



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

# ANNUAL REPORT 2024

Incorporating the  
Border Executive Board  
Annual Report 2024



# Introduction

This document contains three reports that collectively provide information on the performance of the New Zealand Customs Service, the non-departmental appropriations administered through Vote Customs, and the Border Executive Board.

The Border Executive Board is an interdepartmental executive board established to help coordinate the management of New Zealand's border. The New Zealand Customs Service is the servicing department for the Board and provides administrative, financial, and corporate support. The financial statements and non-financial performance information for the Border Executive Board are included in the New Zealand Customs Service Annual Report.

## New Zealand Customs Service Annual Report 2024

This report provides an overview of the operations and performance of the New Zealand Customs Service for the 2023/24 financial year, including financial statements and non-financial performance information.

This report is presented to the House of Representatives pursuant to section 44 of the Public Finance Act 1989 and commences on page 1.

## Minister's report in relation to Vote Customs non-departmental appropriations 2024

This report provides performance information relating to non-departmental expenditure within Vote Customs that is administered on behalf of the Minister of Customs. Although it is presented in the same document, it does not form part of the New Zealand Customs Service Annual Report.

This report is presented to the House of Representatives pursuant to section 19B of the Public Finance Act 1989 and commences on page 171.

## Border Executive Board Annual Report 2023/24

This report provides an overview of the operation and activities of the Border Executive Board for the 2023/24 financial year. The Board's Annual Report has been appended to the New Zealand Customs Service Annual Report and is included in this document for the purposes of presentation to Parliament and for publication.

This report is presented to the House of Representatives pursuant to section 44 of the Public Finance Act 1989 and commences on page 175.



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

# New Zealand Customs Service Annual Report 2024

This document is presented to the House of Representatives pursuant to section 44 of the Public Finance Act 1989



## Our purpose

We are here to protect and promote  
New Zealand across borders

## Our vision

We aspire to eliminate  
border and revenue risk

## Our principles

We deliver our services guided by the principles and focus of  
Te Pou Tokomanawa – meeting our obligations as a government  
agency and partner in the Māori-Crown relationship

## Our values

We do  
what's right

We are  
guardians

We value  
people

We look  
forward

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# Who we are and what we do

Established in 1840, the New Zealand Customs Service (Customs), is the oldest government department in New Zealand. We provide essential services that protect New Zealand's border, support the efficient movement of people and goods as they cross our border, promote New Zealand's interests in international forums, and provide policy advice on border-related issues.

## Our functions and services

We have three core functions:

- **Protection** – making our country safer and more secure by managing the risks associated with the international movement of goods and people
- **Trade and Revenue** – supporting the efficient flow of trade and revenue collection as goods cross our border, and the collection of excise duty on goods produced in New Zealand
- **Travel** – providing secure border processes that facilitate legitimate international travel and reduce associated threats.

Through these functions we are responsible for:

- partnering with national and international agencies to target the activities of transnational organised crime groups
- expediting the flow of goods across our border and collecting tax revenue on behalf of government
- facilitating the flow of passengers, crew, and craft
- providing policy advice to government ministers and other agencies on border and revenue issues
- providing intelligence and risk assessment information to inform border activities

- engaging operationally with international customs and law enforcement agencies to identify and seize illicit drugs and tobacco, and other prohibited goods
- investigating the trade of child sexual exploitation and other objectionable material across our cyber and physical borders
- actively participating in the global customs community, helping to develop international policy and best practice
- providing stewardship of our regulatory systems to ensure they are fit for purpose
- providing administrative and corporate support to the Border Executive Board.

## The people we support

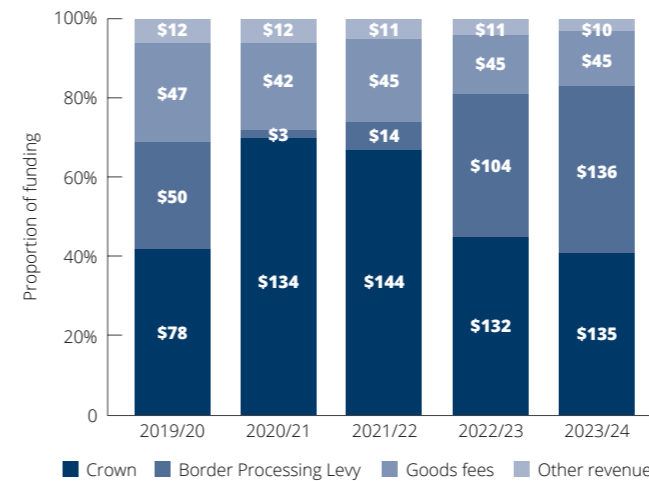
We interact with a broad range of New Zealanders and people from the rest of the world in many ways. We:

- process arriving and departing international passengers and crew across the border
- support importers and exporters through the efficient clearance of goods
- provide advice to exporters, brokers, and freight forwarders to help with trade and clearance issues, including in New Zealand's key export markets
- share information and take part in joint operations with national and international partner agencies
- support the development of international trade agreements and global customs standards
- work to make our communities safer by stopping illicit and prohibited goods from crossing our border.

## How we are funded

Approximately 55% of our funding in 2023/24 came from third-party funding – the fees and levies we charge to cover the cost of screening and processing passengers (Border Processing Levy) and goods (Goods Fees) as they cross the border. About 5% came from other agencies to contribute to the cost of shared services or programmes. The remaining 40% of our funding came from the Crown.

Figure 1: Customs funding sources (\$m)



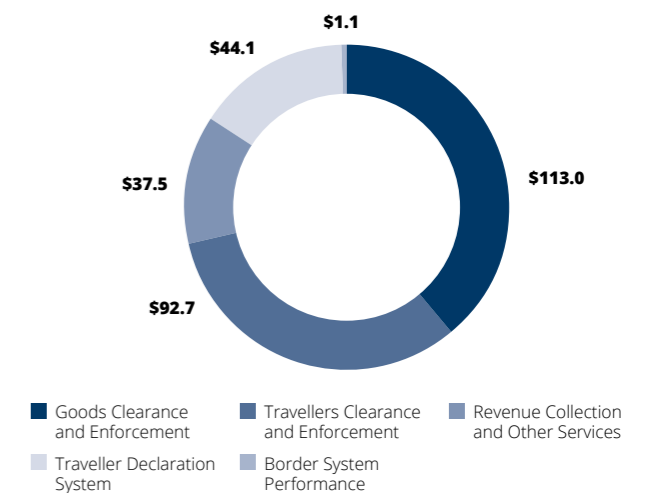
The increase in Crown funding for 2020/21 and 2021/22 was for the additional work we carried out during the COVID-19 response. We also received a temporary funding boost during those years to offset the significantly reduced funding from the Border Processing Levy due to low passenger numbers when the border was closed. This temporary funding meant we could continue to deliver our services during the pandemic.

In 2021, we received time-limited funding to develop and implement the new digital New Zealand Traveller Declaration (NZTD) through a multi-year appropriation. From 2024/25, the NZTD system will be funded through third-party fees and levies.

## What we spend our funding on

Most of our operating expenditure is for the screening, clearance, and processing of passengers and goods as they cross the border, and the collection of Crown revenue.

Figure 2: Customs expenditure in 2023/24 (\$m) by appropriation



See pages 123-161 for more information on our financial performance.

## Our operating environment

We work in a changing and complex environment as we manage threats to New Zealand's border.

During 2023/24, exporters and importers were impacted by the economic downturn, high inflation, and increased shipping costs arising from international events. While low value import trade continues to grow, we have seen a decline in the GST revenue we collect on behalf of government on high value imports (over \$1,000). This has impacted the amount of Crown revenue we collected this year.

At the same time, transnational organised crime groups are using sophisticated methods and new technologies to try to smuggle drugs, tobacco, and other illicit goods across the border. Criminal organisations are getting their people into key roles within New Zealand's supply chain and making more large-scale drug smuggling attempts, particularly with methamphetamine and cocaine. Imports of small quantities of illicit drugs directly by consumers through the mail or fast freight are also increasing.

As criminal groups become better at using new technology, so must we. Our data analytics and intelligence work are key to identifying and targeting criminal groups and improving our understanding of international trade and travel patterns. We are investing in new technology to counter the ways organised criminal groups are attempting to smuggle items, particularly in the maritime environment.

Our focus on building and enhancing relationships with the customs and border agencies of key trading partners and international law enforcement agencies aligns to the Government's law and order and economic development priorities. This work makes it easier and faster for legitimate goods and people to cross the border, while increased information sharing supports agencies to focus on regional threats.

A fiscal sustainability programme has been put in place to make sure we can manage the cost pressures we face in the coming years within existing Crown funding levels. This included an organisational change programme in the first half of 2024. The change programme reviewed and restructured existing roles to make sure we have the right capabilities in the right places.

### Supporting Government priorities

Our purpose is to protect and promote New Zealand across borders. We aim to reduce the harm and cost to our communities and economy from the impact of transnational organised crime and other border threats.

We support improved market access and trade facilitation for exporters and importers, make international travel as easy and possible, and collect revenue for the Government. We are committed to making sure our services are efficient and effective.

Our work aligns with the priorities the Government has set for the country, with a particular focus on:

- protecting New Zealand communities from harm
- promoting economic growth
- delivering effective and fiscally sustainable public services.

### We are delivering on Budget initiatives

Over the last three years, we have received funding for new Government initiatives, including:

Previous Government

- design and implementation of the digital New Zealand Traveller Declaration for arriving passengers – \$73.3 million over four years  
*Cabinet decision 2021: Traveller Health Declaration System* (see pages 59-60)
- targeting tobacco smuggling – \$11 million over four years  
*Budget 2022 initiative: Addressing Tobacco Smuggling* (see page 39)
- combatting the threat from transnational organised crime groups in New Zealand's maritime supply chain – \$20 million over two years  
*Budget 2023 initiative: Transfer of Capital Funding to Address Transnational Organised Crime in Maritime Supply Chains* (see page 35).

No new funding for services was allocated to Customs in Budget 2024.

## The border sector – working together

We work closely with border and law enforcement agencies and industry partners in New Zealand and around the world to manage threats and risks to our country, while streamlining and facilitating legitimate travel and trade that benefits our economy.

### The Border Executive Board provides collective accountability for the New Zealand border system

Since January 2021, the Border Executive Board has provided oversight and coordination of activity across the border sector.

The Board is made up of the chief executives of the six government departments with responsibility for border functions – the New Zealand Customs Service, Ministry for Primary Industries, Ministry of Business, Innovation and Employment, Ministry of Health, Ministry of Transport, and the Ministry of Foreign Affairs and Trade.

It is chaired by the Comptroller of Customs and reports to the Minister of Customs.

The Border Executive Board is accountable for:

- providing strategic border system improvements
- ensuring there are no gaps in the end-to-end border processes
- addressing risks and maximising opportunities from people, goods, and craft arriving and departing New Zealand
- ensuring the border system is financially sustainable
- providing leadership to facilitate business and a positive user experience within the border system.

Customs is the servicing department for the Board. We host the Secretariat and provide administrative, financial, and corporate support, contributing to the Border Sector Strategy led by the Board.

