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SKY HIGH: BRIEFING PAPER ON PASSPORT AFFORDABILITY

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FEBRUARY 2014



INTRODUCTION

New Zealanders made nearly 2.2 million trips overseas in 2013.

About half of those trips were to Australia with the United States, Fiji, and the United Kingdom being the next most popular destinations.

While airfares, accommodation, and other costs are important, getting a passport is also a significant and unavoidable cost of travel.

In 2005, New Zealand made it more expensive for Kiwis to get a passport by reducing the validity of Zealand passports from ten to five years. This means that New Zealanders had to renew passport more frequently and therefore had to pay passport renewal fees twice as often as previously.

In 2005 the Government also increased passport renewal fee and introduced biometric technology. It claimed at the time that there was a need for increased security after the terrorist attacks on the United States of America in 2001.

Public submissions argued that the reasons for the halving the validity period were “too vague” and that there was not enough evidence that New Zealand passports were being abused on the scale to justify such a policy change.

This was under a Labour led government. The then opposition National Party said in a Select Committee report that it opposed the increased cost to citizens and cited improvements in technology as a factor against further cost increases.

Since the National Party became Government in 2008, the Department of Internal Affairs has accrued a considerable surplus from passport fees. To date, the Government has not indicated any willingness to return to a 10 year passport regime.

The Taxpayers' Union says that the Government should operate on a cost-recovery basis, and not use these types of administration activities as a revenue gathering mechanism, effectively amounting to taxation by stealth.



OUR FINDINGS:

1. NEW ZEALAND'S FIVE YEAR PASSPORTS ARE OUT OF STEP WITH SIMILAR COUNTRIES

The Department of Internal Affairs' passports website states:

Five year passports – some important information

New Zealand issues passports that are valid for five years. New Zealand moved from 10 year to five year passports in 2005 bringing us in line with over 140 countries internationally.

Our research does not support this conclusion; rather the evidence from a survey of other countries show that most developed countries offer ten years passports. Certainly the norm for countries New Zealand usually compares itself against is 10 years.

MAXIMUM PASSPORT VALIDITY



*The Netherlands is moving to a 10 year regime effective March 2014.

WHAT IS HAPPENING TO PASSPORT FEES?

The Department of Internal Affairs' passports 'memorandum account' shows that the Government has received more in passport fees than is necessary to cover its costs.

The account has been in surplus since records began in 2001. The current surplus is more than \$20.8 million – or enough to cover the costs of approximately 136,000 passports.

Such a large and sustained surplus is unnecessary and unusual for a government activity that is supposed to be operating on the basis of cost recovery. It is, in effect, using its service provider fees as a form of taxation.



THE GOVERNMENT HAS ARGUED THAT THE TWO MAIN REASONS ARE SECURITY AND CONVENIENCE

The Department of Internal Affairs' passports website states:

The primary reason for moving to a five year passport is security. The five year passport ensures that New Zealanders, who are one of the world's greatest and most frequent travellers, continue to have visa-free access to over 50 countries. Importantly it also means New Zealanders are at lower risk from identity fraud. A shorter validity passport offers more convenience because we can add new features more regularly that will get people through borders faster. Another reason is price. Fees would be higher if we had a ten year passport.


What would happen if we had a ten year passport?

Having a five year passport is a contributing factor in the very high level of trust we enjoy from overseas border authorities.

Ten years is a long time in technology evolution. We couldn't update security features as regularly and the potential for fraudsters and counterfeiters to tamper with and imitate our passport would greatly increase. Every five years our passport is upgraded to meet these threats and prepare better for future risks.

A longer validity period would mean fewer visa free arrangements with other countries (and potentially higher travel costs as New Zealand travellers need to apply for more visas. More delays would be a likely result because new features could only be introduced every ten years).





We are not convinced that a ten year passport regime would risk the visa free status New Zealanders enjoy in many countries. If the international community is pushing for short passport validity, our trade partners do not appear to be buckling under the pressure. In addition, countries examined as part of our research suggest that the trend is in fact toward longer passport periods.

