



Biosecurity New Zealand

Ministry for Primary Industries
Manatū Ahu Matua



NEW ZEALAND
CUSTOMS SERVICE
TE MANA ĀRAI O AOTEAROA

Goods and Cargo Fees – Report on Performance for the Year to 30 June 2022

February 2023



Te Kāwanatanga o Aotearoa
New Zealand Government

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1 Overview

The New Zealand Customs Service (Customs) and Biosecurity New Zealand (BNZ) – a business unit within the Ministry for Primary Industries (MPI) – provide goods processing services for the purpose of protecting New Zealand from biosecurity and other risks and threats, while enabling New Zealand’s legitimate trade to flow freely and efficiently.

Customs is responsible for clearing goods entering or leaving New Zealand. This involves assessing goods for risk, detecting errors and fraud, and ensuring import and export control systems are complied with. Customs also ensures that importers and exporters declare the correct classification, origin and value of their goods, and pay the correct duties and taxes.

Biosecurity protects our human health, environment, and taonga. It provides the platform for us to grow our economy through primary production, tourism, trade, and maintains and enhances our way of life. The biosecurity system is based on activities undertaken by MPI across a range of inter-related areas, including pre-border (international), at the border, and within New Zealand.

Customs and BNZ work closely with other border agencies to ensure that New Zealand has effective border management systems and processes that streamline and facilitate the movement of people and goods, while preventing harm to our communities and environment.

During 2021/22, global supply chains continued to be impacted by COVID-19. Port congestion, vessel schedule changes, and a shortage of containers caused bottlenecks and increased costs across the supply chains.

In spite of these challenges, Customs achieved five of six Goods Clearance and Enforcement performance measures, and BNZ achieved two of four Border Biosecurity Monitoring and Clearance performance measures.

This report on the performance of goods and cargo fees is published by Customs and BNZ to support transparency and accountability. This is the first edition of the report and it will continue to be produced annually, together with the performance report for border processing levies also produced jointly by the two agencies.

2 Legislation to authorise fees

The Customs and Excise Act 2018

The Customs and Excise Act 2018 includes powers to make regulations that set fees. Section 403 provides general powers to make regulations, and section 409(1)(b) provides specific powers to make regulations to recover costs relating to the importation or exportation of goods.

The Customs and Excise Regulations 1996 prescribe the fees or charges that are payable to Customs to recover costs relating to the import and export of goods. Table 2, below, shows Customs' goods fees and the related Regulation.

The Biosecurity Act 1993

The Biosecurity Act 1993 (the Act) allows MPI to perform services designed to manage biosecurity risks, including those from imported goods and travellers entering New Zealand. This includes:

- offshore risk management and standard setting;
- border management;
- surveillance and incursion investigation;
- readiness and response; and
- long term pest management.

The Act provides for MPI to recover the costs of services that manage biosecurity risks. Cost recovery plays an important role in making sure that Biosecurity NZ has sufficient funding and capability to maintain a robust biosecurity system. The Act provides flexibility in the types of fees, charges and levies that can be applied.

Most cost recovery under the Act recovers the costs of services related to clearing travellers and goods at the border. The levy and fees affected by proposals in this document are prescribed in the Biosecurity (System Entry Levy) Order 2010 (the Levy Order) and the Biosecurity (Costs) Regulations 2010 (the Regulations).

The Levy Order is made under section 137 of the Act. The levy is imposed on the importation of certain goods and calculated using a formula set out in the Levy Order. The fees are set out in the Regulations, which are made under sections 135 and 165 of the Act.

3 Cost Recovery

Cost recovery guidelines

Customs and BNZ use cost recovery frameworks that are consistent with guidance published by the Treasury and the Office of the Auditor-General. The four principles that guide Customs' and BNZ's approach to cost recovery are:

- equity
- efficiency
- transparency
- justifiability.

The key principle is equity – those who create the need for a service should fund that service.

Goods and cargo fees are charged to importers and exporters and/or their carriers and agents. Not all fees cover the full costs of the services being provided. In some cases, Crown funding is needed to subsidise clearance costs.

Transparency of fees and levies received

Customs and BNZ use memorandum accounts to monitor the accumulated surplus or deficit for the cost of goods clearance activities and the revenue collected from the related fees. A memorandum account is used to provide transparency of expenditure, levies, fees, and other charges collected from third parties. The memorandum accounts allow for the fact that revenue and expenses may not necessarily be equal in any given financial year, with balances expected to trend to zero over a reasonable period of time (three to five years).

The accounts enable Customs and BNZ to take a long-term perspective to fee setting and cost recovery.