For more, see the Border Executive Board Annual Report (175-198).

### We contribute to national security objectives

We lead or are part of interagency forums that work to manage threats at our border.

- **National Security Board** – we are a member of the Board and are the strategic coordinating agency for one of the core issues, Border Security, under the National Security Strategy (see page 36)
- **Transnational Organised Crime Strategy** – we are jointly responsible with the New Zealand Police for work to strengthen coordination and operational activity to prevent, detect, and dismantle transnational organised crime groups (see pages 32-35). As a national security issue, it is also monitored by the National Security Board.
- **Maritime Security Oversight Committee** – the Committee oversees the national security issue of Maritime Security, and is responsible for the protection, collaboration, and management of New Zealand's maritime security interests. Customs hosts the National Maritime Coordination Centre (see page 35).

These forums make sure New Zealand has a sector-wide view of potential threats and identifies areas for improvement.

### Working with international partners

We are part of international forums targeting regional threats, supporting the development of global customs standards, and developing international trade agreements. These include:

- the **Border Five** group of customs and border protection agencies from Australia, Canada, New Zealand, the United Kingdom, and the United States
- the **World Customs Organization** representing 186 customs administrations around the world
- the **Oceania Customs Organisation**, supporting best practice border security and trade across the South Pacific
- the **Asia-Pacific Economic Cooperation (APEC) Forum**, supporting trade facilitation and best practice across 21 members.

## Interagency collaboration at the New Zealand Border



In addition, we work with a range of companies and organisations across the aviation and maritime sectors and supply chain partners, including logistics companies, courier and freight services, industry organisations, and customs brokers.

We also work with a range of government agencies to monitor border alerts on persons of interest, and with the National Emergency Management Agency, the Institute of Environmental Science, and the Research and Environmental Protection Agency on planning and initiatives to protect the border.

## Our structure

We are accountable to, and support, the Minister of Customs. Customs is headed by the Comptroller and Chief Executive, Christine Stevenson. Our services are delivered through five business groups.



In July 2024, the Finance, Technology and Infrastructure and the People and Capability groups merged into a new business group – Enterprise Services.

# YEAR IN REVIEW

**We successfully implemented the digital New Zealand Traveller Declaration**

for all international passengers and crew arriving by air and sea



# » Comptroller's overview

I am proud to lead a team of over 1,300 people who are dedicated to protecting New Zealand's border and promoting New Zealand's interests with our international partners and in multi-national forums. I acknowledge their hard work and achievements, which are highlighted throughout this Annual Report.



**Christine Stevenson**  
Comptroller of Customs

## Targeting transnational organised crime remains a core focus for Customs

Transnational organised crime (TNOC) groups continue to pose a major threat to our communities and economy through their attempts to smuggle illicit drugs and tobacco and other products across our border.

We work closely with international and national law enforcement and border agencies to share intelligence, identify regional threats, and participate in joint activity targeting TNOC and other criminal groups.

This year, I have had the opportunity to meet face-to-face with many of our international partners, including officials from China, India, Japan, Malaysia, the Netherlands, and Saudi Arabia, as well as our Border Five partners – Australia, Canada, the United Kingdom, and the United States.

Our international partners play an important role in our efforts to target criminal activity and stop illicit drugs and other items reaching New Zealand. Approximately 45% of the drugs seized during 2023/24 were the result of work by, or with, overseas agencies.

## We monitor and respond to a range of border threats

As criminal groups look to expand their presence in New Zealand, we have seen an increase in attempts to compromise people who work in or around ports and airports who can bypass security measures to smuggle goods. We actively work with industry partners and businesses to increase awareness of the threat these people can pose, and the signs to look out for.

We have also seen positive results from our work to target money laundering and other financial crime by criminal groups, the export or import of child sexual exploitation material, tobacco smuggling, and the import of prohibited weapons and firearms.

## New agreements will make it easier for exporters to access key markets

We work closely with the customs administrations of our main trading partners to identify ways to streamline customs clearance processes and remove barriers to trade.

During 2023/24, I signed an agreement with Singapore Customs and Singapore's Infocomm Media Development Authority that will help to make customs processes faster and simpler for exporters.

We are also working with the Central Board of Indirect Taxes and Customs of India to improve trade facilitation processes for exporters into India.

The Free Trade Agreement between New Zealand and the European Union, which came into effect on 1 May 2024, and work on a Comprehensive Economic Partnership Agreement between New Zealand and the United Arab Emirates, will make it easier for exporters to access these markets, reducing duty rates and customs processing times at overseas ports.

## We process trade goods quickly

In September 2023 we completed a Time Release Study looking at how efficiently goods are cleared as they enter and leave New Zealand. The study found that 93.9% of sea cargo and 78.3% of air cargo was risk assessed and cleared before arrival into New Zealand. Across the whole year, 98.7% of compliant trade items were cleared within five minutes.

## Successful implementation of the New Zealand Traveller Declaration

The introduction of the digital New Zealand Traveller Declaration (NZTD) marks a major change in the way border agencies manage the risks relating to passengers and crew as they cross the border. The digital declaration replaces the paper arrival card, allowing us to assess passenger and crew information earlier in their journey. It will also reduce processing times for passengers on arrival.

The NZTD was rolled out in stages during the year, starting with our international airports in July 2023, before expanding out to commercial and recreational vessels, and finally to passengers and crew arriving on cruise ships. On 28 March 2024, the digital declaration became available for all travellers to use – a significant milestone.

The design and implementation of the NZTD has been a large and complex multi-agency programme of work and I want to acknowledge the work of everyone involved in the programme over the last three years.

## Positioning Customs for the future

Customs faces a number of cost pressures in the coming years. Like all public service agencies, we have had to carefully review all our expenditure and make changes to our workforce and structure to make sure we can continue to deliver our services in a financially sustainable way.

Organisational change processes are hard, and I want to particularly acknowledge the professionalism and commitment our people demonstrated throughout the change process.

During 2023/24, we reviewed our strategic objectives and areas of focus for the next four years. Our new Statement of Intent was approved in July 2024 and sets out the outcomes we aim to achieve for New Zealanders over the coming years.

The year ahead will undoubtedly bring new challenges and opportunities. However, I am confident we will continue to deliver high-quality and efficient services through the work our people do every day to protect New Zealand's border.

**Christine Stevenson**  
Comptroller of Customs



# Year at a glance

## Protection >>



Prevented \$6.4 billion in potential social harm by seizing illicit drugs offshore or at our border



Targeted the threat from transnational organised crime groups by increasing our investigative and operational capacity at maritime ports



Intercepted more than 10,095kg of illicit tobacco, representing \$19.4 million in foregone revenue



Investigated 1,128 reports of alleged cross-border offending by New Zealanders relating to the import or export of child sexual exploitation material

## Trade and Revenue >>



Collected \$17.4 billion in revenue on behalf of the Crown



Processed over 27.5 million import transactions and 4 million export transactions with most goods risk assessed and cleared within five minutes



Contributed to the development of global customs policy and standards through international forums



Progressed work on international customs and trade agreements that will benefit New Zealand's exporters

## Travel >>



Processed over 12.9 million arriving and departing passengers



Implemented the digital New Zealand Traveller Declaration for all passengers and crew arriving by air and sea



Expanded eGate eligibility to six additional countries, allowing passport holders from 22 different countries to use an eGate, and lowered the age requirement to 10 years old



8.4% of risk-based baggage searches of passengers and crew resulted in the identification of prohibited or restricted items, or items requiring duty payments

# How well did we do?

Our performance framework helps us to tell a clear story about the work we do and why it is important. It provides an overview of how we measure, track, and report our performance and the delivery of our services



## Customs Performance Framework 2024 – 2028



We are here to **Protect and promote New Zealand across borders**



### We support Government priorities

Protecting New Zealand communities from harm

Promoting economic growth

Delivering effective and fiscally sustainable public services

Through the efficient and effective delivery of our core functions and services guided by the principles and focus of Te Pou Tokomanawa



#### Protection

Prevent threats reaching New Zealand



#### Trade and Revenue

Support the efficient flow of trade and revenue collection



#### Travel

Provide a streamlined experience for passengers and crew across borders



### Our objectives

Make our country safer and more secure by managing the risks associated with the international movement of goods and people by:

Support the efficient flow of trade and revenue collection as goods cross our border, and the collection of excise duty on goods produced in New Zealand by:

Provide secure border processes that facilitate legitimate international travel and reduce associated threats by ensuring:

Reducing the ability of TNOG groups to operate in our region (see page 32)

Reducing social harm to our communities (see page 37)

Facilitating the flow of international trade (see page 44)

Easy to use systems and processes (see page 50)

Identifying and appropriately addressing non-compliance (see page 52)

Processing services are efficient, smart, and easy to use (see page 58)

Border screening processes manage risks and threats (see page 62)



### Our output measures monitor how well we deliver the activities that support our services

Goods clearance and enforcement (see page 108)

Travellers clearance and enforcement (see page 110)

Revenue collection and other services (see page 112)

Border system performance (see page 115)

Traveller Declaration System Development (see page 116)



### Our strategic priorities support us to effectively deliver our services and activities

#### People

We have an adaptable and diverse workforce that can respond to changing environments (see page 23)

#### Partnerships

We strengthen our partnerships with the people, agencies, stakeholders, and communities we work with (see page 23)

#### Innovation

We foster a culture of innovation, generating new ideas and approaches to border and risk management (see page 23)

#### Technology and Data

We get the best value from our data and systems, while making sure that data is protected (see page 23)

### We monitor our stewardship responsibilities to ensure we have the right people, systems, and processes in place to achieve our purpose

We actively manage our risks and assets (see pages 86 and 93)

We are effective stewards of our regulatory systems (see page 89)

We promote safe work practices and support the holistic wellbeing of our people (see page 75)

We have an inclusive and diverse workforce and are working to reduce our pay gaps (see page 72)

We are reducing our carbon emissions (see page 89)

We take a long-term financial view and proactively manage cost pressures (see page 93)

## Tracking progress towards our strategic objectives





Our progress indicators show how we are tracking towards the outcomes and objectives for each of our functional areas and for Te Pou Tokomanawa.

In 2023/24 we had ten indicators on-track, and two off-track. This compares with 11 on-track and two off-track in 2022/23.

During 2023/24, we reviewed and updated the outcomes and objectives for each of our functional areas, removing objectives that were specific to the COVID-19 response. As a result, the number of progress indicators has reduced.

More detail on our performance in each functional area and for Te Pou Tokomanawa is set out in the *Delivering on our objectives* section.



