Consulting on fees and levies

From: [redacted]
Sent: Friday, 6 September 2024 6:43
To: Consulting on fees and levies
Subject: Customs consultation communication

To parties interested in consumers opinion.
I am happy that someone taking the time to read my opinions. Thank you.
The cost spread I believe should not be the same. Anything deemed to be life critical, (ie medical, food or infrastructure materials) should be one cost bulk supply charge.
Anything secondary (toys, luxury items, cosmetics, electronics not involved in infrastructure) should pay full costs.
I believe if it can be sourced locally there should be incentive to buy local. Tax payer paying import and export costs is a way of disguising actual cost of shipping internationally and must stop.
Good luck on the nonsense navigation.
[redacted]

Consulting on fees and levies

From: S9(2)(a) [redacted]
Sent: Monday, 16 September 2024 14:32
To: Consulting on fees and levies
Subject: Change of fees for Secure Exporter Scheme

To whom it may concern,

I wish to submit feedback on the proposed cost of goods management activities at the boarder – specifically the increased rates for SES

As a large NZ exporter who is part of the Secure Exporter Scheme, the proposed increased fees for the Secure Exporter Scheme represent a significant increase to our business. The modelling based on our documentation this year represents a 48% increase in cost from our previous baseline, of which we will be limited in our ability to recuperate these additional costs from our customers.

Given both the rigour required to being recognised as a SES exporter as well as the value that importing countries place on this certification from NZ, increasing the costs associated to it do not make sense and will deter exporters from utilising this scheme. As such please consider reducing the scale of proposed costs for this scheme.

Regards,
S9(2)(a) [redacted]

[redacted]
S9(2)(a) [redacted]
S9(2)(a) [redacted]
S9(2)(a) [redacted] **W:** www.silverfernfarms.com
A: Alberts - Level 10 Office 4, 1 Albert Street, Whangarei, Auckland 0481, New Zealand

[redacted]

S9(2)(a)

[redacted]

Consulting on fees and levies

From:	[redacted]
Sent:	Friday, 20 September 2024 17:22
To:	Consulting on fees and levies
Subject:	Submission for Customs & MPI Goods Management Fees Review
Attachments:	goods-fees-consultation-summary-document Sept 2024.pdf

Dear sirs,

On behalf of Wallenius Wilhelmsen, we would like to express our concern at the proposed increases for Commercial Vessels on a per call basis and would like to see more transparency and better justification for this charge.
Given the number of calls into New Zealand (all carriers), we anticipate that the implementation of this charge could have a significant impact on service patterns, with carriers looking to consolidate more volumes on a per vessels basis and reduce the frequency of services to minimize the number of port calls and therefore costs. Increased scale of vessels/cargoes is not something New Zealand's infrastructure can handle and as a result we in turn see risk of even lower productivity levels, port congestion and operational disruption in port and hinterland logistics.

We believe more engagement with industry is required on this topic to ensure understanding of both the benefits and the risks.

Kind regards,

[redacted]

Wallenius Wilhelmsen

Wallenius Wilhelmsen
Auckland, New Zealand
[redacted]
Web: www.walleniuswilhelmsen.com

Consulting on fees and levies

From: [redacted]
Sent: Friday, 20 September 2024 15:58
To: Consulting on fees and levies
Cc: [redacted]
Subject: Consulting on proposed fee structure changes.

1. “Do you think these forecasts are reasonable?”-I think these forecast likely represent true costs to customs and we need to alter the way levying is paid to cover customs increasing costs.
2. “What impact would the fee increases in the above tables have on you or your business?”-Our business would see a minor increase in sea freight imports and a decrease in sea freight exports.
3. “What implementation issues would the changes raise for your business and what lead time would you require to manage these?”-We would have virtually no problem implementing these changes as we would just update excel tables to reflect the new costs.
4. “Is there anything else you would like to tell us about the likely impacts of these fee changes”-Nothing at this time.
5. “Do you agree that setting the fee for the submission of a cargo report for clearance of low value goods based on the number of consignments listed on it would be fairer than continuing to charge a flat per document fee, irrespective of the number of consignments on it? Yes, this appears to be a fairer solution for most.
6. “What impact would setting fees per consignment likely have on your business?”-This would likely slightly raise costs but is a fairer system for all.
7. “What implementation issues would the changes raise for your business? What changes would you have to make in your business? How long would this likely take to manage these changes?”- When we are importing parts we will have to calculate by consignment not by shipment so this will raise some challenges in doing this calculation in some cases. But as we already calculate costs this would be a minor inconvenience.
8. “Do you agree a per consignment charge, payable when a document seeks clearance of a large number of low value consignments, should not be capped?” I think there has to be a happy medium somewhere. I think it should be capped but capped at an arbitrary number of say 100 consignments. At some point this is a danger of becoming revenue gouging and would likely just be passed onto consumers so raise the import costs and costs of goods for all. This will have negative effect throughout the market including the likely effect of raising the cost of living for consumers.
9. “If you favour a cap on these charges, where do you think the costs not recovered from the submitter of the cap should come from?”- What costs? These are admin fees at best mostly generated arbitrarily for revenue gathering. If we cap at say a 100 consignments then the cost of inspection of all of these will be the same as for 10 of them. The cost don’t really change whether you are inspecting 100 consignments in a container to whether you are inspecting 10.
10. “Do you think any of the options above or any other option, would be fairer than either the status quo or consignment based fees? No I think these other options such as collecting gst offshore would be much harder to implement and therefore has higher compliance cost ergo defeating the purpose of the changes.
11. Do you think high value consignments should pay the same fee, irrespective of whether they are carried by airfreight or by sea freight, do you think there should be different fees reflecting the different costs incurred in clearing air and sea consignments?- I think costs should reflect type ie there should be one cost for each mode as reflected in the work done to inspect and manage these different type of consignments.
12. “What are the reasons for your answer? “- I think it fairer on the importers/exporters to reflect the type of shipment they chose.
13. “What impact would moving to separate fees for high value consignments for sea and air freight have on your business?”- this would have an impact as mostly what we ship are considered high value items.

14. “What implementation issues would the changes raise for your business? What lead time would you need to manage these?”- We would have to calculate the new costs into our costing system thana implement. This is a minor change for us.
15. “Do you think the removal of the OCTF_OCR and spreading it s costs it currently recovers through other export related fees is appropriate?”- as allow volume exporter this move looks likely to reduce our and our shippers compliance costs, so I think this is a good thing.
16. “What are the reasons for your answer?”- as above
17. “What impact would be removing the OCTF_OCR likely have on your business? It would have minimal impact initially and would be added as a compliance cost.
18. “Do you think it would be fairer to recover vessel costs through a commercial vessel charge or keep recovering these goods through charges paid by importers and exporters? If not why not?”- I think the more you reduce costs on direct importers and exporters the less the tax payer has to subsidise their activities, so I am in favour of a commercial vessel charge.
19. “what impact if any do you think a commercial vessel charge might have on the cost and availability of shipping in NZ?”- This raises a good point. These charges will either be met by the importer or passed on. We live on the edge of the earth shipping is hard enough to secure and expensive enough as it is.
20. “Do you think the proposed vessel charge would impact compliance with customs and MPI rules by vessel when arriving in NZ?”- No I think vessels arriving in NZ would have allocated funds for the charge and this would mean business as usual for them.
21. “Do you think there are other options for meeting these costs that might be fairer than a commercial vessel charge or goods fees? If you do what are these options?”- If there are other was to implement a charge on the vessels that is transparent and fair and applicable direct to the vessels themselves then I can’t think of one.
22. “Do you think the broad categories of exemptions for vessels of this type and voyages are appropriate? If not why?”- I tend to agree with paragraph 107
23. “What impact would the introduction of a commercial vessel charge and the consequent reduction in goods fees likely have on you or your business?”- This will increase costs especially in the case of owner operated lines kike MOL who have greater share of the market, they will use their clout to offset costs.
24. “Who should be invoiced for the commercial vessel charge-ship operators, owners or agents?”- Ship operators, they have the greatest say in where the vessel travel and call in.
25. “ What implementation issues would this raise/what lead time would be needed to implement these changes?”- As an importer we just pay the bills, the shippers and forwarders will pass these charges onto us. They just represent increased costs and as a business that revenues are a good chunk of importing then we are not terribly keen on increase costs. But we also want a safe well monitored border and a safe drug free society, so Customs needs to be funded to do these roles.
26. “Do you think there is an argument for a new vessel charge to be phased in? If yes how do you think it should be phased and would this be fairer?”- I think any charges levied should be phased in, this will make them more acceptable and reduce “cost shock” associated will paying sharply increase fees.
27. “Do you agree it would be fairer to recover the cost of transhipped consignments and empty containers by broadening the goods management charging base and attaching an appropriate fee to each of the se goods?”- Yes
28. “Do you agree that if a fee is imposed on transhipped consignments and empty shipping containers, is it appropriate to use the consignment charge for low value consignments (valued at $1k or less) as the basis for charging, in the interim until goods fees are next reset?”- yes
29. “What impact would be applying a charge to transhipped goods or empty containers have to your business:”- It would really just add to the costs of shipping in a general way, we don’t often tranship goods or consign dehired containers.
30. “Do you think there is any other option for the recovery of costs for transit goods? If so can you tell us what this is?”- This is a cost that should be borne by the shipper per consignment, as needed is probably the fairest way to assign this charge. They have duty to know what they are carrying, and they have oversight of the goods whilst underway at sea.
31. “Do you have any other comments on to make on how the costs of transit goods transhipped goods and empty containers should be recovered?”- This cost should be borne by the shipper as they just pas costs onto the importer anyway and there is a mechanism for passing on these costs already in place in the form of a contract for shipping goods.