4 Customs

Overall performance

Table 1 – Customs’ memorandum account balance

Despite the forecast growth in fees revenue, operating costs are forecast to increase faster than revenue. As a result the memorandum account deficit is expected to grow.

Memorandum account balance	2021/22 Actual (\$m)	2022/23 Estimated (\$m)	2023/24 Estimated (\$m)	2024/25 Estimated (\$m)
Opening balance	-	(2.588)	(10.233)	(18.926)
Revenue from goods fees	40.951	38.945	40.172	41.129
Expenses for goods processing	(43.539)	(46.590)	(48.865)	(50.863)
Closing balance surplus/(deficit)	(2.588)	(10.233)	(18.926)	(28.660)

Goods fees

Following public consultation in 2019, Customs’ goods clearance fees were updated on 1 July 2021 after reviewing the cost recovery model for clearing imported and exported goods. Implementation of the updated fees was delayed from 2020 due to COVID-19. The updated fees were based on the estimated costs of goods clearance activities at that time.

The fees cover activities related to managing risks to New Zealand from imports and exports, and include some goods-related investigations and the seizing of goods.

Most fees are set to recover the full cost of clearing imported and exported goods, with the exception of low value air cargo where the costs are only partly recovered by fees.

1. Customs recovers the following costs relating to the clearance of goods:
 - **Processing import and export documentation:** for example, Customs processes import and export documentation electronically through Trade Single Window, issues client codes needed to lodge import and export entries, advises customers, makes Customs rulings (for example, on the origin of a good), and processes temporary entries.
 - **Identifying and assessing risks relating to goods:** Customs uses intelligence and risk targeting to focus its resources on high-risk goods, enabling Customs to stop fewer goods from needing inspection and improving clearance times.
 - **Inspecting goods:** Customs inspects targeted goods to detect illegal or non-compliant items. For example, Customs officers may x-ray a container, open the container and remove the goods for inspection.
 - **Seizures and investigations:** Customs will seize imported or exported goods that breach the Customs and Excise Act 2018. Investigation activities are undertaken in relation to illegal activities relating to goods, including drugs, weapons, objectionable publications and money laundering. This also includes related investigation activity conducted offshore.
2. Customs does not recover the cost of certain activities related to goods:
 - Policy advice.
 - Enforcement action, including prosecution, administrative penalties and infringement notices.

- Collecting duty, including GST, tariff duty and excise-equivalent duty.
- Negotiating with other countries where Customs is New Zealand's lead agency for:
 - 'rules of origin', enabling importers and exporters to access tariff concessions
 - recognition of Customs' and trading partners' clearance procedures
 - the removal of non-tariff barriers, to smooth the path for New Zealand exporters clearing goods at trading partners' borders.
- Managing the Secure Exports Scheme.
- Clearing low-value mail governed by the Universal Postal Union. Customs is currently constrained in its ability to recover the cost of these activities.

The fees shown below in Table 2 are prescribed in the Customs and Excise Regulations 1996.

Table 2– Customs' Goods clearance fees

Fee Name	Fee incl GST	Document charged	Purpose and who pays	Customs and Excise Regulations 1996
Import Entry Transaction Fee	\$33.03	Import Entry for goods valued over \$1,000	A fixed fee paid by individual importers who make an import entry for goods, or a consignment of goods, valued over \$1,000 total. An entry provides detailed information about the goods to be cleared.	Regulation 24A
Export Entry Transaction Fee		Export Entry	An export entry gives the full detail of an export to ensure that export controls and international obligations are complied with.	Regulation 28A
Secure Exports Scheme ¹ members	\$3.27		The fee rate is set at different levels for those exporters who are participants in the Secure Exports Scheme (SES), and those who are not. The SES enables overseas trading partners to have greater levels of trust in the security of those exports.	
Non Secure Exports Scheme members	\$6.82			
Inward Cargo Transaction Fee – Air	\$77.00	Inward Cargo Report with writeoff	Paid by transporters and consolidators on each report submitted. Used to risk assess cargo before its arrival and clear consignments of low-value goods that do not have an import declaration.	Regulation 13A
Inward Cargo Transaction Fee – Sea	\$520.00	request or lodged by a carrier	Contain less information than an import entry and can cover a large number of individual consignments.	

¹ The Secure Exports Scheme, which meets global supply chain security standards, is a voluntary arrangement between exporters and Customs. The scheme helps New Zealand exporters minimise Customs delays at international borders and get priority in recovering from trade disruptions.