 <b>Protection</b>	Reducing the ability of TNOG groups to operate in our region	✓	International partnerships are strengthened to prevent harm reaching New Zealand and target transnational organised crime		
	Reducing social harm to our communities	✓	\$6.4 billion worth of potential social harm was prevented through offshore and onshore illicit drug seizures		
 <b>Trade and Revenue</b>	Facilitating the flow of international trade	✓	Export trade through the Secure Exports Scheme shows positive growth over the longer term	✓	The proportion of import trade through Authorised Economic Operator programme members in partner countries has increased
	Easy to use systems and processes	✓	The percentage of clients who are satisfied with their Customs experience has been maintained		
	Identifying and addressing non-compliance	✓	The compliance rate of traders has increased		
 <b>Travel</b>	Processing services are efficient, smart, and easy to use	✓	The number of digital New Zealand Traveller Declarations continues to increase		
	Border screening services manage risks and threats	✓	Outcomes of searches of incoming travellers are within the expected range		
 <b>Te Pou Tokomanawa</b>	Engagement with Māori communities is a fundamental part of our work	✓	Customs engages with Māori communities on matters of mutual interest		
	Customs staff increase their knowledge of te reo Māori and tikanga	✓	Staff completion of Whāinga Amorangi e-learning modules continues to increase across most modules		
	Māori staff are supported to achieve their aspirations	✗	The level of Māori representation across our organisation is below our goals	✗	Our Māori pay gap increased during 2023/24

Key: ✓ On-track ✗ Off-track

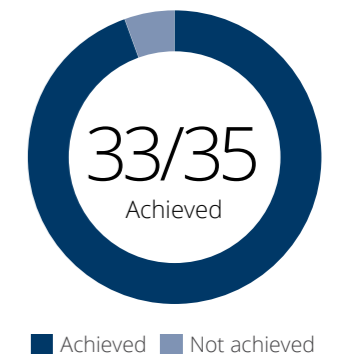
## Achieving our output performance measures

Our output measures show how well we have delivered our services. They measure progress against the standards set in the Estimates of Appropriations and Supplementary Estimates of Appropriations for the year ending 30 June 2024. Our output measures are grouped by financial appropriations.

In 2023/24 we achieved 94% (33 out of 35) of our output measures. This compares with 71% (25 out of 35) in 2022/23.

The measures not met relate to the interim goal of digital uptake of the New Zealand Traveller Declaration and the number of import trade entries subject to risk-based physical examinations.

See the *Our performance* section (pages 103-120) for more information.



Goods Clearance and Enforcement	Travellers Clearance and Enforcement	Revenue Collection and Other Services	Border System Performance	Traveller Declaration System Development
9/10 Achieved	8/8 Achieved	13/13 Achieved	2/2 Achieved	1/2 Achieved



# DELIVERING ON OUR OBJECTIVES

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**We prevented \$6.4 billion in potential social harm**  
by seizing illicit drugs offshore or at our border



## Customs Strategy – Investing in the right things at the right time

Our strategy sets out four internal strategic priority areas that inform the way we prioritise our resources and assets to achieve our objectives. Our priority areas – People, Partnerships, Innovation, and Technology and Data – are interconnected and help us adapt to our changing operating environment, making sure we are well positioned to manage new and emerging risks and threats.



### People

We have an adaptable and diverse workforce that can respond to changing environments

Our people are our greatest resource. We operate in a dynamic environment and our people need to be able to respond to new threats and opportunities.

This priority is focused on making sure we will have the right capabilities in the right roles and locations. This includes work to identify and develop new skills and capabilities in key areas, support leadership development, and provide learning and upskilling opportunities for our people.

A diverse workforce enables us to operate effectively and reflect the community we serve, while our strong focus on health, safety, and wellbeing aims to keep our people safe and well (see pages 68-77).



### Innovation

We foster a culture of innovation, generating new ideas and approaches to border and risk management

Innovation adds value to how we interact and engage with travellers, traders, our people, and our communities. We need to think critically about the way we work and find new ways to deal with current and future risks and challenges.

Our focus is on enhancing our innovation capability and culture, building the skills of our people, and creating channels to capture ideas from across the organisation. This includes ideas and initiatives to improve efficiency identified through our fiscal sustainability work programme. We will collate insights on best practice, and modernise our workflow systems and forms, making our processes easier for our clients to navigate. This behind-the-scenes work will improve the experience of travellers, traders, and clients.



Read more about Customs Strategy at <https://www.customs.govt.nz/globalassets/documents/misc/customs-strategy.pdf>



### Partnerships

We strengthen our partnerships with the people, agencies, stakeholders, and communities we work with

Effective partnerships are essential if we are to meet our objectives.

We work closely with national and international law enforcement, border, and trade organisations to achieve our objectives. Our overseas liaison officers are key to maintaining on-the-ground relationships with international partners (see page 47).

We also work closely with industry partners throughout New Zealand's supply chain, such as freight arrival and storage points and courier companies, to identify suspicious activity and packages (see page 34).



### Technology and Data

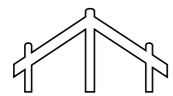
We get the best value from our systems and information, while making sure that data is protected

Trade and travel processes and documentation are shifting to a digital-by-default approach, replacing paper-based forms with digital options.

More digital options not only reduce processing times for trade items, travellers, and requests from clients, they enable us to identify risks and potential threats earlier and more effectively. Examples include the New Zealand Traveller Declaration (see pages 59-60) and the MyCustoms digital platform (see page 51).

Managing cyber-security and privacy risks with the data we hold is crucial to making sure we maintain the trust and confidence of the people using our systems.

Cyber-attacks are becoming more common and have the potential to significantly affect our IT systems, impacting delivery of our core services. Our cyber-security programme makes sure the right systems and processes are in place to protect the privacy and security of our data (see page 88).



## Our central pillar – Te Pou Tokomanawa

In a marae, pou are the pillars supporting the structure of the building, and Te Pou Tokomanawa is the central pillar supporting the ridge pole or backbone. For Customs, Te Pou Tokomanawa guides our actions and core values. It draws from the principles of the Treaty of Waitangi (Te Tiriti o Waitangi) and provides the overarching principles and focus to make sure we meet our obligations as a government agency and partner in the Māori-Crown relationship.

The three objectives of Te Pou Tokomanawa are:

- engagement with Māori communities is a fundamental part of our work to protect New Zealand's borders
- supporting our people to build their capability in te reo Māori and awareness and understanding of tikanga Māori
- supporting Māori staff within Customs to achieve their aspirations.

*Photo below: Members of the Māori Network welcome customs officers and officials from 18 Pacific nations for a week long training session.*



Te Pou Tokomanawa is a fundamental part of the way we work as an organisation and is embedded in our three principles:

**Partnership | Kotahitanga** – we will act reasonably, honourably, and in good faith with Māori and tāngata whenua, in partnership for the mutual benefit of both parties

**Protection | Kaitiakitanga** – we will strengthen our role as a protector of taonga (treasure), both in its physical form, and in language and traditions

**Participation | Manaakitanga** – we will enable active and equitable participation by Māori at all levels within Customs, to the benefit of both Māori and the wider community.

Our values reflect these principles. Our values were chosen by our people as representative of the way we work and how we engage with the people we support:

**We do what's right – Te ara tika**

**We are guardians – Kaitiakitanga**

**We value people – He tāngata**

**We look forward – Pae tawhiti.**

### Engagement with Māori communities

Improving how the public service supports the Crown in its relationship with Māori is a focus of the Public Service Act 2020. We are committed to building enduring relationships with Māori and engaging with iwi, hapū, and Māori communities on matters of mutual interest.

Due to staff turnover during 2023/24, we have concentrated on maintaining existing relationships, building our capability for effective engagement, and engaging on specific issues such as the development of the New Zealand Traveller Declaration and trade opportunities through the Secure Exports Scheme.

### Progress Indicator case study:

#### Supporting Māori businesses to enhance export trade

**Expected Trend:** Customs engages with Māori communities on matters of mutual interest

**Actual Trend:** On-track – our outreach to Māori businesses initiative is having a positive effect

Export businesses play a key role in local communities, providing jobs and opportunities for economic growth. This is particularly true in small, rural communities.

The Secure Exports Scheme (SES) recognises exporters that meet best practice security practices in their supply chains. This means that approved exporters face fewer compliance checks when exporting goods and reduced entry fees to markets, saving time and money (see page 46). Our SES team engages with Māori businesses to highlight the benefits of being an SES partner and to build trusted relationships.

SES relationship managers work with businesses to provide quick and accurate advice on regulatory requirements and referrals to other agencies where required. In a recent case, we worked with a Gisborne company who had the opportunity to export goods into India. As this trade involved live plant products, we were able to connect them with the Ministry for Primary Industries (Biosecurity New Zealand) to ensure they received the right advice to successfully export the goods.

We are working with a dairy company and a seafood exporter looking to expand their export trade into new markets. Due to the perishable nature of their products, the companies saw the benefit of the SES programme, particularly the assurance that goods would have a lower intervention rate and be prioritised during port trade disruptions.

Māori export companies make up only a small percentage of SES partners and we are raising awareness of the benefits the scheme can provide for exporters and for wider economic growth in our communities.

## Building capability in te reo Māori and tikanga Māori

To engage effectively with Māori communities, we need to build the knowledge and capability of our people in te reo Māori (Māori language), tikanga/kawa (culture, traditions, and protocol) and te ao Māori (Māori worldview).

### Providing safe and supportive learning opportunities

During 2023/24 we provided te reo Māori courses online and in person, and an introduction to te reo Māori wānanga.

Eight-week Wellington-based te reo Māori courses ran during April and May 2024. The Level 1 beginners programme was completed by 15 participants, with another 13 completing the Level 2 programme.

A ten-week introduction to te reo Māori and te ao Māori wānanga began in Auckland on 26 June 2024 to coincide with Matariki – a time to celebrate new beginnings and new learning. The course has 20 participants.

A new te reo Māori app for Customs staff, Te Puna Ārai, is due to be released later in 2024. The app uses 'swipe to read' and 'touch to hear' technology that makes it easy to use. The app will support staff to access common words and phrases, karakia for meetings, and to develop basic pepeha (introductions). It will help staff to use te reo Māori as part of their everyday work.

*"I have thoroughly enjoyed these lessons. Both teachers were so good at what they do. I have tried to learn te reo before, but this has been the most effective so far. I am so grateful for this opportunity and look forward to continuing my journey".*

## Progress Indicator:

### Organisational completion levels of Whāinga Amorangi e-learning modules

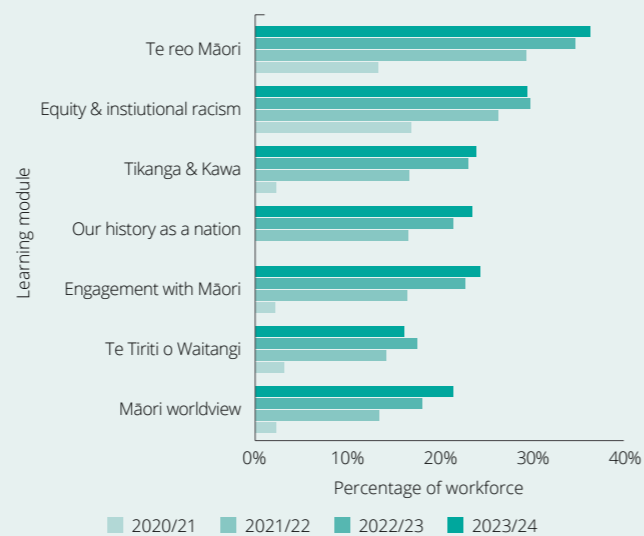
**Expected Trend:** increased proportion of staff completion of learning modules

**Actual Trend:** on track – the proportion of learning modules completed by staff has increased across the majority of modules

Whāinga Amorangi is a multi-year cross agency work programme designed to lift the Māori-Crown relations capability of the public service to support a stronger Treaty partnership as set out in the Public Service Act 2020. The programme aims to ensure that all staff have a basic understanding of New Zealand history, the Treaty of Waitangi (Te Tiriti o Waitangi), and the importance of effective Māori-Crown relations.

