

Regulatory Impact Statement: Requiring more classes of person to hold a New Zealand Electronic Travel Authority (NZeTA) before travel to New Zealand and reviewing the deemed visa period of stay

Purpose of Document	
Decision sought:	This analysis has been produced to inform Cabinet decisions on requiring more classes of person to hold a New Zealand electronic Travel Authority (NZeTA) before travel to New Zealand, and reviewing the deemed visa period of stay.
Advising agencies:	<i>Ministry of Business, Innovation and Employment (MBIE)</i>
Proposing Ministers:	<i>Minister of Immigration</i>
Date finalised:	12 July 2024

Problem Definition	
<p>1. Because certain groups of travellers are deemed to hold a visa and entry permission and are not required to hold an NZeTA, Immigration New Zealand is unable to effectively assess and manage risk.</p> <p>Under our immigration settings, some groups of travellers¹ are deemed to hold a visa and entry permission on arrival (which means they do not need to apply for these in advance or on arrival, and the visa is difficult to revoke as it can only be revoked on minimal grounds).</p> <p>Since 2019, the largest group of deemed visa holders, cruise ship crew and passengers (approximately 300,000 arrivals per year), have been required to hold an NZeTA before travel to New Zealand. This has helped address a gap in immigration settings and provides Immigration New Zealand (INZ) with some information about intending travellers which helps them to assess and manage immigration risk offshore.</p> <p>However, there are still key groups of deemed visa travellers who are not NZeTA required, which presents a risk to the New Zealand border as it means we receive little to no information about them when they travel here. There is an opportunity to strengthen immigration settings and improve INZ's ability to assess and manage risk by requiring the following groups of foreign nationals to hold an NZeTA:</p> <ul style="list-style-type: none">• cargo ship crew and passengers (the second largest group of maritime arrivals at approximately 30,000 travellers per year). The majority are from countries that are visa-required at the air border and they are a similar cohort to cruise ship crew and passengers, who are already NZeTA required;• crew on a foreign ship authorised by the Minister of Transport under section 198(2) of the Maritime Transport Act 1994 to carry coastal cargo (many of these come in as general cargo ship crew so would be included in the category above); and	

¹ Classes of person are described in Schedule 3 of the Immigration (Visa, Entry Permission, and Related Matters) Regulations 2010

- crew on unscheduled private or commercial aircraft (referred to as ‘private aircraft’²) (approximately 4,000 travellers per year), noting that a similar group, commercial aircraft crew are already NZeTA required.

MBIE has not considered requiring other groups of deemed visa holders, such as members of a visiting military force, and those travelling under the auspices of the Antarctic Treaty, to hold an NZeTA. Existing diplomatic and security agreements make it difficult to require NZeTAs and some security screening is already done.

2. The current maximum 28 day deemed visa period is not sufficiently facilitative for some cargo ships but extending it may negatively impact the domestic shipping sector.

Deemed visa holders are allowed to stay in New Zealand for a specific period of time, after which they have to hold another visa in order to remain lawful in New Zealand. Shipping agents representing foreign cargo ships claim that the current 28-day deemed visa period for cargo (and cruise ship) travellers is not long enough for them to complete their schedules of discharging and loading cargo. Applying for visas before the 28-day period expires is costly for cargo ships (typically costing around \$16,000 per ship of 20 crew members) and poses a barrier to international trade. In respect of the deemed visa period for cargo ship crew, New Zealand has an interest in balancing the following priorities:

- ensuring settings are facilitative while still managing immigration risk; and
- enabling a level playing field for domestic cargo carriers, such as those that transport cargo along the coast (referred to as coastal cargo) and face competition from foreign cargo ships which are permitted to carry coastal cargo in certain circumstances (under the Maritime Transport Act 1994).

Requiring more groups of deemed visa travellers to hold an NZeTA provides an opportunity to consider the deemed visa period of stay as some of the risk associated with a slightly longer stay for cargo ship crew and passengers would be mitigated by receiving more information about these travellers through the NZeTA.

Executive Summary

The Immigration Act 2009 (the Act) establishes that all non-citizens must hold a visa to travel to or be in New Zealand. In practice, particular groups are waived the requirement to hold a visa to travel to New Zealand (and must apply for a visa on arrival) or deemed to hold a temporary visa (to travel to and be here).

INZ receives very little information on deemed visa travellers, unless they are NZeTA required or are checked by the Advance Passenger Processing (APP) system at boarding (noting that this exists at the air border but not the maritime border). On arrival, deemed visa travellers do not need to apply for visas or entry permission through the New Zealand Traveller Declaration (NZTD) as they are already deemed to hold these. This lack of information and ability to interact with the traveller at different stages of the journey means that INZ is unable to assess and manage risk effectively for deemed visa holders.

The NZeTA provides INZ with information about intending travellers and assesses their eligibility to travel to (or transit) New Zealand (although not for every trip as it is valid for two years for visitors and five years for crew). It also helps to keep risk offshore as prior to implementation of the NZeTA, visa-free travellers would not make certain character

² The term refers to unscheduled international flights where the owner of the aircraft is on board as either the pilot or the passenger (private aircraft), and other commercial unscheduled international services, such as those carrying cargo.

declarations until onshore, at which point they could be turned around if considered ineligible to enter/be in New Zealand.

When the NZeTA was introduced in 2019, it focused on covering the biggest groups of visa-free travellers³ first based on an analysis of the costs and benefits. Cabinet noted that, subject to its agreement, more classes of traveller could be required to hold an NZeTA before travel to New Zealand as part of the future work programme. The following deemed visa holders were identified as priority groups: cargo ship crew and passengers, crew of foreign ships authorised to carry coastal cargo and crew of private aircraft [DEV-19-MIN-0191].

Requiring the largest group of maritime arrivals (cruise ship crew and passengers) to hold an NZeTA before travel to New Zealand in 2019 made a small but important improvement in INZ's ability to assess and manage immigration risk. Requiring more groups of deemed visa travellers to hold an NZeTA will further improve INZ's ability to assess and manage immigration risk and addresses a gap in immigration settings (whereby some groups are NZeTA required and other similar groups are not).

