 carbine, and any variants or modified versions of them
SIG Sauer MCX, MPX	The firearms of the designs commonly known as the SIG Sauer SIG MCX carbine, SIG Sauer SIG MCX pistol, SIG Sauer SIG MPX carbine and SIG Sauer SIG MPX pistol, and any variants or modified versions of them
VZ.58	The firearm of the design commonly known as the Vz58 rifle, and any variant or modified version of it

Source: <https://canadagazette.gc.ca/rp-pr/p2/2020/2020-05-01-x3/html/sor-dors96-eng.html>

**Table 5: Newly Prohibited Firearms (NPFs) Category Data**

Category Label	# of Listings	# of Brands	Estimated Population
20mm	320	98	74
50 BMG	189	108	1,849
AR Platform	1,001	354	102,148
Cx4 Storm	1	1	1,559
CZ Scorpion	3	1	1,844
M14 Rifle	44	19	5,248
Robinson Armament	5	1	1,837
Ruger Mini-14	11	2	16,879
SG550 & SG551	16	1	298
SIG Sauer MCX, MPX	6	1	1,067
VZ.58	32	13	11,313
<b>Total</b>	<b>1,628</b>		<b>144,116</b>

Source file of screen shot: Public Safety Pricing Model Final Workbook.xlsx

## Pricing & Compensation Model Options

**Table 6: Details of New Zealand and Canada Firearm Categorization**

Canada has defined some NPFs based on brand categories and others by technical characteristics.  
 New Zealand (2019) defined its buyback list based on price and technical characteristics  
 New Zealand (2021) defined its buyback list based on only technical characteristics

	# of Listings	# of Brands	Description	Estimated Population
	291	131*	Centrefire semi-automatic, under \$10,000	undisclosed
	6	1*	Rifle 11+ rounds, under \$2,000	undisclosed
	5	2	Rifle 11+ rounds, more than \$2,000	undisclosed
	37	23	Shotgun Pump Action, non-detachable magazine, 6+ cartridges, under \$5,000	undisclosed
	98	39*	Shotgun semi-automatic, non-detachable magazine, 6+ cartridges, under \$5,000	undisclosed
	17	13	Shotgun with detachable magazine, under \$5,000	undisclosed
	<b>454</b>	<b>Total</b>		<b>57,716</b>
	18	9	Centrefire Pump Action Rifles with Detachable Magazines	TBD
	1	1*	Centrefire Pump Action Rifles with Non-detachable Magazines Holding 11 + Cartridges	TBD
	304	136*	Non Small Semi-Automatic Pistols and Lower Receiver Pricing	TBD
	24	15	Pistol Carbine Conversion Kits	TBD
	<b>347</b>	<b>Total</b>		<b>TBD</b>
	320	98	Firearms with a bore greater than 20mm	74
	189	108	Firearms with a muzzle energy greater than 10,000 joules	1,849
	1,001	354	M16, AR-10, AR-15 rifles and M4 carbine	102,148
	1	1	Beretta CX4 Storm carbine	1,559
	3	1	CZ Scorpion EVO 3 carbine and pistol	1,844
	44	19	M14 Rifle	5,248
	5	1	Robinson Armament XCR rifle	1,837
	11	2	Ruger Mini-14 rifle	16,879
	16	1	Swiss Arms Classic Green and Four Seasons series	298
	6	1	SIG Sauer SIG MCM and SIG Sauer SIG MPX carbine and pistol	1,067
	32	13	Vz58 rifle	11,313
	<b>1,628</b>	<b>Total</b>		<b>144,116</b>

\* For these groups, generic firearm categories were listed under the brand "ALL." Examples of generic categories include "ALL Polish AK47," "ALL Chinese SKS," "ALL German G1"

Any prohibited firearms falling outside of these categories were valued by the program's Unique Prohibited Item process.

Source file of screen shot: Public Safety Canada and New Zealand Firearm Categorization.pptx

**Figure 1: New Zealand Firearm Price Variability Through Time**

Firearms prices do not change at a rate that would require updating the price list during the length of the program.

New Zealand's 2021 published price list featured 286 firearms listings that were identical to their 2019 price list.

Of these 286 firearms, only 6 firearms were repriced in 2021.

All repriced firearms were manufactured by FN (Fusee Nationale), a high-end Belgian firearms manufacturer. High-end firearms sell for many times the price of a similar firearm manufactured by a less prestigious manufacturer, and their prices have much wider ranges between base models and deluxe models. The change in the price of these firearms were likely the result of an error in assembling the original price list, rather than a change in the market value of the firearms in question.

Of the 6 repriced firearms, only the FNAR15 is in scope of the Canadian program.

