



**Biosecurity New Zealand**  
Ministry for Primary Industries  
Manatū Ahu Matua



NEW ZEALAND  
**CUSTOMS SERVICE**  
TE MANA ĀRAI O AOTEAROA

# Border Processing Levies Report on Performance for the Year to 30 June 2023

December 2023



**Te Kāwanatanga o Aotearoa**  
New Zealand Government

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# 1 Introduction

The New Zealand Customs Service (Customs) and Biosecurity New Zealand are responsible for protecting New Zealand from biosecurity and other risks posed by travellers as they cross the border.

Since 1 January 2016, Customs and Biosecurity New Zealand have used border processing levies to recover the cost of screening travellers as they cross the border. This system ensures that levied travellers arriving and departing New Zealand cover the cost that their travel creates, rather than taxpayers having to meet the cost.

The purpose of this report, which is published annually by Customs and Biosecurity New Zealand, is to support transparency and accountability.

## 2 An overview of 2022/23

### **Traveller volumes have recovered strongly following the easing of COVID-19 related border restrictions**

Since the easing of COVID-19 related border restrictions, we have seen a considerable increase in traveller numbers, as well as the return of cruise ships and small craft at ports around the country. Traveller volumes recovered faster than expected and contributed to an increase in levy revenue in 2022/23. Overall, traveller volumes (total arrivals and departures) increased 557 percent compared to 2021/22, but remained 31 percent below 2018/19 (pre-COVID-19) levels. We expect traveller volumes to continue to increase in 2023/24 as more airlines and routes resume.

In response to increased traveller volumes, Customs diverted additional staff to assist with airport congestion, while Biosecurity New Zealand hired 64 new officers nationwide, with 46 based in Auckland. Additionally, Biosecurity New Zealand have developed workforce plans to improve frontline resourcing in 2023/24 as demand continues to grow.

### **Development and implementation of the New Zealand Traveller Declaration system**

Originally developed to facilitate the safe re-opening of New Zealand's border following the easing of COVID-19 restrictions, the New Zealand Traveller Declaration (NZTD) system has now evolved into a digital system that allows travellers to complete their arrival declarations online or via an app. This joint-border agency initiative will facilitate more efficient processing and risk management of travellers at the border.

From April to October 2022, the first version of the NZTD supported the resumption of international travel by enabling COVID-19 risk assessment of individual travellers. By June 2023, implementation of the full digital declaration system began at Wellington, Christchurch and Queenstown airports.

### **Customs increased risk management procedures at the border and expanded the use of eGates**

While COVID-19 border restrictions were in place, the risk profile of passengers entering the country reduced. Following the lifting of these restrictions, Customs needed to increase risk assessment activities at air and sea ports. Customs has seen an increase in passengers attempting to smuggle illegal drugs. During a ten-day period in April 2023 alone, Customs intercepted three passengers attempting to smuggle illegal drugs through Auckland Airport. These interceptions show the effectiveness of our systems and processes at identifying suspicious activities.

eGates were mainly closed while COVID-19 border restrictions were in place. Once these restrictions were lifted, the use of eGates increased significantly. During 2022/23 around 77% of eligible commercial air passengers (or just over 61 percent of all passengers) used eGates. From June 2023, passport holders from Austria, Sweden and Switzerland became eligible to use eGates.

### **Biosecurity New Zealand responded to Foot and Mouth outbreak in Indonesia**

Biosecurity New Zealand responded to an outbreak of Foot and Mouth disease in Indonesia by enhancing measures at the border. Foot and Mouth is one of the highest threat animal diseases that would have severe impacts on our animal industries and economy, with a rapid cease in trade in animal products and significant management measures being required.

High-risk travellers were identified for additional screening through advanced passenger information. Enhanced measures included the use of disinfectant foot mats and communications to passengers offshore, in-flight and on arrival in New Zealand. Additional risk assessment and screening was also put in place in the mail and cargo pathways for goods coming into New Zealand from Indonesia.

## **3 How levy rates are calculated, collected, and managed**

### **Legislation authorises the levies**

The levies are authorised by section 413 of the Customs and Excise Act 2018 and section 140AA of the Biosecurity Act 1993. The levies are given effect by the Customs and Excise (Border Processing Levy) Order 2015 and the Biosecurity (Border Processing Levy) Order 2015 (the levy orders). Customs' levy order provides four levy rates, for arriving and departing cruise and non-cruise travellers. The Biosecurity levy order provides for two levy rates, for arriving cruise travellers and non-cruise travellers. Some travellers are exempt from these levies as set out in Appendix 2.

Each levy order sets out the method for setting levy rates and uses the following formula:

an estimate of the border processing costs for the levy period, adjusted as described below	<b>divided by</b>	an estimate of the number of travellers for the levy period excluding exempt travellers
---------------------------------------------------------------------------------------------	-------------------	-----------------------------------------------------------------------------------------

The estimated border processing costs are adjusted to take account of:

- any estimated under or over-recovery of costs for the previous levy period
- any remaining under or over-recovery for the period before the previous levy period.