Fee Name	Fee incl GST	Document charged	Purpose and who pays	Customs and Excise Regulations 1996
Outward Cargo Transaction Fee			Reports are required for all outward shipments, and provide summary information about the cargo. A report can cover individual consignments from multiple importers/exporters.	Regulation 29A
Cargo Report Export (Air)	\$40.00	Cargo Report Export	Paid by consolidators on every Cargo Report Export (CRE) listing goods under \$1,000. Used to risk assess and clear consignments of low-value goods that do not have an export entry.	
Cargo Report Export (Sea)	\$5.57	Cargo Report Export		
Outward Cargo Report (Air)	\$14.35	Outward Cargo Report	Paid by transporters on every Outward Cargo Report (OCR) listing all cargo on a departing craft. Report used to assure Customs that every consignment loaded has been cleared.	
Outward Cargo Report (Sea)	\$18.58	Outward Cargo Report		

Fees are published on the Customs website <https://www.customs.govt.nz/about-us/about-customs/goods-clearance-fees/>

The number of goods entries and reports being assessed by Customs is forecast to slowly recover to pre-pandemic levels

Despite the ongoing impact of global supply chain disruptions, the overall volume of trade continues to grow. During 2021/22 Customs processed 20.3 million import consignments, an increase of 23% from 2020/21, and 5.2 million export consignments, a decrease of 9%. The vast majority of goods entering New Zealand are cleared before they arrive into the country, minimising any delays at the border.

The Border Executive Board (BEB)² approved the cargo volume forecast for the Import Entry Transaction Fee (goods over \$1,000) in September 2022 for border and transport agencies to use for planning purposes. The methodology used in that scenario has been applied to estimate the forecast for other goods categories in this report. That means that for each goods category, the forecast:

- has a starting point based on the most recent volume trend, taking into account COVID-19 settings and factors affecting air and sea freight
- forecast growth rate is based on growth rate pre-COVID-19 for entries
- assumes a return to pre-COVID-19 levels for cargo reports
- sets a ceiling for forecasts that recognises unconstrained growth would be unlikely.

² In December 2020 Cabinet agreed to establish the Border Executive Board (BEB), an inter-departmental executive board under the Public Service Act 2020. The overall objective of the BEB is the collective leadership and accountability for New Zealand's border to protect New Zealand from current and future risks associated with incoming and outgoing people, goods, and craft.

Table 3 – Number of goods entries and reports

Entry or report	2021/22 Actual (m)	2022/23 Estimated (m)	2023/24 Estimated (m)	2024/25 Estimated (m)
Import Entry	1.217	1.210	1.237	1.255
Inward Cargo Report (air)	0.041	0.064	0.074	0.085
Inward Cargo Report (sea)	0.003	0.003	0.004	0.005
Export Entry – Secure Export Scheme (SES)	0.075	0.076	0.081	0.085
Export Entry – Non SES	0.275	0.288	0.282	0.275
Cargo Report Export – Air	0.032	0.034	0.042	0.049
Outwards Cargo Report – Air	0.034	0.041	0.046	0.052
Cargo Report Export – Sea	0.017	0.017	0.019	0.022
Outward Cargo Report - Sea	0.010	0.010	0.011	0.011