As part of our commitment, we developed a series of e-learning modules across the seven key areas. During 2023/24 we began work to update the learning modules on tikanga (Māori culture and tradition), New Zealand history, and Te Tiriti o Waitangi.

**Figure 3:** Percentage of workforce who have completed our Whāinga Amorangi learning modules



## Building the skills for effective engagement

Between December 2023 and March 2024, we ran a series of wānanga specifically for our Policy and Strategy teams to support the development of robust policy advice as part of our Māori-Crown Policy Capability Plan. These wānanga provided an introduction to te ao Māori and tikanga/kawa, and aimed to build a deeper understanding of the Treaty of Waitangi from both a Māori and Crown perspective. The wānanga also included a focus on mātauranga Māori (traditional Maori knowledge), Māori leadership, and legal perspectives on the Māori-Crown partnership.

Our Legal team held wānanga to work through the Law Commission's report, *He Poutama*. He Poutama is a detailed paper that examines tikanga Māori and its place in New Zealand's legal system. The wānanga explored the paper's findings to help improve tikanga proficiency as part of good practice as government lawyers.

### Supporting individual te reo Māori journeys

Each year we offer one staff member the opportunity to take part in a full or part time te reo Māori programme to start or continue their individual language journey.

Port Manager Napier Dan McGuire was selected as the Rumaki Reo candidate for the 2024 academic year. He is attending Te Wānanga Takiura programme in Auckland. Following his course, Dan will join other Rumaki Reo graduates as champions of te ao Māori within Customs.

In addition, two staff attended the 2024 public service Kura Reo Rāngai Tūmatanui full immersion programme. The Kura Reo programme, first piloted in 2022, is a four day programme specifically designed for public servants who have a level of proficiency in te reo Māori. The programme supports participants to develop their reo and leadership skills and create networks of other proficient speakers across the public service.

## Progress indicator:

### Māori staff are supported to achieve their aspirations

**Expected Trend:** increase the representation of Māori staff across our organisation and reduce pay gaps

**Actual Trend:** off track - the level of Māori representation across our organisation is below our goals and our Māori pay gap increased during 2023/24

We want to see all our staff learn, grow, and thrive in their careers, and to ensure our workforce is representative of the communities we serve.

Through Te Pou Tokomanawa, we support the aims and aspirations of Māori staff within Customs as we work to improve the involvement of Māori in the public service and reduce pay gaps in line with the intentions of the Public Service Act 2020.

As part of our Inclusion and Diversity Action Plan, we are working to increase the percentage of Māori staff in our workforce and in people leader roles by one percent per year. By June 2026, our goal is for Māori staff to make up 12.9% of our workforce and 12.2% of people leaders.

As at 30 June 2024, Māori staff made up 10.8% of our workforce, and 9.5% of people leaders. See the demographic profile of our staff and people leaders in the *Our people* section for more information (beginning on page 65).

We also monitor gender and ethnic pay gaps across the organisation to ensure we have an equitable and fair workforce. We monitor both the mean (average) and median (middle) pay gaps. During 2023/24, the median pay gap for Māori dropped slightly to 2.3%, while the mean pay gap increased to 6.5%. See page 74 for more detail on pay gap trends for Māori staff.

### Promoting a sense of whakawhanaungatanga

Our Māori Network began in the early 1990s. Its aim is to promote a sense of belonging and whakawhanaungatanga (relationships) within Customs. The Network is made up of both Māori and non-Māori staff.

The Network plays an important role in supporting understanding of tikanga, including supporting Customs to host pōwhiri and mihi whakatau (formal welcomes) for international delegations.

For many of the delegations, this is their first introduction to te ao Māori, with visiting officials commenting on the warmth of this unique welcome.

Members of the Māori Network, along with our kaumātua, support the acknowledgement of significant events. This includes celebrations such as Matariki, and the rededication of work areas in our Auckland office and in the secondary search area at Auckland Airport in late 2023. These areas were badly damaged in the January 2023 floods.

The Network is also involved in the induction of each new cohort of Customs Officers, which helps build a sense of whakawhanaungatanga among staff.

## » Our functional areas

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**We collected \$17.4 billion in revenue**  
on behalf of the Crown







# Protection

Prevent threats reaching New Zealand

**Our objective:**  
Make our country safer and more secure by managing the risks associated with the international movement of goods and people



The range of threats to New Zealand's border is broad – including illicit drugs and tobacco, weapons, cyber-crime, the possession and trade of objectionable material, financial crime, money laundering, and goods used to commit crimes involving dishonesty and intellectual property breaches.

To address these threats, we work in partnership with international and national customs and law enforcement agencies to target the activities of transnational organised crime (TNOC) groups and other criminal activity.

We achieve our objective by:

- reducing the ability of TNOC groups to operate across our border and in our region
- reducing social harm to our communities by identifying and seizing illicit and prohibited goods.

## Key achievements

During 2023/24 we have:

- prevented \$6.4 billion in potential social harm to the community by seizing illicit drugs offshore and at our border
- increased our investigative and operational capacity at our major maritime ports to combat the increased threat from TNOC groups
- received more than 300 referrals about suspect shipments or suspicious behaviour from industry partners, resulting in the seizure of drugs, undervalued or falsely declared goods, and items that were potential biosecurity risks.

## Output measures

We narrowly missed one output measure relating to the number of trade entries that were physically examined. See page 109 for more details.

## Performance against our Protection measures

Strategic indicators



■ On-track ■ Off-track

Our strategic indicators help us to track how we are progressing towards our longer-term outcomes and goals. Progress indicators are shown in the coloured boxes on the following pages.

Output measures



■ Achieved ■ Not achieved

Our Protection output measures (what we did with the funding we receive) sit across four of our appropriations – Goods Clearance and Enforcement, Travellers Clearance and Enforcement, Revenue and Other Services, and Border System Performance. For more details on each appropriation, see pages 108-116.

## Reducing the ability of transnational organised crime groups to operate across our border and in our region

Transnational organised crime (TNOc) groups pose a significant threat to New Zealand through increasingly sophisticated and large-scale attempts to smuggle illicit or prohibited goods into New Zealand. We work closely with international and national partners to share information, intelligence, and operational information to target, disrupt, and dismantle TNOc groups and domestic criminal activity.

This section reports progress towards the Protection outcome set out in our Statement of Intent 2021 – 2025 – prevention is our first line of defence.

### Strengthening coordination and operational activity

The threat posed by TNOc groups and their links with domestic gangs and criminal groups is recognised in New Zealand's National Security Strategy. Customs is jointly responsible, with the New Zealand Police, for coordinating the response to this threat.

A multi-agency governance group is implementing the TNOc Strategy 2020 – 2025 and supporting the Resilience to Organised Crime in Communities programme. This programme aims to combat organised crime by combining social and economic intervention with targeted enforcement action.

We work with the 19 New Zealand agencies that contribute to the TNOc Strategy, as well as overseas partners, with the aim of making New Zealand's border the hardest place in the world for TNOc groups to operate.

### Progress Indicator:

#### Preventing harm reaching New Zealand

**Expected Trend:** International partnerships support intelligence sharing and joint operations targeting TNOc activity

**Actual Trend:** On-track – we actively work to strengthen relationships with customs and law enforcement partners

Our international partnerships are, at times, our first line of defence, with drugs and other prohibited goods seized before they reach New Zealand. These partnerships also target trade-based money laundering, illicit tobacco smuggling, and other cross-border crime.

During 2023/24 we met with, or hosted, delegations from customs and law enforcement agencies from a range of countries, including China, India, Indonesia, Japan, the Netherlands, Saudi Arabia, Singapore, and Border Five partners. These meetings provide an opportunity to discuss regional threats, understand the changing nature of TNOc activity, plan joint targeting projects, and strengthen operational partnerships.

We also partner with other agencies to provide training and capability building. In February 2024, we helped facilitate training for countries from the Association of Southeast Asian Nations (ASEAN) on regional TNOc threats. In May 2024, we delivered a targeted intelligence training course with the New Zealand Police for law enforcement officers from Cambodia, Laos, Thailand, and Vietnam. This is an area that is a major hub for illicit drug production and trafficking. We also have an ongoing programme, funded by the Ministry of Foreign Affairs and Trade, to build the capability of Pacific Island customs administrations (see page 49). Strengthening the capability of partner agencies helps reduce the chance of harm reaching New Zealand.

## Offshore drug interceptions

Figure 4: Potential harm to New Zealand avoided by offshore illicit drug interceptions by area