The current levy period will end on 30 November 2024. When setting levy rates for the next levy period starting 1 December 2024, the levy periods referred to in the formula above would be:

<b>Period before the previous levy period</b>	<b>Previous levy period</b>	<b>Levy period</b>
The period ending 30 November 2021	1 December 2021 to 30 November 2024	1 December 2024 for a period that is yet to be decided (likely to be 3 years)

Airlines and cruise lines collect the levies from travellers through their ticket prices and pass it on to Customs and Biosecurity New Zealand. For travellers on other craft such as yachts, Customs and Biosecurity New Zealand collect the levies directly from the person in charge of the craft, or an agent of the owner or operator of the craft.

The levies recover the cost of activities carried out by Customs and Biosecurity New Zealand related to travellers. These activities are described in Appendix 1.

### **Cost recovery follows Treasury and Auditor-General guidance**

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

- Equity – funding is sourced from those that use the services or generate the need for them
- Efficiency – high service standards delivered at a sustainable cost
- Transparency – only recover the costs of delivering the service
- Justifiability – information is clearly provided about funding decisions, including costs and charges.

### **Use of memorandum accounts to manage cost recovery**

Memorandum accounts summarise financial information related to the provision of services covered by a levy. They include any accumulated surplus or deficit resulting from revenue and expenses not offset in any given period. Levy rates are set with the intention of returning the balance in the memorandum account to zero by the end of each levy period.

Any memorandum account surplus or deficit that exists at the end of a levy period needs to be considered when setting the future levy rates. Accordingly, a surplus or deficit in the memorandum accounts could result in lower or higher levy rates in the next levy period.

The movements of the memorandum accounts are reported annually through this performance report and in the annual reports of each agency.

## **4 Current levy rates**

Table 1 below shows the current levy rates approved by the Government in September 2021. These levy rates incorporated an increase to allow Customs and Biosecurity New Zealand to return to full cost recovery for border processing services over three years. The Comptroller of Customs and the Director-General of the Ministry of Primary Industries set the levy rates listed below for the period starting on 1 December 2021 and ending on 30 November 2024. These rates will be reviewed, and changes will be approved prior to current rates expiring on 30 November 2024.

**Table 1 – Border processing levy rates**

Current rates	
<b>Non-cruise</b>	
Arrival - Customs	\$16.59
Arrival - MPI	\$16.92
Departure - Customs	\$4.52
<b>Total - non-cruise</b>	<b>\$38.03</b>
<b>Cruise</b>	
Arrival - Customs	\$11.48
Arrival - MPI	\$10.58
Departure - Customs	\$4.55
<b>Total - cruise</b>	<b>\$26.61</b>

Levy rates are shown exclusive of any applicable Goods and Services Tax (GST).

## 5 Traveller numbers

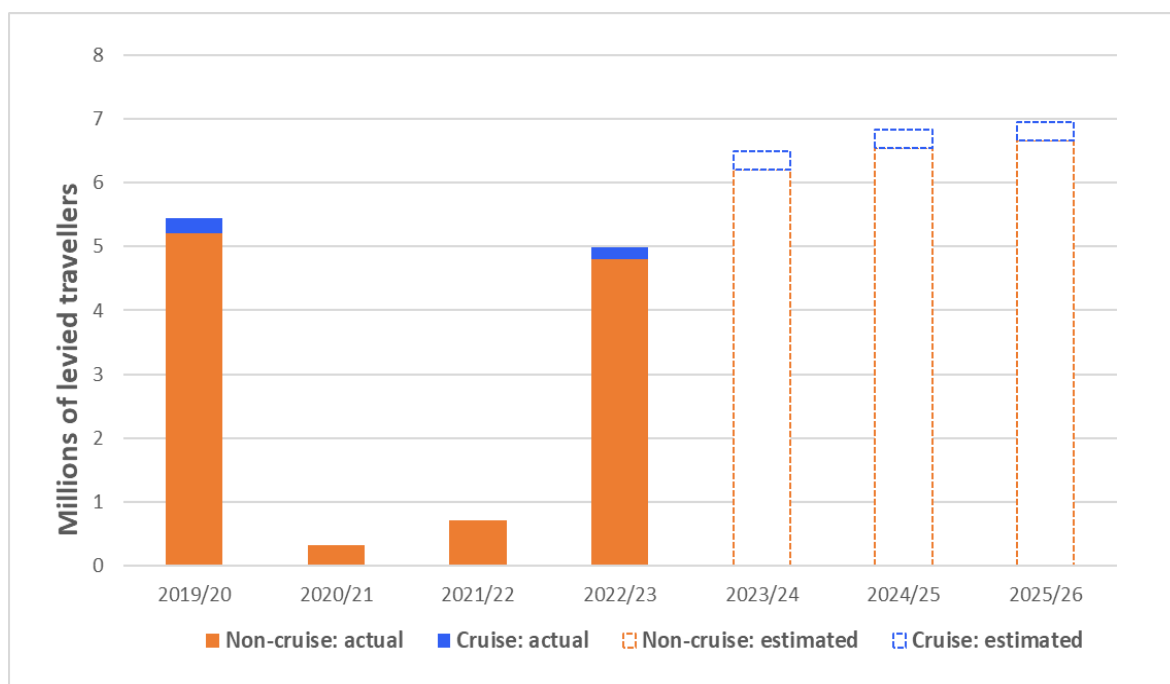
During 2022/23 we saw a significant increase in traveller numbers with 4.984 million traveller arrivals and 4.879 million departures. This was still 4.4 million (31 percent) fewer traveller movements than in 2018/19, the last full financial year before the COVID-19 pandemic.