32. "What implementation issues would these changes raise for your business? What lead time would you need to manage these?"- Not a lot would change in this space for us.
33. "Do you think it would be fairer for customs and MPI costs of clearing these goods to be fully recovered from the importers/exporters or do you think taxpayer funding should continue? Do you think ongoing funding from the crown is appropriate why?"-I think MPI /customs cost should be fully recovered from importers and exporters of these low value goods.
34. "If the costs of clearing these goods were fully on the importers/exporters what affect would this have on the business?"- On our business this wouldn't affect us as we don't engage in these imports.
35. "If your business involves carrying low value goods consign for other senders incl submission of docs for clearance, how would you incorporate changes in costs in your pricing? Would you face any constraints moving from doc based to consignment based?"- N/A
36. "What implementation issues would the above change for your business?"- N/A
37. If you are a business selling low value goods by air freight how price sensitive are the markets, you sell into?"- N/A
38. "If the withdrawal of crown funding was phased how long should the phasing in transition be? What is fair and appropriate"- I think this should be phased in over a period of several years. While these imports represent $ leakage from the economy they have apparent material demand in the market so this cost added whilst fair should be slowly introduced to delay or offset market shock.
39. " Do you consider that the accumulated deficit related to low value air exports should be recovered in one levy period (three years) or over two periods? Why?"- Probably two as this would have significant ramifications for these importers/exporters if implemented over a single levy period, with the volume of these imports at present this would influence the market. Not certain if it would be a positive impact likely negative. We don't want to derail the industry by making to abrupt changes as this affect people's jobs/livelihoods.
40. "Do you think any consignment types should be exempt from the low value charge? If so which ones?"- No think these low value imports represent a net drain on the economy, I think there should be no exceptions in this space.
41. " If consignment types are exempt how should these costs be recovered?"- If exemptions are made, they should be made for goods that the taxpayer is still happy to subsidise such as healthcare items.
42. For international mail " Do you think it would be fairer for customs and MPI costs on these goods to be fully recovered from importers/exporters or should taxpayers continue to cover this?"- I think user pays should be a rule here. A flat fee per tonne should be applied to mail to be charged to shippers and forwarders to pass onto importers/exporters- excluding samples etc.
43. "What is the reason for your answer?"- Exempt goods currently protected under the act: Customs and Excise act 2018, should continue to be protected but all other users should pay for their use of the system.
44. " If you are a business sending or receiving goods by mail, why do you use mail rather than freight forwarding service?"- N/A but likely the cost difference and also the mail network is in some places more accessible and more extensive.
45. "if the costs of clearing goods in the mail system were to be fully recovered based on rates indicated what impact would this have on your business?"- N/A
46. " If the costs of goods were fully recovered from importers and exporters, do you think infirm taxpayer funding should continue to phase this in? Why? "-N/A
47. "How long should phasing and transition last? Why do you think this timeframe is fair and appropriate?"- Likely this would last 2x levy cycles as all changes implemented should be fair and slow to allow the market to adapt.
48. "Do you think that if mail items are valued over $1k and are subject to both IETF and per kilo charge the IETF should be reduced to avoid paying twice?"- Yes
49. "What implementation issues would the above changes raise for you business? What Leadtime would you need to implement these changes?"- Nil, none.
50. "Do you think the costs of low value goods carried by int mail goods should be treated separately to goods carried by low value freight? Do you think they should be combined so the same charge applies across the board?"- I think they should be combined
51. " Are there any options you think would be clearer than a per kg fee for covering costs of amil clearance?"- NO

52. “If the fall-back option of recovering costs of clearing inward mail through a service charge to NZ post were implemented what impacts would this have on you or your business and do you consider this the preferred option?”-Negligible, yes preferred option.
53. “ Do you think it is appropriate for the costs of managing commercial vessels to be fully cost recovered rather than partially covered by the crown?”- I think these should be partially covered we don’t want to negatively impact our ability to trade due to excessive red tape and fees.
54. “What is the reason for your answer?” To many unclear fees give the impression of revenue collecting for the sake of it. We are a m tiny nation on the corner of the globe and ships only come to us as we are a big enough market but their a re better market almost everywhere else.
55. “Do you have anything else to tell us about this proposal not already covered by your responses to questions on the proposal to introduce a commercial vessel fee?”- No
56. “Do you support customs moving to a regular cycle for reviewing and resetting its fees (proposed 3yearly)?”- yes
57. If customs were to move to a regular review cycle for its fees, what do you think is an appropriate review period?”- either 3 years or 6years.
58. Do you think customs and MPI should have regular engagement with key stakeholders on goods fees and levies? If you do what for should this take?”- Yes, consulting to industry with submissions such as this.
59. “What are the reasons for your answer?”- The=is format is set out well it shows what customs want and allows a view point from all stakeholders.

Thankyou for the opportunity to comment on this.

S9(2)(a) [redacted]

S9(2)(a) [redacted]

CablePrice

S9(2)(a) [redacted]

Consulting on fees and levies

From: [redacted]
Sent: Monday, 30 September 2024 10:15
To: Consulting on fees and levies
Subject: Response to the proposal of the introduction of a fee per commercial vessel arriving in NZ

To whom it may concern

Thank you for your recent communication regarding the proposed fee for all vessels arriving in New Zealand. We appreciate the efforts of your agency to streamline operations and enhance the efficiency of customs processes.
However, after careful consideration, we would like to express our concerns regarding the economic viability of the proposed fee structure. The introduction of this fee could significantly impact our operational costs and the competitiveness of our services in the region as this additional cost incurred would at some stage be passed onto customers down the supply chain. As you are aware, the maritime industry is already facing numerous challenges, including fluctuating fuel prices, global supply chain disruptions, and increased regulatory compliance costs. The addition of a new fee could further strain our resources and hinder our ability to provide efficient and cost-effective services, other relevant impacts are outlaid below:
1. Increased Costs for Importers and Exporters
   - Higher Shipping Costs: Vessel fees can lead to increased shipping costs, which may be passed on to importers and exporters. This can make goods more expensive for consumers and businesses alike.
   - Impact on Pricing: Higher transportation costs can result in increased prices for imported goods, potentially reducing demand and affecting sales volumes.
2. Competitiveness of Local Industries
   - Market Position: Countries with lower or no vessel fees may become more attractive to international shipping companies, potentially diverting trade away from countries with higher fees.
   - Impact on Exporters: Local exporters may find it challenging to compete in global markets if shipping costs rise significantly, affecting their profitability and market share.
3. Supply Chain Disruptions
   - Operational Efficiency: Increased costs can lead to disruptions in supply chains, particularly for industries that rely on just-in-time delivery models. Delays or increased costs could lead to inventory shortages or excess.
4. Trade Volume Reduction
   - Potential Decline in Trade: As shipping costs rise, some businesses may reduce the volume of goods they import or export, leading to a decline in overall trade activity. This can have a cascading effect on economic growth.
5. Investment Decisions
   - Influence on Business Location: Companies may reconsider their investment decisions based on increased shipping costs. Some may choose to relocate operations to countries with more favourable shipping conditions, impacting local economies.

6. Administrative Burdens
   - Complexity and Compliance: The introduction of vessel fees may add administrative burdens for businesses, requiring them to navigate additional compliance measures, which can be particularly challenging for smaller firms.
7. Environmental Considerations
   - Potential for Improved Practices: In some cases, vessel fees may be tied to environmental initiatives. While this could increase costs, it could also encourage more sustainable shipping practices and investments in greener technologies.
8. Impact on Consumer Behaviour

- Change in Consumption Patterns: As prices increase due to higher shipping costs, consumers may alter their purchasing habits, affecting demand for certain products and potentially leading to a shift in market dynamics.

9. Long-Term Economic Implications

- Economic Growth: If trade volumes decline significantly and businesses face higher costs, it could impact overall economic growth, job creation, and development in the affected regions.

In summary, while vessel fees may be intended to cover costs associated with customs and port operations, they can have far-reaching impacts on international trade, competitiveness, and economic health. Stakeholders should thoroughly assess these implications and consider alternative solutions that balance operational needs with economic viability. Therefore, we do not welcome the implementation of the commercial vessel fee and
urge New Zealand Customs and the Ministry for Primary Industries to reconsider their
position.

S9(2)(a) [redacted]
S9(2)(a) [redacted]

p. | **m.** | **e.** S9(2)(a) [redacted] | **l.** Christchurch Office
ravensdown.co.nz | Twitter | LinkedIn | Facebook | Smarter farming for a better New Zealand

Consulting on fees and levies

From: S9(2)(a) [redacted]
Sent: Tuesday, 1 October 2024 14:56
To: Consulting on fees and levies
Subject: Feedback on Proposed Increase of Low Value Export (Courier) Costs

Hello,

Please find the feedback of J M Harris Limited (a freight forwarder) regarding the impact on our business of the proposed increase of Low Value Export (Courier)) costs via the suggested questions in the below consultation document highlighted in italics:

https://www.customs.govt.nz/globalassets/documents/misc/goods-fees-review-consultation-document.pdf

- **Q: What is important to you or your business?**

A: As a forwarder (brokerage) what is important to our business is what is important to our customers. We are receiving push back from our customers about the sharp increases in freight costs they are facing.