Individuals who are frequent travelers and would benefit from increased security could choose to update their passports as often as they wish in order to take advantage of any enhanced technology. There is no need to make this compulsory.

Requiring all New Zealanders to renew their passports at five yearly intervals – regardless of how often they actually travel – is really to exploit a desire for travel and convert it into revenue.



Canada

Last year the Canadian government extended the maximum validity of its passports. Canadians over 16 years of age may choose between validity periods of five or 10 years.

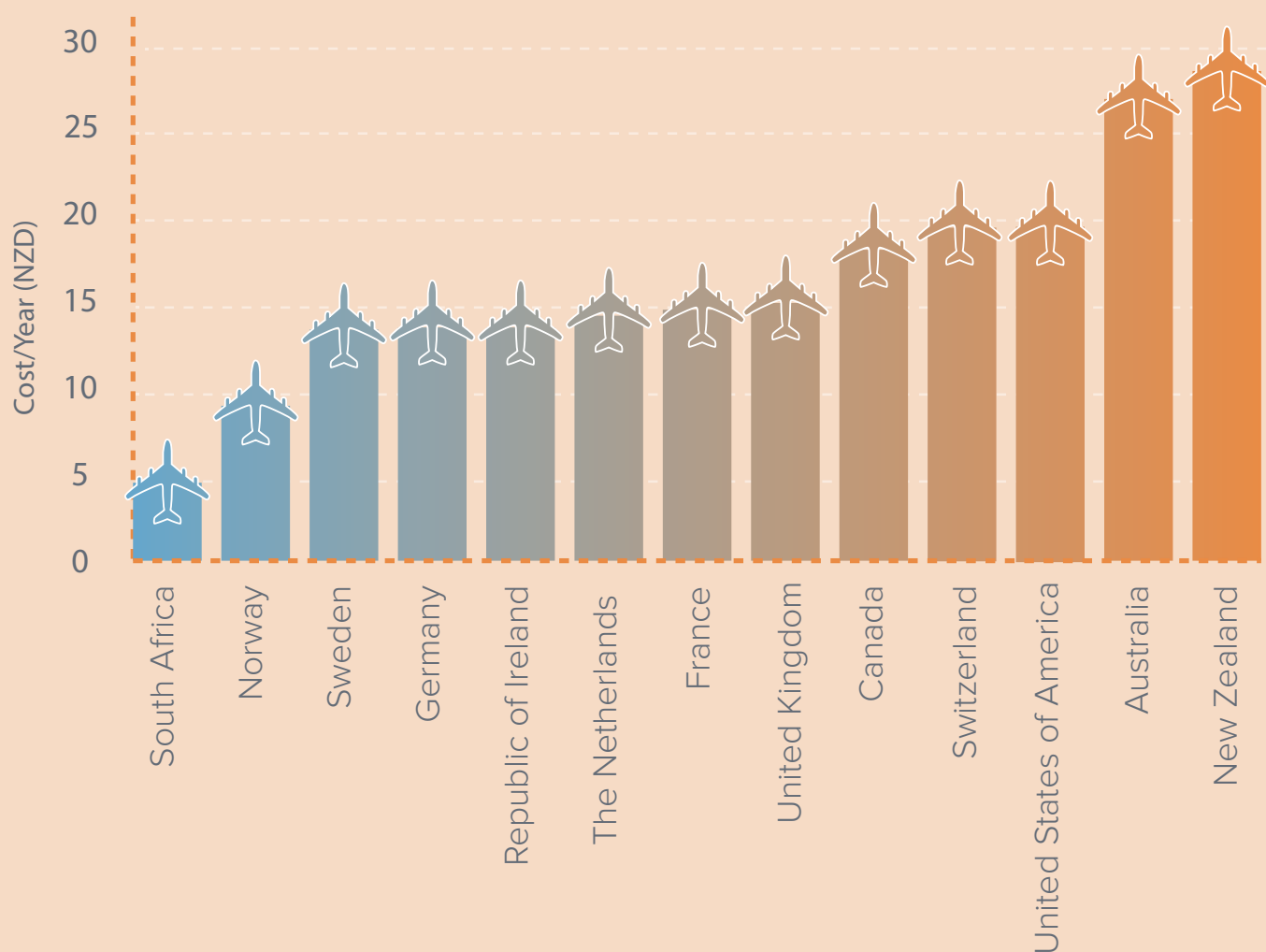
China

In 2007, China abandoned its five year passport regime in favour of its existing regime. It now allows for 10 year term passports for bearers above 16 years of age, and five years for bearers below 16 years of age.

2. NEW ZEALANDERS PAY MORE THAN ANYONE ELSE IN THE WORLD

The Department of Internal Affairs asserts that New Zealand passport fees compare 'favourably' with other countries. We have found it impossible to substantiate the claim; on the contrary evidence comparing New Zealand fees with the fee charged by other countries suggests that New Zealand fees are among the highest charged in the world.

ON A PER YEAR BASIS, NEW ZEALAND HAS THE MOST EXPENSIVE PASSPORT OF ANY COUNTRIES WE EXAMINED.



OUR RESEARCH SHOWS THAT THE NEW ZEALAND PASSPORT IS NOW THE MOST EXPENSIVE IN THE WORLD ON A PER YEAR BASIS**

Even if the New Zealand government issued 10 year passports, at current prices, New Zealanders would still be paying more than citizens in countries with whom we traditionally compare ourselves.