The estimated number of travellers in this performance report is based on scenario modelling that was agreed in December 2023 for border and transport agencies to use for planning purposes. The modelling was designed to reflect projected demand looking towards summer, the speed at which traveller numbers are recovering to pre-pandemic levels, historical load factors, and external factors such as high fuel prices and continued high inflation.

**Table 2 – Actual and estimated number of levied travellers**

	2019/20 Actual (million)	2020/21 Actual (million)	2021/22 Actual (million)	2022/23 Actual (million)	2023/24 Estimate (million)	2024/25 Estimate (million)	2025/26 Estimate (million)
<b>Non-cruise</b>							
Arrival	5.203	0.321	0.719	4.793	6.205	6.541	6.663
Departure	5.047	0.355	0.782	4.690	6.205	6.541	6.663
<b>Cruise</b>							
Arrival	0.236	-	-	0.191	0.284	0.282	0.288
Departure	0.230	-	-	0.189	0.284	0.282	0.288

**Graph 1 – Actual and estimated number of levied traveller arrivals**



## 6 The New Zealand Traveller Declaration System

The New Zealand Traveller Declaration (NZTD) is a joint border agency initiative that provides a digital system that enables travellers to comply with New Zealand entry requirements more efficiently, while increasing the effectiveness of operations at the border. Customs, Biosecurity New Zealand, Immigration New Zealand, and the Ministry of Health (including Health New Zealand) have worked collaboratively on the development of this system.

The NZTD Programme was established in September 2021, in response to the COVID-19 pandemic and the changing border environment. On 25 March 2022, the NZTD pre-departure health declaration was launched and ran between March and October 2022 to support the border re-opening and COVID-19 risk management. The system was paused in October 2022 when all COVID-19 border health requirements were removed by government.

The NZTD then focused on the future state and longer-term digital change for managing and modernising the New Zealand border. The objective being to enable safe, secure, and efficient clearance and enforcement services for passengers, crew and staff while keeping New Zealand safe, through the digital arrival card (known as NZTD). The NZTD also sought to strengthen connections between border agency intelligence and risk assessment processes, removing potential gaps and duplication of agency investment.

The NZTD will be used by travellers arriving by both air and sea. The system was designed to ensure it is accessible and inclusive and meets the needs of all travellers. During the development phase, independent accessibility advisors were engaged to test the system on behalf of various groups. In March and June 2023, four trials were completed with over 3,700 digital declarations received.

A phased approach to rolling out the NZTD across New Zealand international airports and across different types of maritime vessels was adopted to ensure processes were refined for better traveller experience during each phase. By 22 August 2023, the system was rolled out across all New Zealand international airports. On 9 August 2023 the NZTD Maritime solution was delivered, and trials commenced. Roll out of the NZTD for small maritime craft, specialist,

commercial and NZDF vessels will be completed in December 2023. Subject to the outcome of continued cruise vessel trials aligned to the 2023/24 cruise season, the NZTD cruise solution will be fully implemented by 31 March 2024.

## 7 New Zealand Customs Service

### Work Programme

Customs' border processing services manage risks posed by travellers, while providing a streamlined experience as they cross the border. The focus of this year's work programme was to facilitate the safe re-opening of the border following the easing of COVID-19 related border restrictions and to lead the implementation of the NZTD.

### Customs adapted its systems and processes to respond to increased travellers

The re-opening of New Zealand's air and maritime borders in 2022/23 resulted in a sustained increase in traveller numbers from March 2022. Customs ensured its systems and processes remained adaptable and flexible and responded to new challenges through this period of change.

In order to prepare for increased air travellers, Customs implemented a number of changes to its systems and processes including:

- refresher training programmes to support staff moving back into passenger processing roles
- specific training programmes to support new processes relating to the implementation of the digital New Zealand Traveller Declaration
- recommencing Operation Summer, which coordinates a flexible approach to the rostering of staff at airports and ports to manage periods of peak demand.

When traveller volumes recovered more quickly than expected, additional Customs officers were assigned to Auckland airport to help manage congestion levels.

In August 2022, cruise ships began arriving in New Zealand for the first time in two years. In total, there were 866 port visits by cruise ships. Customs worked closely with other border agencies, including Biosecurity New Zealand, Immigration New Zealand, and the Ministry of Health to refresh staff on the key processes and make sure a safe and smooth process was in place.

In January 2023, extreme weather and flooding in Auckland and Northland caused significant damage to parts of the Auckland airport and Customs' work areas. Customs' staff coordinated with airport partners and found innovative solutions so that passenger screening and processing could continue despite the damage.