- **Q: How would the proposals affect you or your business if implemented?**

A: It would affect our business by increasing our costs by approximately NZD $11,360.00 a year, as the international couriers have indicated they will be passing this increase on to us. We cannot easily pass it on to our customers given the more competitive environment we face then the international couriers do. This amount of money is the equivalent of approximately 1/6 of an FTE, who we will either need to not hire or let go.

- **Q: Whether you think the proposals are fair.**

A: I do not believe any increase of 530% is fair. Given recent inflationary pressures and the severely depressed state of the economy, an increase of 10% would seem reasonable.

- **Q: Whether you think there are other issues or impacts that need to be considered.**

A: The idea of importers and exporters should be paying the full cost (or close to it) of anything incurred by MPI or NZ Customs does not seem to consider two things:

1). The economic value these activities provide the country.
2). The fact businesses already face a massive tax burden from PAYE taxes, company taxes, and GST. Businesses see little benefit for these taxes, and for importers and exporters part of where they saw some benefit for the taxes they pay, was by subsidising border regulation costs.

Thank you for the opportunity to give feedback on this proposal.

Please feel free to contact me for any further information.

J M Harris Limited

S9(2)(a)
S9(2)(a)
[redacted]

Consulting on fees and levies

From: Studioform Creative [redacted]
Sent: Tuesday, 8 October 2024 8:28
To: Consulting on fees and levies
Subject: RE: Recovering the Costs of Goods Management at the Border New Zealand Customs Service

Feedback on the introductions of fees

RE: Q37

The markets we are selling into are extremely sensitive due to the fact exporting from New Zealand is already difficult due to already extremely high freight rates

By adding these extra fees it will make it impossible to compete with other companies selling from china and locally

Since covid freight rates have almost doubled. Adding this fee for low value goods just adds more flames to the fire. We are already looking to move operations offshore

--
Regards
[redacted]

Consulting on fees and levies

From:	[redacted]
Sent:	Tuesday, 8 October 2024 10:17
To:	Consulting on fees and levies
Subject:	Consultation: Recovering the costs of goods management activities at the border

Good morning,

My name is [redacted] and I represent Aquity Trading Limited and Vital Zing. We currently export from our manufacturing facility in Auckland and supply over 90% of the major supermarkets across NZ. We also export to Australia, USA and Japan.

We are more than happy to provide further details but our issue with the proposed levies they would increase our courier rates by over 20%.
This would basically bring a complete halt to our biggest contributing factor to our growth in Australia. Online sales via our website www.vitalzing.com .

More than happy to discuss further but wanted to express firstly that this is big concern to our business.

Kind regards,
[redacted]

[redacted] | [redacted]
AQUITY TRADING LIMITED | VITAL ZING INTERNATIONAL
16C PIERMARK DRIVE | ROSEDALE | AUCKLAND 0632 | NZ
DDI [redacted] | CELL [redacted] |

VITALZING.COM | facebook.com/vitalzing | instagram.com/vitalzing

Consulting on fees and levies

From: [redacted]
Sent: Friday, 11 October 2024 15:53
To: Consulting on fees and levies
Subject: Recovering Cost of Goods Management at the Border - Submission

[redacted]

Good Day.

We are Lucas Marine Services Ltd, shipping Agents [redacted] and Consultants, established in 1990 and currently based at Marsden Point.

As a long established of the participant in the NZ Shipping Industry, and Member of Shipping NZ, we wish to submit our response to the NZ Customs' Service and MPI joint proposal for **Recovering the Costs of Goods Management at the Border** and, particularly the proposal to substantially increase the fees imposed on foreign commercial vessels trading with New Zealand.

To answer the specific points requested in your proposal:

What is important to you and your business?

- *Maintaining a smooth flow of export and import cargo vessels safely through our ports at reasonable cost to all concerned parties.*
- *And doing the above in the knowledge that our borders and effectively, and efficiently, protected by the likes of NZC and MPI*

How would the proposals affect you or your business if implemented?

- *Direct costs and administration resulting from having to explain the rationale of the proposed charges to our customers.*
- *Recovering the additional charges plus our own additional administrative cost from, probably reluctant, and certainly unhappy customers, will likely end up being much more than the base charge you are proposing.*
- *In the long term, these additional charges would inevitably flow through to the greater economy resulting in higher costs for everyone. Shippers will face increased costs, making their products less competitive on world markets, whilst importers will simply pass the additional cost on to us, their NZ customers. I am sure you do not need to be reminded that "At least* ***97 percent*** *of our trade is transported by sea" (Keith Manch, when he was Director of Maritime New Zealand).*

Whether you think the proposals are fair.

- *ABSOLUTELY NOT! They are unfair in almost every way.*
- *As we understand the proposal, the charge for a small 350 GT tug, bringing a barge over from Australia, would be the same as for a 60,000 GT container vessel or oil tanker.*
- *Even though you appear to claim that the cost of risk analysis and evaluation is the same for every vessel, how can a blanket charge possibly be considered fair?*

Whether you think there are other issues or impacts that need to be considered.

- *If cost recovery is the issue that it appears to be, then maybe it is worth considering a charge on a $ per GT(gross tonnage) basis.*

- *Ship owners and operators worldwide are used to charges being on this (GT) basis*.

Comment:
Whilst acknowledging that in recent inflationary times some increase in fees would be reasonable, and indeed expected, the proposal to impose a flat fee of $6268 on every overseas vessel is, in our view, ill-advised at best.

The work of protecting the NZ Border is unquestionably vital, but we strongly disagree with the proposal that NZC and MPI recover the costs in doing by unilaterally imposing this charge on the operators of foreign commercial vessels, regardless of risk or size.

We, as a nation have a sovereign right to be protected from all manner of unwanted things, from pests and diseases, drugs, and other contraband, through to illegal immigrants etc. etc. It is the responsibility of the Crown to provide that protection, through the likes of NZC, MPI and our Border Forces. In no way is it the responsibility of foreign ship owners and charterers to fund the protection of our borders.

Having said that, the vast majority of ship owners' and charters are responsible operators. Most are fully cognisant of the cost to their businesses should they fall foul of the regulations of the countries to which their ships travel and have systems in place to prevent such breaches. If additional costs are actually incurred, due to perceived high-risk vessels which prove to be just that, or other reason, a fairer way would be devise a system where additional costs are passed onto the vessels that actually incurred them.

Regards

S9(2)(a) [redacted]

Consulting on fees and levies

From:	Panamax 2020 Limite S9(2)(a) [redacted]
Sent:	Monday, 14 October 2024 19:52
To:	Consulting on fees and levies
Subject:	Opposition to the Proposed $3.50 Export Fee Increase

Out of Scope [redacted]

Dear New Zealand Customs,

I am writing to express my strong concerns regarding the proposed introduction of a $3.50 fee per consignment for export shipments valued under $1,000. As an exporter, I believe that this fee would have significant negative consequences for my business and the New Zealand economy as a whole.

Our business exports predominantly low value goods <NZD$1000.00. The introduction of a $3.50 fee per consignment for exports under $1,000 would add thousands of dollars in additional costs to our operations each year. This would make the cost of doing business even more extreme and put us at a distinct disadvantage compared to our international competitors.

This fee would not only increase our operational costs but would also make us less competitive in global markets. Customers are extremely price-sensitive, especially in the e-commerce sector. Even a small increase in costs, such as this $3.50 fee, will have a direct impact on our conversion rates. Fewer customers will be willing to make purchases due to the increased prices, which will lead to fewer exports and, ultimately, a reduction in revenue for our business.

New Zealand Customs needs to recognize that exports are a crucial driver of revenue for the New Zealand economy. In a time when the economy requires growth, imposing additional fees on exports will only stifle this potential. The proposed fee increase will harm businesses like ours that are already under significant pressure and will negatively affect the broader economy by reducing the volume of exports.

I believe that the costs associated with customs clearance should not be fully recovered from exporters and importers. As exporters, we already contribute significantly to the economy by bringing in revenue from overseas markets. It is only fair that taxpayer funding continues to support these costs, as the revenue generated from exports ultimately benefits taxpayers and the country at large.

Additionally, implementing a system for businesses to recover these fees would add unnecessary administrative burdens and paperwork, further increasing operational costs. This would only exacerbate the negative impact on businesses already struggling to remain competitive in global markets.

Our markets are highly price-sensitive, and we compete with businesses across the globe. If this charge is introduced, we will have no choice but to pass the increased costs on to our customers, leading to lower conversion rates, decreased revenue, and reduced customer satisfaction. It is important for New Zealand Customs to consider the broader implications of this fee increase, not just for businesses but for the New Zealand economy as a whole.