Note: Prices are in \$NZD

	2021 Price	2019 Price	Change
FN - FNAR (BAR Clones)	\$10,000	\$4,000	6,000
<b>FN - FNAR15</b>	<b>\$10,000</b>	<b>\$4,500</b>	<b>5,500</b>
FN - FNC	\$4,000	\$8,000	-4,000
FN - 16S	\$4,500	\$9,000	-4,500
FN - 17S	\$8,000	\$10,000	-2,000
FN - 20S	\$9,000	\$10,000	-1,000

Source file of screen shot: PS Compensation Model v3.2 To Share with PS Feb 2021.pdf

## Pricing & Compensation Model Options

**Table 7: Data Sources Strengths and Weaknesses**

No single source of data can price all firearms. Of the 4 sources of firearms price data, each has their own strengths and weaknesses. Different data sources produce different prices.

	Strength	Weakness
<b>Manufacturers</b>	<ul style="list-style-type: none"> <li>Prices represent base models without accessories added</li> <li>Prices represent a 'neutral' price irrespective of a firearm dealer's pricing strategy</li> </ul>	<ul style="list-style-type: none"> <li>Does not address discontinued models</li> <li>Does not address manufacturers which no longer operate</li> <li>Some less popular and higher value firearms are sold on a quote by quote basis</li> <li>Does not account for retailers' markup paid by consumers</li> <li>Manufacturers often redirect to dealers' websites rather than providing an MSRP</li> </ul>
<b>Retailers</b>	<ul style="list-style-type: none"> <li>Very large amount of pricing data</li> <li>Represents the likely source of firearms owned by individuals</li> </ul>	<ul style="list-style-type: none"> <li>Does not address older models</li> <li>Firearms often have additional accessories added, which skews price upward</li> <li>Rare, less popular firearms are not represented</li> </ul>
<b>Auction Listings</b>	<ul style="list-style-type: none"> <li>Very large amount of pricing data</li> <li>Only source of pricing information for rarer, high value, or discontinued firearms</li> <li>Data can be calibrated to specific auction date periods</li> </ul>	<ul style="list-style-type: none"> <li>Firearms often have additional accessories added, which skews price upward</li> <li>Firearms listings skew towards rarer models with higher prices and away from base models</li> <li>While condition is often very good, no auction firearm can be considered brand new</li> </ul>
<b>Pricing Guidebooks</b>	<ul style="list-style-type: none"> <li>Addresses older and discontinued models</li> <li>Data can be calibrated to specific time periods</li> <li>Uses data from authorities recognized by firearms owners</li> </ul>	<ul style="list-style-type: none"> <li>Rare, less popular firearms that are seldom bought/sold are not represented</li> </ul>

Source file of screen shot: Research Deck v0.3.pdf

**Figure 2: New Zealand's Simplified Price List**

New Zealand used a much shorter price list (454 listings) despite a scope that was equivalent or smaller than the Canadian program's scope (1,628 listings). Canada could opt for a shorter, simplified price list by merging listings. E.g. all Colt AR-15 variants receive the same price. While this will simplify the pricing and implementation, doing so runs the risk of firearms being under valued or overvalued due to their being merged and represented by a single price.

Ultimately, there is a certain degree of judgement in deciding which firearms listing to merge, and which to leave untouched. E.g. Is a particular variant prominent enough to get its own listing, or can it be put in a generic brand category?

	# of Listings	# of Brands	Description	Budget
<b>2019</b>	291	131*	Centrefire semi-automatic under \$10,000	\$103M NZD
	6	1*	Rifle 11+ rounds under \$2,000	
	5	2	Rifle 11+ rounds more than \$2,000	
	37	23	Shotgun Pump Action, non-detachable magazine, 6+ cartridges, under \$5,000	
	98	39*	Shotgun semi-automatic, non-detachable magazine, 6+ cartridges, under \$5,000	
	17	13	Shotgun with detachable magazine (valued at under \$5,000)	
	<b>454</b>	<b>Total</b>		
	# of Listings	# of Brands	Description	Budget (est.)
<b>2021</b>	18	9	Centrefire Pump Action Rifles with Detachable Magazines	\$15M NZD
	1	1*	Centrefire Pump Action Rifles with Non-detachable Magazines Holding 11 + Cartridges	
	304	136*	Non Small Semi-Automatic Pistols and Lower Receiver Pricing	
	24	15	Pistol Carbine Conversion Kits	
	<b>347</b>	<b>Total</b>		

\* For these groups, generic firearm categories were listed under the brand "ALL." Examples of such generic categories include listings such as "ALL Polish AK47," "ALL Chinese SKS," "ALL German G1" Note that these figures do not include the listings relating to parts and accessories. Those listings were brand agnostic and differentiated only by firearm type and condition

Source file of screen shot: Research Deck v0.3.pdf

## 12. APPENDIX D: Research Summary

Figure 3: Geographic representation of the three types of buyback programs

### Types of Buyback Program

Our assessment of firearm buyback programs led us to classify programs into three categories based on their scope, purpose, complexity, implementation authority and program structure.



