

In Confidence

Office of the Minister of Immigration

Chair, Cabinet Economic Development Committee

PROPOSAL TO INTRODUCE AN ELECTRONIC TRAVEL AUTHORITY

Proposal

1. Following public consultation, I seek Cabinet agreement to the introduction, scope and associated funding of an Electronic Travel Authority (ETA), which will be mandatory for certain groups of people who may currently travel to New Zealand without applying first for a visa.
2. In order to ensure alignment of government policy, the Economic Development Committee (DEV) is considering this proposal alongside the proposal to introduce the International Visitor Conservation and Tourism Levy (IVL).

Summary

3. In May 2018, Cabinet considered a paper which made the case that immigration border settings need to change, to ensure faster and better facilitation for an increasing number of travellers, and more secure borders. Cabinet noted that visa-waiver air visitors receive only light-touch screening by Immigration New Zealand (INZ) at check-in, while cruise passengers and crew are not screened at all, and noted that the border system needs better advance information about more travellers.
4. The paper set out an outline of an ETA, which would enable the Government to require specified classes of non-New Zealand citizens who intend to travel to or transit New Zealand to pre-register in order to be approved to travel. Cabinet agreed that the ETA proposal be publicly consulted and invited me to report back to DEV to seek decisions on the final shape of the ETA [CBC-18-MIN-0057].
5. Consultation was broadly in favour of the proposal, which also aligns with international policy and operational developments. Some submitters raised concerns about potential negative impacts if the ETA or cumulative border costs (including the IVL) were perceived to be a barrier to travel. DEV has separately invited border sector Ministers to report back on cumulative charges in the border sector [DEV-18-MIN-0151] and will consider an update paper before the end of October 2018.
6. I therefore recommend that the ETA proceed, with some small design changes from the original proposal. These include:
 - a five year ETA duration for crew;
 - subject to privacy and legal considerations, ETA holder information could be shared with certain firms (such as airlines) as well as other border agencies (such as the New Zealand Customs Service (Customs) and the Ministry of Primary Industries (MPI)); and
 - the potential for holders to opt in to receiving targeted information, such as tourism information.

7. The classes of traveller who will be required to hold an ETA will therefore be certain groups of people who are currently waived the requirement to hold a visa to travel to or to transit New Zealand. New Zealand and Australian citizens and holders of New Zealand visas will not be required to hold an ETA, and certain other groups (such as people travelling under the Antarctic Treaty) will also be exempted. From the second half of 2019 ETAs will be required for commercial air passengers, including transit passengers, and crew. The ETA requirement will be rolled out in 2020 to cruise passengers and crew.
8. Other points to note in the proposal are:
 - Regulations and Immigration Instructions will specify the short- and longer-term purposes of the ETA, and clarify that it is not a visa
 - certain classes of traveller who are not currently in scope (to keep the project's implementation manageable) are likely to be considered for the ETA in the future
 - consequential work will be carried out to change transit visa waiver policy.
9. Major policy decisions are sought now to enable the ETA to be implemented in the second half of 2019. The cost to build the ETA is s 9(2)(i) [REDACTED] This is higher than the \$16.5 million (plus or minus ten percent) indicated to Cabinet in May, and reflects a better understanding of the scope of the IT changes required, plus a larger allowance to market the ETA to visa waiver travellers. s [REDACTED] 9(2) (f) (iv) [REDACTED]
10. Operating costs of approximately \$13 million per annum will be recovered via a fee from users of the system. Ongoing costs include the up-front and ongoing education and engagement necessary to ensure 1.5 million international travellers a year are aware of the obligation to obtain an ETA (and, if applicable, an IVL). The application fee is estimated to be between \$9 and \$12.50 per traveller and its level will be finalised by March 2019 (any IVL costs will be additional, but will be included in the same transaction, meaning travellers will make one payment for both).
11. This investment will enable the ETA to be implemented, and the IVL collected, in the second half of 2019. As I noted in my previous submission, I consider that the case for the ETA and an out-of-cycle bid is justified whether Cabinet decides to implement the IVL or not. Delaying the ETA project until Budget 2019 would mean that work on the ETA would not commence until 2019/20, and neither the ETA nor the IVL could be delivered until 2021 (resulting in foregone IVL revenue of approximately \$80 million). Progressive enhancements will be integrated into the ETA system until this project concludes in December 2020. These include the roll-out to cruise passengers and crew, alongside the implementation of marine Advance Passenger Processing¹.
12. I will report back in March 2019 on the final minor policy decisions and the detail of the regulatory changes required for the initial roll out, including the final fee and proposed changes to transit visa rules. Following the delivery of the ETA, a further phase of work will explore future possibilities for better assurance and easier travel.

¹ Advance Passenger Processing (APP) currently screens all air passengers at check in against Immigration New Zealand business rules (such as whether the passport nationality is visa-required) and client and travel document alerts (such as whether the passenger has been deported or the passport has been reported as lost or stolen). Airlines receive an automated message advising whether the passenger can board or cannot board. Marine APP will replicate that functionality for the marine border.

Background

13. On 28 May 2018, the Cabinet Business Committee (CBC) considered my paper *Proposal to develop an Electronic Travel Authority* [CBC-18-SUB-0057]. The paper pointed out that to meet our own, our international partners', and other stakeholders' expectations, immigration border settings need to change in order to ensure:
 - 13.1. *Faster and better facilitation for an increasing number of travellers*: to meet travellers' and carriers' expectations of both a better travel experience (including not being turned around at check-in or at the border) and an expectation of an ability to interact with authorities digitally and receive personalised and modern services
 - 13.2. *More secure borders*: to provide assurance to New Zealand about the purposes and characteristics of intending foreign travellers and to close gaps in New Zealand border settings relating to the marine (cruise) pathway.
14. The paper assessed a range of potential interventions (including status quo, increasing the scope of visa requirements and requiring carriers to provide more advance information) and concluded that the ETA proposal best addressed them. CBC formally:
 1. noted that large numbers of travellers to New Zealand receive minimal screening before travel, including:
 - 1.1. the nationals of 60 countries, who are waived the requirement to apply for a visa before travel;
 - 1.2. the nationals of another 24 visitor visa-required countries, who are not required to apply for a transit visa if their travel plans include transiting New Zealand;
 - 1.3. all passengers and crew of maritime vessels spending 28 days or less in New Zealand waters;
 2. noted that increasing numbers of travellers and changes in the global travel environment are placing pressure on New Zealand's ability to:
 - 2.1. manage security risks, immigration risks and other border risks (smuggling and biosecurity incursions)
 - 2.2. facilitate traveller movements smoothly;
 3. agreed to public consultation on the proposal to introduce an Electronic Travel Authority, which would enable the government to require specified classes of non-New Zealand citizens who intend to travel to or transit New Zealand to pre-register in order to be approved to travel.

[CBC-18-MIN-0057]
15. I was invited to report back following that consultation on the final shape of the ETA. This paper is that report.

Consultation involved a call for public submissions and targeted meetings with industry

16. Public consultation on the proposed ETA, alongside consultation on the proposed immigration fee and levy changes, and the IVL, opened on 15 June 2018 and closed on 22 July 2018. A total of 19 submissions were received on the proposed ETA. The majority were from industry stakeholders, with a total of seven submissions from airline and cruise representatives and three from the tourism industry.
17. The Ministry of Business, Innovation and Employment (MBIE) also received two submissions from the English language sector, one from local government and one from the Australia New Zealand Leadership Forum. Four submissions were from private individuals, while a few further comments were received via submissions on the IVL.

18. The Ministry of Foreign Affairs and Trade also passed on feedback from some partner countries. MBIE officials met with representatives from the airline, cruise and tourism industries, Business New Zealand, and Federated Farmers. A summary of submissions and consultation outcomes is provided in Annex One.

Submitters were broadly supportive of the ETA proposal and some saw future opportunities

19. Most of the submissions (14 of the 19) supported the ETA proposal. Nothing was raised that would prevent the implementation of the ETA.
20. Submitters did suggest whether the ETA could reduce or streamline requirements for travellers, particularly the arrival card. Cabinet has recently agreed to remove the paper-based departure card by November 2018 [DEV-18-MIN-0168] and in that submission I noted that officials are exploring whether the arrival card can be digitised. The ETA could provide a platform for a mechanism to make arrival declarations and immigration applications, with already-known information (such as name, passport number, country of birth) already filled in.
21. Some submitters also commented on opportunities for closer alignment with Australia, with one submitter suggesting the ETA could be the basis of a future trans-Tasman visa (third country nationals apply to one country and get visitor entry to both). This would align with the Border of the Future vision which is being developed by the Migration 5 / Border 5 (M5 / B5).² That vision, which has informed the development of the ETA design, also emphasises the ability for passengers to be able to easily share their information between countries to facilitate legitimate travel.
22. Border officials will work with Australia (in the first instance) to develop the ETA so that requirements, and our ability to manage risk, are as aligned as possible. This will likely throw up benefits for cruise ship management and in setting and enforcing joint standards for data provision.

Concerns were raised about potential negative impacts on travellers or on carriers

23. Some submitters and stakeholders noted that a clumsy, poorly implemented, or expensive initiative would have negative impacts, in particular for New Zealand's reputation as a welcoming destination. There was some concern about the cumulative impacts of the proposals which were under consultation, and other border charges.
24. Ministers have also raised concerns about costs, most recently at the discussion on the Aviation Security Service's cost recovery review, where Cabinet invited Border Sector Ministers to report back on the total cost to travellers and traders of all upcoming changes in border-related fees and charges [DEV-18-MIN-0151]. (DEV will consider an update paper before the end of October 2018.) An updated set of personas and border charging implications is attached at Annex Two.
25. The ETA itself does not involve high costs for travellers (estimated at between \$9 and \$12.50), but it is a mechanism for collecting the IVL (recommended \$35), and it will mean systems development and process costs for carriers. As part of the management of these impacts, officials will employ co-design for both the IT systems and implementation planning, and will aim to develop a solution that can provide future benefits to travellers and to carriers.

² The other four countries are Australia, the United Kingdom, the United States and Canada. The Migration 5 is the five countries' Immigration authorities, while the Border 5 represent the Customs agencies. The two organisations are increasingly collaborating.

26. Carriers were also keen that crew be excluded, on the basis that global or regional crew pools would mean maintaining ETA status for large groups of people who might need to travel to New Zealand irregularly and at late notice. I do not consider that excluding crew is appropriate, as our aim is to know about, and be able to intervene in, the movements of non-New Zealand citizens.
27. However, I do understand the issues this would cause for carriers and am therefore proposing mitigations: a longer ETA duration for crew (five years rather than two); and the potential for bulk upload of crew details and applications. I also note that the Minister of Tourism is proposing to exempt crew from the IVL. For reference, lists of visa waiver and transit visa waiver nationalities are attached at Annex Three.

I propose that Cabinet agree to the introduction and scope of the ETA

28. No issues were raised during consultation that would represent a reason to dismiss the ETA proposal. Given this, and the improvements to border settings the ETA will enable, I recommend that Cabinet agree to introduce the ETA, with the following purpose and parameters:

I propose a purpose statement and a definition of the ETA

29. I propose that the ETA has the following purpose statement to reflect the Government's overall border sector strategy and the M5 / B5 priorities:

The ETA is a platform for the border of the future, which will take advantage of technology advances to set policy aimed at better managing the New Zealand border to:

- *improve New Zealand's and our international partners' ability to detect and address risks associated with non-bona fide travel;*
- *better manage and facilitate bona fide travel and travellers;*

The immediate purpose of the ETA is to be an enhanced screening device to enable certain excluded foreign nationals to know, in advance, that they are ineligible to be granted a visa at the border and instead need to apply for a visa offshore.

30. I also propose a formal definition for Immigration Instructions to make it clear that, under current legislative settings, the ETA is not a visa. This responds to comment that the term "Authority" could inadvertently give visa waiver visitors the impression that the ETA guaranteed entry to New Zealand, when this is not the case.³ The proposed definition is:

An ETA is an authority to travel visa free, but is not a visa entitling a person to enter and stay in New Zealand.