Figure 1 – Actual and estimated number of entries and reports for imports

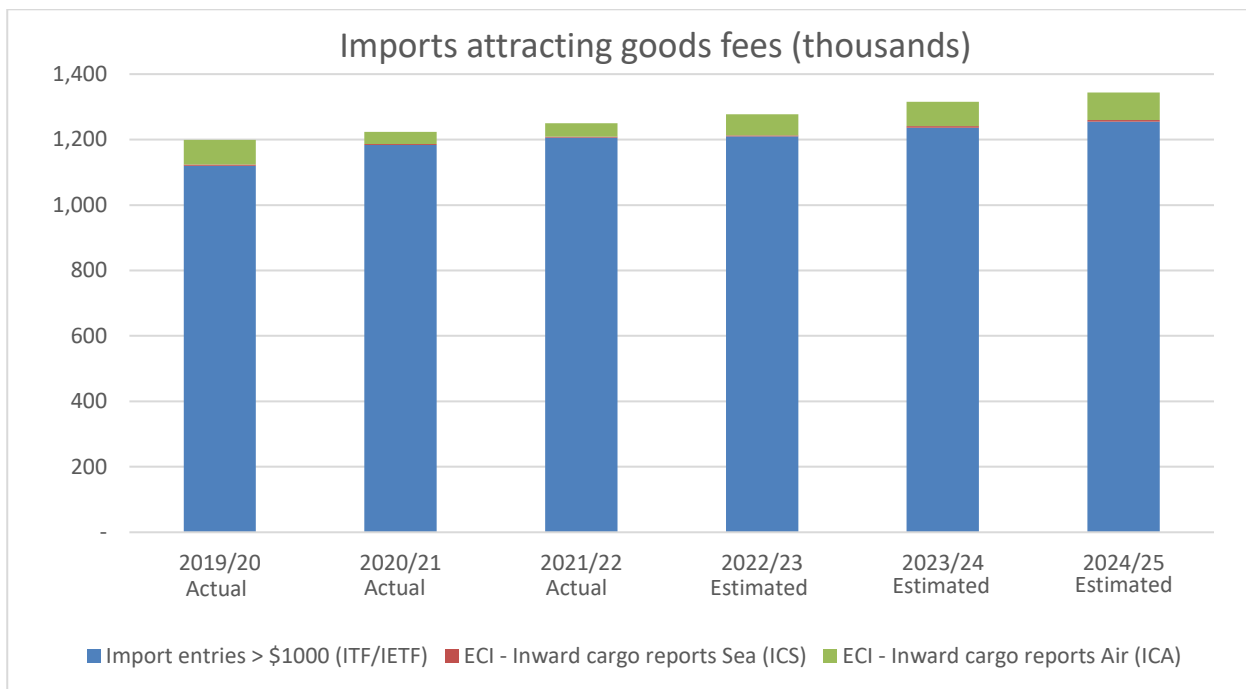
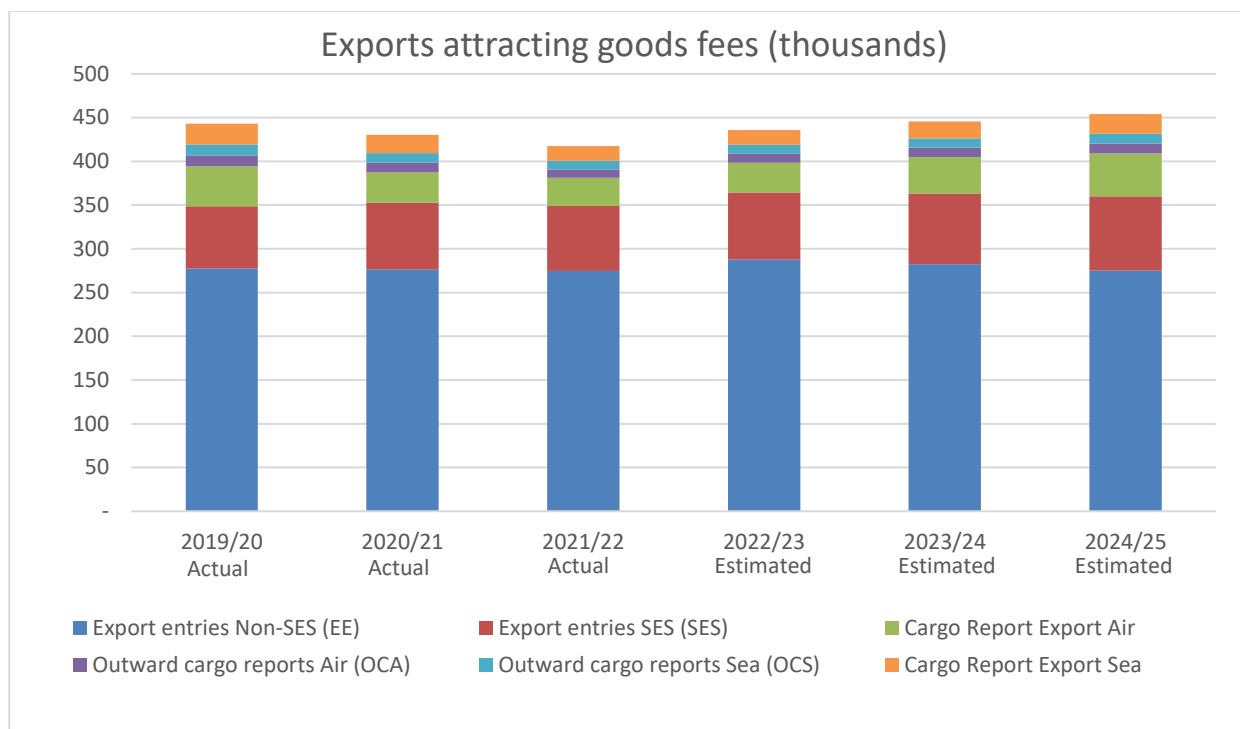


Figure 2 – Actual and estimated number of entries and reports for exports



Work Programme

Customs plays an important role facilitating and promoting international trade, while ensuring goods comply with national and international requirements. It supports both importers and exporters to ensure goods flow efficiently across borders during the time of supply chain disruptions and delays.