### Customs continued to play an important role in keeping New Zealanders safe

All passengers to New Zealand are assessed for risk before they arrive, whether by air or sea. On arrival, passengers and their luggage are screened using a range of methods, including detector dogs, questioning by Customs officers, and baggage searches. This helps us to identify drugs and other prohibited items before they enter our communities.

We also carry out random sampling of passengers to make sure that we are targeting the right areas. This can include bag swabbing to find traces of drugs, talking with passengers, and bag searches. Random sampling of passengers restarted in September 2022 as passenger



numbers began to increase. Compliance rates from our sampling programme have been very high (99.6%).

## **8 Biosecurity New Zealand**

### **Work Programme**

Biosecurity New Zealand maintained effective biosecurity standards over the past year. The interventions in the biosecurity system included international requirements for treatment of risk goods, border inspections, and a domestic surveillance programme. The focus of this year's work programme was to rebuild post-COVID-19 to support integrity of the biosecurity system. Additionally, there were new initiatives that were implemented to enhance border integrity.

### **Resourcing for a changing world**

Passenger numbers arriving in New Zealand significantly increased since COVID-19 international travel restrictions were lifted. Biosecurity New Zealand has worked hard, alongside other agencies, to build a resilient workforce that responds to an increased demand of international arrivals at airports and ports. Last year, 64 new officers started nationwide, with 46 based in Auckland. This investment in frontline resources was essential to support efficient and effective passenger processing and provide the verification and assurance mechanisms required for border integrity.

Biosecurity New Zealand takes an agile and continuous improvement approach to enhancing operational excellence, which includes investment in people capability. One of the approaches implemented to deliver capability uplift is the rotational model. This afforded the opportunity to shift resources across pathways and develop cross-functional skills and capability. The benefit of this approach meant that as demand required, skilled resources could be allocated to a particular pathway and ensure there was effective and efficient service delivery across border pathways. The benefit of this investment approach is that it enables frontline border resources to be agile and flexible to shift in line with the demands of dynamic external forces.

### **Digital Border**

Biosecurity New Zealand continues its commitment to delivering a world class biosecurity system. This has included exploring enabling technologies and digital enhancements to realise further benefits and delivery of operational excellence.

Biosecurity New Zealand partnered with New Zealand border agencies to develop and trial the NZTD.

During the past year, Biosecurity New Zealand has been working with a provider to develop and implement state-of-the-art x-ray scanners into the new Auckland Processing Centre (mail) and Auckland Airport. The aim of this upgraded x-ray technology is to use algorithms to detect biosecurity risks and enhance processing services. Test scenarios have been drafted and the initial scoping of implementation requirements completed.

### **Process Enhancements**

Biosecurity New Zealand is committed to enhancing the traveller experience through the passenger pathway and over the past year has provided support to enhance the mishandled baggage process. This included partnering with key stakeholders to ensure the operational process was appropriately resourced and streamlined where possible while maintaining effective biosecurity standards.

Towards the end of 2022, the use of the Express Lane at airports was reinstated to allow for efficient and timely processing of passengers. This was open to eligible passengers with verification screening using a detector dog at the end of the express lane.

Biosecurity New Zealand also implemented dedicated lanes in Auckland Airport for processing New Zealand and Australian passport holders. The Sprint Group at Auckland Airport identified this initiative as an opportunity to enhance efficient passenger processing. This initiative was trialled and implemented in May 2023, with assurance measures in place to maintain border integrity.

## 9 Financial information

### Levy revenue

Levy-related revenue was low in 2020/21 and 2021/22 due to the low number of travellers. In 2022/23, revenue recovered faster than expected due to the strong recovery of air and cruise travel.

**Table 3 – Customs border processing levy-related revenue**

	2020/21 Actual (\$m)	2021/22 Actual (\$m)	2022/23 Actual (\$m)	2023/24 Estimate (\$m)	2024/25 Estimate (\$m)	2025/26 Estimate (\$m)
<b>Non-cruise</b>						
Arrival	2.045	10.838	79.577	103.087	108.673	110.711
Departure	0.906	3.274	21.176	28.044	29.565	30.118
<b>Total non-cruise</b>	<b>2.951</b>	<b>14.112</b>	<b>100.753</b>	<b>131.131</b>	<b>138.238</b>	<b>140.829</b>
<b>Cruise</b>						
Arrival	-	-	2.196	3.256	3.240	3.305
Departure	-	-	0.860	1.291	1.284	1.310
<b>Total cruise</b>	<b>-</b>	<b>-</b>	<b>3.056</b>	<b>4.547</b>	<b>4.524</b>	<b>4.615</b>
<b>Total levy revenue</b>	<b>2.951</b>	<b>14.112</b>	<b>103.809</b>	<b>135.678</b>	<b>142.762</b>	<b>145.444</b>

**Table 4 – Biosecurity New Zealand border processing levy related revenue**

	2020/21 Actual (\$m)	2021/22 Actual (\$m)	2022/23 Actual (\$m)	2023/24 Estimate (\$m)	2024/25 Estimate (\$m)	2025/26 Estimate (\$m)
Non-cruise	2.095	11.167	81.232	104.052	110.691	112.763
Cruise	-	-	1.915	3.007	2.986	3.045
Crown	0.592	0.592	0.592	0.592	0.592	0.592
<b>Total revenue</b>	<b>2.687</b>	<b>11.759</b>	<b>83.738</b>	<b>107.650</b>	<b>114.269</b>	<b>116.401</b>

## Border processing costs

Expenditure on traveller processing costs increased in 2022/23 compared to prior years due to the increased traveller volumes, increased salary costs, and general inflation. In addition to this, over the last few months of the financial year, additional staff were assigned to airports to help manage congestion levels.