I propose a set of parameters for the ETA

31. I propose the same overarching parameters of the ETA as I described them in the previous submission: the ETA will be an electronic account which is legally a condition on a visa waiver, and which is required by most travellers who are currently waived the requirement to hold a visa to travel to New Zealand, or who are deemed to hold a visa when in New Zealand.
32. Some of the details of the ETA have been amended as a result of the consultation processes and the design work which officials have undertaken. Those aspects are

³ For example, if adverse information is received about a person during their travel to New Zealand, they may still be denied entry.

highlighted in the bold text and their specifics discussed from paragraph 33 below. I recommend that the formal scope of the ETA is:

The classes of people required and not required to hold an ETA before travel

- 32.1. the classes of people required to hold an ETA before travel to or transit through New Zealand are:
 - 32.1.1. people who are waived the requirement to hold a visa before travelling to New Zealand as visitors, unless separately excluded;
 - 32.1.2. Australian permanent residents with the right to return to Australia;
 - 32.1.3. cruise passengers, cruise crew and commercial aircrew;
 - 32.1.4. people who are otherwise waived the requirement to hold a visa before transiting New Zealand;
- 32.2. the classes of traveller not required to hold an ETA before travel to New Zealand are:
 - 32.2.1. New Zealand citizens travelling on New Zealand passports, or foreign passports with appropriate endorsements;
 - 32.2.2. Australian citizens travelling on Australian passports;
 - 32.2.3. people who hold a valid New Zealand visa permitting travel to New Zealand;
 - 32.2.4. certain people currently deemed to hold a visa to travel to New Zealand under Schedule 3 of the Immigration (Visa, Entry Permission, and Related Matters) Regulations 2010), namely:
 - 32.2.4.1. crew and passengers on a ship travelling to New Zealand, which is not a cruise vessel;
 - 32.2.4.2. crew on a foreign ship authorised to carry coastal cargo;
 - 32.2.4.3. crew of private aircraft;
 - 32.2.4.4. members of a visiting force and associated crew members;
 - 32.2.4.5. people travelling under the auspices of the Antarctic Treaty;
 - 32.2.4.6. guests of government;
- 32.3. members of the classes of traveller not required to hold an ETA before travel to New Zealand could however voluntarily choose to do so (**except for New Zealand citizens travelling on New Zealand passports**);
- 32.4. **certain of the classes of travellers under 32.2.4 will be required to hold an ETA at some point in the future, with particular priority on non-cruise marine crew and passengers (32.2.4.1 and 32.2.4.2) and private aircraft crew (32.2.4.3);**

The duration of an ETA

- 32.5. The duration of an ETA from the date of granting will be two years, **except in the case of air and marine crew travelling in the course of their employment, who will be able to apply for and be granted ETAs of five years' validity;**

The information to be collected by the ETA

32.6. the information to be collected about the intending traveller or their travel:

(Required)

- 32.6.1. biographic details;
- 32.6.2. travel document details;
- 32.6.3. contact details;
- 32.6.4. information which enables the traveller's statutory eligibility to travel visa waiver to be confirmed (including a declaration about their criminal conviction history);
- 32.6.5. information about the intention of their travel to New Zealand, including relevant declarations about whether they are travelling in order to seek medical treatment;
- 32.6.6. **information about the person making the application on behalf of the traveller, if that is a third party;**

(Optional)

- 32.6.7. information about the intended date of travel, including booking references;
- 32.6.8. biometric information (the passport photograph);

The use of the information to be collected by the ETA

32.7. the information to be collected by the ETA will be:

- 32.7.1. used to determine the applicant's eligibility to travel to New Zealand;
- 32.7.2. checked against information held by or accessible to Immigration New Zealand (such as the international Lost and Stolen Passports list);
- 32.7.3. subject to legal and privacy impact considerations, able to be shared with authorised agencies **and firms**, such as border **agencies and carriers**, for improved **targeting**, risk assessment, **maintenance of the law** and facilitation purposes, **including to provide information;**

Information that could be provided to holders of an ETA

32.8. the information that could be provided to applicants:

- 32.8.1. should include targeted information on or links to New Zealand's:
 - 32.8.1.1. immigration requirements;
 - 32.8.1.2. biosecurity requirements;
 - 32.8.1.3. customs requirements;
- 32.8.2. could include targeted information on, or links to information on:
 - 32.8.2.1. **safely driving in New Zealand;**
 - 32.8.2.2. **events likely to impact on travellers (such as major earthquakes, pandemic information);**
 - 32.8.2.3. **(opt in) targeted tourism information;**

The changes result from both submissions and the development of the design

Some submitters considered it was appropriate to include more travellers in the ETA scope

33. Some submitters questioned why the crew and passengers of cargo vessels had been excluded from the ETA scope. Certain classes of traveller (including also crew of private marine vessels and aircraft) have not been included in the current project in order to focus implementation on the presenting numbers and risks. The numbers of people under these classes are relatively small. I envisage that some of those classes will be brought into the regime, either through a dedicated policy project, involving targeted consultation, or through the further review discussed in paragraph 47. At this point I consider that the priority classes for addition into the regime would be those in paragraphs 32.2.4.1 to 32.2.4.3 above, namely:

- (a) *crew and passengers on a ship travelling to New Zealand, which is not a cruise vessel;*
- (b) *crew on a foreign ship authorised to carry coastal cargo;*
- (c) *crew of private aircraft.*

I propose an addition to the information to be collected from applicants

34. To ensure that applying for an ETA is as simple as possible, the design envisages an “apply on behalf” functionality. This will assist people who are not easily able to interact with INZ online. However, as such functionality introduces risks (such as fraud), the scope now requires that such agents or family members provide information about themselves (see 32.6.6 above). The final details of obligatory information will be specified in Regulations.

The description of how information provided by applicants could be used has been elaborated

35. Submitters agreed that the information should be used to screen intending passengers to identify whether they are eligible to travel to New Zealand. No submitter indicated that it should not be shared with other border agencies (such as Customs or MPI) although everyone agreed that any sharing must meet legislative and privacy requirements. As discussed below, such sharing could also enable the provision of targeted information back to travellers from government agencies or firms.
36. Some submitters were keen that the ETA be a platform for future border facilitation opportunities. This could also mean sharing information with carriers and ports.⁴ The ETA’s design will enable it to be integrated into carrier applications,⁵ if carriers decide to make the necessary investments. Any such developments will need to meet security and privacy requirements.
37. In line with standard practice, an initial Privacy Impact Assessment (PIA) is currently being developed by MBIE, alongside the regulatory process. It will focus on what personal information will be collected and for what purpose. It will then be developed further to support the detailed solution design, and will spell out how personal information is collected, used, stored, and accessed. Further developments, to support implementation, will include:

37.1. identifying the privacy impacts of the end-to-end ETA process

⁴ For example, it may be possible in the future for carriers to confirm ahead of check in (such as against MBIE and Department of Internal Affairs’ databases) that intending travellers are permitted to travel to New Zealand. A negative return could enable carriers to provide targeted communications to travellers (or their agents) to advise them that they may not be able to travel and to give them information about how to address this.

⁵ Such as Airlines’ frequent flyer applications.

37.2. ensuring appropriate actions are included in the implementation planning to address any impacts, and

37.3. ensuring any outstanding privacy risk issues are understood.

38. The PIA will then be reviewed in relation to releases.

The ETA provides a channel to communicate with clients

39. As the ETA will have electronic contact details, it offers a channel through which information could be sent to intending travellers. Immigration, biosecurity and customs requirements are all information priorities. I consider it would also be appropriate for ETA applicants to be able to opt into receiving certain information, such as tourism information, but note that there may be times (for example, following a natural disaster or during a pandemic) when the government would want to use the channel for all or a targeted subset of holders. Officials will develop this aspect of the ETA as the project progresses, in consultation with interested stakeholders.

The ETA's initial development and implementation will be phased

40. Decisions are sought now to enable the ETA to be implemented in the second half of 2019. The development of the ETA will be overseen by the Border Sector Governance Group⁶, to ensure alignment with the overarching border sector strategy.

41. A staged implementation is planned. The initial roll out is focused on enabling collection of the IVL from air passengers, and will have biographic capture only. This means that applications will run against alerts and watch lists but will not use the full functionality of the INZ databases.

42. A global communications campaign is planned to commence from 1 July 2019, and that travellers will be able to apply for and be granted a two-year ETA from that point (a "soft launch"). The holding of an ETA before travel is planned to be made mandatory for specified air travellers from 1 October 2019. The communications campaign will include information about the IVL as well.

43. Enhancements will be made to the ETA system through to December 2020, at which point this project will conclude. These will include the roll-out to cruise passengers and crew, alongside the implementation of marine Advance Passenger Processing.

The timing of the ETA launch has implications for IVL collection

44. As the Minister of Tourism notes in his accompanying submission *International Visitor Conservation and Tourism Levy*, it is likely that the IVL Bill will still be going through Select Committee on 1 July 2019 and is likely to receive assent in August 2019. As the IVL can only be charged once the enabling legislation and regulations are in place, travellers who apply for an ETA before the IVL is in place will only be charged the relevant ETA fee.

45. Some people travelling during the first two years that the ETA is required may therefore hold their ETA without having paid the IVL, and it is possible that some travellers may make the effort to apply for their ETA in advance of the implementation of the IVL. As the Minister of Tourism notes, the incentive to apply in advance of IVL implementation will also exist for visa-required travellers.

46. The net effect may include higher uptake of ETAs in the first two months (July and August), which could have benefits for ETA compliance, and a possible reduction in

⁶ The Border Sector Governance Group comprises the Chief Executives of MBIE, Customs and the Ministries of Primary Industries and Transport. It oversees New Zealand's border strategy and operations to ensure coordinated border management.

revenue in the first year of the IVL. Delaying introduction of the ETA to align with the IVL would mean the current border security risks would remain in place for longer.

I plan more policy work in outyears

47. Following the delivery of the ETA and the completion of this project, the next phase will involve a policy exploration of future possibilities for better assurance and easier travel, based on the overall border sector strategy and the development of the M5 / B5's Border of the Future vision. That would include whether the ETA's wider application could provide further immigration and border benefits.
48. Specific aspects could involve considering how we could build on the technology investment to date, and whether we could or should rework our legal or visa frameworks. This could include considering whether it would be worthwhile to change the status of the ETA from a condition on a visa waiver to a light touch visa.

I will bring detailed decisions with regulatory implications back to Cabinet in 2019

49. The ETA will require regulatory change. These include setting an implementation date and a final fee, and prescribing the requirements for applications. It will also be necessary to determine replacements for the current "deemed visa" provisions. I will report back on the detail of these changes in March 2019, and will seek agreement to the Regulations changes in April 2019. Further regulatory changes will be required as work on the cruise pathway is developed (where ETAs will not be mandatory until 2020).

Policy work needs to be undertaken to determine the replacements for current deemed visas

50. Under current visa settings, crew and passengers on a ship carrying passengers and / or cargo, between any foreign port and New Zealand are "deemed" to hold a temporary visa from when that ship leaves the port heading for New Zealand. Regulations are silent on the conditions of those visas. ETA requirements will mean that crew will need to be granted entry permission and a visa enabling work as soon as they enter New Zealand's Exclusive Economic Zone, while passengers will need to have entry permission and a visa by the time they have disembarked the ship.
51. It will not be practical to replicate the airport border, where arrival cards and border officers or eGates enable visa waiver passengers to apply for visas and entry permission. Given that part of the reason for removing the current deemed visa regime is the need to be able to turn non-bona fide marine arrivals around more easily than at present, work will also need to be undertaken to identify how such people can be refused entry to New Zealand.

There will need to be a change to trans-Tasman transit visa requirements

52. During consultation it was identified that, if no changes are made, transit visa-waived travellers who are transiting New Zealand for Australia and returning by the same route will be required to hold an ETA to travel to Australia and a visa to return from Australia. This is not desirable. I therefore propose that Cabinet direct officials to examine the transit visa settings with regard to travel to and from Australia, with a view to either waiving visa requirements for travel in both directions (thus requiring an ETA for both directions) or requiring transit visa-required nationals to hold a visa for both directions.

Future potential regulatory changes may include adding additional classes of traveller or amending carrier information obligations

53. If, as discussed at paragraph 33, additional classes of traveller are in the future required to hold an ETA before travel to New Zealand, there will be consequential regulatory implications. It is also possible that amendments to the *Immigration (Carriers' Information Obligations) Regulations 2010* may be required if the advance passenger

information to be provided by cruise lines differs from the information currently required to be provided by airlines. As cruise passengers and crew are not part of the initial roll out in the second half of 2019, these decisions are likely to be sought during 2020.