All items entering and leaving New Zealand are subject to a risk assessment and basic screening process. Items valued over \$1,000 require import or export documentation that allows the item to be risk assessed, and generally cleared for shipment within 30 minutes of the documents being lodged online. Most shipments are cleared electronically in under 10 seconds. This approach minimises delays for low-risk items and ensures attention is on higher-risk items.

Customs established a Critical Supplies Team in 2021 to facilitate the movement of goods deemed to be critical supplies for the COVID-19 response. During 2021/22 this included vaccines and Rapid Antigen Tests, which were able to be expedited into New Zealand. The Critical Supplies Team also helped facilitate critical COVID-19 supplies for countries within the Pacific.

Customs is providing traders easy to use systems and processes

To support the rapid and effective clearance of export and import items, Customs is continuing to invest in modern, reliable platforms that enable the rapid sharing of information with partner agencies and support advanced clearance of low-risk trade. This includes:

- minimising delays for low-risk items and ensuring attention is focussed on higher-risk items
- Customs officials from New Zealand, Australia and Singapore working together on options to trial minimum data sets to clear imported goods.

During 2022/23 Customs' focus is on more closely aligning revenue and trade functions, making it easier for traders to comply with regulations and required payments to Customs. Although not directly related to goods fees, these activities will contribute to improvements to goods trade.

Customs will:

- continue to enhance the Secure Exports Scheme to simplify access for small to medium businesses, while expanding the range of benefits for partners through Mutual Recognition Agreements.
- continue face-to-face engagement with businesses and industry partners following two years of restricted visits due to the COVID-19 pandemic.
- further enhance the Trade Single Window platform, ensuring a smoother experience for Customs' customers.

Financial Performance

The cost of processing goods is increasing

Overall goods processing costs are anticipated to increase mainly as a result of increased cost of personnel, inflation and depreciation.

Table 4 – Customs' Goods processing costs

Goods assessed	2021/22 Actual (\$m)	2022/23 Estimated (\$m)	2023/24 Estimated (\$m)	2024/25 Estimated (\$m)
Import Entry	35.435	37.608	39.444	41.057
Inward Cargo Report (sea)	1.695	1.988	2.085	2.170
Export Entry – Secure Export Scheme (SES)	0.534	0.551	0.578	0.602
Export Entry – Non SES	2.999	3.184	3.340	3.476
Outwards Cargo Report – Air	2.357	2.688	2.820	2.935
Cargo Report Export – Sea	0.163	0.171	0.179	0.187
Outward Cargo Report - Sea	0.356	0.400	0.419	0.436
Fees in memorandum account	43.539	46.590	48.865	50.863
Inward Cargo Report – Air	19.081	24.323	25.511	26.554
Cargo Report Export – Air	6.788	6.778	7.109	7.399
Fees relating to low-value air cargo	25.869	31.101	32.620	33.953
Total goods processing costs	69.408	77.691	81.485	84.816

Revenue collected from goods processing is expected to recover slowly from impacts of COVID-19, but at a slower rate than costs

Table 5 – Customs’ goods processing revenue

Goods assessed	2021/22 Actual³ (\$m)	2022/23 Estimated (\$m)	2023/24 Estimated (\$m)	2024/25 Estimated (\$m)
Import Entry	35.364	34.739	35.518	36.031
Inward Cargo Report (sea)	2.062	1.532	1.911	2.291
Export Entry – Secure Export Scheme (SES)	0.421	0.217	0.231	0.241
Export Entry – Non SES	2.274	1.707	1.674	1.633
Outwards Cargo Report – Air	0.566	0.505	0.572	0.643
Cargo Report Export – Sea	0.082	0.082	0.094	0.108
Outward Cargo Report - Sea	0.183	0.163	0.172	0.182
Fees in memorandum account	40.951	38.945	40.172	41.129
Inward Cargo Report (air)	2.847	4.297	4.969	5.670
Cargo Report Export – Air	1.133	1.195	1.445	1.706
Fees related to low-value air cargo	3.980	5.492	6.414	7.376
Total goods fee revenue	44.931	44.437	46.586	48.505

³ Revenue for 2021/22 includes accounting adjustments, for example recognising fee revenue from the previous year, which has resulted in the revenue amount not matching volumes for that year

Non-Financial Performance

Customs monitors the performance of good clearance and enforcement services against nine output measures. Five out of six measures were achieved in 2021/22. More detail on this performance is set out in Customs' Annual Report 2021/22 for the appropriation, *Goods clearance and enforcement*.