Work on requiring more groups of deemed visa travellers to hold an NZeTA commenced in 2023 but was paused in mid-2023 ahead of the general election. In May 2024, the Minister of Immigration directed MBIE to progress this work to support a strong and secure New Zealand border.

The deemed visa period of stay for cargo and cruise ship travellers

Concerns have been raised by New Zealand shipping agents representing foreign cargo ships that the deemed visa period of stay (a maximum of 28-days) is not long enough for cargo ships to complete their schedules.

Requiring more groups of deemed visa travellers to hold an NZeTA provides an opportunity to consider whether the deemed visa period for cargo and cruise ship crew and passengers remains sufficiently facilitative (because any risk associated with a slightly longer stay will likely be mitigated by having more information on travellers via the NZeTA).

Consultation confirmed support for the NZeTA extension but diverging views on the deemed visa period

Consultation on the extension of the NZeTA and the deemed visa period was conducted in March and April 2023 with representatives from the shipping sector and government agencies (the aviation and tourism sectors were invited but did not provide feedback on the proposals). MBIE reengaged with the sector in June 2024 to seek any further feedback.

Feedback from consultation indicated that:

- there was broad support for the NZeTA extension to cargo ships because of the facilitation benefits and ease of implementation, some support for crew of foreign ships authorised by the Minister of Transport to carry coastal cargo, and concerns about including crew of private aircraft due to the implementation challenges outweighing the improvement in immigration risk management;
- the deemed visa period was more of a challenge for cargo ships than cruise ships (who generally operate within regulatory settings and know in advance if they plan to be in New Zealand longer than 28-days); and
 - a longer deemed visa period could adversely impact the sustainability of the domestic shipping sector (as foreign cargo ships are permitted to carry coastal

³ all visa-waiver nationals, excluding Australian citizens, commercial aircraft crew and cruise ship crew and passengers

cargo under the Maritime Transport Act 1994, directly competing with domestic coastal cargo ships), particularly if it was extended by more than seven days.

Four options were developed following consultation and analysis

Taking on board the feedback from consultation and analysis conducted by MBIE, a recommendation was made (by MBIE and agreed by the Minister of Immigration) that crew of private aircraft were not to be included in the NZeTA due to implementation complexity outweighing the improvement in immigration risk management, and that cruise ship crew and passengers did not need a longer deemed visa period.

Following this, four options were developed:

- Option One: Require all cargo ship passengers and crew (including the crew of foreign ships authorised to carry coastal cargo) to hold an NZeTA before travel to New Zealand and maintain current deemed visa period
- Option Two: Option One plus extend the deemed visa to 35 days for cargo ship crew on a temporary basis (for example, 12-18 months, then review)
- Option Three: Option One plus extend the deemed visa to 35 days for bulk carriers only (who represent approximately 60 per cent of ships that exceed the deemed visa period)
- Option Four: Option One plus extend the deemed visa period to 35 days for cargo ship crew on a permanent/ongoing basis.

MBIE's preferred option is **Option 1** – to require cargo ship passengers and crew (including the crew of foreign ships authorised by the Minister of Transport to carry coastal cargo) to hold an NZeTA before travel to New Zealand. We also propose that the current deemed visa period of 28-days for cargo and cruise ship travellers is maintained for the time being due to concerns about the impact on the domestic cargo shipping sector.

MBIE considers **Option 1** improves risk management while also facilitating cargo ship crew who flying in to join a ship as they can do so holding an NZeTA instead of a visa. It also manages the risk of adverse impacts on the domestic shipping sector, which is important to support New Zealand's economic resilience.

In terms of implementation, requiring cargo ship crew and passengers to hold an NZeTA will result in a small increase in expenditure, which will be partially offset by the increase in NZeTA revenue. The shortfall can initially be funded by the surplus in the NZeTA memorandum account. Confidentiality

MBIE recommends that changes be implemented in April 2025 following changes to the *Immigration (Visa, Entry Permission, and Related Matters) Regulations 2010* (the Visa Regulations) in October 2024 to allow sufficient time for MBIE to communicate the changes and onboard carriers to INZ systems.

Limitations and Constraints on Analysis

A comprehensive Regulatory Impact Assessment (RIA) was produced for the introduction of the NZeTA in 2019. Therefore, this RIA is focused on options for requiring more groups of deemed visa travellers to hold an NZeTA and on the deemed visa period of stay for cargo and cruise ships.

Evidence of the size and nature of risks that INZ cannot identify and manage

Around 34,000 travellers per annum enter New Zealand on a cargo ship or as crew on a private aircraft (approximately 30,000 are cargo ship crew (very few are passengers) and 4,000 are crew on private aircraft). Cargo ship crew predominantly come from countries that would be visa-required at the air border (reflective of a higher degree of immigration

risk). MBIE understands most private aircraft crew are based in New Zealand, Australia and the United States, which is where the majority of private aircraft are registered and most passengers come from (thereby posing less immigration risk). Although 34,000 travellers is a small number compared with the annual number of overseas arrivals to New Zealand (2.54 million in the June 2023 year⁴), it only takes one bad actor to create a risk to New Zealand (whether it be by committing a criminal offence, bringing a communicable disease or contraband).

The current poor visibility of these deemed visa travellers and lack of ability to interact with them at different stages of the traveller journey is a key rationale for making them NZeTA required.

Evidence of the size and nature of the deemed visa issue

We were able to understand the approximate scale of the issue of cargo and cruise ships staying beyond the deemed visa period by looking at data from MBIE and the New Zealand Customs Service (Customs). The data has the following caveats:

- **two different data sources (collected for different purposes) were used** – we compared INZ data on number of cargo ships that applied for Work Visas by month and Customs data on number of commercial craft arrivals by month (we removed fishing, cruise, tugboats and yachts from the category to try to isolate cargo ships) to understand the proportion of cargo ships that needed to apply for visas due to exceeding the deemed visa period. We note that ‘cargo ships’ is not a category that Customs uses but tried our best to isolate cargo ships within their commercial craft category to get a ‘like for like’ comparison.
- **the data sources use different timepoints** - cargo ships generally apply for visas the month after they arrive in New Zealand (i.e. At the end of the 28-day deemed visa period), whereas Customs collects its data when a ship arrives in New Zealand. The data provides an approximate rather than definitive scale of the problem due to the different timepoints.
- **no data on the proportion of cruise ships that stay longer than 28-days was available**; we were told by stakeholders that most cruise ships operate within the current regulatory settings, and those that stay longer generally plan to do so in advance (paying for visas and/or flying in new crew). INZ holds no data suggesting cruise ship travellers are applying for visas at the end of the deemed visa period.
- The sector provided anecdotal evidence of how applying and paying for visas impacted them, but **no data was provided on the commercial impact of paying for visas**. MBIE understands that work visas for a ship of 20 crew would cost \$16,000, which is a small cost in relation to operating a cargo ship (which can be \$100,000 per day).