Consultation

54. The following government agencies have been consulted during the development of this proposal and their views are reflected: the New Zealand Customs Service; the Ministries of Foreign Affairs and Trade, Pacific Peoples, Primary Industries and Transport; the Department of Internal Affairs; the New Zealand Defence Force; the Treasury; and the Department of Prime Minister and Cabinet. This paper has also been developed with support from Tourism Policy inside MBIE.

Financial implications

55. The cost of the proposed investment is **s 9(2)(j)**, to build the ETA. This is higher than the \$16.5 million (plus or minus ten percent) indicated to Cabinet in May. The increase in IT costs follows extensive engagement with vendors **s 9(2)(j)**, from where the scale of the system changes required to integrate the ETA into INZ's legacy system; to manage both the increase in volumes and required response times, have become apparent. In addition, MBIE has reviewed the marketing costs, which have increased to better reach the 1.5m visa waiver travellers who visit New Zealand per annum.
56. **s 9(2)(f)(iv)**
57. Operating costs of approximately \$13 million per annum will be recovered via a fee from users of the system. Costs recovered will include up front and ongoing education and engagement necessary to ensure 1.5 million international travellers a year are aware of the obligation to obtain an ETA.
58. Ongoing operating costs will also include the staff required:
- 58.1. for identity resolution, and
 - 58.2. to intervene or support carriers or intending travellers, either where an ETA has not been sought in a timely manner before travel, or where an intending traveller has not met the requirements for an ETA.
59. The application fee is estimated to be between \$9 and \$12.50 and its level will be finalised by March 2019.
60. A new memorandum account will be established to track the expenditure and revenue associated with the ETA. As implementation will occur in advance of collecting ETA fees, the memorandum account is forecast to be at a negative balance of **s 9(2)(j)** at 1 July 2019. In the interim, the necessary operating spending against the memorandum account will be temporarily met from cash on MBIE's balance sheet (including the net balances of other memorandum accounts).
61. A business case has been completed and is attached to this paper. It notes that implementing an ETA will provide a much greater level of offshore risk management, which will reduce the number of people who are stopped at airline check in or at the border. The ETA also enables collection of the IVL through a single transaction, minimising collection costs and creating a smoother transaction process for travellers than if separate payment was required. Implementing the ETA and IVL together avoids potential systems costs totalling \$1 million.

62. The primary benefits of the ETA come from improvements in security at New Zealand's borders. Around 1.5 million travellers per year will be subject to improved checking, using biographical and biometric information.

I am seeking this funding through an out-of-cycle bid in order that the ETA can be delivered in the second half of 2019

63. As noted by Cabinet in May [CBC-18-MIN-0057], I propose that Cabinet agree that the funding for capital expenditure be provided through an out-of-cycle bid, as a pre-commitment against the Budget 2019 capital allowance. I consider that the case for an ETA and an out-of-cycle bid is justified whether Cabinet decides to implement the IVL or not.
64. Delaying the ETA project until Budget 2019 would mean that work on the ETA would not commence until 2019/20, and the ETA could not be delivered until 2021, resulting in foregone IVL revenue of up to \$80 million. If an ETA is the agreed mechanism for collecting the IVL, and the IVL is intended to come into effect in early 2019/20, this out-of-cycle funding would enable that.

Treasury comment

65. The Treasury does not consider that there is a compelling case for urgency to justify an out-of-cycle budget bid as a pre-commitment against the Budget 2019 capital allowance. We recommend that Ministers do not agree to fund the initiative at this time, and that it be deferred for consideration as part of the regular budget process. This will allow Cabinet to consider the case for investment alongside other Government priorities. If

s 9(2)(f)(iv)

Legislative implications

66. While legislative change is not required to implement the ETA proposal, it will require regulatory change. As noted in paragraphs 49 to 53, amendments to the *Immigration (Visa, Entry Permission, and Related Matters) Regulations 2010* will be required to:
- 66.1. establish that certain classes of people who are waived the requirement to hold a visa before travel to or via New Zealand must hold an ETA
 - 66.2. prescribe the requirements for seeking an ETA
 - 66.3. amend the classes of people deemed to hold a visa and granted entry permission, and the circumstances when specified classes of people are deemed to hold a visa
 - 66.4. establish the final fee for classes of people seeking an ETA
 - 66.5. establish the implementation date of the ETA
 - 66.6. make any changes to transit visa requirements.
67. I anticipate bringing a paper to Cabinet seeking agreement to the necessary policy decisions before the end of March 2019, and to seek agreement to the changes to Regulations before the end of April 2019. There will be future amendments to these Regulations as the classes of people required to hold an ETA are extended in the future.
68. Amendments to the *Immigration (Carriers' Information Obligations) Regulations 2010* may be required if the advance passenger information to be provided by cruise lines differs from the information currently required to be provided by airlines. If required, it is likely that I will seek policy decisions in 2020.

Impact analysis

69. MBIE's Regulatory Impact Analysis Review Panel has reviewed the attached Impact Summary prepared by MBIE (see Annex Four). The Panel considers that the information and analysis summarised in the Impact Summary meets the criteria necessary for Ministers to fairly compare the available policy options and take informed decisions on the proposals in this paper.

Human rights

70. The proposals in this paper are consistent with the *New Zealand Bill of Rights Act 1990* and the *Human Rights Act 1993*, and with New Zealand's international commitments to enabling movement of people. The *Immigration Act 2009* recognises that immigration matters inherently involve different treatment on the basis of personal characteristics, but immigration policy development seeks to ensure that any changes are necessary and proportionate.

Publicity

71. I will announce Cabinet's decisions on the ETA in coordination with the Minister for Tourism's announcements regarding the Cabinet's IVL decisions. Planning for the implementation of the ETA includes funding for a global education and engagement programme to ensure that as many intending travellers as possible are aware of the requirement to hold an ETA in a timely fashion and that carriers and ports are well prepared.

Proactive release

72. This paper, alongside the summary of submissions, the submissions received, the Impact Summary, and the final business case, will be proactively released following Cabinet decisions on the ETA, subject to any appropriate redactions.

Recommendations

73. The Minister of Immigration recommends that the Committee:
1. **note** that the Cabinet Business Committee agreed in May [CBC-18-MIN-0057] that officials consult on the proposal to introduce an Electronic Travel Authority (ETA);
 2. **note** that consultation feedback outlined:
 - 2.1. the majority of submitters (14 of 19) were in favour of the proposal to introduce the ETA;
 - 2.2. concerns were expressed about potential negative impacts if the ETA or cumulative costs were perceived to be a barrier to travel;
 3. **note** that:
 - 3.1. the ETA is a platform for the border of the future, which will take advantage of technology advances to set policy aimed at better managing the New Zealand border to:
 - 3.1.1. improve New Zealand's and our international partners' ability to detect and address risks associated with non-bona fide travel;
 - 3.1.2. better manage and facilitate bona fide travel and travellers;
 - 3.2. the immediate purpose of the ETA is to be an enhanced screening device to enable certain excluded foreign nationals to know, in advance, that they are ineligible to be granted a visa at the border and instead need to apply for a visa offshore;

4. **note** that, under current legislative settings, an ETA is an authority to travel visa free, but is not a visa entitling a person to enter and stay in New Zealand;

Parameters of the ETA

5. **agree** to the introduction of the ETA, which will be:

- 5.1. an electronic account; and
- 5.2. a condition on a visa waiver

6. **agree** that the ETA will have the following parameters:

The classes of people required and not required to hold an ETA before travel

- 6.1. the classes of people required to hold an ETA before travel to or transit through New Zealand are:
 - 6.1.1. people who are waived the requirement to hold a visa before travelling to New Zealand as visitors, unless separately excluded;
 - 6.1.2. Australian permanent residents with the right to return to Australia;
 - 6.1.3. cruise passengers, cruise crew and commercial aircrew;
 - 6.1.4. people who are otherwise waived the requirement to hold a visa before transiting New Zealand;
- 6.2. the classes of traveller not required to hold an ETA before travel to New Zealand are:
 - 6.2.1. New Zealand citizens travelling on New Zealand passports, or foreign passports with appropriate endorsements;
 - 6.2.2. Australian citizens travelling on Australian passports;
 - 6.2.3. people who hold a valid New Zealand visa permitting travel to New Zealand;
 - 6.2.4. certain people currently deemed to hold a visa to travel to New Zealand under Schedule 3 of the Immigration (Visa, Entry Permission, and Related Matters) Regulations 2010), namely:
 - 6.2.4.1. crew and passengers on a ship travelling to New Zealand, which is not a cruise vessel;
 - 6.2.4.2. crew on a foreign ship authorised to carry coastal cargo;
 - 6.2.4.3. crew of private aircraft;
 - 6.2.4.4. members of a visiting force and associated crew members;
 - 6.2.4.5. people travelling under the auspices of the Antarctic Treaty;
 - 6.2.4.6. guests of government;
- 6.3. members of the classes of traveller not required to hold an ETA before travel to New Zealand may however voluntarily choose to do so (except for New Zealand citizens travelling on New Zealand passports);

The duration of an ETA

- 6.4. The duration of an ETA from the date of granting is two years, except in the case of air and marine crew travelling in the course of their employment, who can to apply for and be granted ETAs of five years' validity;

The information to be collected by the ETA

6.5. the information to be collected about the intending traveller or their travel is:

(Required)

- 6.5.1. biographic details;
- 6.5.2. travel document details;
- 6.5.3. contact details;
- 6.5.4. information which enables the traveller's statutory eligibility to travel visa waiver to be confirmed (including a declaration about their criminal conviction history);
- 6.5.5. information about the intention of their travel to New Zealand, including relevant declarations about whether they are travelling in order to seek medical treatment;
- 6.5.6. information about the person making the application on behalf of the traveller, if that is a third party;

(Optional)

- 6.5.7. information about the intended date of travel, including booking references;
- 6.5.8. biometric information (the passport photograph);

The use of the information to be collected by the ETA

6.6. the information to be collected by the ETA will be:

- 6.6.1. used to determine the applicant's eligibility to travel to New Zealand;
- 6.6.2. checked against information held by or accessible to Immigration New Zealand (such as the international Lost and Stolen Passports list);
- 6.6.3. subject to legal and privacy impact considerations, able to be shared with authorised agencies and firms, such as border agencies and carriers, for improved targeting, risk assessment, maintenance of the law and facilitation purposes, including to provide information;

Information that could be provided to applicants for an ETA

6.7. the information that could be provided to applicants:

- 6.7.1. should include targeted information on or links to New Zealand's:
 - 6.7.1.1. immigration requirements;
 - 6.7.1.2. biosecurity requirements;
 - 6.7.1.3. customs requirements;
- 6.7.2. could include targeted information on, or links to information on:
 - 6.7.2.1. safely driving in New Zealand;
 - 6.7.2.2. events likely to impact on travellers (such as major earthquakes, pandemic information);
 - 6.7.2.3. (opt in) targeted tourism information;

Implementation

7. **note** that a staged implementation is planned:

- 7.1. the initial phase, which will commence with air passengers, and with biographic capture only, and will be accompanied by a global communications campaign, will enable individuals to apply for the ETA from early 2019/20;
 - 7.2. progressive enhancements, extending the scope of collection and enabling more border security and facilitation features, will be added to the ETA system through to December 2020;
 - 7.3. future developments envisaged, but not within the scope of this project, include exploring future possibilities for better assurance and easier travel;
8. **note** that, subject to future Cabinet agreement, the requirement to hold an ETA could be extended to some of the classes of traveller referred to at 6.2.4 above, and / or to other classes of traveller;

Further policy work

9. **direct** officials to undertake policy work to develop the required regulatory changes arising from the decisions above;
10. **direct** officials to examine the transit visa settings with regard to travel to and from Australia, with a view to either waiving visa requirements for travel in both directions (making it ETA-required) or requiring transit visa-required nationals to hold a visa for both directions;

Financial implications

11. **note** that Cabinet noted in May [CBC-18-MIN-0057] that the Minister intended to seek out-of-cycle funding to enable work to begin on the project during 2018;
12. **agree** to increase expenditure to provide for the ETA initiative, with the following impacts on the operating balance and debt:

