

FAQs Border Clearance Levy

1. Who will have to pay the Levy?

All non-exempt travellers (passengers and crew) arriving and departing New Zealand by air or sea will pay the Levy.

The proposed exempted travellers are:

- Those on aircraft or ships being used specifically for the military, diplomatic, or ceremonial purposes of any Government
- Any air passenger or crew member in transit through New Zealand who does not leave the transit/arrival/departure areas of the airport.
- Children under two years of age.

The possibility of other exemptions will be explored as part of the public consultation process.

2. When will I have to pay the Levy?

For passengers on commercial passenger aircraft and cruise ships the Levy will be payable from 1 January 2016, for those who have purchased air or cruise tickets from this date.

For all other travellers the Levy will be payable from 1 January 2016.

3. How do I pay the Levy?

It is proposed that most travellers, the Levy will be reflected in the price of the air or cruise ship ticket. Air and cruise operators will be responsible for passing this on to the Government.

Other travellers (e.g. those arriving by private yachts) are likely to pay the Levy directly on arrival and departure.

4. Why was the Border Clearance Levy introduced?

The Levy is fairer than current arrangements. Taxpayers currently pay for the border clearance costs generated by travellers. The Levy ensures that travellers will meet these costs in the future.

Demand for border clearance activities is steadily increasing due to rising numbers of travellers arriving in and departing New Zealand. More travellers means more risk for New Zealand and the Levy allows border funding to increase as traveller numbers increase.

5. How do I get to comment on the proposed Levy details?

There are a number of ways to comment on the proposals. Details can be found at the following website: <https://www.mpi.govt.nz/news-and-resources/consultations>

Or you can write to us at:

Submission on the Border Clearance Levy

FAQs Border Clearance Levy

Ministry for Primary Industries
PO BOX 2526
Wellington 6140

6. What is the timeline for consultation, decisions and implementation of the Levy?

Consultation will start on 16 June and finish at 5pm on 28 July 2015.

Government will make final decision on the Levy design by October 2015 and the Levy will come into force on 1 January 2016.

7. Will the Levy result in any additional funding for border clearance services?

Revenue from the Levy will increase with volumes of travellers and ensure that MPI and Customs are able to maintain the quality of their services in the face of increased demand.

There is no additional funding for improvements to services. However, Customs and MPI may consider alternative funding arrangements for improvements to levels of service.

Agencies will still have discretion as to whether to provide services outside standard arrangements.

8. Why has the Levy changed from what was announced at Budget?

Indicative GST inclusive rates of \$16.00 (for arrival) and \$6.00 (for departure) were announced on Budget Day, reflecting an average round trip cost of \$22.00.

Further analysis has resulted in Levy rates which more closely reflect costs associated with different transport modes and with the cost of arrivals compared with departures.

The proposed maximum amount payable for a cruise ship traveller on a round trip is **\$26.22**. For remaining travellers (e.g. those on commercial passenger aircraft) the maximum proposed amount payable is **\$21.85**. Both figures are GST inclusive.

9. Why are the costs so much lower on departure?

There is no biosecurity screening on departure and Customs departure clearance costs are less than those for arrivals.

10. Why is the Levy rate higher for cruise ship travellers?

The costs of clearing cruise ships travellers is higher because of the additional biosecurity risk assessments MPI must complete for cruise ships at each port.

11. How did you model the pricing structure for the Levy and can we be sure it is correct?

The rates were calculated by dividing applicable border clearance costs by the numbers of arriving and departing travellers.

FAQs Border Clearance Levy

The resulting rates have been subject to external review. Costs and revenue will be monitored on an ongoing basis to manage any material under or over-recovery.

12. Is anyone exempt from paying the Levy and why are they exempt?

It is proposed that children under two years of age, air transit passengers and passengers and crew travelling on an aircraft or ship being used specifically for the military, diplomatic, or ceremonial purposes of any Government will be exempt. Other possible exemptions (e.g. those travelling for humanitarian purposes) will be explored as part of the public consultation process.

13. How will New Zealand's Levy compare with what is charged overseas?

Our levy is at the lower end of the spectrum and when combined with existing charges, should be about NZ \$20 lower than Australia's A \$55 (NZ \$58) passenger charge and about NZ\$100 lower than the United Kingdom's £71 long-haul passenger charge.

14. Will the Levy change over time?

The Levy will be reviewed at the end of the first complete year of cost recovery (2017/18). The review will look at the level and methods of cost recovery, and any shortfall or over-recovery of costs.

Depending on the outcome of the review, the levy could be adjusted to reflect any material under or over recovery.

15. How are MPI and Customs currently managing growing traveller numbers?

Through a number of improvements at the border:

- SmartGate (this automates Customs processing)
- Sharing facilities and cross-warranting of staff.
- Biosecurity awareness raising campaigns
- Enhanced profiling and targeting of risk passengers
- Additional detector dogs allows more passengers to go to the green lane for biosecurity clearance
- Working with cruise ship operators to pre-clear passengers
- Reducing operating costs through major operational change and continuous improvement projects.

16. How big is the increase in numbers of people crossing the New Zealand border?

Arriving air traveller volumes have grown 19 percent in the last five years (from 4.4 million in 2009 to 5.2 million in 2014) and 49 percent in the last ten years.

FAQs Border Clearance Levy

Arriving cruise ship passengers have risen approximately 80 percent in the last five years (from 136,000 to 247,000).

Total traveller volumes (arriving and departing) are forecast to increase at around 3.5 percent per annum.

17. Does the Levy cover all MPI and Customs current core border passenger and crew clearance activity?

Yes, although this will take time to phase in due to the fact that the Levy will only be payable for air and cruise ship passengers who have purchased tickets from 1 January 2016.