Assumptions underpinning the impact analysis of changing settings

MBIE has made the following assumptions:

- that the current policy settings of the NZeTA will be carried through unless there are compelling reasons not to. These include, for example, that crew are exempt from paying the International Visitor and Conservation and Tourism Levy (IVL), Australian and New Zealand citizens are exempt from having to hold an NZeTA, and crew that are positioning (flying in to join a vessel/craft they are working on) can travel to New Zealand holding an NZeTA (and apply for a visa and entry permission on arrival). This RIA therefore does not cover these elements.
- that the existing NZeTA infrastructure is fit-for-purpose and can manage the additional NZeTA requests, and although there are some additional costs to implement the NZeTA extension, these will be funded by the surplus in the NZeTA account in the

⁴ <https://www.stats.govt.nz/information-releases/international-travel-june-2023/>

short term and Confidentiality

- that a similar carrier engagement and onboarding approach to the one employed for cruise ships will be used for additional groups of crew that require an NZeTA.

Consultation

Targeted consultation with impacted stakeholders in the maritime sector was conducted in March and April 2023 (on the NZeTA extension and deemed visa period in general, rather than the proposed option). MBIE also invited feedback from the tourism and aviation sectors, but did not receive any. MBIE contacted two stakeholders from the maritime sector again in May 2023 to get feedback on options that were being considered.

Stakeholders were advised of this work progressing in June 2024, following a pause in mid-2023, and invited to submit any additional feedback. One stakeholder responded, advising MBIE of a preference for an option that was out of scope of this work, and reiterating their support for the NZeTA extension and a longer deemed visa period as a second option.

The Ministries of Transport, Business, Innovation and Employment (Tourism and Immigration portfolios), Foreign Affairs and Trade, and Health, the Ministry for Primary Industries, the Department of Internal Affairs, the Treasury, and Customs were also consulted options relating to the NZeTA extension and deemed visa.

Responsible Manager(s)



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Quality Assurance (completed by QA panel)

Reviewing Agency:	MBIE Regulatory Impact Analysis Review Panel (RIARP)
Panel Assessment & Comment:	A Quality Assurance panel with representatives from the Ministry of Business, Innovation and Employment has reviewed the Regulatory Impact Statement (RIS) Requiring more classes of person to hold an NZeTA before travel to New Zealand and reviewing the deemed visa period of stay. The panel has determined that the RIS meets the quality assurance criteria.

Section 1: Diagnosing the policy problem

What is the context behind the policy problem and how is the status quo expected to develop?

New Zealand border settings

- 1 The government aims to facilitate travel to New Zealand, for economic and social benefits, while appropriately managing the risk associated with the movement of foreign nationals (and goods) across the border. Our immigration settings are kept under review as the global risk environment evolves and technology improvements provide opportunities to improve our border management.
- 2 The Immigration Act 2009 (the Act) establishes that non-citizens must hold a visa to travel to or be in New Zealand. In practice, particular groups of travellers are waived the requirement to hold a visa to travel to New Zealand or deemed to hold a visa and entry permission on entry to New Zealand (meaning they don't need to apply for these) under the Visa Regulations.
- 3 INZ receives very little information about deemed visa travellers and has limited ability to interact with these travellers along the traveller journey (which is part of INZ's approach to layered border management). This is particularly true for travellers that are not NZeTA required and not checked by APP, which is a system that allows the carrier to refuse boarding of a traveller based on a directive from INZ when risk is identified (this is currently in place at the air border but not the maritime border). Deemed visa travellers also do not need to apply for visas and entry permission on arrival through the NZTD as they are deemed to hold these already.
- 4 The introduction of the NZeTA requirement in 2019 for all visa waiver nationalities (excluding Australian citizens), commercial aircraft crew, and cruise ship passengers and crew (the largest group of deemed visa arrivals) served to partially address gaps in immigration settings. Prior to this, these travellers could travel to New Zealand without providing any advance information to INZ and be liable for turnaround/deportation at the New Zealand border if they were not eligible to be granted entry permission.
- 5 The NZeTA was rolled out to the largest groups of travellers initially, informed by a cost-benefit analysis. Cabinet noted at the time that, subject to its agreement, more classes of traveller could be required to hold an NZeTA before travel to New Zealand [DEV-19-MIN-0191] as part of the future work programme. The following (deemed visa) classes of person were noted as priority groups: cargo ship crew and passengers, crew of foreign ships authorised to carry coastal cargo and crew of unscheduled private and commercial aircraft due to their size and/or risk profile.
- 6 In 2022, MBIE assessed these groups and determined cargo ship crew to be the priority group due to the number of travellers and ease of implementation, with crew of a ship authorised to carry coastal cargo and crew on private aircraft close behind. The then-Minister of immigration directed MBIE to progress work on extending the NZeTA to all three groups at once, subject to feedback from consultation with the sector and agencies.
- 7 In 2023, consultation was undertaken with the shipping and private aircraft sector on requiring more groups of travellers to hold an NZeTA, before the work being paused in mid-2023 ahead of the general election. In May 2024, the Minister of Immigration directed MBIE to progress work on requiring cargo ship crew and passengers (including those authorised to carry coastal cargo) to hold an NZeTA to support a strong and secure border. This work is also supported by the Border Executive Board

(BEB)⁵, which has expressed a desire for similar levels of risk management at the border regardless of mode of travel (aircraft or ship).