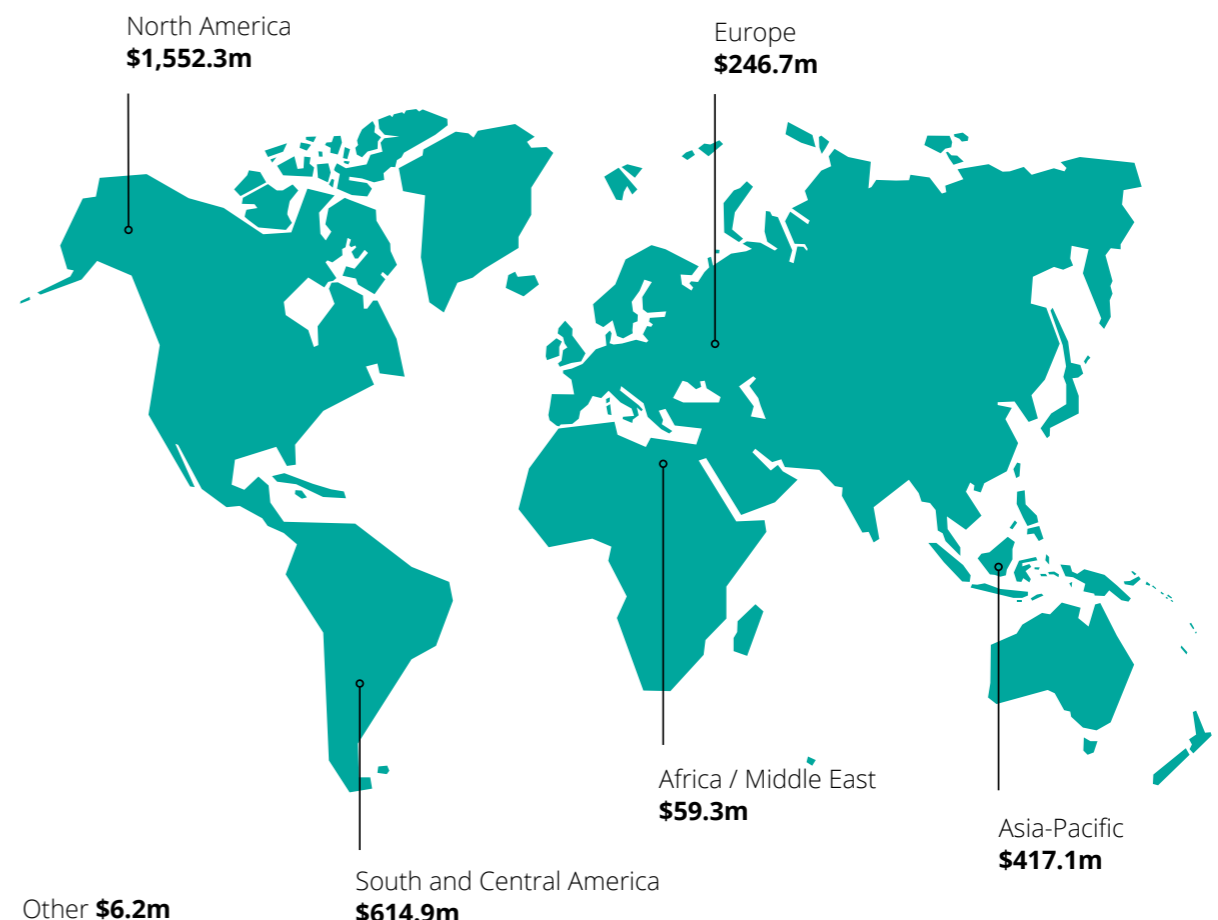
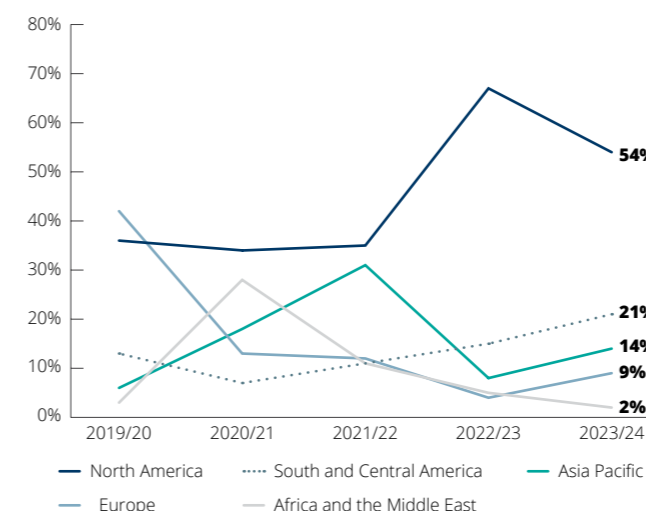


Figure 5: Potential harm avoided through the offshore seizure of illicit drugs as a percent of total offshore harm



As a result of work with and by our international partners, almost \$2.9 billion in potential social harm was prevented through interceptions of illicit drugs before they reached New Zealand's borders.

Our face-to-face engagements with customs and law enforcement organisations, particularly in the Asia-Pacific region and the Americas, is a key line of defence in protecting New Zealand communities.

## Improving information sharing

One of the significant achievements from the TNOc action plan for 2023/24 was the official opening of the TNOc Strategic Intelligence Fusion Centre in May 2024. The Centre is a hub for information and intelligence sharing between agencies, increasing New Zealand's overall capability to respond to organised crime.

Bringing together experts from a range of agencies allows a deeper understanding of the TNOc environment and provides a mechanism to share insights with the wider intelligence community.

Our partnership with the New Zealand Police is strategically important, with joint investigations during 2023/24 leading to the seizures of illicit drugs and tobacco, along with weapons and cash.

In June 2024, we signed a refreshed Memorandum of Understanding with the New Zealand Police. The agreement reinforces our partnership approach to targeting organised crime and recognises the changes we have seen in the way TNOc groups target New Zealand.

## Targeting the threat of trusted insiders

International and national criminal groups place or corrupt people in key roles in the supply chain to try to avoid customs and border controls to smuggle illicit drugs and other goods into the country.

Known as trusted insiders due to their access to key systems and people, these people pose a significant threat to New Zealand's reputation as a secure trading partner.

Operation Selena, in 2021, highlighted this risk. The operation led to the arrest of 24 people for smuggling drugs through Auckland Airport and Ports of Auckland. Many of those arrested were trusted insiders, including baggage handlers.

Following Operation Selena, we have had a sustained focus on reducing the opportunities for trusted insiders to avoid or evade systems and processes across New Zealand's supply chains.

Our Border Protect campaign is focused on raising awareness with industry partners of the impact of criminal activity and the signs to look out for. During 2023/24, our Border Protect Supply Chain team carried out more than 960 visits to businesses involved in the handling, clearing, and delivery of imported and exported goods.

As a result, we received more than 300 referrals about suspect shipments or suspicious behaviour in the supply chain. This information led to the seizure of drugs, including methamphetamine, cocaine, ketamine, and GBL, illicit tobacco, undervalued or falsely declared goods, and items that were biosecurity risks.

## Strengthening collaboration with industry partners

Through the TNOc Secretariat, responsible for coordinating the TNOc Strategy 2020-2025, we are leading a new initiative to improve the two-way sharing of information and intelligence with key border-related industry partners.

Building off the success of Border Protect, this initiative will build closer collaboration with senior operational risk and compliance specialists in key businesses within New Zealand's supply chain. These include maritime port and airport companies and large freight companies. These people play a pivotal role in operational matters for their organisations and have the potential to be valuable partners.

An initial workshop was held in May 2024, to explore our shared vulnerabilities and opportunities to strengthen collaboration.

## Combatting TNOc activity in the maritime supply chain

Through Budget 2023, we received \$20 million over a two-year period to establish a greater Customs presence at maritime ports to combat TNOc activity in the maritime supply chain. This funding is supporting us to develop a deeper understanding of the threats and vulnerabilities within New Zealand's maritime supply chain, increase our intelligence and investigative capability, and provide new operational capacity at our major ports.

As a result of our expanded presence, we have seen increased attempts to access restricted areas within port facilities. In some cases, people have made multiple attempts to recover illicit drugs from containers.

Between 1 January and 30 June 2024, we intercepted nearly 500kg of cocaine across six separate smuggling attempts at major ports. This includes the January 2024 arrest of a crew member arriving on a container vessel in Tauranga who had 13kg of cocaine strapped to his body.

## Responding to new methods for smuggling illicit drugs

TNOc groups constantly find new ways to smuggle illicit drugs and other items across our border. This was highlighted by an attempt in April 2024 to import 7kg of cocaine in a box attached by an electromagnet to the hull of a commercial vessel.

Working with the New Zealand Navy, remote-controlled equipment was used to monitor and inspect the box as the vessel arrived in New Zealand. We then removed the box to a safe location onshore for further investigation.



*A joint Customs and New Zealand Navy operation recovered a box (circled) containing cocaine attached to the side of a commercial vessel in April 2024.*

## Improving awareness of threats in the wider maritime environment

Through New Zealand's Maritime Security Strategy, a number of agencies have overlapping responsibilities for protecting the maritime border, resources, and regional security interests.

Established in 2002, the National Maritime Coordination Centre (NMCC) provides a sector-wide view of potential maritime-related threats and supports the effective and efficient use of maritime patrol and surveillance assets.

Customs is the host agency for the NMCC and administers its funding and output reporting. The Maritime Security Oversight Committee (chaired by the Ministry of Transport) provides sector governance for the NMCC. The NMCC complements the work of our Maritime Group, helping to improve the security of New Zealand's maritime borders.

## Contributing to national security objectives at the border

In August 2023, the first ever National Security Strategy was released. The Strategy sets out New Zealand's approach to addressing 12 core national security issues.

Customs is a member of the National Security Board. We are the strategic coordinating agency responsible for the border security core issue, which includes addressing national security threats and challenges at the border. As part of our border security responsibilities, we work with other agencies to protect New Zealand from threats relating to transnational crime, illicit drug and firearm smugglers, people smuggling, human traffickers, espionage agents, terrorists, and violent extremists. We also maintain an awareness of the biosecurity and health-related threats that need to be managed at the border.

This role is much broader than Customs' functional responsibilities, and we work closely with other agencies to address and manage these threats.

In May 2024, we presented the first border security core issues briefing to the National Security Board.



**Read more** about the National Security Strategy at <https://www.dpmc.govt.nz/sites/default/files/2023-11/national-security-strategy-aug2023.pdf>

### Building readiness to respond to significant events

Our national security and border responsibilities mean we have a role in responding to national disasters and other significant events.

During 2023/24, we have been building our readiness and response functions and taking part in multi-agency exercises to test response plans.

These exercises help to identify gaps in response plans and areas for improvement. They also build the confidence of our people and leaders in responding to natural disasters and events that pose a threat to our national security.

This year we took part in multi-agency exercises including search and rescue events at sea, preparing for a maritime mass arrival event, and Exercise Rū Whenua, which tested the ability of government agencies to respond to a magnitude eight earthquake in the South Island's Alpine Fault. This exercise was run across three days as the scenario evolved from the initial response to the recovery phase several years later.

*In February 2024, Exercise Soteria tested a multi-agency response to the threat of a container ship heading towards New Zealand with illegal weapons, trafficked persons, and protected wildlife, facilitated by organised crime syndicates.*

*Exercise Soteria was run by the Transnational Organised Crime (TNOc) Secretariat and was the first large-scale government exercise based specifically on the threat TNOc groups pose. The exercise involved diverse elements that needed a multi-agency response. This allowed us to test legislation, policies, and agency roles and responsibilities.*

*The aim of exercises like Soteria is to strengthen interagency collaboration and make New Zealand a challenging place for TNOc groups and networks to do business.*

## Illicit and prohibited goods are identified and seized

We use intelligence, data analytics, and risk management to target the people, goods, and craft most likely to be a threat to New Zealand's border. This includes screening by border staff, scanning of mail items and goods shipments, physical examination of suspect items, as well as joint operations with partner agencies.

### Progress Indicator:

#### Increasing the amount of potential harm avoided through illicit drug seizures (onshore and offshore)

**Expected Trend:** increase the amount of potential harm prevented through illicit drug seizures

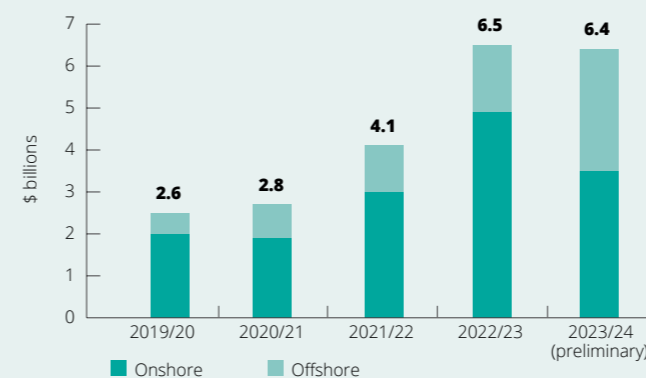
**Actual Trend:** on track – while the 2023/24 seizures were down on 2022/23, the overall trend is increasing

We prevent harm by stopping illicit drugs at the border (onshore) or working with partner agencies to seize drugs before they reach New Zealand (offshore). Social harm is measured using the National Drug Intelligence Bureau Harm Index, which gives a cost to the harm experienced by individuals and communities.