Table 6 – Customs' non-financial performance measures related to goods

2020/21 Actual	Measure	2021/22		2022/23 Standard
		Standard	Actual	
Service provision and trade promotion				
99.3%	Minimum percentage of trade transactions (other than those referred for compliance checks) processed (including assessment against business rules and intelligence alerts) within 30 minutes	98%	99.5%	98%
Clearance, compliance and risk management				
99.1%	Minimum percentage of import transactions not requiring intervention after risk assessment	98%	99.3%	98%
99.9%	Minimum percentage of export transactions not requiring intervention after risk assessment	99%	99.9%	99%
New measure	Number of import trade entries that are subject to risk-based physical examination	20,000 – 30,000	19,761	20,000 – 30,000
	<p><i>As the majority of import trade is facilitated across the border with limited Customs interaction, this new measure provides an indication of the number of import trade entries that require an intervention after initial risk assessment.</i></p> <p>Not achieved – <i>The number of goods referred for examination varies from month to month and is dependent on trade targeting rules and trade volumes. This means there are periods where the number of referrals are more than can be physically opened and inspected by staff. In such circumstances a triaging process, using x-ray and detector dog screening, is used to obtain additional risk assessment information to help further select the items to be physically examined. This results in lower numbers of physical examinations being conducted during these high volume periods.</i></p>			
7,845	Minimum number of import transactions selected for random intervention (under Customs' Assurance programme)	6,270	8,144	6,750
	<p><i>Customs conducts random interventions of import trade, under an Assurance programme, to inform and refine intelligence and targeting. The 2022/23 standard has been increased to reflect the expansion of sea cargo sampling.</i></p>			
Investigations and enforcement				
New measure	Minimum percentage of investigations, related to import or export of prohibited or restricted goods, where prosecution is initiated	75%	88.2%	75%
	<p><i>In 2021/22 investigations performance measure was split into three measures across Customs' three core output class appropriations. As a result, there is an investigations measure relating to trade in this appropriation, one relating to travel in the Travellers</i></p>			

Clearance and Enforcement appropriation, and one relating to revenue in the Revenue Collection and Other Services appropriation.

Investigations by the Customs Investigations Unit include investigations relating to the import or export of prohibited or restricted goods. There were 17 such cases in 2021/22 and prosecution was initiated (an offender was identified and placed before the Courts by Customs or another agency) in 15 of them.

5 Biosecurity New Zealand

Overall performance

Revenue and expenditure from the Biosecurity System Entry Levy (BSEL) and hourly-rate fee activities are managed through the Border Biosecurity Clearance Fees Memorandum Account (memo account). Revenue and expenses relating to the levies and fees are separately monitored.

Table 7 – Total Revenue and Expenditure for Biosecurity (\$m)

	2019/20	2020/21	2021/22
Opening balance	(4.02)	(7.81)	0.00
Border System Entry Level	38.77	41.09	40.40
Hourly-rate fee activities	14.28	17.64	13.67
Total Revenue	53.05	58.73	54.07
Border System Entry Level	39.06	37.44	40.32
Hourly-rate fee activities	17.78	19.19	15.91
Total Expenditure	56.84	56.62	56.23
Surplus/(Deficit)	(3.79)	2.10	(2.16)
Write-Off accumulated operating deficits		(5.71)	
Closing balance	(7.81)	0.00	(2.16)

Levies and Fees

Cost recovery funds biosecurity services

MPI charges the Biosecurity System Entry Levy (BSEL) under the Biosecurity (System Entry Levy) Order 2010, and a number of direct charge fees under the Biosecurity (Costs) Regulations 2010, to recover its service costs in the cargo pathway. The purpose of these charges is to ensure importers fund the cost of Biosecurity NZ services that reduce the biosecurity risk their goods create.

In January 2023, a Biosecurity New Zealand discussion paper for proposed changes to Cargo Biosecurity cost recovery settings was publicly consulted on. These included proposed increases in both Levy and hourly based fees to bring the cargo memorandum account back to zero.

Biosecurity System Entry Levy (BSEL)

The BSEL is collected on all imported goods that have an import entry or equivalent documentation lodged with Customs. Documentation is generally required for consignments valued over \$1,000. Customs collects the BSEL on behalf of MPI.