Source file of screen shot: PS Pricing & Compensation Model Options Milestone 3 – Iteration 3.0 FINAL - Secured.pdf

## Pricing & Compensation Model Options

**Table 8: Factors Shaping Buyback Programs, including Pricing & Compensation Models**

The factors listed below emerged from our research as the key factors that shape the design and implementation of a firearm buyback program

Factor	Type 1 programs...	Type 2 programs...	Type 3 programs...
<b>1. Population</b>	...cover a large population as they occur on a national level	...only target specific cities or communities, but accept firearms from anyone willing to participate regardless of where they live	...target militarized groups who, in some cases, operate across international borders.
<b>2. Mandatory vs Voluntary</b>	...are all mandatory. However, these programs often come with very specialized exemptions such as those for conservation officials to control animal pests, bona fide collectors, museum curators, and theatrical armourers.	...are all voluntary. As a result, they rely entirely on an existing willingness of owners to cooperate and thus do not rely heavily on owner outreach.	...mandatory in as much as the groups involved have already agreed to relinquish firearms as part of a peace process. Their participation is contingent on their overall buy-in to that disarmament process.
<b>3. Time Frame</b>	...typically last between 12 and 24 months. They are long term projects with significant investments of time and energy by the administrative authority.	...last for as little as a few hours to one month, which is in keeping with their smaller scope and simpler implementation plans.	...typically last between 12 and 24 months. They are long term projects with significant investments of time and energy by the administrative authority.
<b>4. Type of Firearm Targeted</b>	...target specific firearm categories as defined by the firearms' physical features and abilities, often in combination, such as rate of fire, magazine type, magazine capacity, internal action mechanism, bayonet lug, pistol grip, etc.	...target firearms based on crude categories. Often, they simply classify all firearms into 3 categories: long guns, shotguns, and handguns. No distinction is made regarding the firearms' abilities or physical features aside from the general form factor.	...do not target specific firearms, but rather the specific groups who possess them.
<b>5. Stated Objective</b>	...arise out of mass shooting incidents and the prevention of similar incidents is their primary impetus. Other motivators such as suicide prevention, childhood safety, and crime more generally are cited as justifications for the program. The scale of these programs ties them to the issue of gun control in general and all the accompanying complexities of that issue.	...arise out of increases in gun crime within their target area. The typical messaging is a call to "get guns off the street." These programs take pains to emphasize that they are not meant to question the issue of gun ownership more generally.	...are framed as a first step of a peace process that will lead to other social transformation programs tied to economic investment or political power sharing agreements.

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## Pricing & Compensation Model Options

**Table 9: Factors Shaping Buyback Programs, including Pricing & Compensation Models**

The factors listed below emerged from our research as the key factors that shape the design and implementation of a firearm buyback program

Factor	Type 1 programs...	Type 2 programs...	Type 3 programs...
<b>6. Pricing Factors</b>	...target specific models of firearms. Condition and Brand are two of the most common factors in these pricing models.	...only target specific cities or communities, but accept firearms from anyone willing to participate regardless of where they live.	...target militarized groups who, in some cases, operate across international borders.
<b>7. Pricing Info Source</b>	...aim to provide a compensation for firearms comparable to what the firearm could have been sold for had a ban not been in place. These programs use data that reflects market conditions previous to the ban, in addition to input from independent valuers.	...focus on the quantity of firearms repurchased by a limited amount of funds. Therefore, these programs use the lowest price point that exists in the market to set the purchase price.	...like Type 2 programs, operate with severely limited budgets. Pricing is based more on what the participants needs to begin life as a civilians than the market value of the weapons.
<b>8. Compensation Range</b>	...have the widest range of compensation amounts paid to program participants. This is especially true for those that accept firearms accessories, whose values is often below \$50 CAD. The upper range can run into several thousands of dollars per firearms for firearms made by premium manufacturers. Single items can even reach tens of thousands of dollars in cases of exceptional rarity.	...limit compensation to fixed values based on whether the firearms is a long gun, shotgun, or handgun. The difference between these compensation categories is never more than \$100 of local currency.	...because they often use non-monetary compensation, are difficult to assess in financial terms. However, there is never an intention of payments being more than the minimum amount necessary to encourage participation in the program.
<b>9. Payment Type</b>	...use payments made through the banking system to participants' accounts. Payment processing occurs several days after the firearms have been relinquished.	...use cash and/or gift cards as all transactions are meant to be anonymous. Gift cards are typically for major retailers or local grocery chains. Payments are made immediately after the firearms to relinquished.	...use cash and/or goods as payment for firearms, and are delivered immediately after the firearms are relinquished.
<b>10. Total Amount Distributed</b>	...require the largest amount of funds given that they typically target more expensive firearms. Total amounts distributed easily reach the hundred million dollar mark and beyond. It is common for these budgets to grow as the volume of firearms relinquished exceeds expectations.	...operate with very limited budget. Their funding sources are typically in the tens of thousands of dollars and the programs shut down as soon as those funds run out. It is not uncommon for programs to halt mid-way through a collection event due to an exhaustion of funds.	...do not have reporting of total program costs as budgetary issues are not as prioritized as other disarmament targets.

Source file of screen shot: PS Pricing & Compensation Model Options Milestone 3 – Iteration 3.0 FINAL - Secured.pdf

**Pages 96 to / à 543  
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