	\$m – increase/(decrease)				
	2018/19	2019/20	2020/21	2021/22	2022/23 & Outyears
Operating Balance Impact	-	-	-	-	-

s 9(2)(f)(iv)

13. **approve** the following changes to appropriations and departmental capital injections to give effect to the policy decision in recommendation 5 above, with a corresponding impact on debt:

	\$m – increase/(decrease)				
	2018/19	2019/20	2020/21	2021/22	2022/23 & Outyears
Vote Labour Market Minister of Immigration	-				
Multi-Category Expenses and Capital Expenditure					
Immigration Services MCA: Assessment and Processing	s 9(2)(f)(iv)				
Departmental Output Expense: (funded by Revenue Other)					
Departmental Capital Injection: Ministry of Business, Innovation and Employment	s 9(2)(f)(iv)				
Total	s 9(2)(f)(iv)				

s 9(2)(f)(iv)

16. **note** that the operating costs of the ETA can be recovered from applicants and the current estimate of the final cost-recovery fee is between \$9 and \$12.50;
17. **agree** to the establishment of a new Electronic Travel Authority memorandum account to collect the ETA application fees;
18. **note** that in advance of collecting the ETA fee, the memorandum account will have a negative balance, and that the required operating expenditure for implementation will be temporarily met from the Ministry of Business, Innovation and Employment's balance sheet;
19. **agree** that the proposed changes to appropriations and the departmental capital injection for 2018/19 above be included in the 2018/19 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;
20. **agree** that that the capital costs s 9(2)(f)(iv) be a pre-commitment against the Budget 2019 capital allowance;

Legislative and regulatory implications

21. **note** that the ETA would require changes to the *Immigration (Visa, Entry Permission, and Related Matters) Regulations 2010*;
22. **invite** the Minister of Immigration to seek Cabinet agreement to the outcomes of consequential policy development before the end of March 2019, and the subsequent regulations changes in April 2019;

23. **note** that amendments to the *Immigration (Carriers' Information Obligations) Regulations 2010* may be required if the advance passenger information to be provided by cruise lines differs from the information currently required to be provided by airlines, and that if so Cabinet decisions are likely to be sought in 2020;

Communications

24. **invite** the Minister of Immigration to announce Cabinet's decisions on the ETA, in alignment with the Minister of Tourism's announcement on the IVL;
25. **note** that the ETA project development will include an extensive communications and engagement strategy; and
26. **note** that this paper, alongside the summary of submissions, the submissions received, the Regulatory Impact Assessment, and the final business case, will be proactively released following Cabinet decisions on the ETA, subject to any appropriate redactions.

Authorised for lodgement

Hon Iain Lees-Galloway
Minister of Immigration

Annex One: Summary of submissions and consultation feedback on the proposed Electronic Travel Authority

Public consultation on the proposed ETA, alongside consultation on the proposed immigration fee and levy changes, and the International Visitor and Conservation Levy (IVL), opened on 15 June 2018 and closed on 22 July 2018.

MBIE received a total of 18* external submissions on the proposed introduction of an Electronic Travel Authority (ETA). Of these, the majority were from industry stakeholders, with a total of seven submissions from the airline and cruise industry and three from the tourism industry. We also received two submissions from the English language sector, one from local government and one from the Australia and New Zealand Leadership Forum. A total of four submissions were from private individuals.

Some further comments were also received via submissions on the IVL. Feedback was also received from some overseas Commissions and Consulates via the Ministry of Foreign Affairs and Trade.

Comments made at stakeholder meetings are also been reflected in this document.

** Note: A submission from NZ Marine has been excluded as it did not answer any of the questions or make any comments except to request that the “payment system is easy for people on visiting yachts”.*

Introduction and impact of ETA

Most submitters supported, or conditionally supported, the introduction of an ETA. The importance of keeping the ETA application “light touch” (ie not modelled on ESTA) was emphasized, with ease and flexibility of application (multiple device friendly, last minute applications) – seen as critical.

At a meeting with BARNZ, the benefits of the ETA and how it would work in practical terms was questioned. MBIE advised:

- Approval for ETA will be automated (generally within a few minutes) in most cases;
- The ETA should lead to fewer turnarounds at the New Zealand border;
- It is envisaged that (subject to privacy, technical and legal considerations) carriers will be able to ping the INZ database ahead of time to check passengers are authorised to travel;
- The APP system will advise at check-in whether traveller holds an ETA;
- It will be possible to apply for an urgent ETA at check-in;
- Integration with airline apps (subject to privacy, technical and legal considerations) could provide more assurance and facilitation for customers;
- The aim is that travellers will provide information once but have it used many times;
- Carriers will be provided with information to push out to passengers and crew so that people are aware of the requirements;
- In terms of awareness, a big spend on communications is envisaged in the first two years, together with increased staff availability to resolve any issues.

Cruise and airline industries were strongly opposed to an ETA being applied to their crew, on the basis that this would involve logistical challenges and high costs. Additionally, BARNZ commented that an ETA requirement could have a negative impact on some airlines flying on the same routes (ie. those with a high number of non-NZ and non-Australian air crew).

Some submissions suggested exemption is extended to Australian permanent residents, although one submitter felt that Australians and Pacific Islanders, as they are the main source of visitors to New Zealand, should be ETA required.

The travel industry expressed concern that New Zealand is already seen as a high cost destination and additional costs could affect destination choices. One submitter commented:

“Charges could cumulatively reach a level that sees a material dampening of demand ... We encourage the government to ... be mindful of the value tourists deliver ... it would be very disappointing if we applied so many taxes and charges that this tourism revenue declined and made New Zealand worse off overall”.

Validity

The majority of submitters supported the proposal of a two year validity period, with some suggesting that this should start from the date of entry into New Zealand. Airline and cruise industries requested a longer validity period if ETA is to be applied to crew. An airline industry representative also commented on the impracticality of an ETA expiring if not used.

There was no real consensus on the question of whether an ETA should expire when a passport expires, although one submitter suggested that the ETA should be valid for the life of a passport.

Functions

Most submitters agreed with the proposed functions of the ETA, although there was some scepticism from the travel industry that it is being introduced mainly as a collection tool for IVL.

There were few, but thoughtful, submissions about information which could be provided to travellers via the ETA, with tourism industry keen to provide key tourism messaging. One submitter commented:

“It may be possible to provide travellers with information regarding NZ biosecurity requirements before they travel - ideally in their preferred language.”

Risks

The major risks identified by submitters were poor implementation, leading to a lack of awareness seeing travellers arriving without an ETA. Other submitters cited perception of the ETA as a barrier to travel, and the risk of private operators “springing up to on-sell” the ETA at inflated prices, causing a negative perception of New Zealand.

Industry stakeholders were keen to see a lengthy timeframe for ETA introduction, to provide for comprehensive communication to the travel industry and travelling public.

The cruise industry was concerned that its members do not have access to information about passengers’ travel documentation and about the possibility of passengers arriving in New Zealand without an ETA.

Cost

The Tourism Industry Association was interested in the ETA budget. While this information was not public at that point, MBIE confirmed that it would be a reasonably substantial IT project. Revenue was expected to be around \$12m per annum (based on 1.3m people per year at around \$9 per head). The variable costs of the ETA are expected to be quite low due to the automated nature of most of the decisions.

Future Opportunities

Feedback from the tourism industry included further reducing or streamlining of requirements for some travellers, particularly the Chinese market. Some submitters commented on opportunities for closer alignment with Australia, with one submitter suggesting a trans-Tasman visa.

On proposed future facilitation opportunities, such as digital arrival declaration enabling targeted biosecurity questions, Federated Farmers commented that biosecurity was a big issue for farmers and they would not want it to be “too easy” to arrive without checks. They would want screening on arrival to continue.

Summary of submissions

Summary of comments	Submitter(s)	MBIE response	Recommended action
<u>Scope</u>			
1.1 Paper arrivals card should now only require passport number, other information retrieved via information sharing.	Private citizen	The ETA is part of a planned strategy towards removal of paper-based passenger movement cards. Note that arrival card is also a customs and biosecurity declaration and (in some cases) an application for a visa – the current ETA design does not include those functions.	Proceed with current project.
1.2 NZ needs to adopt facial recognition technology.	Tourism Export Council	This is a potential future option for border facilitation.	Proceed with current project.
1.3 Use ETA to deliver efficiencies through the immigration system (eg by reducing need to stop passengers at the border).	BARNZ	This is one of the arguments for introduction of an ETA.	Proceed with current project.
1.4 ETA should not be a “mini-visa” for data gathering purposes.	English NZ Executive	The ETA is not to intended to gather data for its own sake, but to enable INZ decision making (and potentially to provide information to intending travellers).	Proceed with current project.
1.5 Increase in pre-travel form filling is prejudicial to tourism industry.	NZ Cruise Association	The design will seek to reduce potential compliance burdens. However, we note that Australia has an almost-universal visa regime and a healthy tourism industry.	Proceed with current project.
1.6 Passengers who arrive at airports without an ETA need to be able to apply on the spot online.	ANZLF, Tourism Export Council, Worldwide School Ltd, NZ Cruise Association, English NZ Executive, CLIA	This is part of the ETA design brief.	Proceed with current project

Summary of comments	Submitter(s)	MBIE response	Recommended action
1.7 Anticipate introduction of ETA for Australian residents will generate a large number of calls from member of the public and travel agents, resource for this needs to be considered and we suggest a permanent free-call number to handle queries.	NZ Consulate General, Sydney	We will take this into account in communications planning.	Consider in communications plan.
<i>Application and validity</i>			
2.1 Two year validity should be from first entry into New Zealand.	Private citizen, BARNZ, Tourism Export Council	We considered this, but it would mean having to impose a “must be used before” condition on the ETA. It could also complicate IVL validity calculations.	Not progressed.
2.2 Air crew/cruise crew should be exempt. ^{7,8,9,10}	BARNZ, Air NZ, Emirates, IATA, Carnival Australia, CLIA	NZ is seeking advance information on all people planning to travel to NZ. However we note the concerns about the compliance costs to carriers.	Propose extending validity for crew to five years.
2.3 ETA should be valid for the life of passport (Cruise passengers book travel up to two years in advance and are likely to forget to apply for the ETA).	Carnival Australia, NZ Cruise Association	We note that this proposal (ETA valid for either two years or for length of passport, whichever is less) is standard in other countries.	This is being looked at as the project development progresses.
2.5 ETA should be able to be transferred to new passport.	BARNZ, Tourism Export Council, private citizen	We note that this would be facilitative for intending travellers, but could introduce issues (such as data entry issues).	This is being looked at as the project development progresses.

⁷ Cruise ships already provide Advance Passenger Information for passengers and crew up to 48 hours prior to arrival as required by Customs; therefore government already holds this information for cruise arrivals (and departures), and the introduction of the ETA would duplicate this process. Unless the ETA is extended to everyone, no matter what nationality, cruise passengers and crew should be exempt because of this duplication. (New Zealand Cruise Association)

⁸ If ETA is to be applied to aircrew the time period should be 4-5 years and there should be no charge. (BARNZ)

⁹ BARNZ would like to work with MBIE to test if there are other mechanisms that can be used to provide required information to INZ. Key parts of the ETA declaration relate to criminal records and reason for travel. Air crew travel reason is obvious. Airlines generally have a policy not to recruit persons with criminal records as air crew so may be able to provide a declaration on this to INZ. BARNZ would be happy to discuss options like these in more detail. (BARNZ)

¹⁰ In relation to the proposed application of the ETA to maritime crew, Carnival Australia believes this to be unnecessary given the relevant information could be shared between Australia and New Zealand (submission by Carnival Australia).

Summary of comments	Submitter(s)	MBIE response	Recommended action
2.6 ETA should be optional so people only apply for the obvious benefits.	Private citizen	We consider that the border security benefits support making it compulsory.	Proceed with current project.
2.7 The exemption for Australian citizens should be extended to Australian permanent residents.	BARNZ ANZLF	This would require access to Australian immigration systems to verify and we do not consider it to be warranted. In addition, this reflects that under the Trans-Tasman Travel Arrangement, Australia only provides visa concessions to New Zealand citizens.	Proceed with current project.
2.8 Australians, as the main travellers to NZ, should be ETA required. ¹¹	NZ Cruise Association, Tourism Export Council	This would not be in line with the provisions of the Trans-Tasman Travel Arrangement.	Proceed with current project.
<i>Information to be collected from travellers</i>			
3.1 Information collected should be minimal: name, DOB and passport number should be sufficient.	Worldwide School Ltd	The information collected will be information (including declarations) required to make a decision about whether people are eligible to travel to New Zealand visa-waiver.	Proceed with current project.
3.2 Air crew will not necessarily be able to provide information on dates of travel. ¹²	BARNZ	We are considering a crew variant, which might not require dates of travel.	Consider a special portal for crew.