I urge New Zealand Customs to reconsider the introduction of this $3.50 fee per consignment. This additional cost would hinder New Zealand's ability to remain competitive in global trade, damage businesses, and reduce the number of exports we send overseas. I believe this proposal will have far-reaching negative effects on both businesses and New Zealand families, and I hope that New Zealand Customs will take these concerns seriously before implementing such changes.

Thank you for your time and consideration.

Sincerely,
S9(2)(a) [redacted]

Consulting on fees and levies

From: S9(2)(a) [redacted]
Sent: Monday, 14 October 2024 18:07
To: Consulting on fees and levies
Subject: Proposed NZ Government Fee Structure - Nutrisearch Submission

Dear NZ Customs,

Please accept this email as our submission against this new fee proposal.

Please see our responses in Red below.

Kind Regards

S9(2)(a) [redacted]

[redacted]

Freephone: 0800 88 44 33 (NZ) / 1800 177 959 (AU)

www.nutriscript.co.nz

Nutriscript™ by Nutrisearch

We would like to inform you of important regulatory changes being proposed by New Zealand Customs. They are seeking feedback on a new fee structure.

Proposed Key Changes that could effect you as an exporter based on the consultation document:

- Up to $3.50 per shipment for **exports** under 1,000NZD

Please see below 4 questions that are relevant for NZ business exporters:

- Q5: Do you agree with charging export consignments that are valued under 1000NZD that travel on a manifest $3.50 per shipment or would be fairer than continuing to charge a flat per document fee, irrespective of the number of consignments on it? If you don't agree can you tell us why? $3.50 per shipment will make us uncompetitive in an already very comeptitive business environment and although may seem small may make our business unsustainable which would cost loss of further jobs in NZ.
- Q6: What impact would setting fees per consignment likely have on your business? It would make us uncompetitive in a global market. We compete with other large offshore companies in our industry and we find it hard to comepte already .
- Q33: Do you think it would be fairer for Customs and MPI's costs of clearing these goods to be fully recovered from the importers and exporters or do you think taxpayer funding should continue? Present structure should continue until industry has had time to suggest alternative solutions.
- Q37: If you are a business exporting low value goods by air freight, how price sensitive are the markets you sell into? Extremely Proice senistive What would the impact of a per consignment export charge indicated have on your competitive position? How might you respond to the introduction of such a charge? I believe we would be totally unsustainable as a buisness if this charge was applied to each export under $1000. We are already more expensive than USA based suppliers

You can send your submission with your input by 5pm, 31st October 2024:
Email to: consultingonfeesandlevies@customs.govt.nz
Post to: Consultation: Recovering the Costs of Goods Management at the Border
New Zealand Customs Service
PO Box 2218
Wellington 6140

Consulting on fees and levies

From: [redacted]
Sent: Monday, 14 October 2024 16:47
To: Consulting on fees and levies
Cc: [redacted]
Subject: Feedback: Recovering the costs of goods management activities at the border

[redacted]

To whom it may concern,

I have recently been made aware of your proposed levy on low-value exports.

Whilst I understand that the purpose of the levy is to become self-sufficient in covering costs, I feel that this view is narrow-minded and doesn't fully consider the impact it will have on New Zealand businesses and the wider economy.

New Zealand businesses, including mine, have struggled in the last 2 years (post-covid) with rising costs and shrinking margins. Adding additional expenses, on already stretched export businesses, will undoubtedly result in; a) passing additional costs onto overseas customers which will reduce demand, or; b) absorbing the costs ourselves which will decrease margins and will inevitably result in lay-offs.

The future of New Zealand relies upon a strong export economy and I feel this factor has been overlooked with the significant levy on exports - especially for B2C companies like ourselves.

[redacted] There is not enough margin to cover this levy. It is simply too high.

--

Regards,

[redacted]

Army and Outdoors

[redacted]

W: www.armyandoutdoors.co.nz

Consulting on fees and levies

From: S9(2)(a) [redacted]
Sent: Thursday, 17 October 2024 16:12
To: Consulting on fees and levies
Subject: RECOVERING THE COSTS OF GOODS MANAGEMENT ACTIVITIES AT THE BORDER

To Whom it May Concern,

Although the International Container Lines Committee (ICLC) will respond to your consultation paper separately, I would also like to comment on behalf of Ocean Network Express (ONE).

Commercial Vessel Charge:
ONE feels that the introduction of the Commercial Vessel charge ($6,268/vessel call) is unjustified.
This charge will simply increase the cost of operating vessels to NZ.
We are already facing huge increases in NZ as each NZ port has also been hiking their charges by large amounts each year.

As you may be aware, there is some elasticity in the supply of shipping for international carriers (shipping lines) because they have the ability to deploy their assets anywhere to maximise their profits.
Countries with high costs and inefficient infrastructure (port productivities), such as New Zealand, run the risk of being deprioritized by carriers.
This may have a detrimental impact on the number of services that carriers are prepared to operate to NZ, which will impact NZ exporters who are already being impacted by higher market concentration.

Empty Container Fee
I would also like to comment on the new empty import containers charge of $9.11/container. Your consultation summary states that empty containers may have contraband or biosecurity risks and are regularly inspected by Customs using backscatter x-ray.
This statement is incorrect. Empty containers are rarely scanned by NZ Customs as they enter NZ.

There is also already a biosecurity process that has been put in place by MPI under the Import Health Standards. These empty containers are randomly checked and those nominated by MPI require a 6 x sided inspection at a compliant transitional facility (TF).
Carriers are also given a risk profile, which is regularly updated by MPI that determines how many containers are to be checked. If contaminants are found the TF must dispose of it correctly and report it to MPI.
Therefore, how can this charge be justified?

Sincerely,

□---□

S9(2)(a) [redacted]

S9(2)(a) [redacted]

S9(2)(a) [redacted]

New Zealand

□---□

Ocean Network Express Ltd

Auckland Office

Level 15 Shortland & Fort Building

88 Shortland Street, Auckland

New Zealand, 1010

S9(2)(a) [redacted]

S9(2)(a) [redacted]

S9(2)(a) [redacted]

www.one-line.com

From:	[redacted]
To:	Consulting on fees and levies
Subject:	Feedback on the proposed $3.50 export fee per shipment for under $1000 NZD
Date:	Monday, 21 October 2024 14:06:02

To those who may concern,

My name is [redacted], and I've been informed by DHL about Custom's plan to charge $3.50 per shipment for exports under $1000 NZD. This is likely to have a profound effect on our business since the majority of our exports are under the value of $1000, and our customers are price and fee conscious especially post-covid when the majority of the products that we sell have had numerous price increases already. The proposed fees will likely to be absrobed by us which means lessening our margin, and adding burden to our increased staff wages as per imposed by the government.

Our retail business is under enormous stress at the moment with higher operational cost and slim margins. We strongly advise the government to help small business like ours by not to introduce such fee.

Sincerely Yours,
[redacted]

From: S9(2)(a) [redacted]
To: Consulting on fees and levies
Subject: Consultation: Recovering the costs of goods management activities at the border
Date: Monday, 21 October 2024 16:03:00

We are writing to you in response to the request for feedback on the recovery of goods Management activities at the border .
COSCO CONTAINERLINES operates Global container shipping services to virtually every market New Zealand trades with .

We have significant concerns with the proposed increases being sought from 1st July 2025 in your review, particularly the Vessel Fee, transshipment, and Empty Container per consignment charges.

Operationally New Zealand is a complex market to provide services to due to its relatively small scale , geographical location and lower levels of productivity .

New Zealand also has one of the strictest Biofouling regimes in the world meaning significant costs to vessel owners as well as disruptive effect on our operational schedules.

The continued increase in all costs means its becoming a greater challenge for vessel owners to operate in New Zealand . It is becoming very difficult to explain these continued new or increased costs to overseas based principals who see this increasing cost against no significant productivity improvement.

Whilst we appreciate that the MPI/Customs cost recovery changes are a proposal only , we are interested to discuss how this can be achieved without further burdening carriers .

Cost and efficiency is certainly something that is carefully considered when deploying capacity . COSCO CONTAINERLINES is keen to be able to increase both the capacity deployed to NZ Trades as the market demand grows as well as the quality of that tonnage .

As I’m sure you are well aware , International Shipping is critical to New Zealand’s trade success but we are fearful that these measures may put more financial and compliance strain on the industry that may negatively influence future decisions.

Again we do wish to have more positive engagement on the scope of these charges and discussion prior to any next steps.
We are happy to discuss individually or as part of a wider industry group perhaps through International Container lines Committee (ICLC)

COSCO SHIPPING Lines are committed to ensuring we can continue to develop our services and quality of those services to serve the New Zealand Market .

Thanks for the opportunity for input into this change proposal .

