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Submission on options to reset the Border Processing Levy (BPL) to recover the costs associated with clearing international travellers.

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## INTRODUCTION

1. Horticulture New Zealand (HortNZ) appreciates the opportunity to make a submission in response to the joint Ministry for Primary Industries (MPI) and Customs consultation on recovering the cost of border processing services.
2. HortNZ advocates for and represents the interests of New Zealand's 6,000 commercial fruit and vegetable growers. The horticulture industry is valued at \$6.39b with \$4.2b in exports annually.
3. The industry employs over 60,000 people, occupies some 80,000 ha of land and provides critical regional development opportunities in Northland, Auckland, Bay of Plenty, Waikato, Hawke's Bay, Gisborne, Manawatu, Marlborough, Nelson, Canterbury and Central Otago.
4. New Zealand growers supply the majority of fresh fruit and vegetables to domestic consumers, as well as exporting crops to discerning consumers in 130 countries. How the border space is managed is very important to the sector – we rely on a robust border biosecurity system that protects us from unwanted pest and disease incursions. We also rely on a flow of people through the border to take up jobs in the New Zealand horticulture industry, particularly for seasonal labour needs.

## COMMENTS ON THE PROPOSED OPTIONS

5. HortNZ strongly agrees that any option that proposes a permanent reduction in services to avoid the need to increase levy rates is unacceptable (*Options not considered* page 25, Customs and MPI 2021). It is understood that the service reductions required to save costs would likely include “reducing the level of risk assessment of and intervention with travellers, thereby reducing the level of border protection against biosecurity breaches and other risks and threats” (*Options not considered* page 25, Customs and MPI 2021). The country and the horticulture sector are in an economic recovery phase, which could be severely jeopardised by a new biosecurity incursion as a result of an under resourced border.
6. HortNZ is concerned by the statement “If the Government does not approve levy increases to recover costs, or does not provide additional Crown funding for border processing services, then Customs and MPI would need to reduce services so that they can operate within constrained budgets” (*Options not considered* page 25, Customs and MPI 2021). HortNZ does not consider any reduction in services acceptable if the result is that New Zealand is exposed to increased biosecurity risk.
7. HortNZ does not support option 1 (Customs and MPI 2021). We are concerned that allowing deficits to continue to accrue may eventually result in a reduction of services in future to cut costs i.e. if the deficit reaches a point that is considered unacceptable by the Government.
8. HortNZ believes that it is important to set the levy at a rate that will not dis-incentivise travel – the horticulture sector relies on working holiday visa holders and Recognised Seasonal Employer Scheme labour to fill seasonal skills needs. For this reason, we do not support the options with the highest levy rates – options 2 and 4 (Customs and MPI 2021).
9. HortNZ prefers option 5 (Customs and MPI 2021). This option allows the costs to be recovered from travellers which aligns with the principle of equity (travellers fund the costs created by their travel) and recoups funds over a longer timeframe during which traveller numbers are expected to rise to be closer to pre-covid levels (Customs and MPI 2021). This longer timeframe allows the levy to be set at a rate that will hopefully have limited detrimental impact on the number of people travelling to New Zealand, especially those who may choose to come to New Zealand to work in our sector.

## CONCLUSION

1. HortNZ welcomes the opportunity to discuss the points raised in this submission.
2. This submission is supported by:
  - Central Otago Fruit Growers Association
  - Citrus New Zealand
  - Kiwifruit Vine Health
  - New Zealand Asparagus Council
  - Strawberry Growers New Zealand Inc
  - Tomatoes NZ
  - Vegetables New Zealand Inc

## **REFERENCES**

New Zealand Customs Service and Ministry for Primary Industries (2021). Recovering the cost of border processing services joint consultation document. June 2021. (*Cited as Customs and MPI 2021*)

**ENDS**