¹¹ Australians and Pacific Islanders are frequent and regular visitors to New Zealand, using the resources and infrastructure - why shouldn't they pay? Cutting out a HUGE collection pool which if included could keep the fee at a lower point, a more meaningful collection amount and more equitable for all. (Tourism Export Council)

¹² We feel this is a good opportunity to resolve an outstanding problem in relation to 'positioning crew' (crew brought to NZ as passengers to work as crew on outgoing flight). Current requirements (which treat positioning crew as a normal passenger) are onerous, create costs for airlines and are out of step with the process in Australia. Australian requirements for positioning crew are (a) valid passport (b) CTA (crew travel authority) and (c) letter from employing airline confirming positioning arrangements. We request NZ government look to develop similar arrangements for positioning crew entering NZ. This could fit well with creation of a crew-specific ETA. We would be happy to work with MBIE further on this improvement. (BARNZ)

Summary of comments	Submitter(s)	MBIE response	Recommended action
<i>Functions</i>			
4.1 The INZ Annual Border Report 2016/2017 shows 6.5m arrivals into NZ and 4,790 either refused boarding or entry. Of the 1.3m visitor waiver individuals and 1m Australians, an extremely small number have been refused entry but this is one of the key reasons for introducing the ETA.	English NZ	A reduction in the numbers of people refused entry at the border is one of the benefits of the ETA, but it is not the main reason for introducing an ETA (which is to get better information about a larger range of people intending to travel to NZ and to be a platform for further developments).	Proceed with current project.
4.2 Industry scepticism that ETA is primarily to collect the IVL / reasons of national security are not convincing.	Tourism Export Council, TIA, NZ Cruise Association	The case for the ETA stands on its own and is not dependent on the ability to collect the IVL. Countries generally are moving towards seeking better advance information about non-citizens planning to travel to them.	Proceed with current project.
4.3 BCL cost should be reduced through the use of this shared information.	CLIA, Emirates	The impacts of efficiencies will be able to taken into account in future immigration fee and levy reviews, and (if appropriate) reviews of the BCL.	Proceed with current project.
4.4 ETA should be linked with current APP process.	IATA, TIA	This is intended. Information in INZ systems about ETAs will drive APP messaging in the same way that visa information currently does.	Proceed with current project.
4.5 ETA should not be used to provide information	Worldwide School Ltd	We do not seek to provide unnecessary or unwanted information to intending travellers. There may be a case for some information to be provided (eg about biosecurity requirements or – if necessary - natural disasters)	Proceed with current project.
4.6 ETA website could be used to promote key tourism messages	TIA	We do not seek to provide unnecessary or unwanted information to intending travellers but note that there may be a case for some information to be provided (via the ETA or its portal).	Proceed with current project.

Summary of comments	Submitter(s)	MBIE response	Recommended action
4.7 Provide travellers with NZ biosecurity requirements prior to travel – ideally in their preferred language.	BARNZ	We agree that this is a potential benefit for travellers.	Proceed with current project.
4.8 Information programme to reduce issues on arrival; a significant number will still have to be processed at the airport with an increase in NZ staffing costs.	NZ Cruise Association	The planning for implementation includes a communications programme to reach as many intending travellers as possible.	Proceed with current project.
4.9 Information sharing should be limited to those government agencies that require it for inbound passenger screening. Standard data protection and privacy requirements should apply. ¹³	BARNZ, Private citizen	We agree with those points (including the footnote around the potential for future facilitation).	Proceed with current project.
4.10 Information from ETA should be leveraged to further improve passenger experience through reduced intervention and faster clearance times.	CLIA	This is an aim of the project, including the potential for future facilitation.	Proceed with current project.
4.11 International data protection laws of the relevant states should be followed re information use and sharing.	IATA	We are mindful of this.	Proceed with current project.
<u>Cost of ETA</u>			
5.1 Travellers are likely to visit NZ and Australia on same itinerary. Some may regard separate ETAs as a hassle / bad value.	Private citizen	The design will seek to reduce potential compliance burdens.	Proceed with current project.
5.2 If airlines offer ETA they must clearly present their mark-up for providing the service to avoid negative impact.	Private citizen	This is a good point, and we are thinking about how we could reduce the potential for high mark ups (noting that NZ's power to enforce overseas would be limited).	Consider issue in initiative design.

¹³ However, if there is scope for the data to be used by airlines or airports to facilitate passenger flows through New Zealand airports, there may be a case to share it more widely – if there is an opportunity to use the data in this way, it should be consulted on once a clear proposal is available.

Summary of comments	Submitter(s)	MBIE response	Recommended action
5.3 Cost benefit analysis should be done.	IATA	This is part of the project's business plan development.	Proceed with current project.
5.4 Cost of ETA should be kept as low as possible or be decreased if over-collecting. ¹⁴	IATA, TIA, BARNZ	We will track revenue and costs, and take this into account in future fee-setting (fees can only recover costs and cannot be used for other purposes).	Proceed with current project.
5.5 If ETA is also used to collect the IVL, visitors will only see the total amount as an additional cost for being granted entry to New Zealand and this may be a deterrent. ¹⁵	English NZ Executive, Worldwide School Ltd	This risk has been taken into account in IVL development.	Proceed with current project.
5.6 If crew exemption is not accepted, there should be no cost in obtaining crew ETA. ^{16,17}	Carnival Australia, CLIA, BARNZ, Air New Zealand	Disagree. Under the NZ government's fee setting rules, costs must be recovered (and cannot be over recovered) by fees.	Propose extending validity for crew to five years.
5.7 Although final cost is yet to be determined, the estimated \$9 charge, recovering \$11m each year seems excessive.	NZ Airports, Christchurch International Airport	There will be full disclosure of the make-up of the costs of the project.	Proceed with current project.
5.8 ETA would be a more equitable tool to recover INZ's border processing costs than adding cost to BCL as it would target the cost better at passengers that create it.	BARNZ	Noted.	Proceed with current project.
5.9 Any cost associated with not having an ETA should be recovered from ETA-required travellers.	Private citizen	People who do not hold an ETA and who are required to will not be able to travel. As they will be offshore, the costs to the government will be relatively low.	Proceed with current project.

¹⁴ It is important that the fee is internationally competitive and is not increased in the medium term – a minimum of three years.(TIA)

¹⁵ Most visitors will be paying both the \$9 ETA fee and the \$25-\$35 IVL fee. There needs to be a clear explanation of the two charges and what they are for.(TIA)

¹⁶ Follow the Australian precedent and have a separate aircrew ETA that does not carry a charge (BARNZ)

¹⁷ There should be an information sharing arrangement with Australia, which already collects Maritime Crew Visa information at no cost.

Summary of comments	Submitter(s)	MBIE response	Recommended action
<u>Opportunities</u>			
6.1 The tourism industry would welcome a discussion on how the ETA might play a role in reducing / streamlining requirements for some visitors who currently require a visa to enter New Zealand.	TIA, ANZLF	We are keen to continue engaging with stakeholders as we develop this project and future border facilitation initiatives.	Proceed with current project.
6.2 Information provided through an ETA is already provided by passengers in several other ways (eg APP and PNR), so we question whether ETA would be as helpful in supporting improvements to passenger flow and passenger services as the consultation paper suggests, because the data should already be available.	BARNZ	APP is only available at the point of check in and provides less information than the ETA (and no declarations). PNR is not accurately tied to traveller identity.	Proceed with current project.
6.3 Information provision requirements should be reduced, to avoid duplicate reporting requirements, which may partially offset the costs of the new system.	BARNZ, NZ Cruise Association	We agree that there is the potential for future data integration for passenger facilitation purposes.	Proceed with current project.
6.4 NZ Government should allow travel agents to charge for the cost of ETA through Global Distribution System systems.	Air NZ, Tourism Export Council	As noted above – we are keen to avoid high mark ups (noting that NZ’s power to enforce overseas would be limited).	Proceed with current project.
6.5 Establish a trans-Tasman visitor visa for travel to both Australia and New Zealand.	ANZLF	We agree that there is the potential for future integration for passenger facilitation purposes. It is not clear whether this would involve a formal trans-Tasman visa.	Proceed with current project.
6.6 Online application, available on multiple devices, with immediate confirmation (approved/declined).	NZ Cruise Association, English NZ Executive, IATA, Private citizen	We are planning for a fast and easy product.	Proceed with current project.

Summary of comments	Submitter(s)	MBIE response	Recommended action
6.7 No optional fields in application process. Optional fields cause confusion, especially to non-English speakers.	Private citizen	Noted.	Will bear in mind in design.
<i>Risks</i>			
7.1 Image issue/barrier to travel.	Private citizen x 3, Tourism Export Council, TIA	We are planning for a fast and easy product which will not deter travellers. We note that such requirements are becoming increasingly common, and that Australia has an almost-universal visa regime and a healthy tourism industry.	Proceed with current project.
7.2 Travellers lack awareness of ETA requirements / arrivals without ETA.	Tourism Export Council, TIA, BARNZ, Private citizen, Carnival Australia, CLIA	People who require an ETA are unlikely to be granted boarding permission without one. The planning for implementation includes a communications programme to reach as many intending travellers as possible.	Proceed with current project.
7.3 Cruise industry will not have access to information re passenger travel documentation.	Carnival Australia	We are examining how carriers could be made aware of whether passengers are likely to be granted boarding permission.	Proceed with current project.
7.4 Drop in international student numbers especially if ETA is not quick and easy to obtain.	Worldwide School Ltd	International students will not require an ETA as they have to apply for a visa.	Proceed with current project.
7.5 There is potential for disconnect between data sent ahead and data collected on arrival causing border problems, such as if purpose of travel changes.	English NZ Executive	Information prepared for applicants will take this into consideration.	Proceed with current project.
7.6 ETA and IVL could deter short-term high-spending English language students.	Worldwide School Ltd	We are planning for a fast and easy product.	Proceed with current project.

Summary of comments	Submitter(s)	MBIE response	Recommended action
<i>Mitigating Risks</i>			
8.1 Delay introduction to 2020 to allow time for system to be fully developed; inform international markets; and introduce simultaneously with IVL. Also providing buffer for travellers booked to visit in 2019.	TIA, BARNZ, Conservation Authority	Noted.	Proceed with current project.
8.2 Visa refusals should be communicated to operators	Carnival Australia	We are examining how carriers could be made aware of whether passengers are likely to be granted boarding permission.	Proceed with current project.
8.3 Passport biometric data capture capability in application process to mitigate risk of inaccurate data input.	IATA, private citizen	We are examining the potential to use passport machine readable zone and e-chip readers.	Proceed with current project.
8.4 Provide prompt to apply for ETA when purchasing airline tickets.	Tourism Export Council	We will consider this as part of design.	Will be considered.
8.5 Strong communications plan to make airlines and travel industry aware. ¹⁸	BARNZ, CLIA	We are planning to undertake a large scale communications exercise.	Proceed with current project.
8.6 Application process/information should be available in multiple languages	English NZ Executive	We agree.	Proceed with current project.
8.7 Clarification required whether or not those travelling as a family would need to have individual accounts e.g. children. If so, a simple setup within the account of the guardian or the ability to apply on behalf would be important.	English NZ Executive	We are working through this as part of the design process.	Taking into account as part of design.
8.8 Consider means of combating private sites that will inevitably spring up to sell ETA at a mark-up.	Private citizen	Noted. We are looking at what other countries do (while noting that it is difficult to completely prevent it).	Proceed with current project.