Estimated future expenditure reflects costs for all known recoverable activities, including the cost of operating the newly implemented NZTD, with a margin added each year for inflation.

**Table 5 – Customs border processing costs**

	2020/21 Actual (\$m)	2021/22 Actual (\$m)	2022/23 Actual (\$m)	2023/24 Estimate (\$m)	2024/25 Estimate (\$m)	2025/26 Estimate (\$m)
<b>Non-cruise</b>						
Arrival	50.866	60.007	61.170	62.832	94.200	97.453
Departure	13.332	16.387	17.838	19.044	19.392	20.051
<b>Total non-cruise</b>	<b>64.198</b>	<b>76.394</b>	<b>79.008</b>	<b>81.876</b>	<b>113.592</b>	<b>117.504</b>
<b>Cruise</b>						
Arrival	0.394	0.163	2.536	3.897	5.515	5.651
Departure	0.174	0.111	0.580	0.878	0.907	0.938
<b>Total cruise</b>	<b>0.568</b>	<b>0.274</b>	<b>3.117</b>	<b>4.775</b>	<b>6.422</b>	<b>6.589</b>
<b>Total cost</b>	<b>64.766</b>	<b>76.668</b>	<b>82.124</b>	<b>86.651</b>	<b>120.014</b>	<b>124.093</b>

<sup>[1]</sup> Customs' border processing costs related to each class of levied traveller excludes the costs to process exempted travellers.

<sup>[2]</sup> The current levy period will end on 30 November 2024.

**Table 6 – Biosecurity New Zealand border processing costs**

	2020/21 Actual (\$m)	2021/22 Actual (\$m)	2022/23 Actual (\$m)	2023/24 Estimate (\$m)	2024/25 Estimate (\$m)	2025/26 Estimate (\$m)
Non-cruise	49.741	51.813	59.467	60.680	64.994	67.822
Cruise	0.650	-	1.915	3.007	2.986	3.045
Crown	0.590	0.592	0.592	0.592	0.592	0.592
<b>Total expenditure</b>	<b>50.981</b>	<b>52.405</b>	<b>61.974</b>	<b>64.279</b>	<b>68.572</b>	<b>71.459</b>

## Recovery of New Zealand Traveller Declaration costs

The Crown will fund all costs related to the development and operation of the NZTD to 30 June 2024. From 1 July 2024 onwards, all NZTD operating costs will be recovered from travellers through Border Processing Levies. However, the majority of these costs will be recovered through the Customs Border Processing Levy. This is to ensure efficiency and to avoid the need for Immigration New Zealand to implement their own levy.

While Customs, Biosecurity New Zealand, and Immigration New Zealand all collect data using the NZTD, the cost of operating and maintaining the core system will be recovered through the Customs Border Processing Levy. Customs will also recover the costs of operating the NZTD contact centre.

Agency specific costs for the processing of data collected by the NZTD will be funded separately by each agency. Biosecurity New Zealand will recover these costs through its Border Processing Levy.

This approach to recovering NZTD costs was developed in consultation with the Office of the Auditor General and the Treasury.

### Memorandum account balances

To manage reductions in traveller volumes due to COVID-19 related border restrictions, levy rates were increased from 1 December 2021 to ensure that revenue matched forecast expenditure over the three-year period until the next scheduled rate review in December 2024.

In 2022/23, revenue recovered faster than expected, however, memorandum accounts remain in deficit. As traveller numbers return to pre-COVID-19 levels, we expect memorandum accounts to return to surplus by the end of 2023/24.

Estimated revenue and expenditure levels are based on current levy rates and the cost of all known recoverable activities. From 2023/24 onwards, revenue is forecast to exceed expenditure. When levy rates are reset in December 2024, they will be set at levels aimed to avoid the accumulation of surpluses or deficits. Revenue and expenditure levels will be fully reviewed at that time as part of the fee setting process.

