





Consultation on Immigration Fees and Levies

Submission document – **BARNZ response**

Submitter information

Please tell us if you are submitting as a:

- Private Individual**
- Visa waiver traveller
 - New Zealand visa holder
 - New Zealand citizen or permanent resident
 - Other: [Click here to enter text.](#)
- Individual industry stakeholder**
- Airline
 - Cruise
 - Travel/Tourism
 - Other: [Click here to enter text.](#)
- Industry Association**
- Airline
 - Cruise
 - Travel/Tourism
 - Other: [Click here to enter text.](#)
- Other**
- Please describe: [Click here to enter text.](#)

If you would like to provide your contact details please fill in the below. MBIE may contact you if we need further clarification on any of your answers.

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Please indicate below if you do not wish your name/contact details to be posted on MBIE's website or as part of any summary of submissions which MBIE may publish.

- Do not publish my name/contact details.

Proposed Changes to Immigration Fees and Levies

1. Impacts of the proposed changes

1.1 What impacts do you think that the package as a whole would have on individual visa applicants?

n/a

1.2 Can you think of any issues or factors that should be considered for this fee and levy review?

n/a

1.3 Do you have any information or data that can inform our assessment of the issue or impacts?

n/a

1.4 Are there any matters regarding any individual visa type that you would like to bring to our attention?

n/a

2. Rebalancing of visa fees to address over and under recovery

2.1 Do you support the proposed changes across different visa categories?

Yes

No

If not, can you explain why?

n/a

2.2 What impacts do you think that the rebalancing would have on individual visa applicants?

n/a

2.3 Bearing in mind the principle of *full cost recovery* and *equity*, are there any alternative approaches that should be considered? How would that impact on visa applicants?

n/a

3. Improving border security and regulation of immigration advisers

3.1 What impacts do you think the proposed levy increase would have for immigration levy payers?

n/a

3.2 Are there any alternative approaches to cost recovery that should be considered? How would that impact on levy payers?

n/a

4. Response to demand pressures

4.1 What impacts do you think the proposed levy increase would have for visa applicants?

n/a

4.2 Are there alternative approaches to generate additional revenue that is required? How would that impact on visa applicants?

n/a

5. Recovering the fee memorandum and account deficit

5.1 Do you support a three-year or a five-year timeframe to recover the current fee memorandum account deficit?

- Three years
- Five years

5.2 What impacts do you think your preferred timeframe will have on levy payers?

n/a

5.3 Are there any alternative approaches to recover the current memorandum account deficit?

n/a

6. Other matters

6.1 Can you think of any reason why the online discount should not be removed?

n/a

6.2 Can you think of any reason why the employer accreditation fee should not be increased?

n/a

6.3 What impacts do you think the proposed changes will have on visa applicants and employers?

n/a

6.4 Can you think of any other issues or factors that you would like to bring to MBIE's attention?

n/a

7. Border clearance levy

7.1 What are your views on the proposal to recover immigration-related border clearance costs from most travellers that cross the border, including New Zealanders, with only the existing BCL limited exemption criteria?

Airlines strongly oppose this proposal. As discussed in the main submission, it is unjustified and seeks to recover costs in an inequitable manner.

We disagree with the problem definition in the consultation paper. The paper argues that all passengers create costs for the immigration system, therefore all passengers should pay towards those costs.

The consultation paper also says that:

- All passengers (both New Zealand citizens and non-New Zealand citizens) are screened entering and leaving New Zealand by the APP system
- In 2017 the APP system prevented around 2,800 passengers from boarding their aircraft, the majority of whom were on visa waiver and visa-required passports
- In 2017, a further 1,000 non-New Zealand citizens were prevented from boarding their aircraft and a further 1,300 non-New Zealand citizens were refused entry at the border. The large majority of these were on visa waiver passports.

We disagree that all passengers should pay towards the cost of the immigration system because:

- New Zealand citizens are not causers of costs in the immigration system. To consider: if the only people to enter or leave New Zealand were New Zealand citizens, there would be no need for an immigration service.
- To the extent there is a cost from including New Zealand citizens in the APP system, this must be a tiny incremental cost only.
- The vast majority of costs appear (from the consultation material) to be related to visa waiver travellers, particularly in terms of interventions with those passengers that are from a visa waiver country but are refused entry.