S9(2)(a)

[redacted]

COSCO SHIPPING

Outlook

Customs & MPI Goods Management Fees Review submission

From S9(2)(a) [redacted]
Date Tue 10/22/2024 10:00 AM
To consultingonfeesandlevies@customs.govt.nz <consultingonfeesandlevies@customs.govt.nz>

Ravensdown Shipping Services Pty Ltd – Melbourne Tel S9(2)(a) [redacted] To whom it may concern, We were recently advised of the proposed introduction of a fee by New Zealand Customs and the Ministry for Primary Industries for all commercial vessels arriving into New Zealand. As the shipping arm of one of New Zealand's major fertiliser co-operatives, we are service providers for New Zealand's agriculture sector, and are one of the most active shipping companies to frequently call at New Zealand for discharging fertiliser and other products. This proposed fee, whilst not only being exorbitantly high, would likely end up being passed down the supply chain and absorbed by the end user (consumers). With the recent cost of living increases this would be another burden for households to bear. Furthermore, the introduction of such a fee will detract companies from conducting international trade related business operations into New Zealand. The New Zealand Government's mandate is to promote international trade in New Zealand, yet, with the ever increasing port costs coupled with this new proposed fee, this is likely to have the opposite effect, causing trading companies to look elsewhere to conduct their operations because the cost of doing business in New Zealand is becoming unsustainable. Therefore, we do not welcome the implementation of the commercial vessel fee and urge New Zealand Customs and the Ministry for Primary Industries to reconsider their position. ++ Regards S9(2)(a) [redacted] Ravensdown Shipping Services Pty Ltd T: S9(2)(a) [redacted]

S9(2)(a) [redacted]

From: [redacted]
To: Consulting on fees and levies
Cc: [redacted]
Subject: Feedback on the "fees and levies for goods management activities'
Date: Wednesday, 23 October 2024 15:20:23

Dear FTA,

I hope this email finds you well.

I am writing on behalf of SEKO Australia to express our concerns regarding the proposed changes to the 'fees and levies for goods management activities', proposed by the New Zealand Customs Service and Ministry for Primary Industries. While SEKO fully understands and agrees with the need to raise additional revenues to support the vital protection of New Zealand's border, SEKO believe the suggested fee structure will have significant negative impacts on cross-border trade, in particular eCommerce.

SEKO Australia operates across the Ocean and eCommerce/Air verticals, importing more than [redacted] into New Zealand annually, in addition to [redacted] Our operations contribute [redacted] in inbound trade. The proposed increases in fees and levies are disproportionately high, which will not only affect our ability to retain and grow our customer base but also reduce competition providing broader economic consequences, particularly on the competitiveness of the New Zealand market.

Given this, SEKO respectfully proposes that the New Zealand Customs Service and Ministry for Primary Industries undertake a review of the proposed rates and consider reducing them to levels that ensure financial sustainability without unduly impacting businesses and trade. We would welcome the opportunity to discuss this matter further and commit to working collaboratively towards a more balanced approach that benefits both the protection of New Zealand's borders and the continued strength of its trading relationships.

Thank you for your consideration of this important issue. We look forward to your response.

Kind Regards,

[redacted]

[redacted]
B4 / 9 Coal Pier Road | Banksmeadow | NSW 2019 | Australia
[redacted] | www.sekologistics.com/au

Consulting on fees and levies

From: Ops - Nautilus Shipping Agency <ops@nautilusshipping.co.nz>
Sent: Thursday, 24 October 2024 14:23
To: Consulting on fees and levies
Subject: Customs & MPI Goods Management Fees Review

Categories: S9(2)(a) [redacted]

To Whom It May Concern

Our agency looks after vessels discharging and loading bulk cargo at NZ ports.

We would like to express our concern at the proposed fee review and specifically the Commercial Vessel per arrival fee which is suggested to be introduced at nzd 6,268.00 per arrival.

We have mentioned this proposed fee to quite a few vessel owners, plus also exporters and importers for whom we look after vessels. The overall feedback is that this is another thing to add to reasons why not to trade with NZ. Owners are already seeing marked increases in tariffs at NZ ports, and costs across the board. New Zealand has stringent policies in place regarding vessels condition both through Maritime NZ (PSC) and MPI (bio-fouling especially) which increase the cost of trading with our country.

Owners cannot see what service they will receive for this additional fee.
Maybe consideration needs to be made to charging those vessels which require additional attendance or scrutiny. If a vessel owner spends money to have their vessel meet our high standards then they do not want to subsidise clearance for a vessel that does not meet the requirements.

If the fee is introduced it would likely see an increase in freight rates which in the long run will be passed down the chain, and it will be New Zealanders who pay.

New Zealand is an island country that relies heavily on international shipping to supply goods that we do not manufacture or produce. We have a lot of people employed in the export industries, and should be looking to promote the export of our primary produce to ensure our balance of trade remains healthy.

This proposal only seems to be putting the brakes on.

Best Regards
S9(2)(a) [redacted]

From:	Namesake Embroidery Studio
To:	Consulting on fees and levies
Cc:	[redacted]
Subject:	Charging export consignments
Date:	Thursday, 24 October 2024 12:55:01

Hi there

I have recently been contacted by [redacted] our account manager at DHL above charging an export consignment.

I have been asked by her to answer the questions below but I just wanted to implore you to NOT implement this change. E-commerce exporters already have a very difficult time in this country overcoming the hurdle of expesive shipping costs and the $3.50 increased cost will make a large impact on our ability to do business from NZ and compete.

Do you agree with charging export consignments that are valued under 1000NZD that travel on a manifest $3.50 per shipment or would be fairer than continuing to charge a flat per document fee, irrespective of the number of consignments on it? If you don't agree, can you tell us why?

We do not agree and strongly advocate for continuing with the flat fee. As a New Zealand business, we already face significant challenges due to high international shipping costs. Introducing an additional per consignment charge would exacerbate these issues, making it even harder for us to compete globally. Such a change would force us to explore alternatives, including potentially relocating our fulfillment operations to a more cost-effective country. This would not only affect our business but could also contribute to a loss of revenue for New Zealand.

What impact would setting fees per consignment likely have on your business?

Implementing a per consignment fee would directly affect our competitiveness by increasing our costs, which we would inevitably have to pass on to our customers. Given New Zealand's geographical isolation, we already face high shipping rates, and this additional burden would make it even harder to offer competitive pricing. Instead of encouraging exports to help improve our trade balance, these fees would create further barriers, making New Zealand a less attractive place to run an export-based business.

Do you think it would be fairer for Customs and MPI's costs of clearing these goods to be fully recovered from the importers and exporters or do you think taxpayer funding should continue?

Taxpayer funding should continue. Exporting is crucial to the New Zealand economy, and exporters need support to remain competitive on the global stage. The high costs associated with shipping from New Zealand already put businesses at a disadvantage compared to international competitors. Recovering all clearance costs from importers and exporters would further increase these costs, discouraging exports and undermining New Zealand's potential to grow its international trade.

If you are a business exporting low value goods by air freight, how price sensitive are the markets you sell into? What would the impact of a per consignment export charge indicated have on your competitive position? How might you respond to the introduction of such a charge?

The markets we operate in are extremely price-sensitive, especially since our customers already bear high shipping costs due to New Zealand’s remote location. Introducing a per consignment charge would make our pricing even less competitive, potentially leading to a loss of market share. In response, we would likely need to explore alternative fulfillment solutions outside of New Zealand, which would be an unfortunate consequence of an already challenging cost structure.

Best,
S9(2)(a) [redacted]

Namesake Embroidery Studio

Kind Regards,

S9(2)(a) [redacted]

[redacted]

@namesake.embroidery
https://www.namesakestore.com/

From: [redacted]
To: [Consulting on fees and levies]
Cc: [redacted]
Subject: Consultation: Recovering the Costs of Goods Management at the Border
Date: Saturday, 26 October 2024 15:32:19

To Whom It May Concern

I am writing to you in connection with the consultation mentioned in the heading above. Specifically I have the following feedback below.

- Q5: Do you agree with charging export consignments that are valued under 1000NZD that travel on a manifest $3.50 per shipment or would be fairer than continuing to charge a flat per document fee, irrespective of the number of consignments on it? If you don't agree, can you tell us why?
- Q6: What impact would be setting fees per consignment likely have on your business? We sell a large number of small value items with a low margin. Three quarters of those items go offshore. This level, levied per consignment would see us close two international markets immediately as we rely on the volume to compensate for the low individual consignment margin, meaning this would make it not worth doing.
- Q33: Do you think it would be fairer for Customs and MPI's costs of clearing these goods to be fully recovered from the importers and exporters or do you think taxpayer funding should continue? I believe the status quo should be maintained. Any profit we make is taxed, and given 75% of revenue eventuates from offshore we are currently a net exporter helping the balance of payments. We would continue to sell into the NZ market only if this goes through.
- Q37: If you are a business exporting low value goods by air freight, how price sensitive are the markets you sell into? What would the impact of a per consignment export charge indicated have on your competitive position? How might you respond to the introduction of such a charge? Our markets are extremely price sensitive, we are competing with local retailers in their market already and other exporters into those markets who are substantially closer, and have less overhead for freight already. This simply increases our disadvantage, and given the price disadvantage we have we would be unable to pass any cost increase on, and so withdrawing from the markets is the only commercially viable option. [redacted]

Kind regards
[redacted]
[redacted]
Amyandella.com

Amy & Ella®

Consultation Document: Recovering the Costs of Goods Management at the Border

From: S9(2)(a) [redacted]

Date: 25/10/2024

Dear Sir/Madam,

I am writing on behalf of PIL (New Zealand) Ltd, in response to the public consultation on the proposed changes to goods fees and levies, specifically concerning the introduction of a commercial vessel charge, as outlined in the document *"Recovering the Costs of Goods Management Activities at the Border"*.