**Table 7 – Customs memorandum account balances**

	2020/21 Actual (\$m)	2021/22 Actual (\$m)	2022/23 Actual (\$m)	2023/24 Estimate (\$m)	2024/25 Estimate (\$m)	2025/26 Estimate (\$m)
<b>Non-cruise arrival</b>						
Opening balance	(23.784)	-	(49.170)	(30.763)	9.493	23.965
Revenue	2.045	10.838	79.577	103.087	108.673	110.711
Cost	(50.866)	(60.007)	(61.170)	(62.832)	(94.200)	(97.453)
Crown funding applied	71.244	-	-	-	-	-
Closing balance	(1.361)	(49.170)	(30.763)	9.493	23.965	37.223
<b>Non-cruise departure</b>						
Opening balance	1.203	-	(13.113)	(9.774)	(0.774)	9.399
Revenue	0.906	3.274	21.176	28.044	29.565	30.118
Cost	(13.332)	(16.387)	(17.838)	(19.044)	(19.392)	(20.051)
Crown funding applied	11.012	-	-	-	-	-
Closing balance	(0.211)	(13.113)	(9.774)	(0.774)	9.399	19.467

<b>Cruise arrival</b>						
Opening balance	1.630	1.236	1.073	0.732	0.092	(2.182)
Revenue	-	-	2.196	3.256	3.240	3.305
Cost	(0.394)	(0.163)	(2.536)	(3.897)	(5.515)	(5.651)
Closing balance	1.236	1.073	0.732	0.092	(2.182)	(4.529)
<b>Cruise departure</b>						
Opening balance	0.510	0.336	0.225	0.504	0.917	1.294
Revenue	-	-	0.860	1.291	1.284	1.310
Cost	(0.174)	(0.111)	(0.580)	(0.878)	(0.907)	(0.938)
Closing balance	0.336	0.225	0.504	0.917	1.294	1.666
Total – closing balance	-	(60.985)	(39.300)	9.727	32.476	53.826

**Table 8 – Biosecurity New Zealand memorandum account balances**

	2020/21 Actual (\$m)	2021/22 Actual (\$m)	2022/23 Actual (\$m)	2023/24 Estimate (\$m)	2024/25 Estimate (\$m)	2025/26 Estimate (\$m)
<b>Non-cruise</b>						
Opening balance	(31.099)	-	(40.646)	(18.881)	24.490	70.187
Revenue	2.095	11.167	81.232	104.052	110.691	112.763
Cost	(49.741)	(51.813)	(59.467)	(60.680)	(64.994)	(67.822)
Write-off	78.745	0.000	0.000	0.000	0.000	0.000
Closing balance	-	(40.646)	(18.881)	24.490	70.187	115.128
<b>Cruise</b>						
Opening balance	0.499	-	-	-	-	-
Revenue	-	-	1.915	3.010	2.986	3.045
Cost	(0.650)	0.000	(1.915)	(3.010)	(2.986)	(3.045)
Write-off	0.151	-	-	-	-	-
Closing balance	-	-	-	-	-	-
<b>Crown funding (used to fund exempt travellers)</b>						
Opening balance	2.542	-	-	-	-	-
Revenue	0.592	0.592	0.592	0.590	0.592	0.592
Cost	(0.590)	(0.592)	(0.592)	(0.590)	(0.592)	(0.592)
Write-off	(2.544)	-	-	-	-	-
Closing balance	-	-	-	-	-	-
<b>Total closing balance</b>	-	(40.646)	(18.881)	24.490	70.187	115.128

## Expenditure per levied traveller

Border processing costs per levied traveller were higher in 2020/21 and 2021/22 as a result of the resource-intensive processing needed to protect against the COVID-19 risk posed by travellers, and the low number of travellers since March 2020.

We expect the Border processing costs per levied traveller to increase from 2024/25 as the levy starts recovering the NZTD operational costs. However, it is too early to say if this increase will require levy rates to increase above their current level.

**Table 9 – Customs expenditure per levied traveller**

	2020/21 Actual	2021/22 Actual	2022/23 Actual	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
<b>Non-cruise</b>						
Arrival	\$158.46	\$83.46	\$12.76	\$10.13	\$14.40	\$14.63
Departure	\$37.55	\$20.96	\$3.80	\$3.07	\$2.96	\$3.01
<b>Cruise<sup>[1]</sup></b>						
Arrival	N/A	N/A	\$13.26	\$13.74	\$19.54	\$19.63
Departure	N/A	N/A	\$3.07	\$3.10	\$3.21	\$3.26

<sup>[1]</sup> Cruise costs per traveller cannot be calculated in 2020/21 and 2021/22 because there were no cruise travellers in 2020/21 and 2021/22.

**Table 10 – Biosecurity New Zealand expenditure per levied traveller**

	2020/21 Actual	2021/22 Actual	2022/23 Actual	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Cruise	N/A	N/A	\$10.58	\$10.58	\$10.58	\$10.58
Non-cruise	\$156.90	\$72.06	\$12.40	\$9.87	\$9.94	\$10.18

## 10 Performance information

### Customs non-financial performance measures

Customs monitors the performance of border processing services against eight output measures. Five of the eight measures were achieved in 2022/23. More detail is set out in the Customs' Annual Report 2022/23 for the appropriation, *Travellers clearance and enforcement*.