The services being provided are set out in clause 13 of the Levy Order and are unchanged. Costs are recovered for the following activities:

- a) obtaining and analysing data to develop and monitor risk profiles and place alerts;
- b) the primary screening of sea and air cargo manifests for biosecurity risk consignments;
- c) intervention monitoring programmes, slippage surveys, and baseline auditing of the compliance of imported consignments with import health standards;
- d) surveillance activities around sea and airports and high-risk places related to preventing the establishment of pests and unwanted organisms that may be introduced by imported consignments;
- e) facilitating the movement of consignments away from ports approved as places of first arrival;
- f) 15 minutes of secondary risk assessment for consignments identified in primary screening and issuing authorisation of movement and biosecurity clearance documentation; and
- g) administering and collecting the levy.

Biosecurity Fees

The Regulations specify fixed and variable fees that recover the costs of a range of services associated with border biosecurity for cargo.

The services covered by the biosecurity fees are unchanged. They include:

- a) inspecting imported biosecurity risk consignments, including unaccompanied personal baggage and effects, used vehicles, and machinery;
- b) inspecting offshore crafts and shipping containers that do not meet entry requirements;
- c) testing, treating, destroying, and disposing of risk consignments;
- d) call-outs and other work conducted outside of standard working hours, travel, and waiting time for MPI inspectors to carry out biosecurity clearance activities;
- e) monitoring controls on new organisms in containment facilities;
- f) approving and auditing transitional and containment facilities and their operators; and
- g) approving permits issued under Import Health Standards.

Work Programme

The cargo pathway is complex, with risks increasing. This requires increased levels of skill from staff, particularly in post-COVID-19 times where there is a need to facilitate trade while managing the increasing risks. The work programme included:

- Investment into an improved assurance programme for cargo, as well as increasing the performance based verification benefit for both biosecurity and importers.
- Improved targeting of high risk and non-compliant cargo and importers.

Biosecurity NZ is progressing a change process aimed at producing a fully agile, demand-driven environment. The target is a resource model that enables BNZ to operate a demand-driven environment, where all staff have both the capability and knowledge to work across pathways as volume demands require.

Compliance is a challenge, made more difficult with levels of **disruption to the supply chain** experienced over the past 18 months. As an example, BNZ needs to ensure containers are distributed to appropriate transitional facilities for managing risks posed by specific shipments, which can be difficult when goods are not unloaded at their expected port.

BNZ has projects underway to manage the risks and ensure the required level of performance at, and by, operators at transitional facilities.

BNZ is also **targeting increased levels of staff training**. This will support changes to the operating model and enable ease of movement of staff between pathways as volumes fluctuate.

Financial Performance

Border System Entry Levy (BSEL)

Table 8 – Border System Entry Levy rates

	From 1 July 2017	From 1 July 2018	From 1 July 2019
Levy Rate (\$)	17.37	20.36	23.00

Prior to 1 December 2019 the levy applied to the importation of goods that had a value of more than \$400. Lifting the threshold to \$1,000 created a shortfall in revenue; this funding shortfall has been covered by Crown funding.

Expenditure against the BSEL has increased in 2021/22 in order to maintain the strength of biosecurity protections. This is summarised below in tables 9 and 10. Since the BSEL rate was last set on 1 July 2019, the average salary of biosecurity staff has increased by 17%. This in part was due to wage increases, and largely due to a changing mix of skills required to protect biosecurity such as additional incursion response preparedness capability.

Table 9 – BSEL memorandum account financial position (\$m)

	2019/20	2020/21	2021/22
Opening balance	(3.87)	(4.16)	0.00
from Levy payers	31.78	28.57	28.58
from the Crown	6.99	12.52	11.82
Total Revenue	38.77	41.09	40.40
Total Expenditure	39.06	37.44	40.32
Surplus/(Deficit) for period	(0.29)	3.65	0.08
Write-Off accumulated operating deficits	-	(0.51)	-
Closing balance	(4.16)	0.00	0.08

Table 10 – Levy cost components by expenditure type (\$m)

	2019/20	2020/21	2021/22
Personnel	17.04	15.04	17.04
Contracts	7.74	7.21	6.42
Other	3.48	3.57	3.78
Support costs	4.33	5.31	6.11
Corporate overhead	6.47	6.31	6.98
Total Expenditure	39.06	37.44	40.32

Hourly-rate fee activities:**Table 11 - Hourly-rate**

Rate (\$)	Before 1 July 2015	From 1 July 2015
General inspections	88.89	102.27
Veterinary inspections	88.89	186.30

Fees are charged on a range of activities as specified in the Biosecurity (Costs) Regulations 2021. Fees are either charged on a time basis, or are a fixed fee based on standard time to perform the task.