The NZeTA makes a small but important contribution to risk management

- 8 Legally, the NZeTA is a condition on a visa waiver, rather than a visa itself. It provides INZ with advance information on visa waiver (or deemed visa) people who are planning to travel to New Zealand and assesses their eligibility to travel to (or transit) New Zealand. A range of information is collected by INZ, such as biographic details, travel document details, declarations about character and reason for travel to New Zealand (although this is at a point in time and actual travel may be some months later).
- 9 The NZeTA is an assessment at a point in time (pre-travel) and an NZeTA can be used for multiple visits to New Zealand over two years for visitors, and five years for crew (provided they stay with the same employer and their passport does not expire). This means information may be out-of-date by the time the person travels to New Zealand and therefore the NZeTA is most effective when used in combination with other immigration measures, such as the APP system described above, which can assess traveller risk ahead of every trip.
- 10 Key features of the NZeTA:
- designed to be facilitative, enabling faster border processing for genuine travellers that meet eligibility criteria (e.g., it can also be used by cruise ship crew flying in to join a vessel (known as 'positioning') instead of a visitor visa, which is more costly and takes longer to process);
 - generally processed automatically, with a small proportion of NZeTAs needing to be manually assessed; and
 - cost effective (\$17 or \$23 depending on if requested via the mobile app or website). An NZeTA is valid for five years for crew members.
- 11 a request can be declined if traveller risk is identified, and the traveller may be advised to apply for a visa instead (which offers greater risk assessment). An NZeTA may also be withdrawn if granted in error (for example, if character concerns that come to light mean a person is no longer eligible).

Under the status quo gaps will remain, which non-genuine travellers may try to exploit

- 12 If no action is taken, the gaps in NZeTA coverage will remain and approximately 34,000 deemed visa travellers per annum (most of whom would be visa-required at the air border) will be able to enter New Zealand with no-limited screening. This gap will continue to impact INZ's ability to assess and manage immigration risk at the border (noting that this is a small proportion of the total annual visitor numbers - 2.54 million in the June 2023 year).
- 13 It is possible that in the absence of government intervention, more non-genuine travellers or travellers with character concerns attempt to use this pathway to enter and stay in New Zealand as they know there are limited checks. This is in the context of increased emphasis from the government (and internationally) on using digital technologies to strengthen the border and manage border risk.

⁵ The Border Executive Board's members include the Chief Executives of New Zealand Customs Service, MBIE, and the Ministries of Foreign Affairs and Trade, of Health, for Primary Industries, and of Transport.

Facilitation of travel and trade – deemed visa settings

- 14 Schedule 3 of the Visa Regulations lists several classes of person that are deemed to hold a temporary visa and entry permission on arrival. The length of the temporary visa varies by class of person, and for cruise and cargo ship travellers is until the ship leaves or the expiry of 28-days (whichever happens first).
- 15 These settings have effectively always been in place, although their legal expression has varied,⁶ and reflect that it is not practical or necessary (from a cost/benefit perspective) to have certain groups of people apply for visas and entry permission. This is particularly the case at the maritime border due to the lack of immigration infrastructure and presence. The settings have not been reviewed to ensure they are fit-for-purpose, or that the deemed visa period of stay is appropriate.
- 16 Shipping agents representing the foreign cargo shipping sector have raised concerns with MBIE that the current deemed visa period is not long enough for cargo ships to complete their schedules. MBIE understands frequent delays affected all ships during the COVID-19 border closures, both at New Zealand and international ports, but that port conditions and supply chain issues have improved somewhat over the last two years.
- 17 MBIE understands that delays to a ship's voyage places a financial and administrative cost on shipping agents as, under immigration law, crew must hold work visas if they are going to be in New Zealand longer than 28-days (and shipping agents normally apply and pay for visas on behalf of ship owners). MBIE has been informed that shipping companies will start adding the visa costs (approximately \$16,000 per cargo ship) into their freight assumptions, passing on the extra cost to consumers, or start avoiding New Zealand altogether.
- 18 As New Zealand depends on international ships to import and export goods, we aim to facilitate cargo ships while appropriately managing risk and impact on the domestic labour market/industry. Requiring more classes of person to hold an NZeTA provides an opportunity to consider the deemed visa period of stay for cargo ship crew as any increase in immigration risk associated with a slightly longer stay in New Zealand would likely be mitigated by the screening provided by the NZeTA.
- 19 MBIE understands that while cruise ships would appreciate a longer deemed visa period, they generally operate well within current regulatory settings (i.e., crew enter and leave New Zealand within 28-days or old crew flies out and new crew flies in). Although some cruise ships are stationed in New Zealand over the summer period, this is generally known well in advance, and visas are sought as necessary. In addition, MBIE data does not suggest that there is an issue with cruise ship travellers exceeding the deemed visa period.
- 20 No other groups of travellers subject to the deemed visa settings have raised the current deemed visa period as a concern.

Data indicates the deemed visa period is an issue for a minority of cargo ships, predominantly bulk carriers

- 21 MBIE has monitored the number of cargo ships that apply for visas because they reach the end of the deemed visa period since October 2022 (noting that this data was not collected pre-pandemic as it was rare to receive visa applications).

⁶ For example, the 1987 Immigration Act classed those travellers as "exempt from the requirement to hold a permit to be in New Zealand").

- 22 Data collected by MBIE and Customs suggests the proportion of cargo ships that exceed the deemed period is low and decreasing with time (approximately 1 per cent of cargo ships between October 2023 and March 2024 needed to apply for a visa because they were unable to complete their schedule within 28-days, compared with 3.4 per cent for the same period a year earlier – so trending down). Although, this figure does vary by month and some types of cargo ship, such as bulk carriers, feature more predominantly, it generally indicates that the current policy settings are working for most cargo ships.
- 23 In terms of how much longer cargo ships (that do stay longer than 28-days) stay in New Zealand, recent data from MBIE and Customs⁷ suggests that:
- 36 per cent (or 11 ships), stay one to seven extra days (a total of 29 to 35 days)
 - 14 per cent (or 4 ships) stay between eight and thirteen extra days (a total of 36 to 41 days)
 - 50 per cent (or 15 ships) stay 14 days or more (more than 42 days in total).
- 24 This data suggests an increase to the deemed visa period of seven days (to a total of 35 days) would likely benefit 36 per cent of cargo ships that exceed the deemed visa period. An extension of the deemed visa period of 13 days would capture 50 per cent of these ships. MBIE considers that extending the deemed visa period by more than 13 days would be out of step with the work visa framework.
- 25 An analysis of cargo ships that applied for visas because the deemed visa period expired between October 2022 and April 2023 indicated that the majority (58.9 per cent) were bulk carriers⁸ while around 20 per cent were container ships. This may reflect that it is more difficult and time consuming to unload dry bulk cargo at ports compared with container cargo due to the machinery and labour required.