While we understand and support the need for financial sustainability and effective border management, the introduction of the **commercial vessel charge of NZD $6,268 per arrival, international transhipment (sea) of $9.11 and empty container import (sea) charge of $9.11** poses significant concerns for the maritime industry. We would like to present the following points for your consideration:

1. Impact on Operational Costs

The proposed commercial vessel charge would directly increase the operating costs of shipping and transport companies, which are already under pressure due to fluctuating fuel prices, global supply chain disruptions, and other regulatory costs. Such a significant charge could result in:

- Increased freight costs, which will likely be passed on to importers, exporters, and eventually consumers.
- Reduced competitiveness of New Zealand's import/export businesses, particularly smaller companies with lower margins.

We request a thorough impact assessment on how this charge will affect the overall costs for stakeholders across the supply chain, including small and medium enterprises.

2. Disproportionate Burden on Smaller Vessels and Operators

The flat fee structure of NZD $6,268 per vessel, regardless of the size or tonnage of the ship, disproportionately impacts smaller vessels and operators who may not generate enough revenue per trip to absorb such costs. For example, small commercial vessels with lower cargo volumes would be significantly disadvantaged compared to larger vessels that distribute costs over greater capacities.

Based on PIL NZ's 2024 projected vessel visits, this charge will be almost $100,000. PIL NZ expects to grow it business in the coming years so the cost will also increase.

3. International Competitiveness

Given that New Zealand relies heavily on international shipping for both imports and exports, any additional cost pressures on shipping companies could lead to a reduction in the number of vessels calling at New Zealand ports. New Zealand is a distant country and a high cost to serve market for shipping lines. With alternative ports in nearby regions, shipping companies may opt for routes that impose fewer fees and charges. This reduction in vessel traffic could have long-term negative consequences for New Zealand's trade economy.

New Zealand's food and fibre products are well regarded globally and are a major driver of export earnings for the New Zealand income. The New Zealand Government has an ambitious target to double the value of export earning in ten years by tapping into the rising middle class globally. Having a strong partnership with international shipping lines will be essential in meeting this target. Steady arrivals of ships and availability of containers will be critical. Additional charges like vessel arrival charges and a charge on shipping empty containers will make New Zealand a less attractive proposition for international shipping lines to the detriment of New Zealand exporters.

4. Rising compliance cost and potential for Price Increases for Consumers

The commercial vessel charge will inevitably lead to higher shipping costs, which could cascade through the supply chain and result in increased prices for goods for New Zealand consumers. The economy has grappled with inflationary pressures for a few years which resulted in high interest rates. It has only just moderated. Clogged supply chains as a result of the pandemic were a driver of inflation. Shipping lines supporting New Zealand will result in a well-functioning supply chain.

We want to highlight some recent cost increases that are unreasonably high. Vendors across New Zealand are having to grapple with additional costs, this, coupled with the monopolistic port structures, has already led to us having increase our terminal handling changes and surcharges (e.g. insurance, infrastructure) by **7.1%**. Maritime New Zealand this year increased the oil pollution level to 2.63c per gross ton. This is a **387% increase**! The new proposed charges will inevitably increase over time. Eventually these costs get passed onto businesses and the consumer, making New Zealand less competitive in the global market.

Conclusion

We recognize the importance of securing New Zealand's borders and ensuring the financial sustainability of Customs and MPI operations. However, the proposed commercial vessel charge, in its current form, presents considerable challenges for shipping companies, businesses, and consumers alike. We respectfully request that the concerns outlined above be taken into consideration, and that alternatives or modifications to the charge be explored. We feel these new charges aren't justified. There should be more focus on improving productivity, great use of technology and a common sense approach to regulation.

Thank you for the opportunity to provide feedback on this proposal. We are happy to engage further in discussions to find a balanced solution that meets both government objectives and industry needs.

Yours sincerely,

S9(2)(a) [redacted]

S9(2)(a) [redacted]

[redacted]

[redacted]

[redacted]

Export Fee Proposal feedback from ButterLuxe S9(2)(a) [redacted]
29th October 2024

Proposed Key Changes that could affect you as an exporter based on the consultation document:

- Up to $3.50 per shipment for **exports** under 1,000NZD

  - **Q5: Do you agree with charging export consignments that are valued under 1000NZD that travel on a manifest $3.50 per shipment or would be fairer than continuing to charge a flat per document fee, irrespective of the number of consignments on it? If you don't agree, can you tell us why?**

I do not agree with the proposed $3.50 per shipment charge on exports valued under 1,000NZD, as it would disproportionately impact small businesses and low-value exporters. Small exporters often work with smaller shipments to manage cash flow, reduce storage costs, and minimize financial risk. Implementing a per-shipment charge penalizes these businesses for using an incremental, lower-risk approach, making international trade more burdensome and potentially reducing export volume.

A $3.50 charge per shipment could also discourage small businesses from expanding into international markets. This could dampen growth opportunities and stifle the diversity and innovation that small businesses bring to global trade. For small business owners with most orders being under $100, a $3.50 increase is significant. The additional charge should apply after a higher order amount, like $250 where such an increase could be better absorbed. Small businesses are reliant on accessible shipping charges.

  - **Q6: What impact would be setting fees per consignment likely have on your business?**

Setting fees per consignment would increase our costs significantly, as we often ship small, frequent orders to manage cash flow. A $3.50 charge per shipment would quickly add up, reducing our margins and likely forcing price increases for customers, making us less competitive internationally. For small businesses, these added costs discourage growth and limit our ability to expand in overseas markets.

Currently, shipping to Australia is already a barrier for many hopeful customers to our business. The lowest shipping currently available is $25AUD, which for a $13 product is already significant. A further $3.50 on top would not be acceptable, and we would have to withdraw our offering to Australia customers. This would have a significant effect on income.

- **[Q33](#): Do you think it would be fairer for Customs and MPI's costs of clearing these goods to be fully recovered from the importers and exporters or do you think taxpayer funding should continue?**

It would be fairer for taxpayer funding to continue covering Customs and MPI's clearance costs. Shifting these costs entirely onto importers and exporters would disproportionately burden small businesses, potentially stifling trade and growth. International trade brings in far more revenue than the $3.50 per consignment charge would generate, so public funding supports a stronger economy by easing the cost of entry into global markets.

- **[Q37](#): If you are a business exporting low value goods by air freight, how price sensitive are the markets you sell into? What would the impact of a per consignment export charge indicated have on your competitive position? How might you respond to the introduction of such a charge?**

Our markets for low-value goods are highly price-sensitive, meaning even small cost increases can impact customer demand and our ability to compete. A per-consignment export charge would raise our costs. We would have to pass on this cost to our customers, which would easily deter customers from ordering, as the added fee represents a proportionally high increase in the total purchase price.As a very small business this will stunt our growth potential and impact customer satisfaction.

31 October 2024

Consultation: Recovering the Costs of Goods Management at the Border
New Zealand Customs Service
PO Box 2218
WELLINGTON 6140

Email: consultingonfeesandlevies@customs.govt.nz

Tēnā koe

Attached are the comments that the New Zealand Food and Grocery Council wishes to present on New Zealand Customs Service and Ministry for Primary Industries' joint consultation document *Recovering the Costs of Goods Management Activities at the Border.*

Ngā mihi nui

S9(2)(a)

[redacted]

Recovering the Costs of Goods Management Activities at the Border

Submission by the New Zealand Food and Grocery Council

31 October 2024

NEW ZEALAND FOOD AND GROCERY COUNCIL

1. The New Zealand Food and Grocery Council (**NZFGC**) welcomes the opportunity to comment on the joint consultation document *Recovering the Costs of Goods Management Activities at the Border* (**the *Consultation document***), from the New Zealand Customs Service **(CS)** and the Ministry for Primary Industries **(MPI)**.

2. NZFGC represents the major manufacturers and suppliers of food, beverage and grocery products in New Zealand. This sector generates over $40 billion in the New Zealand domestic retail food, beverage and grocery products market, and over $34 billion in export revenue from exports to 195 countries – representing 65% of total good and services exports. Food and beverage manufacturing is the largest manufacturing sector in New Zealand, representing 45% of total manufacturing income. Our members directly or indirectly employ more than 493,000 people – one in five of the workforce.

OVERARCHING COMMENTS

3. As a small nation in the South Pacific, New Zealand's economy and standard of living is completely dependent on imports and exports. By the same token, reducing the ability for businesses to operate by increasing the costs of these activities will limit opportunities for the New Zealand population. NZFGC agree that it is essential to ensure that systems for imports and exports are efficient, financially sustainable, equitable, transparent and justifiable without contributing to inflationary pressures.

4. NZFGC members recognise the importance of implementing such a fair and transparent system for recovering the costs of the efficient handling of goods at the border. We propose that such a system should be funded by a mix of justifiable business expenses and public good funding by the Crown.

5. Because NZFGC members vary in size and type of operation, from small importers of essential fast moving consumer goods to some of the largest food manufacturing and exporting companies in the country, the proposals outlined in the Consultation document affect all of our members in different ways and to different degrees. Hence we have not addressed the individual questions designed for companies, but rather provided overarching comments, raised by our members, that are relevant to some questions, and that balance their diverse perspectives. All member feedback has been carefully considered and included in this submission.