**Table 11 – Customs non-financial performance measures**

2021/22 Actual	Measure	2022/23		2023/24 Standard
		Standard	Actual	
<b>Sea</b>				
100%	Percentage of arriving commercial marine craft assessed as high risk or requiring administrative process that are subject to planned interaction while in a New Zealand port	100%	100%	100%
<i>Customs use intelligence-based risk assessments to determine the risk level of all arriving craft. Planned interaction is required and undertaken for all craft</i>				

2021/22 Actual	Measure	2022/23		2023/24 Standard
		Standard	Actual	
	<i>that are identified as high risk, are visiting New Zealand for the first time, have incomplete arrival information or need to complete an administrative process (such as immigration or bonding ship stores).</i>			
Returning measure	Minimum percentage of all arriving commercial marine craft that are not assessed as high risk that will be subject to Customs secondary interaction	5%	<b>2.0%</b>	5%
41.1%	Minimum percentage of arriving small craft subject to Customs secondary interaction	20%	<b>16.9%</b>	20%
	<p><b>Both measures not achieved</b> – Customs routinely interact with marine craft as part of our risk management protocol. This includes boarding low-risk commercial craft to verify they are low risk, and interacting with arriving small craft.</p> <p>Throughout 2022/23 there have been changes at New Zealand’s maritime ports, and across Customs’ maritime workforce, that have required balancing of operational resources to support the transition from COVID-19 prevention to reopening the New Zealand border. Our maritime workforce has had to adapt to the return of cruise ships, increased maritime travellers and small craft arrivals, as well as an expansion of first port-of-arrival destinations for these small craft (see pages 54-55)).</p> <p>The first of these two measures (relating to commercial marine craft) were removed during the COVID-19 pandemic (for 2020/21 and 2021/22) as it was significantly impacted by the required health protocols. The measure was reinstated for the 2022/23 financial year as our interactions with commercial marine craft returned to normal levels of operation.</p>			
<b>Air</b>				
98.7%	Minimum percentage of arriving international air passengers and crew not requiring intervention after risk assessment	98%	<b>99.5%</b>	98%
1.3%	Percentage of arriving international air passengers and crew who are selected for further risk assessment at Customs’ secondary areas	0.4%– 0.7%	<b>0.5%</b>	0.4%– 0.7%
6.5%	Result rate of secondary searches of arriving international air passengers and crew	6.0%– 10.0%	<b>10.5%</b>	6.0%– 10.0%
	<p><i>A positive result is any outcome of a secondary search that supports the risk profile given to the person/item that was searched. This includes, but is not limited to, finding prohibited, restricted or undeclared items; finding information on criminal activities; or referral to another border control agency.</i></p> <p><i>Referrals to other agencies made up two-thirds of the positive results in 2022/23. This included a higher number of biosecurity referrals in line with increased border screening by Biosecurity New Zealand to help prevent the transmission of foot-and-mouth disease into New Zealand.</i></p>			

2021/22 Actual	Measure	2022/23		2023/24 Standard
		Standard	Actual	
Returning measure	Minimum number of arriving air passengers selected for random interventions (under Customs' Assurance programme)	1,500	1,001	2,150
<p><b>Not achieved</b> – A combination of a technical issue reducing our sample rate for part of the year, resourcing constraints and adverse weather events in Auckland resulted in fewer random interventions being conducted in 2022/23.</p> <p>This measure was removed during the COVID-19 pandemic (for 2020/21 and 2021/22) as every passenger crossing the border engaged with officials as part of the health screening processes. It was reinstated for the 2022/23 financial year as our random sampling programme resumed.</p>				

### Investigations and enforcement

100%	Minimum percentage of investigations, related to travellers and their possessions, where prosecution is initiated	75%	100%	75%
<p>The measure has been adjusted for 2023/24 from initiating a prosecution to achieving a punitive or harm reduction action. Prosecution is one of a range of potential outcomes Customs might seek when conducting enforcement outcomes. Expanding the scope of this measure, to include other forms of punitive action or harm reduction outcomes, provides a more comprehensive reflection of our investigative outcomes.</p>				

### Biosecurity New Zealand non-financial performance measures

More details on Biosecurity New Zealand monitors the performance is set out in the Ministry of Primary Industries Annual Report 2022/23 for the multi-category appropriation, *Biosecurity: Border and Domestic Biosecurity Risk Management*, under the *Border Biosecurity Monitoring and Clearance* category.

**Table 12 – Biosecurity New Zealand non-financial performance measures**

2021/22 Actual	Measure	2022/23		2023/24 Standard
		Standard	Actual	
No actual data	Percentage of international air travellers that comply with biosecurity requirements on leaving the airport	> 98.5%	98.8%	> 98.5%
<p>COVID-19 and its associated border restrictions has previously affected passenger numbers. As a result, the annual compliance monitoring survey continued to be suspended from 2020 through to 2022, and some of the measures were not assessed.</p>				



# Appendix 1: Border processing activities

Customs and Biosecurity New Zealand's border processing costs that can be recovered by the levies are limited to costs related to relevant travellers and their baggage and other relevant goods. Table 1 describes the types of activities that give rise to these costs.