The root cause of the staying beyond the deemed visa period of stay is complex

- 26 While the symptoms are delays in completing shipping schedules and congestion, the root cause of the problem is complex, involving labour shortages, poor productivity of ports and supply chain issues. Although a longer deemed visa period may facilitate some cargo ships to complete their schedules more easily, it will not address the underlying factors that are causing congestion and delays at ports.
- 27 In 2023, MBIE was informed by the Ministry of Transport that the issues were temporary, and conditions were slowly returning to normal (noting that there is no set date for a return to normal). We understand that in 2024 international supply chains issues have largely been resolved and port conditions have improved since the border reopening in 2022 (this is reflected in what MBIE is seeing, with fewer visa applications for this group).
- 28 If the status quo of having a 28-day deemed visa period continues, MBIE expects to continue to receive visa applications from a small proportion of cargo ships (approximately 600 visas per annum based on an average of 30 ships exceeding the deemed visa period each year). This will continue to place some administrative and financial cost on a minority of the cargo shipping sector in the short term, but we consider that, over the longer-term, port and shipping conditions are likely to improve. This likely means that that fewer ships will have to apply for visas (we have seen this start to happen while monitoring the situation).

⁷ Data collected between April 2023 and March 2024

⁸ Cargo ships that transport non-containerised goods such as grains or coal (dry bulk) or oil and gas (liquid bulk)

- 29 Other comparable countries, like Australia, have a maritime crew visa, which enables crew on a cargo ship to come to Australia and be there as long as is needed to complete their schedule. This visa is free, however, which would not be the case if New Zealand developed a similar visa. Although the deemed visa has a hard expiry date, New Zealand settings are more facilitative in other aspects, for example crew can fly in to join a vessel they are working on, which cannot be done on the Australian visa.

What is the policy problem or opportunity?

- 30 There is an opportunity for MBIE to make a small but important improvement in our ability to assess and manage immigration risk associated with deemed visa travellers by:
- requiring them to hold an NZeTA before travel to New Zealand; and
 - reviewing the deemed visa period for cargo ship crew (which is possible because the NZeTA screening mitigates any risk associated with a slightly longer stay).

Requiring more travellers to hold an NZeTA before travel to New Zealand would enable INZ to pre-screen for some immigration risks

- 31 Requiring the following groups of deemed visa travellers to hold an NZeTA would help address gaps in immigration settings, particularly at the maritime border, where INZ receives limited information on travellers (because maritime APP does not exist) and as a result is unable to effectively manage immigration risk for:
- cargo ship crew and passengers;
 - crew of foreign ships authorised by the Minister of Transport⁹ to carry coastal cargo (noting overlap with general cargo ship crew but including for completeness); and
 - crew of an unscheduled commercial or private aircraft.
- 32 It would make a small but important improvement to INZ's ability to assess and manage risk offshore by enabling INZ to undertake some pre-travel screening of the character and border risk of more groups of travellers. In the longer term, measures such as a maritime APP are important to support compliance with the NZeTA and further address gaps.

The deemed visa period should adequately facilitate travel and trade, while minimising negative impacts on the domestic industry

- 33 The extra screening provided by the extension of the NZeTA gives us an opportunity to consider the length of the deemed visa for cargo ship crew and whether it remains sufficiently facilitative, following concerns from shipping agents representing foreign cargo ships that it is not long enough. Consultation did not indicate that the deemed visa period was a significant issue for cruise ships, which was supported by the data.
- 34 Factors to take account of when considering the deemed visa period for cargo ship crew include:
- compliance costs associated with the extension of the NZeTA to cargo ships (noting the NZeTA costs at least \$17 per crew member, or roughly \$340 per ship but that this is not an annual cost as the crew NZeTA lasts up to five years)

⁹ Under section 198(2) of the Maritime Transport Act 1994

- any immigration risk associated with a slightly longer stay (for a small proportion of cargo ships) would likely be mitigated by INZ having advance information on more travellers via the NZeTA
- impacts on New Zealand's attractiveness as import/export market (noting that our economy relies on importing and exporting goods)
- impacts on the sustainability of domestic coastal shipping sector as the extra time may be used by foreign cargo ships to carry coastal cargo (the Maritime Transport Act 1994 permits foreign cargo ships to carry coastal cargo if passing through New Zealand on a continuous journey from a foreign port to another foreign port, and incidental to carriage of international cargo).
- conditions at New Zealand ports and supply chain issues (which are key drivers of cargo ships staying beyond the deemed visa period).

The domestic shipping industry is vulnerable and its existence is important for economic resilience

- 35 The current legislative framework (refer to the Maritime Transport Act 1994) aims to ensure that coastal cargo is primarily carried by domestic ships, and foreign ships only if they are on a continuous voyage from one foreign port to another, and the carriage of coastal cargo is incidental to the carriage of international cargo. Outside of this, any ship can seek and be granted a specific authorisation from the Minister of Transport to carry coastal cargo (under section 198(2)).
- 36 This has led to the situation where coastal cargo is carried predominantly by foreign ships (77 per cent according to The New Zealand Transport Authority's 2021 report¹⁰), which enjoy a competitive advantage and can charge lower rates because of several factors, including paying lower wages and economies of scale. During consultation, domestic shipping and union stakeholders spoke of an 'unfair playing field' and were wary of further tipping the balance toward foreign ships (possible, in their view, by a longer deemed visa period).
- 37 In 2022, the then-government announced investment to support a resilient, competitive, and sustainable coastal shipping sector, noting that it was an important part of the freight system and as a lower emissions transport mode can contribute to decarbonisation goals (as well as supporting local jobs). Having a domestic coastal shipping sector that is independent of foreign shipping is also important for economic resilience.