6. Fees proposed for export in the Consultation document require review in line with the Government's current objective to promote and expand trade for export growth. Exporters already face significant increases in the cost of doing business, from increases in MPI importer levies, raw materials, production and transport costs to registration, certification and regulatory application fees, plus many more. Adding to this by increasing good handling costs for export will likely have a chilling effect on anyone trying to establish a foothold in exporting. NZFGC encourages a wider review of the cumulative impact of increased cost recovery across Government agencies, noting the large number of consultations being presented in the last 12 months, all expanding the level of recovered costs for what may (at least in part) be considered public good functions.

7. Key considerations of such a review should include what impact this is likely to have on:

   - *Consumers*. The CS stated that one of the main objectives of the proposed changes in this Consultation document is to ensure taxpayers are not funding services that could legitimately be seen as business costs. New Zealand taxpayers may, however be required to pay in other ways if businesses simply cannot absorb extra costs without passing them on to consumers, at least in part.

- *Business*. Bearing in mind that businesses also pay significant levels of corporate tax and GST for public good services, the financial burden should not disproportionately impact business – especially small to medium sized enterprises and higher volume providers within the supply chain, that will struggle to fund and absorb these additional costs as a business expense. Again, this will have a chilling effect on export success, which is contrary to the Government's current stated objectives for export.

8. Many NZFGC members import large amounts of low value goods, with many consignments per document. Even when the proposed cost increase per shipping consignment is only $3 for low value goods, this can add up quickly when it is typical to import 300-500 consignments per month via sea. For high value goods there is a higher cost increase of $15.67 per consignment. In addition, as many companies also export, an increase of $1.66 per entry adds to the total costs. This results in annual cost increases based on current volumes in the range of $10-30K for many NZFGC members. As previously mentioned, with the cost of doing business rising from every angle, this may not be able to be absorbed without a corresponding price increase to consumers.

9. In terms of the impact on landed costs for consignments, this increase will add to other significant costs such as fluctuations in shipping line fees, which can occur with little notice and vary from hundreds to sometimes thousands of USD, especially during peak seasons or due to supply chain constraints.

10. While it is possible that the commercial vessel per arrival charge may be passed on by shipping companies through additional port arrival fees, it is anticipated that these costs will not be substantial if distributed among containers on a user-pays basis.

11. Some FGC members see favourable and unfavourable impacts of the proposed fee changes, as they have near equal volumes of air and sea freight, so the marginal increases in sea freight are offset by the marginal decreases in air freight.

12. Providing a glossary in the Consultation document including the definitions of commonly used terms throughout the document, would have saved some confusion amongst our members.

13. Finally, it is not clear from the Consultation document what the timeline or roadmap is for implementing the results of this Consultation. Allowing sufficient time and signposting the process going forward is essential for our members to plan accordingly.

To Whom It May Concern,
NZ Customs and MPI Proposal Submission
New Zealand Government

consultingonfeesandlevies@customs.govt.nz

To Whom it may concern

We are writing to submit our thoughts and feedback regarding the recent proposal by NZ Customs and the Ministry for Primary Industries (MPI). We appreciate the opportunity to engage on this critical issue and would like to express our views on how the proposal could impact our industry and economy. We do have significant concerns with the proposal as presented and highlight these below:

Key Points of Feedback:

1. **Financial Sustainability:** The proposal suggests changes aimed at ensuring NZ Customs and MPI have financial sustainability. Whilst we want our key Government Departments to be funded as needed, we do not wish to see significantly increased costs to cover all or a significant amount of this cost borne by the industry. In our view these departments should be funded by their already revenue gathering operations or funded by the crown. As a country it is your obligation to protect your countries borders, not put it on to the trade that keeps our economy stimulated. Increased vessel calls into New Zealand is a good thing as it means our economy is going well, but making them pay to come to New Zealand and be assessed by the Government's regulations is not ideal.
2. **Vessel Charge:** We are not opposed to a vessel charge being in place, however, the amount you are proposing NZD6,268 is untenable. We would not be unopposed to a fee being in place but it would need to be a much smaller fee that was a contribution to costs, rather than a full recovery. As per above we feel that there has already been significant cost put on the industry by Government in recent times, please see the below table, this further increase will not be sustainable by the industry and we will see negative impacts. For a vessel that does multiple calls to New Zealand (a regular caller or regular scheduled caller) they will be severely disadvantaged by this fee, especially in regards to MPI and biofouling. They have already been assessed and most likely approved to call New Zealand, but future calls will attract the same level of fee for less assessment or minimal assessment the next time. Whilst we obviously understand that there are other parts of the assessment other than biofouling, this seems to be the most labour intensive area currently. NZ has the strictest biofouling in the world, and this is self-inflicted and we are already seeing this affecting our trade by owners no longer wanting to come here, and passenger ships are having issues also. Also as per below we are already being charged for biofouling Notice of Directions being issued.

GOVERNMENT INCREASED COSTS FOR INTERNATIONAL SHIPPING

	Carrier ICR	Carrier OCR	Vessel fee	NZeTA	28 Day Visa	MNZ MSC	MNZ OPL	MNZ OPL (Tanker)
Government Department	*Customs*	*Customs*	*Customs/MPI*	*Immigration*	*Immigration*	*MNZ*	*MNZ*	*MNZ*
As at 30/6/24	$ 508.31	$ 19.61	$ -	$ -	$ 735.00	$ 2,653.36	$ 107.38	$ 4,810.99
In effect 1/7/24	$ -	$ -	$ -	$ -	$ -	$ 3,386.71	$ 522.98	$ 14,226.65
In effect 1/10/24	$ -	$ -	$ -	$ -	$ 1,435.00	$ -	$ -	$ -
In effect 1/4/25	$ -	$ -	$ -	$ 17.00	$ -	$ -	$ -	$ -
Proposed increase date 1/7/25	$ 534.31	$ 126.68	$ 6,268.00		$ -	$ -	$ -	$ -

% of increase per unit	5%	546%	100%	100%	95%	28%	387%	196%	
Number of Ships calling NZ	2282	2282	2282	958	25	2282	2282	323	
Avg Number of crew on ships				20	20				
Cost per ship	$ 534	$ 127	$ 6,268		$ 28,700	$ 3,387	$ 523	$ 14,227	
Previous cost per annum to industry	**$ 798,555**	**$ 33,474**	**$ -**	**$ -**	**$ 367,500**	**$ 6,054,968**	**$ 245,041**	**$ 1,553,950**	
Est. new cost per annum to industry	**$ 839,401**	**$ 216,243**	**$ 14,303,576**	**$ 325,720**	**$ 717,500**	**$ 7,728,472**	**$ 1,193,440**	**$ 4,595,208**	
Variance	**$ 40,846**	**$ 182,768**	**$ 14,303,576**	**$ 325,720**	**$ 350,000**	**$ 1,673,505**	**$ 948,399**	**$ 3,041,258**	**$ 20,866,073**

All of the costs above will be passed on by the carrier to the importer/exporter and ultimately the taxpayer
Many bulk owners especially are telling us New Zealand is a difficult and costly place to trade
**Source - Shipping New Zealand*

3. **ICR/OCR – cost increases**
   We would be happy for these costs to remain should the vessel fee be removed. We do not think it is reasonable to put your costs against the vessel rather than the cargo, the cargo should bear associated costs of compliance based on their individual requirements.

4. **MPI Charges**
   We are already now receiving new costs for biofouling Notices of Direction and also when inspections are required, we support a user pays in this scenario and now that we are aware that charges are coming, we can plan for them accordingly, however, whilst we support these charges, we do not support the other vessel charges from MPI, we feel the crown should cover these costs for assessment of vessels. If our country wants to trade, ships facilitate trade, we have to accept that these are Government costs for government instigated compliance.

Thank you for considering our submission, we look forward to the ongoing dialogue surrounding this important issue. By considering the above recommendations, we can work together to create a system that is efficient, secure, and sustainable, benefiting all New Zealanders.

Yours faithfully

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Toll Global Forwarding Division
142 Westney Road
Mangere, 2022 Auckland New Zealand
PO Box 53037
Auckland Airport 2150 New Zealand

T+64 9 275 4000
F+64 9 275 8000
www.tollglobalforwarding.com

Toll Group (NZ) Ltd

30th October 2024

Consultation: Recovering the Costs of Goods Management at the Border
New Zealand Customs Service
PO Box 2218
Wellington 6140

<u>Response to specific Questions as listed on the consultation document.</u>

1.Do you think these forecasts are reasonable?
Using the "current" trends we believe these forecasts for the next 12 months to be reasonable.
To ensure that accurate data projections used for forecasting, a review of these data sets should be considered annually to allow for market changes and outside fluctuations.

<u>*If fees are reset without any change to the fees structure:</u>
2. What impact would the fee increases in the above tables (table 6) have on you or your business?
The impact of the base fees for import increasing would most likely be passed on at cost.

Clients currently requiring an inward cargo transaction fee for (air) would require a review on their supply chain to see if able to absorb cost or allocate to the lowest level transaction to cover these costs.

The proposed consignment line costs appear high and would strongly suggest a review to avoid costing eCom businesses out of the NZ market.

3. what implementation issues would the changes raise for your business and what lead time would you need to manage these?
Updated software would be required – specifically regarding the ICR fee as this fee will need to be mapped to a parent shipment for billing purposes.
Most software companies would need a 12 – 24 month lead time to implement the changes required for cross reference, reconciliation and billing purposes.