In 2023/24, we prevented \$6.4 billion in potential social harm. If the record 3.3 tonnes of cocaine seized through Operation Hydros in February 2023 is excluded, this would be a 17% increase in harm prevented from 2022/23.

Almost \$2.9 billion in social harm was prevented through seizures made offshore by international partners. This is 83% higher than 2022/23 and the most significant increase in the past five years.

**Figure 6:** Potential harm avoided through illicit drug seizures<sup>1</sup>



This section reports progress towards the Protection outcome set out in our Statement of Intent 2021 – 2025 – prohibited goods are identified and seized at the border or pre-arrival.

### Drug trends during 2023/24

New Zealand is an attractive market for TNOc groups because of the high demand and prices paid by consumers, particularly for drugs such as methamphetamine and cocaine. We are also seeing TNOc groups involved in smuggling illicit tobacco (to avoid high excise rates) and financial crime.

Over the last few years, there have been more large-scale smuggling attempts, with high volume and high value seizures, particularly of methamphetamine and cocaine. However, there has also been an increase in small quantities of drugs imported directly by consumers.

The number of high-volume seizures we have made over the last few years is significantly higher than the evidence of use of these drugs within New Zealand as indicated through wastewater testing. It is probable that New Zealand is being used as a transit point in the region, and work is underway to try to understand the extent of this.

We have not seen any significant seizures in New Zealand of the synthetic opioid fentanyl which has been responsible for fatalities in other countries. However, we are seeing other opioids more frequently. Ketamine seizures have also increased during 2023/24.

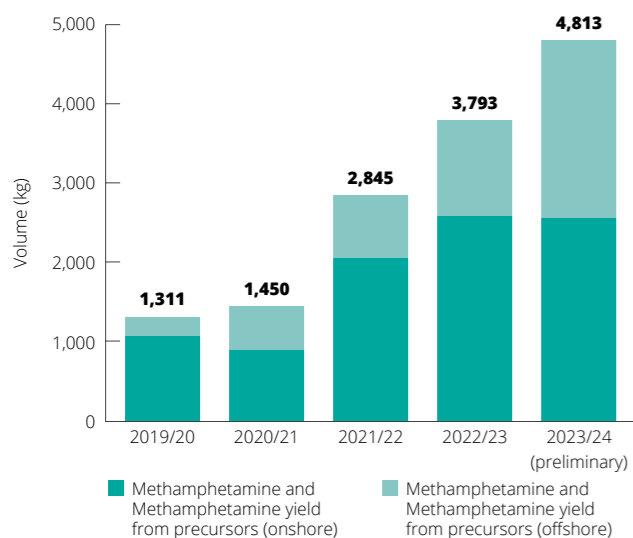
<sup>1</sup> All of the 2023/24 drug totals in this report and the associated drug harm figures based on those totals are provisional figures based on our initial weighting and recording of interceptions. These figures may change. Previous year totals are different from those reported in the New Zealand Customs Service Annual Report 2023 as those were provisional figures that have now been finalised. In January 2024, the Drug Harm Index was updated, with the new values applied to drugs seized from 1 January 2024.

## Methamphetamine remains the most commonly seized drug

Methamphetamine continues to have a profound impact on New Zealand communities. Over the last five years, we have seen a 266% increase in the volume of methamphetamine seized.

Methamphetamine has one of the highest social harm values. Seizures of methamphetamine and precursors in 2023/24 prevented \$5.2 billion in social harm or 80% of the total for the year.

**Figure 7:** Methamphetamine seizures by Customs and offshore partners



The value of our partnerships with national and international law enforcement agencies was demonstrated in October 2023, when a joint investigation prevented 200kg of methamphetamine being imported. As a result, two people were arrested in New Zealand, including one with links to organised crime groups.

## Record seizures of MDMA

This year Customs made two record seizures of MDMA.

In July 2023, Customs Officers identified 129kg of MDMA hidden in electric generators imported from Spain. This shipment had been flagged after a separate investigation into drug smuggling and money laundering identified shipping documents relating to the generators.

Then in February 2024, we found nearly 150kg of MDMA and 67kg of methamphetamine hidden in vehicle panels imported from Europe.



X-ray of drugs found in vehicles from Europe in February 2024.

These two seizures made up one third of all MDMA seized during 2023/24.

**Table 1:** Other commonly seized drugs

Drug type	2022/23 (confirmed)	
	Onshore	Offshore
Cocaine	3,742 kg 35 litres 9 items	628 kg 5.5 litres
MDMA	505 kg 20,485 items 23 litres	192 kg 280 items
GBL	43 kg 2,044 litres	15 litres

Drug type	2023/24 (preliminary)	
	Onshore	Offshore
Cocaine	603 kg 3.3 litres 32 items	511 kg 25 items
MDMA	617 kg 12,106 items 50 litres	178 kg 2 litres
GBL	13 kg 601 litres	589 litres

## Investment in targeting tobacco smuggling sees results

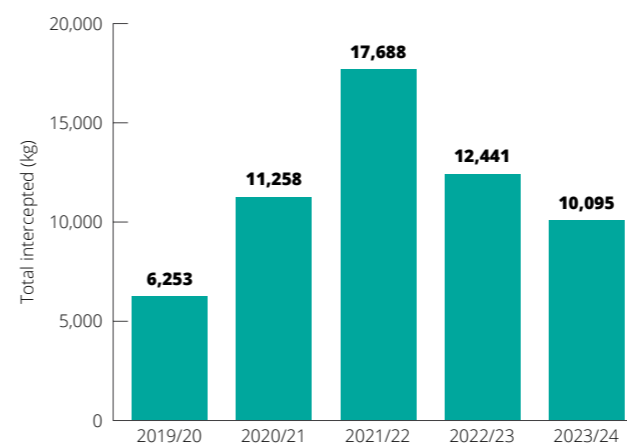
New Zealand has some of the world's highest retail prices for tobacco products. This makes it an attractive product for TNOC groups who can sell a significantly cheaper product by avoiding the required revenue payments, undermining legitimate trade. Tobacco smuggling is often linked to other crimes such as money laundering and drug smuggling.

Budget 2022 funding improved our capacity to investigate and prosecute organised tobacco smuggling groups, enhance relationships with international partners, and counter revenue evasion.

This focus on tobacco smuggling led to the seizure of:

- **over 400kg of tobacco, 11,140 cigarettes, and cigarette manufacturing equipment** by Customs Officers in Christchurch in June 2024. The total revenue evaded was nearly \$860,000
- **over 1.36 million illicit cigarettes, two firearms, and nearly \$290,000 in cash** following a Customs investigation in May 2024. This seizure represented nearly \$2 million in revenue evasion. The five people arrested are believed to have been responsible for the large-scale distribution of illicit cigarettes across Auckland
- **230,600 cigarettes and 110kg of tobacco** in March 2024. Two men were charged with importing and distributing illicit Chinese cigarettes and tobacco in Gisborne and Napier. The revenue evaded in this case was nearly \$540,000.

**Figure 8:** Tobacco interceptions by Customs



Cigarettes seized as part of the investigation into the distribution of illicit cigarettes in Auckland.

Despite the amount of tobacco intercepted decreasing this year, the seizures have been large. See page 54 for more details on revenue evasion.

## Targeting financial crime and money laundering

The movement of large amounts of cash, precious metals, and gems across the border is one method TNOC groups use to launder money. This is a focus area for our Financial Crime Unit.

During May and June 2024, we took part in a World Customs Organization initiative targeting money laundering, with the eight-week operation involving 16 countries across Asia and the Pacific. We identified more than \$1.5 million in undeclared cash and nearly US\$10,000 in counterfeit currency. This was a 20% increase on a similar operation in 2023.

We also investigate other financial crime, including scams. During 2023/24, a joint investigation with the Department of Internal Affairs, CERT NZ, and the New Zealand Police targeted a TNOC group using SIM boxes to send bulk scam text messages, obtaining a large amount of money from New Zealand victims.

As well as exporting the cash, they also bought high value goods in New Zealand using scammed money and exported the goods to convert to cash offshore. The group recruited 'mules' to use their clean bank accounts to transfer funds to evade detection by law enforcement agencies and banks. By working together, the combined skills of the agencies involved meant we were able to disrupt the work of this group.

We actively monitor the movement of cash across the border as part of our work to target money laundering.



During 2023/24 we identified nearly **\$10.9 million** in undeclared cash at the border (compared with \$8.7 million in 2022/23)

### Targeting child exploitation and objectionable material

The trade in child sexual exploitation material across both our physical and cyber borders continues to pose a risk to children all over the world. The online networks spreading this material continue to grow in scale and complexity.

No country or individual agency can effectively investigate online crimes against children alone. We work closely with the New Zealand Police and the Department of Internal Affairs, as well as international partners, to share intelligence and identify and prosecute offenders. The Joint Agency Referral System allows New Zealand agencies to triage referrals, sending them to the most appropriate agency, making our collective response to this type of crime more efficient.

During 2023/24, we investigated 1,218 reports of alleged cross-border offending by New Zealanders involving the import or export of sexual exploitation material.

Our investigations led to nine arrests, including:

- a Wellington man in August 2023, after child sexual exploitation material was located on his devices when he returned from travel to Southeast Asia
- a Christchurch man in April 2024, on charges of possessing, exporting, and distributing objectionable publications after an investigation into his social media activity.

### Preventing illegal firearms, weapons, and other prohibited items

We are responsible for monitoring the importation of lawful and restricted firearms and firearm parts under approved permits. Where the permit requirements are not met, we seize the item.

During 2023/24 we intercepted:

**229** restricted firearms

**1,331** firearm parts/ammunition

**472** other controlled weapons.

(compared with 164 restricted firearms, 1,527 firearm parts or ammunition, and 343 other controlled weapons in 2022/23)

### Using data and intelligence to improve risk management

All goods and passengers crossing the border go through risk assessment, screening, and clearance processes. We use data-driven insights, intelligence, and risk management tools to make sure we target the people, goods, and craft most likely to be a risk or threat to border security.

Customs is part of the Joint Border Analytics (JBA) group with the Ministry for Primary Industries and the Ministry of Business, Innovation and Employment. JBA uses data science to improve the targeting of high risk threats across the border, leveraging the capabilities and experience of staff from all three agencies. It also provides data insights to support operational and strategic decision-making at the border.

### Improving the risk assessment of mail items

Each year, several million letters and parcels are sent by mail. While the items do have digital declarations, these are not as detailed as for courier or freight items, making it harder to provide early risk assessments and more time consuming to process incoming items.

The development of New Zealand Post's new Auckland Mail Processing Centre, due to be fully operational in early 2025, provided an opportunity to better use data on incoming items to improve risk assessment and targeting of potential risk with mail items. The new Centre will enable automated screening processes, which will automatically set aside flagged items, and more effectively identify items that require revenue payments.