¹⁸ Government should consider using bilateral and multilateral agreements with other government and organisations for effective communication. (IATA)

Summary of comments	Submitter(s)	MBIE response	Recommended action
8.9 Online system needs to be sufficiently robust to ensure minimal interruptions and delays in application process. ¹⁹	CLIA, private citizen	This is an aim of the system (and of all border-related systems).	Proceed with current project.
8.10 Involve industry in ongoing ETA design work. Designing the right process is an important part of how effective ETA will be for travellers, industry and government.	Air New Zealand, BARNZ, CLIA	We are keen to involve industry in co-design and planning for implementation.	Proceed with current project.
8.11 Provide more e-gates (or dedicated e-gates for foreign travellers so locals are not inconvenienced). Passport stamps must be available on request even if e-gate is used.	Private citizen	These are both issues for the New Zealand Customs Service.	Refer to Customs.
8.12 ETA/IVL/BCL are part of a range of cost pressures on visitors and tourism businesses and New Zealand runs the risk of becoming too expensive as a destination: Central and local government need to do their part in mitigating price pressures.	TIA, BARNZ, NZ Cruise Association, Carnival Australia,	Noted.	Proceed with current project.
8.13 How will ETA apply to people who have dual nationality? For travellers using both passports e.g. leave NZ on NZ passport and enter Europe on European passport and vice versa, will ETA system be advanced enough to pick up that this European is also NZ citizen and doesn't need to apply for ETA?	TIA	As long as the overseas passport is endorsed with the fact that they are a New Zealand citizen there should be no problems. (People should already be doing this when seeking to enter on their non-NZ passport.)	Proceed with current project.

¹⁹ ETA processes should consider back up procedures in the event of a system outage such as the introduction of a 24/7 support line. It is also recommended to set up contingency plans for State and carrier system outages. (IATA)

Annex Two: Cumulative impact on personas

		Current			Proposed					Difference
		Visa fee ²⁰	Immigration Levy	Total	Visa fee	Immigration Levy	ETA	IVL	Total	(Proposed - Current)
Australia	Citizen - individual	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Citizen - family group	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Resident - individual	n/a	n/a	n/a	n/a	n/a	\$9-\$12.50	n/a	n/a	\$9-\$12.50
	Resident - family group	n/a	n/a	n/a	n/a	n/a	\$36-\$50	n/a	n/a	\$36-\$50
Visitor	Visa free - individual	n/a	n/a	n/a	n/a	n/a	\$9-\$12.50	\$35	\$44-\$47.50	\$44.00-\$47.50
	Visa free - family group	n/a	n/a	n/a	n/a	n/a	\$36-\$50	\$140	\$176-\$190	\$176-\$190
	Visa required - individual	\$151	\$14	\$165	\$190	\$21	n/a	\$35	\$246	\$81
	Visa required - family group	\$151	\$14	\$165	\$190	\$21	n/a	\$140	\$351	\$186
	Visa required (Pacific national) - individual	\$116	\$14	\$130	\$150	\$21	n/a	\$35	\$206	\$76
	Visa required (Pacific national) - family group	\$116	\$14	\$130	\$150	\$21	n/a	\$140	\$311	\$181
Cruise passenger	Non-Australian - individual	n/a	n/a	n/a	n/a	n/a	\$9-\$12.50	\$35	\$44-\$47.50	\$44-\$47.50
	Non-Australian – family group	n/a	n/a	n/a	n/a	n/a	\$36-\$50	\$140	\$176-\$190	\$176-\$190
Student	Visa required (<12 months)	\$253	\$17	\$270	\$270	\$25	n/a	\$35	\$330	\$60
	Visa required (>12 months)	\$253	\$17	\$270	\$270	\$25	n/a	n/a	\$295	\$25
	Visa free (<3 months)	n/a	n/a	n/a	n/a	n/a	\$9-\$12.50	\$35	\$44-\$47.50	\$44-\$47.50
Temporary Work	Essential skills (<12 months)	\$260	\$38	\$298	\$440	\$55	n/a	\$35	\$530	\$232
	Essential skills (> 12 months)	\$260	\$38	\$298	\$440	\$55	n/a	n/a	\$495	\$197
	Recognised Seasonal Employer (Pacific national)	\$240	\$10	\$250	\$270	\$15	n/a	n/a	\$285	\$35
	Working Holiday	\$170	\$38	\$208	\$190	\$55	n/a	n/a	\$245	\$37
Residence	Skilled Migrant Category	\$2,505	\$580	\$3,085	\$2,480	\$830	n/a	n/a	\$3,310	\$225
Crew	Non-Australian - commercial aircraft	n/a	n/a	n/a	n/a	n/a	\$9-\$12.50	n/a	\$9-\$12.50	\$9-\$12.50
	Non-Australian - cruise ship	n/a	n/a	n/a	n/a	n/a	\$9-\$12.50	n/a	\$9-\$12.50	\$9-\$12.50

²⁰ Visa fees shown are for visas applied offshore online. Pacific national rates reflect discounts for citizens of Pacific countries. Family group visa fees and levy rates are for a family of four (two adults and two dependent children aged under 18 years old)

Annex Three: Visitor visa waiver and transit visa waiver countries

Visitor visa waiver nationalities

Citizens of visitor visa waiver countries who otherwise meet the requirements for entry do not have to apply for a visa before travelling to New Zealand if they are visiting for three months or less, or six months or less and are a British citizen. A visa must be applied for if the travel is for medical consultation or treatment.

For more information, including regarding specific conditions attached to various passports, see Schedule 2 of the *Immigration (Visa, Entry Permission, and Related Matters) Regulations 2010*.

Andorra	Luxembourg
Argentina	Macau
Austria	Malaysia
Bahrain	Malta
Belgium	Mauritius
Brazil	Mexico
Brunei	Monaco
Bulgaria	Netherlands
Canada	Norway
Chile	Oman
Croatia	Poland
Cyprus	Portugal
Czech Republic	Qatar
Denmark	Romania
Estonia (citizens only)	San Marino
Finland	Saudi Arabia
France	Seychelles
Germany	Singapore
Greece	Slovak Republic
Hong Kong	Slovenia
Hungary	South Korea
Iceland	Spain
Ireland	Sweden
Israel	Switzerland
Italy	Taiwan
Japan	United Arab Emirates
Kuwait	United Kingdom
Latvia (citizens only)	United States of America
Liechtenstein	Uruguay
Lithuania (citizens only)	Vatican City

People travelling on a United Nations laissez passer are also waived from the requirement to apply for a visitor visa before travel.

Resident visa waiver

Australian citizens and permanent residents do not need to apply for a visa before travel to New Zealand, and are granted a resident visa on arrival.

Transit visa waiver nationalities

People passing through New Zealand as a transit passenger must apply for a Transit Visa before travel, unless they are from a visa waiver country or transit visa waiver country (and meet New Zealand's character requirements). A transit visa is only available for passengers who are transiting Auckland International airport and who will be in New Zealand for 24 hours or less.

Nauru	Palau	Panama
Papua New Guinea	Paraguay	Peru
Philippines	Republic of Marshall Islands	Samoa
Solomon Islands	Thailand	Tonga
Tuvalu	Vanuatu	Venezuela

Transit visa requirements are also waived for people travelling to (but not from) Australia, people associated with scientific programmes under the Antarctic Treaty, and members of a visiting military force. For more information, see Regulation 16 of the *Immigration (Visa, Entry Permission, and Related Matters) Regulations 2010*.

Annex Four: Electronic Travel Authority Impact Summary

Section 1: General information

Purpose

This analysis and advice has been produced for the purpose of informing the decision to proceed with the implementation of the Electronic Travel Authority (ETA), to be taken by Cabinet.

The ETA is a light-touch pre-registration mechanism, which would be required for most visa free travellers. Before coming to New Zealand, ETA-required travellers would fill out a simple form and pay their fee online, creating an electronic account that will be easy to set up and update. The information provided would help the government to screen more travellers for border risks earlier than at present. It would also open up opportunities to introduce smoother processes at the border, as technology evolves.

The ETA will also enable the collection of the proposed International Visitor and Conservation Tourism Levy (IVL) from visa free travellers. Visa-required travellers would pay for the levy when they apply for a visa.

Cabinet is being asked to agree to the introduction and broad scope of the ETA. Further work to elaborate the details of the ETA, including the fee, will be undertaken over coming months. Cabinet will be asked to make further detailed policy decisions in March 2019, which will inform regulatory changes to be sought in April 2019.

The Ministry of Business, Innovation and Employment (MBIE) is solely responsible for the analysis and advice set out in this Regulatory Impact Statement, except as otherwise explicitly indicated.

Key Limitations or Constraints on Analysis

The main constraints and limitations in the analysis are as follows:

Evidence of the problem

- The scale of the security and immigration risks to New Zealand from people travelling to New Zealand via cruise ships is unclear, as Immigration New Zealand (INZ) has poor visibility of these travellers (see section 2.1).
- Information about actual criminality and breaching visa conditions (such as through working unlawfully) is patchy due to the limitations around assessing the scale of unlawful activity.

Assumptions underpinning impact analysis

- MBIE forecasts 4.6% growth per year for international tourism arrivals for the 2018-2024 period. These forecasts are based on econometric modelling, current trends and best available forecasts of international factors. The forecasts are, however, subject to the global situation.²¹
- Research on the impact of the ETA and IVL on visitor numbers is limited by the assumptions and data available (see section 4.2). The analysis assumes that an ETA that is well designed and easy to use can both manage risk and not put off travellers.
- We do not know exactly how much ETA implementation will cost air and cruise carriers, or the extent that carriers are likely to pass costs on to travellers. We have identified some costs, based on our understanding of the current state and some information submitted during public consultation. Overall, the cruise industry will be impacted more significantly than the airline industry (see section 4).
- While the ETA will use well-proven and reliable INZ systems, the use of mobile applications and the co-design approach is new to INZ.

Range of options considered

- Four options (the status quo, more advance information from air and cruise carriers, the ETA and considerably more advance information from passengers via visas) were considered. They were evaluated against a range of criteria (see section 3).

Consultation and testing

- The public was consulted on the proposal between 15 June and 22 July 2018. Eighteen submissions were received and meetings were held with a range of stakeholders, including airline and cruise representatives, as well as tourism stakeholders. MBIE will continue to engage with air and cruise carriers, in particular, through a co-design process for the build of the ETA.

Responsible Manager (signature and date):

Siân Roguski
Manager, Immigration Policy Team
Labour and Immigration Policy Branch
Labour, Science and Enterprise Group
Ministry of Business, Innovation and Employment

²¹ See: <http://www.mbie.govt.nz/info-services/sectors-industries/tourism/tourism-research-data/international-tourism-forecasts/documents-image-library/nz-tourism-forecasts-2018-2024-report.pdf>

Section 2: Problem definition and objectives

2.1 What is the policy problem or opportunity?

The numbers of people entering New Zealand by air or sea have grown significantly, and are forecast to continue to grow into the future. Immigration settings currently exempt large numbers of visitors from applying for a visa before travelling to New Zealand (“visa free travellers”). These exemptions largely arise from international agreements and support our tourism, business travel and international interconnectedness.

However, these exemptions also limit our ability to scrutinise large numbers of intending travellers before they seek to travel to New Zealand. Visas are one main source of advance information INZ uses to screen for immigration risk. Coupled with increased traveller numbers, constraints on the quality or timeliness of the advance information are placing pressure on INZ’s ability to manage and respond to immigration risks while facilitating travellers in both the air and cruise pathways.

Air travellers: greater numbers of people travelling by air are being turned away at check-in and at the border due to increasing numbers of travellers

Between 2012/2013 and 2016/17, total air arrivals increased from approximately 4.9 million to 6.5 million.²² In 2016/17, 21 per cent (around 1.38 million) of all arrivals were visa free travellers (excluding Australian citizens).

INZ’s first opportunity to screen for immigration risk from these travellers is at check in. INZ confirms the identity and screens all air passengers when they check in for their flight using the Advanced Passenger Processing system. Some flights are also screened against airline reservation data (Passenger Name Record data) before and during travel.

These checks allow INZ to deny boarding to passengers who pose high immigration risk, as well as to flag passengers for further assessment upon arrival:

- The total number of travellers prevented from boarding their plane by INZ has increased by 119 per cent since 2012/13 (from 1,639 to 3,592). In 2016/17, visa free travellers (excluding Australian citizens) represented 38 per cent of these passengers prevented from travelling at check-in.
- The total number of travellers turned around at the air border has increased by 55 per cent (from 741 to 1,119). In 2016/16, visa free travellers (excluding Australian citizens) represented 78 per cent of all travellers who were refused entry by INZ at the border.