<u>*For low value imports and exports:</u>
5. Do you agree that setting the fee for the submission of a cargo report for clearance of low value goods based on the number of consignments listed on it would be fairer than continuing to charge a flat per document fee, irrespective of the number of consignments on it? If you don't agree, can you tell us why?
Moving from a flat fee to a consignment-based charge structure would support fairness to the users of this scheme.

Toll Global Forwarding Division
142 Westney Road
Mangere, 2022 Auckland New Zealand
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6. What impact would setting fees per consignment likely have on your business?
Importers would need to adjust their eCom (LV) models to support recovery of this at the point of sale or look to absorb this fee as cost of business and adjust their "shipping costs" to NZ respectively.

The fees are to be charged to NZ Customs broker accounts – and up to the BROKER / Lodger of the ICR to recover these costs. The projected increases could see BROKER accounts hitting their account limit with NZ Customs.
Would there be a provision for adjustments of the fee if consignments manifested were not received at destination?

7. What implementation issues would the changes raise for your business? What changes would you need to make to your business processes? How much time would you need to manage these changes?
LV imports – if moving to a consignment-based cost structure, we would need to implement some changes with our software provider to allow for reconciliation at a consignment level.

Would require a 12 – 24-month lead time to implement and ensure that costs calculated are being allocated correctly against the master shipment and then also billed.

We believe a phased approach by NZ Customs for this implementation would best assist our clients (import and export) with a review each year to ensure this is the best-in-class approach to charging / and costs imposed are relevant.

8. Do you agree a per consignment charge, payable when a document seeks clearance of a large number of low value consignments, should not be capped?
We would need to understand what constitutes as a "large number" as some companies could deem 1000 consignment lines as "large" while others are submitting up to 9999 consignment lines (as the current limit imposed by software provider)
Using the current projected cost of $3.57 per import consignment line would mean a $35,696.43 bill for a max limit of 9999 lines (as per major software provider) for ONE ICR manifest. This projected cost is excessive.

9. If you favour a cap on these charges, where do you think the costs not recovered from the submitter because of the cap should come from?
To ensure that the costs to do trade into and out of NZ does not limit capabilities as a country we believe the costs not recovered from the submitter (if a cap was imposed) should be covered by the crown.

Please note: - any way in which we can limit our cost impact to exporters, to further promote trade and innovation would prove beneficial to our market as they are already hit with high costs for freight in a worldwide market.

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F+64 9 275 8000
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10. Do you think any of the options above, or any other option, would be fairer than either the status quo or consignment-based fees? If yes, please tell us why you think they would be fairer and feasible to implement.
If the COST was to be reduced for a consignment-based charging, we believe this would be the fairer option.

Another option is to include the cost per item to those clients on the IRD offshore GST collection programme to be collected at this level directly.
Those that are not on the IRD programme to be subsidised by the crown to show promotion for SME businesses to transact with NZ and grow their platforms before registering for GST and paying the additional fees.

<u>*For high value consignments:</u>
11. Do you think high value consignments should pay the same fee, irrespective of whether they are carried by air freight or by sea freight, or do you think there should be different fees, reflecting the different costs incurred in clearing air and sea consignments?
The current structure of a flat fee per IMPORT for high value clearances is suitable for importers as they can absorb into their cost structure and adjust with ease.
Moving to a different cost per mode can be troublesome for some clients to understand and enter a flat supply chain model.

13. What impact would moving to separate fees for high value consignments for sea and air freight have on your business?
Having a separate fee for air v's ocean can become troublesome for some clients with a flat fee supply chain especially if on review only one of the modes would have an increase.

Having a set fee for an IMPORT high value clearance regardless of mode would be easier to reconcile and review.

14. What implementation issues would the changes raise for your business? What lead time would you need to manage these?
No implementation issues for this change but would need to ensure that our operational software would be updated accordingly – this change could take approx. 12-24 months for them to implement.

<u>*In terms of the costs Customs and MPI incur in managing risks of commercial vessels, that are currently recovered through goods fees paid by importers and exporters:</u>
18. Do you think it would be fairer to recover vessel costs through a commercial vessel charge or keep recovering these costs through goods charges paid by importers and exporters? If not, why not?
A fairer approach would be to conduct a cost analysis depending on purposes / commodity and "risk imposed" and to recover costs accordingly. f NZ Customs were wanting to charge per vessel.

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Mangere, 2022 Auckland New Zealand
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F+64 9 275 8000
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19. What impact, if any, do you think a commercial vessel charge might have on the cost and the availability of shipping services to New Zealand?
Vessel fees can lead to increased shipping costs which ultimately will be passed onto importers and exporters (most likely including an administrative fee)

For those bulk importers / carriers, this could be a deciding factor on to continue to ship bulk or to remove products from those importing opportunities and reduce supply for bulk products to NZ as it already is expensive to have vessels chartered to NZ.

Increased costs to "all" commercial vessels could see container vessels omitting NZ to avoid paying additional costs and removing serviceability for our markets, resulting in a higher cost to serve, demand issues and impact on trade.

20. Do you think the proposed vessel charge would impact compliance with Customs and MPI rules by vessels arriving in New Zealand?
There would not be an impact on compliance with the introduction of a vessel charge.

21. Do you think there are any other options for meeting these costs that might be fairer than a commercial vessel charge or goods fees? If you do, what are those options?
A full review of commodity / purpose of vessel and potential risk should be undertaken before any vessel charge is agreed upon as well as looking at phasing in the charge to allow businesses to adjust their pricing.

Fairer charging would be based on the type of vessel, its routing and purpose (eg, commercial containership v's personal private vessel v's bulk charter vessel) taking into consideration the NZ Customs / border risk assessments.
Much like NZ Customs has applied different values to different modes and commodities for clearance including high and low value.

23. What impact would the introduction of a commercial vessel charge, and the consequent reduction in goods fees, likely have on you or your business?
The introduction of a commercial vessel charge could significantly impact our clients' operational costs and their competitiveness of their services in the region, as the cost would need to be factored into the overall pricing and ultimately passed onto consumers. The maritime industry is already facing several challenges including, fuel prices, global supply chain disruptions and increased regulatory compliance costs.
The addition of another fee could further hinder their ability to provide efficient and cost-effective services.
** Strongly recommend that stakeholders thoroughly assess implications of these costs and consider alternative solutions that balance the operational need of cost recovery with economic viability.

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25. What implementation issues would the changes raise for your business? What lead time would you need to manage these?
Recommend a thorough assessment of the implications to the application of these costs before implementing in anyway.
If must, a phased approach is preferred over a time period of 12 – 24 months.

33. Do you think it would be fairer for Customs and MPI's costs of clearing these goods to be fully recovered from the importers and exporters or do you think taxpayer funding should continue? If you think ongoing funding from the Crown is appropriate, why do you think this?
The costs involved with these services for inspections / investigations / intelligence and information gathering are due to Crown / Government enforcement and are ultimately a public service – therefor the Crown should continue to fund accordingly.

34. If the costs of clearing these goods were fully cost recovered from importers and exporters, what effect would this have on you or your business?
Most clients are not set up to recover at a consignment level, this fee would need to be put into global ecom platforms and either collected at the purchase stage or fall onto brokers / freight forwarders to collect from importers.

collecting at the purchase level would be easier to implement, however not all ecom businesses are set up with the ability to adjust for NZ imports at a consignment level.

Collecting at the border on import would slow down (and most likely hault) imports, with brokers / forwarders needing to invest in larger warehouses to hold onto goods pending recovery of the fee. – this is not viable.

Exporters are already struggling to meet a worldwide market with increased freight costs ex NZ. – adding an additional fee could deem them as uncompetitive and impact trade overall.

The impact to us as a freight forwarder would be significant if we were unable to recover these fees as part of business practices.

35. If your business involves carrying low value goods consignments for other senders, including submitting documents to clear those consignments, how do you incorporate changes in costs in your pricing? Would you face any constraints in moving from document-based to consignment based charging?
This is a significant change that would require software updates and cost recovery changes internally.
This would require approx. 12 – 24 months to implement fully.

36. What implementation issues would the above changes raise for your business. What lead time would you need to manage these?
Changes and SOPs would need to be created to ensure all touch points are covered. – we would need to understand if credits would be issued in instances where items cleared are not receipted at unpack, short shipments, split consignments etc.

As mentioned above this process would take 12 – 24 months to implement.

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38. If the withdrawal of Crown funding was phased, how long should any phasing-in transition last. Why do you think this would be fair and appropriate?
3 years with a review on cost to serve done annually.

40. Do you think any consignment types should be exempt from the low value consignment charge? If so, what types of items? How could an exemption be implemented and why would it be appropriate?
Commercial documents should be excluded from the low value consignment charge.

***In terms of Crown funding for the management of commercial vessels:**
53. Do you think it would be appropriate for the costs of managing commercial vessels to be fully cost recovered rather than partially funded by the Crown?
54. What is the reason for your answer?

Strongly recommend that stakeholders thoroughly assess implications of these costs and consider alternative solutions that balance the operational need of cost recovery with economic viability, the cost seems excessive, thus partially funded by the crown would be preferred.

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