If the government must fully fund Immigration New Zealand's costs from levies, a better way to achieve this would be to add the cost to the Electronic Travel Authority. This would be better because:

- It is better targeted – it is clear from the consultation paper that the majority of costs that MBIE is proposing to include in the levy relate to the processing of passengers that currently travel on visa waivers, so allocating the cost to the ETA would mean it is better targeted
- It would be much closer to a 'causer pays' model than spreading the cost across all travellers, including visa travellers (who already contribute towards immigration's costs)

and New Zealand citizen travellers (who do not, or at least should not, create any significant costs for immigration).

We understand changes to legislation would be required to add the charge to the ETA, but changes to legislation would be required in any event to add the charge to the border clearance levy, so do not see this as a barrier to the ETA option.

Also, the relationship between the immigration levy proposal and the ETA proposal and current border levy charges is not clear. The ETA consultation paper says that the \$9 ETA charge will fund “the ongoing costs associated with immigration and border decisions, including identity resolution, and communications with the public and carriers”.¹ So we question the balance between costs that are to be recovered through the ETA and those that are to be recovered through the border levy. Similarly, the current border clearance levy recovers all Customs’ border costs for functions that Customs undertakes on behalf of Immigration – it is not clear whether there is any overlap between these costs and the costs to be included in the immigration levy.

We require clarity on the cost recovery between these different charges and MBIE must ensure there is no double or triple recovery of the same cost.

7.2 Do you think that all INZ border costs should be recovered through increases to the BCL?

Yes

No

If not, which services would you suggest are excluded and why do you think they should be excluded?

As discussed above, the ETA is a better targeted tool than the BCL to recover these immigration costs.

More broadly, we challenge the view that 100% of immigration’s border activity costs should be recovered from the travelling public. All New Zealanders (not just those who travel) benefit from a strong and effective immigration system and there is a strong public good element to the immigration service. We agree with the consultation paper that:

“the immigration system is a first gateway to preventing trafficking and protecting migrants from exploitation. It is often the first experience that visitors and migrants have with New Zealand people and New Zealand government services.

The immigration system also allows New Zealand to meet its global responsibilities and obligations to accept settlement of refugees, and protect our borders from risk.”

We think it is clear that the immigration border activity delivers benefits to both migrants and the broader New Zealand public and it is equitable for the costs to be shared between these two groups. When the ETA is in place and visa fees are adjusted, we consider that the balance of immigration costs between international visitors and taxpayers will be about right.

¹ ETA consultation paper, page 8.

7.3 What are your views on the proposed timing and legislative aspects of implementation?

Given that the consultation paper says that the new levy would not be introduced until 2020, we consider that MBIE should wait to determine the impact of the ETA on immigration system costs before progressing any new immigration levy (whether it be part of the ETA or the BCL).

As noted above, it seems the majority of immigration costs to be recovered through this proposed charge relate to visa waiver travellers. MBIE is currently consulting on proposals for a new ETA, one of the main benefits of which appears to be to reduce late (and costly) interventions with visa waiver travellers who need to be stopped at the border but who could be prevented from travelling in the first place if there is an ETA in operation.

We were surprised that MBIE does not seem to have considered that the ETA may reduce their operational costs in relation to visa waiver travellers and we encourage MBIE to undertake some analysis on this point.

We do not think any proposal to allocate existing immigration border processing costs to the BCL or ETA should be progressed until it has become clear what the new, post-ETA, costs will be for immigration as they should be materially lower and then a more informed debate can be held.

If you are in the travel industry please answer question 7.4 below.

7.4 Do you see any other challenges to implementation of the preliminary proposed changes?

An addition of a further \$3 onto airline tickets in addition to all other changes being introduced does create a further barrier and disincentive to tourists coming to New Zealand.

8. Cumulative impacts of changes to immigration fees and levies, and the introduction of an IVL and ETA.

8.1 Do you have any comments on the potential cumulative impacts of the fees and levies, Border Clearance Levy, Electronic Travel Registration and International Visitor Levy proposals under consultation on travellers or your industry?

It is not just these fees that need to be considered. Currently, an airline ticket includes aviation security, customs and biosecurity charges and we have been advised that both aviation security and biosecurity charges are likely to increase in the foreseeable future – due to new scanning technology and increased interventions. The costs proposed in this consultation material need to be seen alongside the other charges that already exist rather than in isolation.

We believe there is a risk that these charges could cumulatively reach a level that sees a material dampening of demand from the travelling public. We encourage the government to monitor the situation and be mindful of the value tourists deliver in GST spend and other revenues each year – it would be very disappointing if we applied so many taxes and charges that this tourism revenue declined and made New Zealand worse off overall.