

## 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.<sup>1</sup>
- 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):

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Ministry of Business, Innovation and Employment

3 September 2018

<sup>1</sup> 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.<sup>2</sup> 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

<sup>2</sup> Note 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.<sup>3</sup>

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.

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<sup>3</sup> 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

	<b>Option 1</b>	<b>Option 2 (preferred)</b>	<b>Option 3</b>
	<b>More visas</b>	<b>ETA</b>	<b>More PNR</b>
<b>Policy criteria</b>			
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"> <li>IT systems and related business processes</li> <li>education and engagement costs</li> </ul> <p>Ongoing operating costs - including engagement and education, manual processing and other costs</p>	<p>§ 9(2)(j)</p> <p>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"> <li>development of new IT systems and processes to implement ETA</li> <li>communications of new requirement for travellers</li> <li>crew ETA costs</li> </ul> <p>Air carriers:</p> <ul style="list-style-type: none"> <li>integration of systems and processes with ETA</li> <li>communications of new requirement for travellers</li> <li>Crew ETA costs</li> </ul>	<p>Medium-High</p> <p>Low-Medium</p>
<b>Total Monetised Cost</b>	Costs to travellers and project costs	<p>§ 9(2)(j)</p> <p>to build the ETA</p> <p>\$13m per year operating costs (recovered from travellers)</p>
<b>Non-monetised costs</b>	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
<b>Total Monetised Benefit</b>		N/A
<b>Non-monetised benefits</b>		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.