What objectives are sought in relation to the policy problem?

- 38 There are two objectives in relation to the policy problem:
- **Reduce immigration risk** by requiring more deemed visa travellers, particularly those at the maritime border who are currently subject to limited checks, to hold an NZeTA. This will help provide INZ with more visibility and opportunity to interact with travellers during their journey.
 - **Effectively balance risk management with facilitation** of maritime travel (while ensuring that the domestic coastal shipping industry is sufficiently protected). This is important because as an island nation we rely on international cargo shipping for imports and exports and seek to facilitate trade while managing immigration risk (and other impacts).
- 39 There are trade-offs to consider when balancing risk management with facilitation of maritime travel and trade. These include:

¹⁰ <https://www.nzta.govt.nz/assets/resources/coastal-shipping-research/nzta-coastal-shipping-state-of-play-report.pdf>

- providing job opportunities for New Zealanders. The requirement to apply for a visa after a certain period of time acts as a deterrent to foreign crew working in New Zealand long-term, protects domestic jobs and industries, and provides an incentive for ships to complete their schedules in a timely manner.
- supporting the domestic coastal shipping industry as part of its low emissions transport plan while still ensuring we can import and export goods required.

Section 2: Deciding upon an option to address the policy problem

What criteria will be used to compare options to the status quo?

- 40 The following criteria, which support the objectives identified for this proposal, have been developed to guide the analysis:
- **Effective risk management:** supports INZ to better manage border risk by providing advance information about more travellers, particularly those that are subject to limited checks such as deemed visa holders at the maritime border
 - **Facilitative:** immigration settings should facilitate travel and entry to New Zealand for genuine travellers, and ensure any barriers/limits are reasonable to manage risk and the integrity of our immigration system
 - **Impact on domestic industry:** particularly the aforementioned domestic coastal shipping industry
 - **Ease of implementation:** the option should be able to be implemented easily, with limited additional costs, for both government and the sector.
- 41 In terms of trade-offs, MBIE acknowledges that an option may be rated positively against the 'facilitative' criteria but negatively against the 'impact on domestic industry', however, we think it is important to include both aspects to ensure we consider the impacts of the options on a range of stakeholders.
- 42 The criteria are all weighted equally as it was not clear that some were more important than others.

What scope will options be considered within?

- 43 The purpose, and scope of the NZeTA was agreed by Cabinet in September 2018 prior to introduction in October 2019. At the time, Cabinet also agreed further classes of people could be required to hold an NZeTA before travel to New Zealand as part of the future work programme [DEV-18-MIN-0191 and CAB-18-MIN-0453].
- 44 In March 2023, Cabinet agreed to MBIE consulting with the maritime, aviation and tourism sector on:
- requiring the following groups of people to hold an NZeTA: cargo ship crew and passengers; crew of foreign ships authorised to carry coastal cargo; and private aircraft crew; and
 - the deemed visa period for cargo and cruise ships (currently a maximum of 28-days). (It was agreed that the deemed visa settings in their entirety were out of scope).
- 45 Changes to the deemed visa period are being considered in the context of the NZeTA extension. Officials advise it is not feasible to extend the deemed visa period in isolation as it would increase, rather than manage, risk at the border. Therefore, a combined set of options that incorporate elements of the NZeTA and the deemed visa period were developed and assessed (noting that an option to extend the deemed visa without an extension of the NZeTA is not included).

- 46 Taking on board the feedback from consultation and analysis conducted, MBIE recommended (and the Minister of Immigration agreed) that crew of private aircraft were not to be included in the NZeTA due to implementation complexity outweighing the improvement in immigration risk management, and that cruise ship crew and passengers did not need a longer deemed visa period.

What options are being considered?

- 47 Four options have been considered:

- **Option One:** Require all cargo ship passengers and crew (including the crew of foreign ships authorised to carry coastal cargo) to hold an NZeTA before travel to New Zealand and maintain current deemed visa period
- **Option Two:** Option One plus extend the deemed visa to 35 days for cargo ship crew on a temporary basis (for example, 12-18 months, then review)
- **Option Three:** Option One plus extend the deemed visa to 35 days for bulk carriers only (who represent approximately 60 per cent of ships that exceed the deemed visa period)
- **Option Four:** Option One plus extend the deemed visa period to 35 days for cargo ship crew on a permanent/ongoing basis.

- 48 As a result of the potential impact on the domestic shipping sector, MBIE decided to only consider a 7-day extension to the deemed visa period (after considering the impact of extending it by 3, 7 and 14 days), and to consider it on a time-limited, ring-fenced and ongoing basis only given the potential and uncertain impact on the sustainability of the domestic shipping industry.

- 49 These options were informed from the consultation process, which indicated that there was broad support for the NZeTA extension to cargo ships because of the facilitation benefits and ease of implementation. There was some support for including ships authorised to carry coastal cargo for completeness and consistency, and concern about including non-scheduled commercial and private aircraft crew due to the operational complexity outweighing the improvement in immigration risk management.

- 50 Consultation also indicated:

- the deemed visa period was more of a challenge for cargo ships (and bulk carriers in particular) than cruise ships (who generally operate well within regulatory settings and know in advance if they plan to be in New Zealand longer than 28-days). Cargo ships that stay beyond the deemed visa period are often on their way out picking up New Zealand products for export;
- a longer deemed visa period could adversely impact the sustainability of the domestic shipping sector (as foreign cargo ships may use the extra time to carry coastal cargo, directly competing with the domestic sector), particularly if the deemed visa period was extended by more than 7 days;
- ring-fencing the deemed visa extension to a sub-set of cargo ships would reduce the overall impact on the domestic sector but would concentrate those impacts on a sub-set of domestic ships (e.g. bulk carriers);
- having a time-limit for the extension may help to mitigate impacts on the domestic shipping sector but would be difficult to implement as there are few (if any) reliable indicators to tell us what effect it is having and when it might be appropriate to return to normal settings; and
- conditions at New Zealand ports have improved since the border reopened in 2022, which is supported by a lower number of ships having to apply for visas in October 2023 to March 2024 compared with a year earlier.

