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Media release

Concern at extra charges on travellers

New proposals which could see a massive hike in charges for all travellers crossing the New Zealand border are extremely troubling and should not go ahead, Tourism Industry Aotearoa says.

The New Zealand Customs Service and the Ministry for Primary Industries are reviewing the border processing levy (BPL), which was introduced in 2016.

The levy is used to fund the customs and biosecurity services provided for all arriving and departing passengers, including New Zealanders.

TIA Chief Executive Chris Roberts says the limitations of the cost recovery model were exposed when COVID-19 hit and New Zealand's borders were closed.

"With a 98% reduction in travellers, the levy income dried up to virtually nothing. The Government has had to provide \$186m to Customs and MPI to reduce the funding deficit incurred up to 30 June 2021," Mr Roberts says.

"The Government has now directed the agencies to consult on options for a return to full recovery of border processing costs. It is quite simply too early to be doing this, with the future of global travel still so uncertain."

Currently, the BPL is \$20.11 (\$17.49 plus GST) each for air passengers and \$21.96 (\$18.31 plus GST) for cruise passengers.

The [consultation document](#) released by Customs and MPI proposes a range of options, from no change, through to an option which would see the levy jump on 1 December this year to a massive \$160.76 (\$139.79 plus GST) per air passenger and \$70.23 (\$61.07 plus GST) for cruise passengers.

Given that the COVID-19 pandemic has wiped out international tourism, it is definitely not the right time to be increasing the costs of travel, Mr Roberts says. There are other cost pressures at the border too.

"Along with Customs and MPI, Airways, Aviation Security, Civil Aviation Authority and international airports are all dealing with a largely fixed cost base and thinking about how to recover these costs across a very low level of international passengers.

"We risk piling cost upon cost and imposing a significant handbrake on reviving our visitor economy," he says.

TIA says the BPL needs to be left as it is for the foreseeable future. Two of the options have the increase in the levy delayed until September 2023. After that, if there is to be a return to a full cost recovery model, it needs to be carefully staged to match the expected gradual recovery of international travel over the next five years.

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KEY FACTS

Prior to the COVID-19 pandemic:

- Tourism in New Zealand was a \$114.8 million per day industry. Tourism delivered more than \$48 million in foreign exchange to the New Zealand economy each day of the year. Domestic tourism contributed another \$66.7 million in economic activity every day.
- Tourism was New Zealand's biggest export earner, contributing \$17.5 billion or 20.1% of New Zealand's foreign exchange earnings (year ended March 2020).
- 13.6% of the total number of people employed in New Zealand worked directly or indirectly in tourism. That means 384,186 people were working in the visitor economy.
- The [Tourism 2025 & Beyond](#) sustainable growth framework/Kaupapa Whakapakari Tāpoi has a vision of growing a sustainable tourism industry that benefits New Zealanders.

Visit www.tia.org.nz for more information

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