Biosecurity New Zealand recovered approximately \$13.7 million from these fees in 2021/22.

The hourly-rate fee activities include:

- Inspection of general goods
- Inspection of animals
- Inspection of motor vehicles and motorcycles
- Inspection of unaccompanied goods imported for personal use
- Processing an application for approval of a transitional or containment facility, or a facility operator inspection and compliance auditing of a transitional or containment facility
- Investigation and compliance auditing of a facility operator, or proposed operator
- Travel costs.

Table 12 shows the expenditure and revenue for services cost recovered through the biosecurity fees.

Table 12 – Hourly-rate fee activities revenue and expenditure (\$m)

	2019/20	2020/21	2021/22
Opening balance	(0.15)	(3.65)	0.00
Total Revenue	14.28	17.64	13.67
Total Expenditure	17.78	19.19	15.91
Surplus/(Deficit) for period	(3.50)	(1.55)	(2.24)
Write-Off accumulated operating deficits	-	(5.20)	-
Closing balance	(3.65)	0.00	(2.24)

A planned fee increase effective from 1 July 2021 was paused due to COVID-19. BNZ is currently consulting with industry on proposed changes to hourly rates.

Revenue from hourly-rate activity decreased slightly in 2021/22, with decreased demand due to the level of general goods being imported. Before COVID-19 BNZ was carrying out inspections of vehicles sent from Japan by BNZ staff based in that country, however this activity is now being undertaken back in New Zealand.

The shortfall in direct billable hours was attributable to:

- A reduction in Transitional facility audits in Auckland during the lockdown and as passenger arrivals increased with the reopening of the border from February 2022.
- Significantly increased shipping prices which led to it becoming uneconomic for migrants to ship personal effects to NZ. Also from January 2022, a personal effects standard change reduced inspection in the cargo space.
- From May 2021 an improved compliance model resulted in a significant reduction in inspections for Japanese vehicle imports.
- A reduction in inspections that required travel outside of Auckland.

Non-Financial Performance

The following performance measures are also provided in MPI's Annual Report 2021/22. This category is limited to biosecurity monitoring and clearance programmes that manage the biosecurity risk associated with cargo processing requirement.

Table 13 - Non-financial performance measures

	2021/22			2020/21	2019/20
	Target	Actual	Achieved?	Actual	Actual
The average turnaround time for responding to: + Air cargo applications do not exceed 3 hours. + Sea cargo applications do not exceed 21 hours.	3 hours	7 hours 17 minutes	✘	Not Achieved	New measures for 2020/21
	21 hours	25 hours 31 minutes	✘	Not Achieved	
The requirements of Biosecurity Import Health Standards are met when clearing import entries	95%	97.5%	✓	Achieved	
All consignments with an identified risk have been mitigated before being released	100%	100%	✓	Achieved	

The last 12 months have seen supply chain disruptions and a significant increase in the proportion of consignments arriving via the air pathway. This has translated to increased processing time by staff when screening documents on arrival. MPI is addressing the increased workload by increasing resources and updating tools and processes.

The number of cargo applications received during the year has been high with a dramatic increase of consignments such as e-commerce small parcels and packages. Despite increased resources and updated tools and resources, keeping up with increasing demand has remained a challenge.

A high level of biosecurity decision making accuracy has been maintained due to excellent follow-up by trainers and team leaders. Performance is reviewed regularly and MPI's in-house training and refresher programme means it is possible to update staff and train them quickly if there are any changes to Import Health Standards or processes.

Appendix 1: Customs' Goods Fee Memorandum Account

Memorandum account balance	2021/22 Actual (\$m)	2022/23 Estimated (\$m)	2023/24 Estimated (\$m)	2024/25 Estimated (\$m)
Import Entry	(0.072)	(2.941)	(6.867)	(11.893)
Inward Cargo Report (sea)	0.367	(0.089)	(0.263)	(0.142)
Export Entry – Secure Export Scheme (SES)	(0.113)	(0.447)	(0.794)	(1.155)
Export Entry – Non SES	(0.725)	(2.202)	(3.868)	(5.711)
Outward Cargo Report – Air	(1.791)	(3.974)	(6.222)	(8.514)
Cargo Report Export – Sea	(0.081)	(0.170)	(0.255)	(0.334)
Outward Cargo Report - Sea	(0.173)	(0.410)	(0.657)	(0.911)
Closing balance surplus/(deficit)	(2.588)	(10.233)	(18.926)	(28.660)