



Cabinet Economic Growth and Infrastructure Committee

EGI Min (15) 11/4

Copy No: 39

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Border Clearance Levy: Release of Consultation Document

Portfolio: Primary Industries / Customs

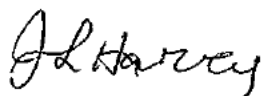
On 27 May 2015, the Cabinet Economic Growth and Infrastructure Committee (EGI):

- 1 **noted** that on 20 April 2015, the Cabinet Business Committee:
 - 1.1 agreed to introduce, from 1 January 2016, a Border Clearance Levy (Levy) on arriving and departing international air and sea passengers and crew to fund the costs of border processing incurred by the Ministry for Primary Industries (MPI) and the New Zealand Customs Service (Customs);
 - 1.2 agreed that the Levy would be directly imposed in primary legislation enacted under urgency on Budget night, with detailed Levy design and implementation issues to be consulted on and set out in delegated legislation;

[CBC Min (15) 1/2]

- 2 **agreed**, subject to consultation, that the Levy:
 - 2.1 cover all passengers and crew arriving and/or departing from New Zealand, subject to the following exemptions:
 - 2.1.1 any passenger travelling on any aircraft or ship being used specifically for the military, diplomatic, or ceremonial purposes of any government;
 - 2.1.2 any air passenger or crew member in transit through New Zealand who does not leave the transit/arrival/departure areas of the airport;
 - 2.1.3 children under 2 years of age;
 - 2.2 be collected, where practical, as part of ticket prices by passenger airline and cruise ship operators, and collected directly from travellers at the point of arrival and departure on other craft (e.g. private yachts or aircraft, commercial non-passenger ships);
 - 2.3 be collected on tickets purchased on or after 1 January 2016;

- 2.4 be set at different rates for arriving and departing passengers to reflect differences in costs between these two groups, with a corresponding rate of between \$2.60 and \$3.10 (GST exclusive) per departing traveller;
- 3 **agreed** to consult on a higher Levy rate for cruise ship travellers, to reflect the higher costs of processing cruise ships, of between \$19.40 and \$20.10 for arriving cruise ship travellers and between \$15.30 and \$16.00 (GST exclusive) for other travellers;
- 4 s 9(2)(g)(i)
- 5 **noted** that the document entitled *Implementing the Border Clearance Levy: Consultation Document* (the consultation document), attached to the paper under EGI (15) 113, sets out the proposed approach to implementing the Levy and seeks feedback on key design parameters;
- 6 **noted** that consultation on the initiative will involve targeted discussions with key stakeholders;
- 7 **agreed** to the release of the consultation document in June 2015, for a period of six weeks;
- 8 **authorised** the Minister for Primary Industries and the Minister of Customs to make any necessary amendments to the consultation document that do not change the substantive proposal before the document is publicly released;
- 9 **invited** the Minister for Primary Industries and the Minister of Customs to report back to EGI in October 2015 on the outcome of the consultation and with proposals for the final design and implementation arrangements for the Levy;
- 10 **noted** that the Levy will be reviewed in 2018.



Janine Harvey
Committee Secretary

Reference: EGI (15) 113

Present:

Rt Hon John Key
Hon Gerry Brownlee
Hon Steven Joyce (Chair)
Hon Paula Bennett
Hon Amy Adams
Hon Dr Nick Smith
Hon Nathan Guy
Hon Nikki Kaye
Hon Michael Woodhouse
Hon Jo Goodhew
Hon Nicky Wagner
Hon Paul Goldsmith

Officials present from:

Office of the Prime Minister
Officials Committee for EGI
Ministry for Primary Industries
New Zealand Customs Service

Distribution: (see over)

Distribution:

Cabinet Economic Growth and Infrastructure Committee
Office of the Prime Minister
Chief Executive, DPMC
Deputy Chief Executive, Policy, DPMC
PAG Subject Advisor, DPMC
Carolyn van Leuven, PAG, DPMC
Chief Executive, MBIE (Tourism)
Secretary to the Treasury
Cath Atkins, Treasury
Chief Executive, MBIE (Economic Development)
Bryan Chapple, MBIE
Secretary for Justice
Secretary for Transport
Director-General, Ministry for Primary Industries
Secretary of Foreign Affairs and Trade
Chief Executive, MBIE (Immigration)
Comptroller of Customs
Chief Executive, TPK