51 Discussions with the Ministry of Transport confirm that is challenging to understand exactly what impact a slightly longer deemed visa would have on the domestic shipping sector, and this would be difficult to monitor due to the lack of reliable indicators on what goods ships carry and when (information which is considered commercially sensitive).

52 Table One sets out analysis of the four options, including the status quo, against the criteria established under paragraph 47. The scoring schema is:

- 1 Negative impact
- 0 No impact
- 1 Marginal positive impact/ partially addresses
- 2 Positive impact / addresses well

How do the options compare to the status quo/counterfactual?

Table One: Analysis of options against key criteria

Criteria / option	Status quo	NZeTA	Deemed visa settings (in addition to Option One)		
	Partial rollout of NZeTA and 28 day deemed visa period for cargo ship crew	Option One: Require all cargo ship crew and passengers to hold NZeTA and no change to deemed visa period	Option Two: A time limited extension (35 days for 12-18 months) for cargo ship crew	Option Three: extension (35 days) for crew of bulk carriers only	Option Four: extension (35 days for cargo ship crew on a permanent basis
Effective risk management:	No improvement in risk management and possible that gap in settings will be taken advantage of (we have evidence of this happening in cruise ship pathway) -1	Would support small improvement in risk management via advance information about more travellers, although not for every trip 1	Would support small improvement in risk management via advance information about more travellers, although not for every trip 1	Would support small improvement in risk management via advance information about more travellers, although not for every trip 1	Would support small improvement in risk management via advance information about more travellers, although not for every trip 1
Facilitative:	Current settings facilitate these groups to enter NZ (and work) for a limited amount of time with no requirements to provide information to INZ 1	The NZeTA can facilitate entry to New Zealand (by making border clearance faster) and would enable positioning cargo crew to enter NZ more easily using their NZeTA instead of a visa. No change to the deemed visa means ships that are impacted by delays at ports still need to apply for visas before day 28 1	This option would facilitate cargo ship crew to stay in NZ for longer before having to apply for a visa (meaning lower costs for some ships) (in addition to NZeTA facilitation benefits) 2	This option would facilitate a sub-set of cargo ship crew to stay in NZ for longer before having to apply for a visa (meaning lower costs for some ships, in addition to NZeTA facilitation benefits) 2	This option would facilitate cargo ship crew to stay in NZ for longer before having to apply for a visa (meaning lower costs for some ships, in addition to NZeTA facilitation benefits) 2
Impact on domestic industry	No change in impact on domestic industry 0	No change in impact on domestic industry 0	May negatively impact domestic industry, although unclear to the degree -1	May negatively impact domestic industry, although unclear to the degree -1	May negatively impact domestic industry, although unclear to the degree -1
Ease of implementation	No implementation effort required 2	Existing NZeTA infrastructure could be used but a small amount investment needed in initial stage, which will be balance over time by increased revenue 1	Further advice to Cabinet before time expires would be required, necessitating monitoring of the impact of deemed visa period over several months, which would be challenging as we do not have relevant indicators -1	No implementation effort required above the NZeTA extension, apart from regulation change. Some review of impact needed but not as in-depth as Option Two 0	No implementation effort required above the NZeTA extension, apart from regulation change. Some review of impact needed but not as in-depth as Option Two 0
Overall assessment	2	3	1	2	2

How do the options compare to the status quo?

What option is likely to best address the problem, meet the policy objectives, and deliver the highest net benefits?

- 53 MBIE recommends **Option One**: Require all cargo ship passengers and crew (including the crew of foreign ships authorised to carry coastal cargo) to hold an NZeTA before travel to New Zealand and maintain current deemed visa period.
- 54 **Option One** performs best against the criteria, specifically balancing risk management with facilitation of travel and trade (while protecting domestic industry/jobs), which is a key policy objective for this work.
- 55 Requiring cargo ship crew and passengers to hold an NZeTA will enable INZ to better manage risk associated with these travellers who are deemed to hold a visa and therefore currently provide limited (if any) information to INZ.
- 56 It is one of the easier options to implement as we know from consultation that the sector is likely to be familiar with the NZeTA and able to implement it well (with MBIE's support). The relevant MBIE teams have also made it clear that it will be easy to implement, with little additional resource needed, as systems and processes are already in place.
- 57 Maintaining the deemed visa period, although not as facilitative as extending it for cargo ships, helps to protect the domestic shipping industry and makes this option easier to implement.

What are the marginal costs and benefits of the preferred option?

- 58 We have identified the following affected groups:
- **Regulated groups:** travellers subject to NZeTA extension; specifically, cargo ship crew (including crew of foreign ships authorised to carry coastal cargo) , estimated to be approximately 30,000 travellers per annum, and their shipping agents/ship owners;
 - **Regulators:** Border officials who must implement the proposed changes, ensure compliance, and will benefit from advance information about more travellers (namely Customs and MBIE);
 - **Others:** Border agencies, such as Customs, Ministries of Health, Transport, Foreign Affairs and Trade, Maritime New Zealand; and domestic shipping sector and unions.
- 59 Table Two sets out the non-monetised costs and benefits of the preferred option: **Option One**: *Require all cargo ship passengers and crew (including the crew of foreign ships authorised to carry coastal cargo) to hold an NZeTA and maintain current deemed visa period* in comparison to the status quo: continuing with the partial rollout of the NZeTA.