Immigration settings enabling earlier information about these travellers would improve INZ’s ability to manage risk earlier, before travellers check in or reach our borders.

Cruise travellers the lack of visibility of the identity and movement of cruise ship travellers is giving rise to security and immigration risks to New Zealand

Cruise passenger numbers in New Zealand are also growing strongly, at around 13 per cent per annum. In 2017, there were around 220,000 cruise travellers in New Zealand. Around 100,000 of these travellers are foreign nationals (excluding Australian citizens). Cruise travellers are all deemed to hold a visa when they board their vessel (and therefore do not

²²Note that the most recent figures used in this analysis relate to the 2016/17 financial year, as those are the figures used when briefing Ministers during the development of this project. More recent data does not show significant changes that would change our conclusions.

apply for a visa). This includes travellers who would need to apply for a visa if travelling by air.

INZ has very little visibility of cruise passengers. Cruise lines provide some information to the New Zealand Customs Service, particularly about passengers who are disembarking in New Zealand. The data provided is variable in quality. Minimal information is provided for travellers who are cruising into and out of New Zealand. However, as cruise routes diversify (particularly those routed away from Australia) previous assumptions that Australia's visa screening processes would protect New Zealand no longer apply.

Cruise passengers are able to arrive and move freely around New Zealand, with few checks or information provided to INZ about their movements. There are examples of people using this insecure channel to bypass visa requirements so they can work in New Zealand illegally. Because INZ has little visibility from an operational or statistical perspective, the size and scale of the problem is not clear.

Other countries are increasingly using advance information to both screen and facilitate travellers

Countries are increasingly introducing or planning to introduce pre-travel digital authority mechanisms for people who are not required to apply for visas. For example, of our five-eye country partners:

- under the Migration Act 1958, *Australia* has a universal visa regime (New Zealand citizens being the only exception), including an Electronic Travel Authority for certain low risk intending visitors
- the *United States* (US) introduced the Electronic System for Travel Authorization for visa waiver nationalities in 2009
- *Canada* introduced its Electronic Travel Authorization in 2015, which applies to all visa waiver nationals, except citizens of the United States
- in June 2017, the *European Commission* agreed its approach to a proposal for a European Travel Information and Authorisation System, which will require all those who do not need a visa to be checked before they travel to the Schengen area and will prevent the travel of anyone identified as posing a risk.

2.2 Who is affected and how?

The ETA aims to change the behaviour of high-risk visa free travellers (excluding Australian citizens), without changing the behaviour of low-risk visa free travellers. An ETA will not be granted to visa free travellers identified as high-risk, and these travellers will need to apply for a visa before travelling to New Zealand. Low-risk visa free travellers will be able to travel visa free upon receiving an ETA.

The ETA will apply to both passengers and crew travelling to New Zealand by commercial aircraft and cruise ship:

Passengers

There are around 1.5 million air and cruise passengers per year travelling to New Zealand who would, under the proposal, be required to apply for an ETA before travel.

The groups of passengers that are proposed to be required to hold an ETA are:

- people who are waived the requirement to hold a visa before travelling to New Zealand

as visitors, unless separately excluded

- Australian permanent residents
- cruise passengers
- people who are otherwise waived the requirement to hold a visa before transiting New Zealand.

The ETA will add to the compliance burden of these travellers by adding an additional step to travel to New Zealand. They will also need to pay \$9 – \$12.50 fee for an ETA valid for two years. In return, travellers will gain greater assurance that they will be able to board their plane or cruise ship, and meet entry requirements when they arrive in New Zealand.

The classes of traveller not required to hold an ETA before travel to New Zealand are:

- New Zealand citizens travelling on New Zealand passports or foreign passports with appropriate endorsements
- Australian citizens travelling on Australian passports
- people who hold a valid New Zealand visa permitting travel to New Zealand
- niche groups of people who are deemed to hold a visa:
 - crew and passengers on a ship carrying cargo to New Zealand, which is not a cruise vessel;
 - crew on a foreign ship authorised to carry coastal cargo;
 - crew of private aircraft;
 - members of a visiting force and associated crew members;
 - people travelling under the auspices of the Antarctic Treaty;
 - guests of the New Zealand government.

Crew

In addition to passengers, the ETA requirement will also apply to the following (unless they are a New Zealand citizen/visa holder or Australian citizen):

- cruise crew
- commercial aircrew on scheduled services.

During public consultation, air and cruise carriers requested that crew be exempted from the requirement to hold an ETA, on the basis that they checked crew members' criminal histories, as well as potentially significant logistical and cost challenges to maintaining the ETA status for a global or regional pool of crew.

To address compliance costs for carriers, the proposal is for the ETA for air and cruise crew to be valid for a period of five years (as compared to two years for air and cruise passengers) and the potential for bulk upload of crew details and applications is being explored.

2.3 Are there any constraints on the scope for decision making?

Constraints

International agreements set the scope for who is proposed to be required to hold an ETA

The ETA proposal is designed in a way that protects our existing international agreements and commitments:

- Australian citizens are not proposed to be ETA-required, even though they represent around 16 per cent of all air arrivals and 50 per cent of cruise arrivals. This exemption honours our Trans-Tasman Travel Arrangement and the special relationship with Australia. This exemption is reciprocal, as New Zealand citizens are the only travellers that are exempted from Australia's universal visa regime.
- The legal arrangement for the ETA will also ensure that the introduction of the ETA does not change the legal status of New Zealand's suite of visa waivers. The requirement to apply for an ETA is proposed to be a condition on the waiver of the requirement to hold a visa permitting travel to or through New Zealand. While this protects our existing international agreements, it also places some constraints on the information that we can ask travellers to provide.

Implementation constraints

Certain types of travellers to New Zealand have not been scoped into the current project in order to keep its implementation manageable, although it is intended that they will be included over time. The numbers of people under these classes are relatively small. The inclusion of these types of travellers would likely occur through a dedicated policy project, involving targeted consultation, or through the wider review of the ETA after it is implemented. We consider that the priority classes for addition into the regime would be:

- (a) crew and passengers on a ship carrying cargo to New Zealand, which is not a cruise vessel
- (b) crew on a foreign ship authorised to carry coastal cargo
- (c) crew of private aircraft.

Interdependencies

The ETA is the proposed mechanism to collect the International Visitor Conservation and Tourism Levy (IVL) from visa waiver travellers. Travellers required to pay the IVL would pay for the IVL when they apply for a visa or an ETA. The collection of the levy will enable international visitors to contribute to the costs of the infrastructure they use.

If the ETA is used in this way, the ETA platform would be introduced in phases to enable charging of the IVL from air travellers in the second half of 2019. Fuller ETA capability (including automated matching against watchlists and the capacity to interact with intending travellers) would be introduced over the following 12 months.

Section 3: Options identification

3.1 What options have been considered?

The following three options were considered (in addition to the status quo):

1. Require a wider range of nationalities to apply for visas before travel, including people travelling to New Zealand as cruise passengers.
2. Introduce an ETA for certain currently visa-waivered travellers to New Zealand (the preferred option).
3. Require carriers (air and cruise) to provide more information about travellers before travel.

The following policy criteria were used to assess the options considered:

- *Enhance security and reduce border risks:* to improve border and security agencies' information about people who seek to travel to or through New Zealand to prevent security risks from materialising, non bona fide people who seek to travel to New Zealand, attempts to smuggle goods, drugs and biosecurity hazards
- *Maintain or improve the immediate traveller experience:* to ensure that compliance and financial costs on travellers are minimised or eliminated, and reduce the number of people who are refused entry on arrival at the New Zealand border. Transparency about the purpose of the information that intending passengers supply, and confidence that it will be treated appropriately, is also important
- *Improve the future traveller experience:* to enable a more seamless border experience over time, including the removal of both obvious obtrusive checks during the journey and the need to re-provide information, and to enable personalised services to individual travellers (with appropriate privacy controls on information)
- *Manage the provision of services more efficiently:* to enable border agencies to manage increased volumes of travellers and the requirements for better checking within existing resources, without requiring more space at ports, travellers to be charged more for services, or the private sector to face high compliance costs
- *Support New Zealand's international agreements and relationships:* to be congruent with international agreement that New Zealand is party to, to maintain or enhance New Zealand's relationships with other countries which support New Zealanders' access to markets and travel, and enable carriers to meet New Zealand and other countries' regulatory requirements.²³

Assessment of options against criteria (relative to the status quo)

1. Require a wider range of nationalities to apply for visas before travel, including people travelling to New Zealand as cruise passengers

Description of option

- Wider range of nationalities would need to provide full information required for a visitor visa (including photos, evidence of funds, evidence of onward travel, and potentially chest x-rays and police certificates).
- Air and cruise crew required to apply for temporary work visas.

²³ For example, those arising from the European Union's General Data Protection Regulation.

- Time to process: approximately 13-18 days (indicative only, based on current visa processing times).
- Application cost: \$165 (indicative only, based on current visitor visa costs).
- Validity: between 1-24 months (indicative only).

Pros

- Increased advance information from travellers enabling earlier screening for border and security risks (more than ETA option 2).

Cons

- Significant increase in compliance costs for large numbers of travellers.
- Significant additional resourcing would be required for INZ visa processing as well as infrastructure at the marine border.
- Increased costs for cruise and air industry to maintain visa status for air and cruise crew.
- Significant investment required from cruise industry to introduce new systems to check for visas.
- Out of step with approach most other countries are taking and potentially inconsistent with international agreements.

2. Implement an ETA (the preferred option)

Description of option

- Currently visa free travellers (air and cruise passengers and crew) remain visa free, but complete an electronic form providing some information prior to travel (including biographic details, travel document details, contact details, relevant declarations to determine visa waiver travel eligibility, as well as optional travel date and passport photograph).
- Time to process: up to 72 hours.
- Application cost: \$9-\$12.50 (to be set in March 2019).
- Validity: Two years (for passengers) or five years (for crew).
- Comparable to systems used by the US and Canada.

Pros

- Increased advance information from travellers enabling earlier screening for border and security risks.
- Costs arising from requiring advance information is shared relatively equitably between travellers, carriers and the Crown (INZ) if the system is well designed.
- Is in line with the direction of other countries and many travellers will be aware of other systems in the US and Canada.
- Can be made to be relatively easy to use for travellers if carefully designed.
- Opens up opportunities for faster facilitation and improved traveller experience in future (eg by removing the need to provide the same information at multiple points in journey).

Cons

- There would be some increase in compliance costs for travellers compared to status quo (but not as high as visa option 1).
- The ETA may not provide the depth of data on some travellers desirable in a minority of

cases compared to visa option 1 (but more information than carrier option 3).

- Increased costs for cruise and air carriers to maintain crew ETA status (but less than t visa option 1).
- Increased costs for cruise carriers to invest in new systems and processes (comparable to visa option 1).

3. Require carriers (air and cruise) to provide more information about travellers via Passenger Name Record (PNR) data more in advance travel

Description of option

- Travellers would be required to provide more information to carriers when booking tickets or prior to travel (such as valid passport numbers).

Pros

- Some additional advance information, allowing for some increased screening by border agencies; however, privacy concerns may limit amount of information that could be collected).
- Relatively low impact for travellers.
- Low implementation costs for the Crown (INZ).

Cons

- High implementation and compliance costs for 31+ international carriers from a range of different countries, potentially requiring extensive re-working of their core business systems.
- Serious concerns about the achievability of the solution and the compliance of carriers.
- Potentially out of step with the direction of other countries.

The table below summarises how each option compares to the status quo across the criteria:

- = no change from status quo

L = meets objective to a low level

M = meets objective to a medium level

H = meets objective to a high level

	Option 1	Option 2 (preferred)	Option 3
	More visas	ETA	More PNR
Policy criteria			
Address border and security risks	H	M	M
Maintain / improve current traveller experience	L	M	-
Improve future traveller experience	L	H	L
Manage the provision of services within existing resources	L	H	-
Aligned with international agreements	L	H	L

3.2 Which of these options is the proposed approach?

Option 2: the ETA performs best against criteria

According to the assessment outlined above, the ETA option performs best overall. It would provide for a low-cost and straightforward online mechanism for improved information about classes of people currently not required to apply for a visa prior to travel.