This new system will let us clear most items before they arrive, and review and process higher risk items more quickly. A staged implementation is expected to occur from October 2024.

### Random sampling makes sure we are targeting the right areas

To make sure our screening processes are targeting the right areas, we randomly sample goods (arriving by both air and sea containers), mail, and people crossing our border. This sampling, supported by robust statistical modelling and intelligence and risk management, helps identify and understand any new areas of concern.

During 2023/24 compliance rates from our random sampling were high. Random sampling of sea passengers began in this financial year as part of a trial project.

**Table 2:** Compliance across assurance streams

Assurance stream	2022/23	2023/24
Mail	96.0%	96.2%
Fast freight	93.7%	96.6%
Air cargo	91.5%	93.8%
Sea cargo	90.3%	96.1%
Air passengers	99.6%	99.4%
Sea passengers	-	100%

## The year ahead

Close working relationships with national and international law enforcement, border, and industry partners are crucial to our ability to target, disrupt, and dismantle the ongoing threat from transnational organised crime groups.

### During 2024/25 we will:

- continue recruitment of additional staff to our Maritime Group (funded through Budget 2023) to improve the security of New Zealand's maritime supply chain
- roll out the new risk assessment and targeting programme across the mail stream
- maintain our efforts to identify and seize illicit drugs, target tobacco smuggling, financial crime, and the possession and distribution of child sexual abuse material reducing the social harm caused to our communities.





# Trade and Revenue

Support the efficient flow of trade and revenue collection

**Our objective:**  
Support the efficient flow of trade and revenue collection as goods cross our border, and the collection of excise duty on goods produced in New Zealand



The New Zealand economy relies on trade. Our geographical location can make this challenging, with any shipping and supply chain disruptions amplified by our distance from major markets. Building strong relationships with our trading partners makes sure they have confidence in our systems and processes, supporting economic growth and reducing barriers to trade.

We achieve our objective by:

- facilitating international trade through strong relationships with trading partners
- making sure our systems and processes are easy to use
- ensuring non-compliance is identified and appropriately addressed.

## Key achievements

During 2023/24 we:

- processed 27.5 million import and four million export transactions (excluding mail items), with 98.7% of compliant trade cleared electronically within five minutes
- signed an agreement on Facilitating Safe and Efficient Trade with Singapore Customs and Singapore's Infocomm Media Development Authority that will make trade simpler for exporters to our largest trading partner in Southeast Asia
- were represented on committees that support the work of the World Customs Organization
- collected \$17.4 billion in Crown revenue on behalf of the Government.

## Performance against our Trade and Revenue measures

Strategic indicators



■ On-track ■ Off-track

Our strategic indicators help us to track how we are progressing towards our longer-term outcomes and goals. Progress indicators are shown in the coloured boxes on the following pages.

Output measures



■ Achieved ■ Not achieved

Our Trade and Revenue output measures (what we did with the funding we received) sit within the Goods Clearance and Enforcement and Revenue and Other Services appropriations. For more details on each appropriation, see pages 108 and 112.

## Facilitating international trade through strong relationships with trading partners

Our involvement in international trade forums and relationships with key trading partners allows us to influence global customs standards for trade, streamline the movement of goods across the border, and resolve customs issues for traders, saving them time and money.

This section reports progress towards two of the Trade and Revenue outcomes in our Statement of Intent 2021–2025:

- increased and reliable market access
- stronger ties with international trading partners support the resolution of trade issues.

### Low-value import trade increased while export trade decreased

During 2023/24, we processed 27.5 million import transactions, an increase of 40% from 2022/23. This was primarily driven by an increase in low value airfreight, smaller items usually from online shopping.

We also processed four million export transactions. This is a decrease of 10% from 2022/23 volumes, likely due to global economic factors and international consumers having less buying power.

**Figure 9:** Trade transactions for low (less than \$1,000) and high (more than \$1,000) value goods



### Supporting economic growth through the facilitation of trade

New Zealand exporters and importers benefit from the relationships and agreements we have with our major trading partners.

Free Trade Agreements provide preferential access for New Zealand exports into overseas markets, reducing tariffs (meaning lower duty rates), and facilitate imports into New Zealand. Customs Cooperation Agreements and Mutual Recognition Arrangements increase information sharing between customs administrations, help reduce non-tariff barriers to trade, and reduce customs clearance times and costs.

On 1 May 2024, New Zealand's Free Trade Agreement with the European Union came into force. The European Union is New Zealand's fourth largest trading partner. The new agreement will create opportunities for New Zealand exporters in these countries by reducing costs and increasing the efficiency of border clearance processes, including for perishable goods.

In June 2024, the first round of negotiations for the Comprehensive Economic Partnership Agreement between New Zealand and the United Arab Emirates was held. The Ministry of Foreign Affairs and Trade is leading negotiations, with Customs negotiating the sections relating to Rules of Origin and Customs Procedures and Trade Facilitation. This agreement is expected to improve access for New Zealand exporters into the United Arab Emirates.

### Supporting reliable and timely access to key markets

Authorised Economic Operator (AEO) programmes recognise businesses that meet best practice security requirements in their supply chains when exporting and importing goods. Businesses that are part of these programmes are considered low-security risks.

Mutual Recognition Arrangements (MRAs) between customs agencies make it easier for members of AEO programmes to access fast-track processing into key markets, saving time and money for exporters. These agreements mean we can target higher risk goods coming into New Zealand.

As at 30 June 2024, we have MRAs with 11 trade partners:

- Australia
- Canada
- China
- Hong Kong
- Japan
- Republic of Korea
- Singapore
- Taiwan
- Thailand
- United Kingdom
- United States

Negotiations are underway on two new MRAs, expected to be completed in the 2024/25 financial year.

### Strengthening trade and information sharing with India

India is a key strategic partner for New Zealand and presents a growing market for New Zealand exporters.

In February 2024, we met with the Central Board of Indirect Taxes and Customs of India to identify ways to make customs processes easier and faster for legitimate trade between our countries and to improve supply chain security. This will lead to reciprocal trade facilitation benefits for New Zealand and Indian traders.

In June, we signed a Joint Action Plan with an agreed pathway to formally recognise each country's AEO programme, a key step in the negotiation of a Mutual Recognition Arrangement.



Chairman of the Central Board of Indirect Taxes and Customs of India, Mr Sanjay Kumar Agarwal, and the Comptroller of Customs, Christine Stevenson (February 2024).

### Simplifying customs processes for trade with Singapore

On 12 April 2024, we signed an Arrangement on Facilitating Safe and Efficient Trade with Singapore Customs and Singapore's Infocomm Media Development Authority. The Arrangement will help to make trade faster and simpler for exporters to our largest trading partner in Southeast Asia. The Arrangement also sets out a framework for cooperating on digital trade initiatives.



Comptroller Christine Stevenson signing the Arrangement on Facilitating Safe and Efficient Trade with Singapore.



## Progress Indicator

### Proportion of trade conducted through Customs' Authorised Economic Operator programme

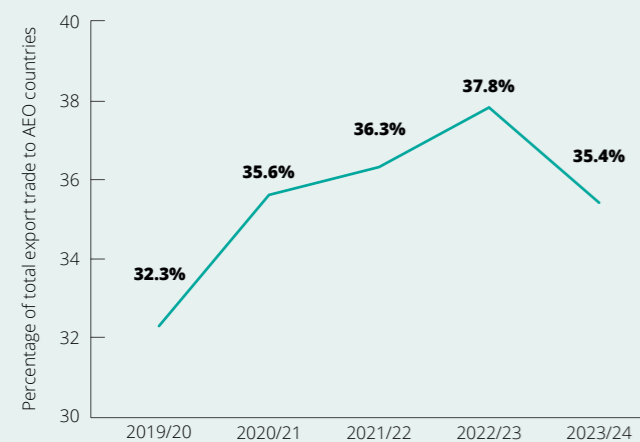
**Expected Trend:** increase trade conducted through Customs' Authorised Economic Operator (AEO) programme

**Actual Trend (Export):** on-track – while there was a decrease in export trade through Customs' AEO programme this year, the overall longer-term trend has increased since 2019/20.

**Actual Trend (Import):** on-track – there was an increase in import trade items by businesses that are members of AEO programmes in partner countries.

New Zealand traders benefit from international trading agreements, such as Mutual Recognition Arrangements (MRAs), which reduce customs clearance times and costs for businesses that are part of Authorised Economic Operator programmes.

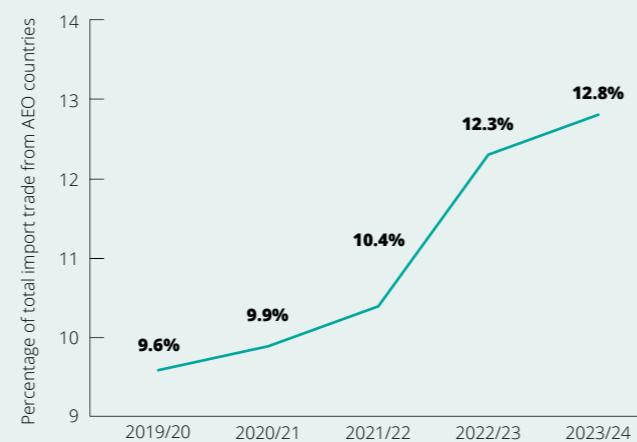
**Figure 10:** Percentage of export trade covered by the AEO Secure Exports Scheme (SES)



Export trade in general has reduced this year due to the impact of the economic downturn. This may have been a contributing factor in the reduction of trade through Customs' Secure Exports Scheme (SES), New Zealand's AEO programme for exporters.

As at 30 June 2024, we had 149 partners in the scheme. This includes 16 new export partners approved in 2023/24. These new partners, and three exporters that expanded their SES approval to include air freight, have a combined export dollar value of over \$2.6 billion.

**Figure 11:** Percentage of import trade covered by the AEO programme



The percentage of import trade that involves AEO members from programmes managed by our trading partners, continues to increase.

In 2022/23 and 2023/24, around 40% of imports from both Singapore and Japan were covered by a Mutual Recognition Arrangement.

### Supporting traders through adverse events

We support clients who have been impacted by supply chain issues, adverse weather events, or other external economic factors that impact on their cashflow and ability to meet revenue payments. This includes the impact of high inflation and increased shipping costs arising from international events.

Support can include setting up payment plans, which allow clients to pay off their debt over time. Payment plans can prevent clients defaulting on their debts, which has a flow-on effect on the level of revenue we can collect on behalf of the Government.

As well as payment plans, many of our clients also received support through the COVID-19 economic assistance package. The package was put in place in March 2020 to support clients impacted by supply chain issues because of the pandemic. Initially approved for a two-year period, the COVID-19 assistance was later extended to March 2024.

Over the four years, 588 clients were granted economic assistance valued at \$240 million. Of the deferred debt established through these payment plans, 98.5% has been repaid, with 40 plans still in place. We will keep monitoring the remaining plans and expect they will be repaid within the 2024/25 reporting year.