**Table 1 – Illustrative list of border processing activities**

Customs	Biosecurity New Zealand
<p><b>Pre-border risk assessment and related activities</b></p> <ul style="list-style-type: none"> <li>• liaising with other government agencies about protecting against border risks related to travellers</li> <li>• patrolling the coastline</li> <li>• gathering intelligence on incoming travellers</li> <li>• modelling and analysis of information</li> <li>• processing electronic data related to travellers</li> <li>• identifying travellers of interest.</li> </ul>	<p><b>Pre-border risk assessment and related activities</b></p> <ul style="list-style-type: none"> <li>• screening for targeted interventions and identifying travellers of biosecurity interest.</li> </ul> <p><b>Pre-border processing travellers and their goods</b></p> <ul style="list-style-type: none"> <li>• en-route biosecurity processing where possible.</li> </ul> <p><b>Planning</b></p> <ul style="list-style-type: none"> <li>• co-ordinating resourcing and tasking of border activities.</li> </ul>
<p><b>Pre-border advice and engagement</b></p> <ul style="list-style-type: none"> <li>• providing advice to travellers</li> <li>• liaising with industry, including planning and problem solving in relation to processing travellers.</li> </ul>	<p><b>Pre-border advice and engagement</b></p> <ul style="list-style-type: none"> <li>• managing craft applications for arrival at non-approved Places of First Arrival.</li> </ul>
<p><b>At-border processing travellers and their goods</b></p> <ul style="list-style-type: none"> <li>• primary processing (manual and via eGate): validating identity, completing health-related and immigration processes, identifying travellers of interest, including questioning and using detector dogs</li> <li>• secondary processing: interacting with travellers of interest, including questioning, x-ray and searching</li> <li>• Search passenger craft, including using detector dogs.</li> </ul>	<p><b>At-border processing travellers and their goods</b></p> <ul style="list-style-type: none"> <li>• assessing arrival documentation against biosecurity requirements</li> <li>• verifying compliance to biosecurity requirements of travellers</li> <li>• using intervention tools, e.g., communications, searches, detector dogs, x-ray</li> <li>• Collecting information related to pathways and effectiveness of interventions.</li> </ul>
<p><b>Investigations and compliance</b></p> <ul style="list-style-type: none"> <li>• disrupting illegal activity before travellers of interest arrive in New Zealand</li> <li>• monitoring travellers of interest after they have completed at-border processing</li> <li>• carrying out investigations resulting in enforcement action</li> <li>• dealing with goods seized from travellers.</li> </ul>	<p><b>Investigations and compliance</b></p> <ul style="list-style-type: none"> <li>• reviewing and managing high-risk travellers</li> <li>• verifying the process for disposing of goods seized from travellers</li> <li>• investigating non-compliance</li> <li>• compliance monitoring and analysis to measure performance of pathways.</li> </ul>

## Appendix 2: Travellers exempt from paying the levies

Tables 1 and 2 show the two kinds of travellers exempt from paying levies under Customs' levy order. Similar exemptions apply under the Biosecurity levy order.

**Table 1 – Levy-funded exempt travellers**

- (a) a traveller under the age of 2 years
- (b) a traveller who arrives in, or departs, New Zealand on an international aircraft otherwise than as a passenger
- (c) a traveller who arrives in, or departs, New Zealand on a cruise ship otherwise than as a passenger
- (d) a traveller who—
  - (i) arrives in New Zealand on an aircraft
  - (ii) is not required to report to a Customs officer at an arrival hall because the traveller is in transit to a place outside New Zealand
- (e) a traveller who, having arrived in New Zealand as referred to in paragraph (d), departs New Zealand on an aircraft for the place outside New Zealand without having been required to enter a departure hall.

**Table 2 – Non-levy funded exempt travellers**

- (f) a traveller who arrives in, or departs, New Zealand on any of the following:
  - (i) a craft being operated by the New Zealand Defence Force or the defence forces of any Government other than that of New Zealand
  - (ii) a craft being used wholly for diplomatic or ceremonial purposes of any Government
  - (iii) a craft being used wholly for the purposes of a mission being carried out or organised by any Government that is a humanitarian mission or a mission in response to an emergency or a crisis
  - (iv) a craft being used for the purposes of an official expedition of a Contracting Party
  - (v) a non-passenger commercial craft
- (g) a traveller who arrives in New Zealand after having been rescued at sea
- (h) a traveller who arrives in New Zealand wholly for the purpose of seeking temporary relief from stress of weather
- (i) a traveller who, having arrived in New Zealand as referred to in paragraph (h), departs New Zealand as soon as is reasonably practicable
- (j) a traveller who departs New Zealand on a craft on a journey—
  - (i) that is not intended to go beyond the exclusive economic zone
  - (ii) that is not intended to include a meeting with any craft or persons entering the exclusive economic zone from a point outside New Zealand
- (k) a traveller who arrives in New Zealand on a craft—
  - (i) that has returned to New Zealand after a journey that did not extend beyond the exclusive economic zone
  - (ii) that did not meet during that journey with any other craft or persons entering the exclusive economic zone from a point outside New Zealand
- (l) a traveller who arrives in, or departs, New Zealand before 1 January 2017 on an international aircraft as a passenger being carried on a ticket that was purchased, and fully paid for, before 1 January 2016
- (m) a traveller who arrives in, or departs, New Zealand before 1 January 2017 on a cruise ship as a passenger on an international cruise and whose place on the cruise was purchased, and fully paid for, before 1 January 2016.