An immediate benefit would be a reduction in the number of people currently refused entry on arrival due to their arrival declarations. An ETA is also likely to best support or align with future border policy developments, including international agreements or technology-enabled enhancements to security and facilitation.

An ETA would also support broader facilitation objectives. It will provide a platform for technological innovations to support the reduction of requirements to provide information or re-present documents during travel, and to enable more assured travel and more personalised services to travellers. This would support tourism and business travel.

It would be consistent with Government's intentions for the provision of digital services and INZ's operating principles of using technology to meet the increasing expectations of travellers, migrants and carriers in relation to convenience, timeliness, and service quality. Over time all non-New Zealand and non-Australian citizens would have an individual account with INZ, underpinning a personalised and facilitated journey to New Zealand, while providing assurance to New Zealand as a whole.

As it would not be a visa it would not change the legal status of New Zealand's suite of visa waivers. It could in the future be further extended to some groups who are currently visa-required – for example, travellers who are transit visa-required could be waived that requirement, provided they were registered for the ETA.

Section 4: Impact Analysis (Proposed approach)

4.1 Summary table of costs and benefits

Affected parties (<i>identify</i>)	Comment: nature of cost or benefit (eg ongoing, one-off), evidence and assumption (eg compliance rates), risks	Impact <i>\$m present value, for monetised impacts; high, medium or low for non-monetised impacts</i>
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Additional costs of proposed approach, compared to taking no action		
Regulated parties	\$9-\$12.50 per traveller (to be decided in March 2019)	\$12.6 million (assuming 1.4m travellers)
	Time taken to apply for ETA	Low

Regulators	<p>Project and implementation costs for INZ, includes:</p> <ul style="list-style-type: none"> IT systems and related business processes education and engagement costs <p>Ongoing operating costs - including engagement and education, manual processing and other costs</p>	<p>§ 9(2)(j) [redacted] [redacted] [redacted] to build the ETA</p> <p>\$13m in operating costs recovered from third parties per year</p>
Other parties	<p>Cruise carriers:</p> <ul style="list-style-type: none"> development of new IT systems and processes to implement ETA communications of new requirement for travellers crew ETA costs <p>Air carriers:</p> <ul style="list-style-type: none"> integration of systems and processes with ETA communications of new requirement for travellers Crew ETA costs 	<p>Medium-High</p> <p>Low-Medium</p>
Total Monetised Cost	Costs to travellers and project costs	<p>§ 9(2)(j) [redacted] [redacted] [redacted] to build the ETA</p> <p>\$13m per year operating costs (recovered from travellers)</p>
Non-monetised costs	Costs for air and cruise carriers	Medium

Expected benefits of proposed approach, compared to taking no action		
Regulated parties	Improved assurance for passengers that they will meet entry conditions when they arrive	Medium
Regulators	Better offshore risk management in air pathway resulting in less air travellers turned around at check-in and at border	Medium-High
	More high risk cruise travellers identified offshore (virtually not possible at present)	High

Wider government	Better advance information enables improved risk management for border and security agencies (subject to information sharing agreements and privacy assessments)	Medium-High
	Platform for communication with prospective travellers	Medium
Other parties	Air carriers will benefit from fewer people denied travel at check-in	Medium-High
	Air carriers will benefit from fewer travellers refused entry at the air border (carriers cover the flight costs to return refused travellers to their original port)	Medium-High
	Future opportunities to improve facilitation at airports	High
Total Monetised Benefit		N/A
Non-monetised benefits		Medium-High

4.2 What other impacts is this approach likely to have?

Economic impact of the ETA (and IVL) on in-bound tourism

No studies have been undertaken that isolate the economic impact of an ETA on inbound tourism. However, research on the impact of the proposed IVL and ETA fee on inbound tourism was commissioned to better understand the potential impact. The report estimates the possible impacts in 2021, relative to the MBIE forecast for that year, are 14,983 fewer visitors. This is estimated to result in \$51 million reduced spending by visitors while in New Zealand and a \$42 million smaller contribution to GDP by the tourism sector.

The research was based on:

- a \$9 ETA fee and a \$25 IVL
- forecasts of visitor numbers and their spending while in New Zealand produced by MBIE (MBIE 2018)
- the best available demand elasticity estimates for New Zealand inbound tourism (Schiff and Becken 2011).

There are some limitations and constraints:

- The proposed IVL is \$35, so the impacts may be higher.
- Demand elasticity estimates are relatively old. If prices have changed significantly in the intervening period they may no longer be accurate.
- The analysis does not take into account other factors that may influence travel decisions (such as high oil prices) or trends in the economies of the origin countries.
- It assumes those that do travel to New Zealand do not change their behaviour and spending while in New Zealand, and this may not be necessarily the case.

Section 5: Stakeholder views

5.1 What do stakeholders think about the problem and the proposed solution?

Departmental consultation

MBIE has consulted with other government agencies, including the Ministry of Foreign Affairs and Trade, the Treasury, the New Zealand Customs Service, the Ministry for Primary Industries and the New Zealand Security Intelligence Service. These agencies support the analysis and the preferred option.

Public consultation

The public was consulted on the recommended option between 15 June - 22 July 2018. A total of 19 submissions were received on the ETA proposal. Submissions were received from airline and cruise industries, tourism industries, English language sector representatives, Australia New Zealand Leadership Forum (ANZLF) and private citizens.

A number of industry stakeholders, including Federated Farmers, Board of Airline Representatives (BARNZ) and Tourism Industry Aotearoa also met with MBIE officials to ask questions and engage with the proposal.

The majority of submitters were broadly supportive of the introduction of the ETA, while raising some concerns:

- Tourism and travel industry submitters expressed concern that the ETA might negatively impact on visitor experiences and be perceived as a barrier to travelling to New Zealand. However most submitters were of the opinion that this could largely be mitigated by a quick and easy application process.
- Airline and cruise industries were opposed to the introduction of the ETA requirement for air and cruise crew, as maintaining the ETA status for large numbers of crew would increase compliance costs.
- ANZLF proposed that exemptions be retained for Australian citizens and extended to permanent residents. BARNZ also commented that exemptions should be extended to Australian permanent residents.
- Private citizens were interested in some of the practicalities of the ETA. These included how it would affect visitor experiences and what strategies there were to minimise any negative perceptions of New Zealand.

As a result of stakeholder feedback, the following changes have been made to the proposal:

- an air and cruise crew ETA of five years' duration (instead of the two year validity period for passengers)
- a proposal that, subject to privacy and legal considerations, ETA holder information could be shared with certain firms (such as airlines) as well as other border agencies to enable targeted messages
- the potential for ETA holders to opt in to receiving targeted information, such as tourism information.

Other design considerations are being explored as a result of consultation:

- the feasibility of an ETA being able to be transferred to a new passport
- using the ETA to provide travellers with New Zealand biosecurity arrangements, in their own language, prior to travel

- how to limit re-selling of the ETA at a higher price
- further potential for future integration with Australia for passenger facilitation purposes
- passport data capture capability
- communicating visa refusals to operators
- providing a prompt to apply for ETA when purchasing airline tickets
- how the ETA requirement will apply to families travelling together
- resolving the transit policy issue where some travellers may be ETA-required when transiting to Australia, but visa-required when transiting through New Zealand from Australia on a return trip.

MBIE will continue to engage with stakeholders as it develops the ETA and future border facilitation initiatives. MBIE will involve industry in co-design for planning and implementation if the proposal is agreed.

Section 6: Implementation and operation

6.1 How will the new arrangements be given effect?

Legislative changes

The introduction of the ETA has a number of regulatory implications, which mean changes will need to be made to the *Immigration (Visa, Entry Permission, and Related Matters) Regulations 2010* before it can be implemented. If the proposal is agreed, further detailed policy decisions will be sought from Cabinet in March 2019. Regulations changes would then be sought from Cabinet in April 2019.

Regulations will:

- set the final fee
- establish the implementation date
- determine what to replace the current “deemed visa” provisions with
- prescribe the requirements for seeking an ETA
- establish the certain types of travellers who are waived the requirement to hold a visa before travel to or via New Zealand must hold an ETA
- amend the types of travellers deemed to hold a visa and granted entry permission, and the circumstances when specified types of travellers are deemed to hold a visa.

ETA solution

If Cabinet agrees to proceed with the ETA, and approves the funding requested, INZ will commence with developing the solution. The ETA will be co-designed with stakeholders (in particular air and cruise carriers), to ensure that both the systems and processes are as easy to use as possible.

A staged implementation is planned, with the immediate aim of enabling collection of the IVL to commence in the second half of 2019 from air passengers, with biographic capture only. Progressive enhancements, including the roll-out to cruise passengers and crew, will be integrated into the ETA system until this project concludes in December 2020.

There are three identified outcome risks that will need to be managed as the project is implemented. These are:

- *Lower than projected uptake of ETA due to lack of knowledge* – travellers who are obligated to use ETA will not do so as they are unaware of the requirement. This will lead to disruption at airline check-in, frustration for travellers and carriers, and the potential for additional load on INZ call centres and systems as people attempt to obtain an ETA at short notice
- *Lower than projected uptake of ETA due to traveller resistance* – travellers who are obligated to use ETA refuse to do so, for reasons of cost, difficulty with language requirements, unavailability of easy access to the Internet, the complexity of the business process or other behavioural issues. This will lead to disruption at airline check-in, frustration for travellers and carriers, and the potential for additional load on INZ call centres and systems as people attempt to obtain an ETA on short notice
- *Cruise industry resistance* – the cruise industry are unwilling or unable to put in place the systems and processes necessary for ETA checking, leading to a continuation of the risk of individuals who pose a potential security risk entering New Zealand via an unrestricted and unmonitored immigration pathway.

These risks will be managed by the design (either of the solution or of how it is operated), the phased approach, and education and engagement with users. The ETA will be co-designed with stakeholders (in particular air and cruise carriers), to ensure that both the systems and processes are as easy to use and fit for purpose as possible.

Section 7: Monitoring, evaluation and review

7.1 How will the impact of the new arrangements be monitored?

The ETA's operational performance will be closely monitored by the project team, who will report to a governance group. The governance group will decide who will track the ETA's performance and how frequently they will do this over the project's lifecycle. It is expected that after the project is completed the monitoring and reporting of the ETA's performance will align with the INZ Visa Services' monthly reporting cycle.

We have identified the following indicators that would be usefully tracked to monitor the ETA's operational performance:

For air and cruise travellers:

- **Increased number of potential travellers refused entry by ETA rules**
We expect that many travellers currently refused travel at check-in, or entry at the border, under current arrangements would be identified earlier by an ETA. The ETA system will capture the number of people it has directed to apply for a visa.
- **Increased visa applications from ETA process**
The numbers of visa applications from travellers are currently collected. We will investigate whether visa applications can capture whether a visa application was prompted by an ETA decline.
- **Increased time between first INZ interaction (ETA application) and arrival**
The ETA would not deliver the risk management benefits if most applications are lodged close to check-in. We expect IT systems will be able to provide the length of time between when a traveller applied for an ETA and when they arrived at the New Zealand border.

For air travellers:

- **Lower numbers of travellers not allowed to travel at check-in**

In 2016/17, 1347 visa free travellers (who would be ETA-required) were not allowed to travel at check in. This represents 38% of all travellers prevented from travelling at check-in that year. We would expect this number to reduce as a result of improved advance information about these travellers. This data is already being collected.

- **Lower numbers of travellers refused entry at the border**

In 2016/17, 947 visa free travellers (who would be ETA-required) were refused entry at the border. This represents 78% of all travellers who were refused entry that year. We would expect this number to reduce as a result of improved advance information about these travellers. This data is already being collected.

7.2 When and how will the new arrangements be reviewed?

Review of legislation and regulations

Following the delivery of the ETA and the completion of this project, the next phase will involve a policy exploration of future possibilities for better assurance and easier travel.

The ETA's effectiveness against policy objectives will be reviewed, in order to inform a review of whether the ETA's wider application can provide further immigration and border benefits, including:

- whether we should further rework our legal or visa frameworks (for example, whether there is benefit in changing the status of the ETA from a condition on a visa waiver to a light touch visa)
- whether further groups of travellers (such as passengers and crew of cargo ships, private vessels and private aircraft) should be brought within the scope of the ETA.