**We have been conservative in our calculations and assumptions. Where we have found it difficult to obtain reliable data on the current cost of a passport issued within the domestic jurisdiction, we have used the cost for the applicable passport from Australian or New Zealand embassies or consulates. The exchange rates used are as at 2 February 2014. For the purposes of this briefing, we've focused at Anglo-Saxon countries, New Zealand's major trading partners and countries for which data is easily available. We are currently working to compile the data for the whole OECD and plan to update this briefing on our website.

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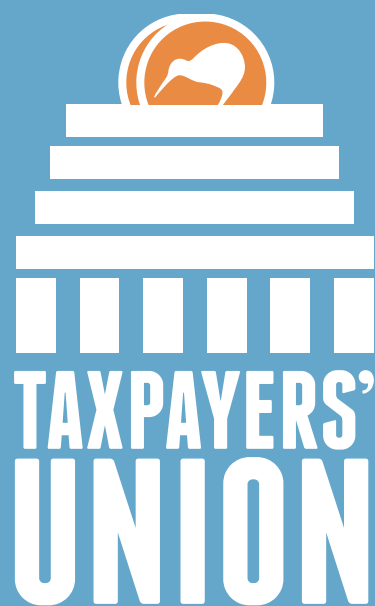
Department of Internal Affairs *Five year passports – some important information*

Available at: www.passports.govt.nz/Five-year-passports

APPENDIX

Country	Maximum period	Price	Cost/Year (NZD)
Argentina	10 Years	400 ARS	\$6.17
Australia	10 Years	244 AUD	\$26.40
Canada	10 Years	160 CAD	\$17.78
Fiji	10 Years	76 FJD	\$4.95
France	10 Years	86 EUR	\$14.35
Germany	10 Years	80 EUR	\$13.34
New Zealand	5 Years	140 NZD	\$28.00
Norway	10 Years	450 NKR	\$8.86
Republic of Ireland	10 Years	80 EUR	\$13.34
Russia	10 Years	2500 RUB	\$8.80
Samoa	10 Years	200 WST	\$10.26
South Africa	10 Years	400 ZAR	\$4.46
Sweden	5 Years	350 SEK	\$13.22
Switzerland	10 Years	140 CHF	\$19.08
The Netherlands	10 Years*	84 EUR	\$14.01
United Kingdom	10 Years	72.5 GBP	\$14.74
United States of America	10 Years	135 USD	\$19.18

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