



**Tourism Industry Association New Zealand**

**Proposed 'Goods Cost Recovery' amendment of  
Customs and Excise Act 1996 not included in  
Border Security Bill as introduced**

**Government Administration Select Committee**

**30 January 2004**

## About our industry

The Tourism Industry Association New Zealand (TIANZ) represents the interests of over 3,500 businesses in the tourism industry. Tourism is a \$16 billion per annum industry and generates 15% of New Zealand's exports. The tourism industry employs 1 in 10 New Zealanders in a diverse range of businesses – the majority of which are small and medium sized enterprises. Not only is tourism important because of its size. It is also:

- Highly employment intensive;
- Regionally dispersed;
- Has the flexibility to change its target markets quickly as conditions change;
- Provides a high-level of indirect impact on employment and economic activity in regional parts of the country.

The tourism industry in New Zealand consists of over 10,000 small and medium sized businesses. Of these businesses, most employ less than five people. New Zealand welcomes almost two million overseas visitors to its shores every year. The domestic tourism industry is also important in helping to sustain a vibrant tourism industry. TIANZ estimates that over 75 million visitor nights are spent by New Zealanders every year.

## Overview statement

TIANZ has two key perspectives on this amendment. The first is that border security is a public good and should be publicly funded accordingly. Secondly, we have been assured by the Minister of Finance and officials that this Bill does not admit passenger-based charges but it is clear that it can. We recommend that this ambiguity be addressed.

## Support for Business New Zealand submission

TIANZ is an affiliate of Business New Zealand and supports the contents of the Business New Zealand submission to this Committee on the “goods cost recovery amendment”. To summarise, that submission recommended to the Committee that it should:

- AGREE that border security is a public good that should be funded out of general taxation
- AGREE that all New Zealanders benefit from international trade and therefore border/supply chain security
- AGREE that the border security fee has the characteristics of a tax

- AGREE that the border security fee would be inconsistent with New Zealand's international obligations
- AGREE that the border security fee would damage New Zealand's international competitiveness
- AGREE that the business community is already meeting its security-related costs
- ASK the government to focus on reducing compliance costs and to take a whole-of-government approach to improve the effectiveness and efficiency of border security
- AGREE that the process undertaken to implement the border security fee has been highly unsatisfactory
- REJECT the goods cost recovery amendment
- REPORT the Border Security Bill back to the House without the goods cost recovery amendment.

Further to the above recommendations, TIANZ would like to discuss a particular issue raised by aspects of the 'goods recovery amendment', as we believe it might apply to passengers.

## **TIANZ concerns with the amendment**

TIANZ understands that this amendment has the purpose of enabling the NZ Customs Service to recover costs from those engaged in trade of the granting of a certificate of clearance to outbound aircraft, and ensuring that exported goods are secure before they leave the country. The industry is concerned that these amendment proposals potentially provide central government with a legislative loophole to bring in passenger clearance charges.

While the title of the amendment states that the direct purpose of the proposed amendments is to enable the government to recover costs of checking goods only, certificates of clearance (as defined by section 34 of the Act) contain information on an aircraft's passengers. Therefore, the proposed amendment (in particular section 34A (1)) provides central government with the ability to impose passenger charges to recover the costs incurred by Customs in granting a Certificate of Clearance. This is of special concern because at this stage the central government review of passenger charges has still to commence.

We have been reassured informally by central government officials that the government does not intend to use this section to impose passenger charges through the 'back door'. A letter dated December 12 2003 from the Minister of Finance confirms that central government intends to deal with the funding of passenger security services in a different way to exports and imports security services.

This being the case, if this legislation were ever in the future to impose passenger security charges, the government would have deceived the industry during a consultation phase.

Notwithstanding our earlier comments opposing the amendment in the first place, should the Committee still decide to proceed with the 'goods cost recovery' amendment we ask it to

include a statement within the purpose of the amendment clarifying that this legislation only applies to goods and not to passengers.

We believe this step would be fully consistent with the defined purpose of this amendment, the statement made by the Minister of Finance, and would confirm that central government does intend to review the funding of passenger security services in an open and transparent way. It would also show that central government does not intend to use this amendment to create a 'backdoor' way of introducing charges for passenger security, in advance of deliberating the issues with industry.

*Tourism Industry Association New Zealand (TIANZ)  
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