

The Treasury

Budget 2015 Information Release

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Key to sections of the Official Information Act 1982 under which information has been withheld.

Certain information in this document has been withheld under one or more of the following sections of the Official Information Act, as applicable:

- [1] 6(a) - to prevent prejudice to the security or defence of New Zealand or the international relations of the government
- [2] 6(c) - to prevent prejudice to the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial
- [3] 6(e)(iv) - to damage seriously the economy of New Zealand by disclosing prematurely decisions to change or continue government economic or financial policies relating to the entering into of overseas trade agreements.
- [4] 9(2)(a) - to protect the privacy of natural persons, including deceased people
- [5] 9(2)(b)(ii) - to protect the commercial position of the person who supplied the information or who is the subject of the information
- [6] 9(2)(ba)(i) - to prevent prejudice to the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied.
- [6a] 9(2)(ba)(ii) - to protect information, where the making available of the information would be likely otherwise to damage the public interest
- [7] 9(2)(d) - to avoid prejudice to the substantial economic interests of New Zealand
- [8] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [8a] 9(2)(f)(ii) - to maintain the current constitutional conventions protecting the collective and individual ministerial responsibility
- [9] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [10] 9(2)(h) - to maintain legal professional privilege
- [11] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice
- [12] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
- [13] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage
- [14] Not in scope

Where information has been withheld, a numbered reference to the applicable section of the Official Information Act has been made, as listed above. For example, a [4] appearing where information has been withheld in a release document refers to section 9(2)(a).

In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.

Date: 13 March 2015

Cost Recovery for Passenger Biosecurity Clearance at the Border.

This note provides further information on savings options from cost recovery of the Ministry for Primary Industries' (MPI) biosecurity clearance of passengers at the border.

Savings Opportunity

MPI screens incoming passengers for biosecurity risk material at the border. These services are currently fully funded by Revenue Crown. If the direct costs of these services are recovered from passengers, the Crown would save:

Year	Amount to cost recover (savings to the Crown)
15/16	A portion of \$40.8m
16/17	\$41.6m
17/18	\$42.5m

The Biosecurity Act allows for cost recovery, but requires public consultation to be undertaken. Therefore savings would not be able to be confirmed or recorded on the Crown's books until consultation is completed and Cabinet policy approval is attained. MPI consider that they could complete consultation and report back to Cabinet for policy approval in late July, for a levy to commence on 1 November 2015.

The level of savings is likely to increase over time as a growing number of passengers and proportion of high risk passengers will require more resources to be processed at MPI's current service level and risk tolerance.

Rationale

The current approach to the funding of air passenger clearance services uses a "beneficiary pays" principle on the basis that border services deliver primarily public benefits.

The key arguments for cost recovery for passengers are that passengers are risk exacerbators who impose biosecurity risks to New Zealand, and it would be equitable to recover costs for passengers to align with treatment of other biosecurity risks such as incoming cargo.

Cost recovery would take the form of a levy under the Biosecurity Act on carriers of around \$7.40 per incoming passenger. There would be opportunities to differentiate charges to provide incentives to reduce biosecurity risk. It is expected that carriers would pass on the cost of the levy to consumers. This is not expected to have an impact on the number of travellers visiting New Zealand, as the levy would be a very small component of overall travel costs.

Process

To achieve savings as early as possible in 15/16, Cabinet approval to consult would be sought in mid May. Cabinet consideration for policy approval would then need to occur in late July after consultation has taken place. It is likely that there would be significant stakeholder interest. Treasury considers that consultation could be undertaken swiftly as the costs of the proposal are small and disbursed and will not create significant uncertainty for businesses or investments. A levy order could then be in place on 1 November.

Further savings could be achieved by looking at cost recovery for other border services relating to customs and immigration, however those proposals would require changes to legislation.