Table Two: Costs and benefits of preferred option – *Option One: Extend the NZeTA to cargo ship passengers and crew*

Affected groups	Comment	Impact	Evidence Certainty
Additional costs of the preferred option compared to taking no action			
Travellers subject to NZeTA extension	Nature of cost: financial Type: ongoing Comment: travellers (or the ship owner) will have to pay for the NZeTA (\$17 or \$23 depending on if via mobile app or website) although this is not an annual cost as NZeTAs last for two or five years (for Traveller and Crew NZeTAs respectively).	Low	Medium. Shipping agents indicated through consultation that this cost would not have a huge impact on the sector and that it would likely be balanced by greater facilitation (including less need to apply for other visas).
	Nature of cost: access to internet/device Type: ongoing Comment: ship or craft owner/manning agent will need to have access to a mobile device or a laptop and internet to apply for the NZeTA for crew in advance of arrival to New Zealand – normally at the last foreign port before arrival or before leaving port of origin (i.e., months in advance).	Low	While Maritime New Zealand has raised that cargo ships have less internet capability than cruise ships, the maritime sector had no concerns about ship owners being able to complete NZeTA applications before travel to New Zealand due to connectivity issues.
	Nature of cost: administration/compliance Type: ongoing Comment: ship or craft owners/manning agent must check crew have valid NZeTA before travel to New Zealand (and if not request the NZeTA on their behalf). They may also need to cancel NZeTAs when crew cease employment.	Low	During consultation the maritime sector had no concerns about ship owners/manning agents being able to check people had valid NZeTA applications in advance of travel to New Zealand. It was indicated that training and good communications would help.
Regulators: Border officials that need to implement the option	Low additional costs as the existing NZeTA infrastructure is expected to accommodate the proposed additional classes of people, which amounts to only a 1.2 per cent increase in NZeTA applications (an extra 30,000 people out of 2.5 million NZeTA applications per annum). Costs can be covered by the NZeTA revenue and the surplus in the NZeTA memorandum account in the short-term but Confidentiality A small amount of FTE resource (2 fixed term FTEs and one ongoing) is needed for INZ to implement.	Low	High
<i>Others: Border agencies, Ports, airports</i>	Border agencies will benefit as the NZeTA contributes to a modern and secure New Zealand border via the use of digital solutions. Border agency chief executives have also stated that their vision is for greater consistency between maritime and aviation border settings.	Low	High.
Total monetised costs	The preferred option has a marginal increased cost to implement (for FTE in the identity management and carrier relationship teams, only one of which is ongoing) but this cost can offset in the short term by the additional revenue from the NZeTA and the surplus in the NZeTA memorandum account. Longer term the NZeTA fee will be reassessed.		
Non-monetised costs	Low		
Additional benefits of the preferred option compared to taking no action			
Travellers subject to NZeTA extension	Nature of benefit: facilitation of travel/border entry Type: ongoing Comment: the NZeTA can facilitate entry to New Zealand for genuine travellers, particularly if positioning crew can use it to enter and join a ship (which happens for cruise crew under current settings).	Medium	High. Shipping agents have said this is a notable benefit of the NZeTA and will save cost and time.
Regulators: MBIE officials that need to implement the option	Nature of benefit: risk management Type: ongoing Comment: INZ will have advance information about more intending travellers and be able to better assess and manage risk, particularly important for this group as they are currently subject to limited screening.	Medium	Medium. MBIE operational people have confirmed that the NZeTA extension is a useful first step in getting more information about maritime arrivals, but we need to also take other steps to address gaps and improve risk management.
<i>Others: Border agencies</i>	Nature of benefit: a modern and secure border Type: ongoing Comment: extending the NZeTA to more groups will supporting a more modern and secure border via use of digital solutions and help to address gaps and inconsistencies in border settings.	Medium	Border agencies have been supportive of this work so far and how it contributes to the vision of a modern and secure border that is digitally enabled.
Total monetised benefits	N/A		
Non-monetised benefits	Medium		

Section 3: Delivering an option

How will the new arrangements be implemented?

- 60 If Cabinet agrees to proceed with the proposal, officials will implement it as set out below. Subject to Cabinet decisions, any proposed changes are recommended to be implemented by April 2025. This will enable sufficient time for MBIE to communicate the requirement to affected carriers and onboard them to MBIE systems and lessen the impact on MBIE during peak NZeTA application time (November to February). The proposal does not impact on any other existing regulation.
- 61 Changes to the Visa Regulations are needed to give effect to the policy changes (once agreed by Cabinet), and MBIE will prepare a Cabinet paper for consideration by the Cabinet Legislation Committee in September 2024. Regulation change will come into effect by October 2024.
- 62 A transitional period from when the regulations are in place (October 2024) until April 2025 will likely apply, allowing people to request an NZeTA but not making it mandatory yet. This approach is supported by MBIE operational teams.
- 63 Following Cabinet decisions, MBIE will start engaging with carriers to inform them of the requirement and what it means for them, including onboarding them and developing MoUs as necessary. Communications will go out to a range of stakeholders – internal, other border agencies and the maritime sector, to communicate the changes.

How will the new arrangements be monitored, evaluated, and reviewed?

NZeTA requirement

- 64 MBIE will continue to regularly monitor carriers' compliance with the NZeTA requirement¹¹. This already happens with cruise ships and regular compliance reports are circulated to the Immigration Border Operations Leadership Team monthly (during the cruise season). If there is an issue, this enables the Carrier Relationship Team to address it with the carrier and also carry out compliance and infringement activities. MBIE expects to see high compliance with the NZeTA requirement in the medium term based on our experience with cruise ships.
- 65 Although some monitoring is currently being done of the NZeTA – compliance rates and processing times, a substantial issue with the NZeTA (e.g., technology or risk assessment) may prompt an earlier review of how it is operating.

Deemed visa settings

- 66 MBIE will continue to monitor the deemed visa period issue (by monitoring number of cargo ships applying for visas for crew) and communicate with stakeholders on factors affecting shipping delays. In the longer term, a more fulsome review of the deemed visa settings may be warranted, considering they have not been reviewed for several decades and the border landscape has changed significantly, particularly with maritime travel.

¹¹ Under the Immigration (Carriers' Information Obligations) Regulations 2010, a carrier must ensure the persons boarding a craft have the prescribed documents (including a visa if required). Although the NZeTA is not mentioned if a person is waived the requirement to hold a visa to travel to New Zealand then they must hold an NZeTA (unless exempt).

Evaluation

67 MBIE will conduct a one-year review of requiring cargo ship crew (including crew of foreign ships authorised to carry coastal cargo) to hold an NZeTA to evaluate the impact of regulation change, which will cover the following:

- Compliance with NZeTA requirement
- Numbers of NZeTA requests from cargo ships and timing of requests
- Numbers of cargo ship crew using the NZeTA for positioning
- Issues with implementation / onboarding for carriers.