### On-the-ground support for traders

We have a network of staff posted overseas to strengthen relationships with key trading partners, support the exchange of information and intelligence, and give on-the-ground advice and support for businesses with customs-related issues. This can include resolving issues with the clearance of goods, identifying and helping address trade barriers, and advising on the implementation and interpretation of Free Trade Agreements.

For example, in January 2024, our staff based in China helped a New Zealand exporter resolve issues with a shipment of live sea food worth nearly \$1 million. The highly perishable nature of the goods meant the exporter needed to resolve the issue urgently.

Our staff were able to work with China's customs officials and resolved the issue, which related to the Certificate of Origin paperwork, within a few hours.

Our partnerships with overseas customs and border administrations also help to support paperless trade and digital trade initiatives that can result in significant efficiency gains for exporters.

During 2023/24 we supported the New Zealand Meat Board as they worked with United States Customs and Border Protection officials on paperless quota certification and data sharing on meat quota exports. As a result, exporting red meat to the United States is more efficient, and exporters have direct cost savings in international courier charges.

## Influencing global customs policy and standards

Our involvement in international forums gives us opportunities to influence the development of international customs strategy, policy, and best practice. The forums also provide opportunities to collaborate on global or regional threats and provide an opportunity to promote New Zealand's interests.

### Addressing strategic threats through Border Five

The Border Five (B5) group, which brings together customs and border protection agencies from New Zealand, Australia, the United Kingdom, the United States, and Canada, is one of our most significant international relationships.

B5 was set up in 2007 as a multi-lateral forum for collaboration and information sharing, focusing on business risks, operational threats, and strategic engagement. The focus this year has been on lifting supply chain security against the growing threat from transnational organised crime (TNOc) groups.



Border Five Heads of Operation meeting in 2024. Left to right: Timothy Fitzgerald, Australian Border Force, Bill Perry, New Zealand Customs Service, Aaron McCrorie, Canada Border Services Agency, Stephen Maloney, National Targeting Centre (United States), and Danny Hewit, United Kingdom Border Force.

### Strengthening connections through the World Customs Organization

The World Customs Organization (WCO) is the global standard-setting body for customs matters across trade, protection, and revenue. New Zealand has been a WCO member since 1963. Together, the 186 customs administrations manage more than 98% of world trade.

We are involved in several WCO Committees and Working Groups, helping to promote the rules-based trading system.

During the 2023/24 year, we:

- began a three-year term as Vice Chair of the Audit Committee, promoting good governance and improving the Commission's risk management functions
- began a two-year term as Vice Chair of the Enforcement Committee, supporting WCO compliance, security, and intelligence activity
- served on the WCO Policy Commission, providing a platform to influence international policy and customs processes
- chaired the SAFE Working Group, which is reviewing the SAFE Framework of Standards to Secure and Facilitate Global Trade.

We also provide expertise in other areas, such as the development and review of conventions, binding standards, and guidelines.



Customs Director International, Joe Cannon, and Counsellor Brussels, Rebecca Jonassen at the WCO Council meeting in June 2024.

## Supporting trade and economic development across Asia and the Pacific

The Asia-Pacific Economic Cooperation (APEC) Forum is the leading economic and trade forum in the Asia-Pacific region, supporting trade facilitation and best practice policies and guidelines across the 21 members. We are a member of the Sub-Committee on Customs Procedures.

Through APEC we have supported discussions on engagement with stakeholders, trade and investment for inclusive and interconnected growth, innovation and digitalisation, and harmonisation of procedures and supply chain security.

### Stronger relationships across the Pacific

We are also a member of the Oceania Customs Organisation (OCO), which brings together representatives from 23 customs administrations in the Pacific. The OCO supports the implementation of international standards and best practice to improve border security and trade across the region.

In December 2023, we co-hosted a week-long training session on illicit drug smuggling with the WCO. Customs officers and officials from 18 Pacific nations attended the training, which covered topics on detecting and identifying drugs, as well as handling illicit goods as exhibits for criminal cases. We also took part in a workshop in June 2024 on strengthening customs operations and trade facilitation in the Pacific.

## Building capability in the Pacific

The Pacific Capability Building programme is a partnership between Customs and the Ministry of Foreign Affairs and Trade. The programme supports Pacific Island customs administrations to strengthen border management and improve leadership and organisational development, trade facilitation, and revenue collection.

The priority for 2024 is supporting Samoa to prepare for the Commonwealth Heads of Government Meeting (CHOGM) in October 2024.

We also continue to deliver the Pacific Leadership Programme. This programme is designed to enhance leadership and organisational capability by increasing the effectiveness and sustainability of customs administrations across the Pacific. In December 2023, 25 participants from Fiji and Vanuatu graduated from the programme, and 34 participants from Tonga and the Solomon Islands are taking part in the 2024 calendar year.

### **Methamphetamine seized before reaching Fiji**

*The capability building programme is having an impact on TNOc activity in the Pacific. In November 2023, 30kg of methamphetamine was seized by officials from the United States and New Zealand before it reached Fiji. The seizure was a result of joint work by the Fiji Police and Revenue, Homeland Security Investigations, the Australian Border Force, and New Zealand Customs.*

## Making sure our systems and processes are easy to use

As trade processes are becoming digital by default, we need to ensure our systems are user-friendly and support a high level of voluntary compliance. Easy to use systems support effective risk assessment and rapid clearance of trade goods as they cross the border.

### Progress Indicator:

#### Customs Better for Business customer experience score

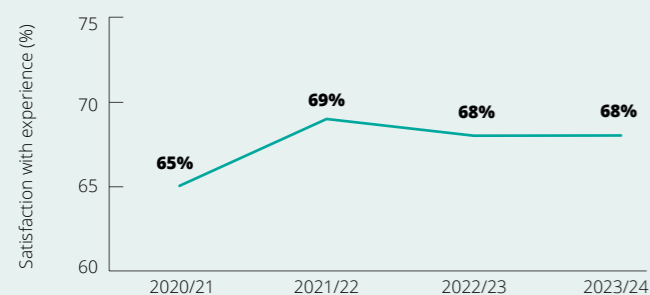
**Expected Trend:** maintain a consistent customer experience score as measured by the Better for Business research

**Actual Trend:** on-track – we have maintained our overall customer experience score

The annual Better for Business research, run by the Ministry of Business, Innovation and Employment provides insights into the experience businesses have when they engage with government agencies. It identifies areas of strength and opportunities for improvement to make interacting with government easier and more seamless.

This year the survey was run between February and May 2024. Of the more than 2,200 businesses surveyed, 5% had interacted with Customs in 2023/24.

**Figure 12:** Customs' Better for Business overall customer experience score



Note the survey was not run in 2019/20.

Overall customer experience has remained consistent for the past three years. In 2023/24, responses indicated a significant improvement in Customs' communications and less effort was required by businesses when they engaged with Customs.

This section reports progress towards the Trade and Revenue outcome of easy to use systems and processes set out in our Statement of Intent 2021 – 2025.

#### Compliant trade is cleared quickly, usually before arrival

All items entering and leaving New Zealand go through a risk assessment and screening process. Items valued over \$1,000 need import or export documentation that allows the item to be risk assessed. Most items are cleared for shipment within five minutes of the documents being lodged in our system. During 2023/24, 98.7% of trade items were processed within five minutes.

#### 2023 Time Release Study

The time to release or clear cargo as it arrives or departs a country is a World Customs Organisation measure used to assess the effectiveness of customs operations.

During the week of 31 August – 6 September 2023, we used a Time Release Study to assess how quickly we clear cargo goods arriving by air and sea. This provides an objective measure of the time it takes to complete various border processes from arrival until the goods leave our control.

The Time Release Study involved 12,554 import entries and 5,618 export entries.

The 2023 Time Release Study found:

**98.8%**

of import and export entries lodged were cleared within five minutes

**93.9%**

of full sea cargo containers were lodged and cleared before arrival into New Zealand

**78.3%**

of air cargo was cleared before arrival into New Zealand

**87.7%**

of export entries for full sea cargo containers were lodged at least 48 hours before loading on the vessel for export

**100%**

of air cargo was cleared before departing New Zealand.

*These times relate to goods with correct documentation.*

The lower percentage of air cargo cleared before arrival reflects the much shorter time traders or their brokers have to provide their documentation to Customs once the goods leave an international airport. The study found air cargo was generally released within 10 hours of arrival.

The 2023 Time Release Study is similar to the one we ran in September 2022 and reported in the 2023 Annual Report. However, changes in methodology and data captured mean the two surveys cannot be directly compared. Despite this, both studies show we continue to deliver efficient and effective processing services.



**Read more** about the 2023 Time Release Study at <https://www.customs.govt.nz/globalassets/documents/misc/time-release-study-2023.pdf>

#### Digital systems and processes support quick clearance of goods

It is not possible to directly compare the timeliness of our clearance processes with other countries due to differences in the methodologies used and the clearance requirements of each country.

However, our use of electronic import entries to clear goods, and the ability of traders and brokers to lodge entries before the goods have arrived in New Zealand, are factors in our quick processing times.

Our internal risk management processes, and engagement with industry partners to reduce errors in documentation (see pages 52-53), also ensure the efficient clearance of legitimate goods.

#### Launch of MyCustoms Account

On 4 June 2024, we launched MyCustoms Account, a new web-based platform that enables clients and brokers with deferred payment accounts to view their account balances, transactions, and payment information. The platform makes it easier for clients to comply with revenue requirements and reduces the need to phone or email Customs to access this information.

The deferred payment scheme lets importers defer payments of their customs charges, consolidating them into a monthly invoice. This frees up cash flow and means low-risk imports can move across the border faster.

By the end of June, only four weeks after the platform went live, more than 5,400 clients had registered with MyCustoms and 30% had accessed the system at least once.

#### Intervening early to reduce client debt

In June 2023, we began the staged rollout of a new debt-management system. The system automatically emails a reminder to clients when they fail to make a payment by the due date. By intervening early, we can help clients avoid accruing large amounts of debt and reduce the time we need to spend on manual follow-ups.

The email reminders have proven to be an effective tool in reminding clients to make payments. More clients are engaging with us early to resolve outstanding debts, reducing any penalties and interest they may have needed to pay.

## Non-compliance is identified and appropriately addressed

One of Customs main functions throughout our long history has been to collect revenue on behalf of the Government on goods crossing our border and on the manufacture of alcohol, tobacco, and fuel products within New Zealand. We work with clients and industry partners to enable them to do the right thing, supported by an audit programme and penalties for non-compliance.

This section reports progress towards the Trade and Revenue outcomes in our Statement of Intent 2021–2025:

- non-compliance with payment requirements is identified and appropriately addressed
- our clients know what we collect and why.

### Collected \$17.4 billion of Crown revenue

This revenue comes from customs and excise duties on alcohol, tobacco, and fuel products, tariff charges, and GST on imported products over \$1,000<sup>2</sup>. We also collect fees and levies on behalf of other agencies.

This funding is Government revenue and is not used by Customs.

**Figure 13:** Main sources of Crown revenue collected by Customs



The total revenue collected during 2023/24 decreased by 6% compared with the \$18.6 billion collected in 2022/23. The decrease was largely due to lower GST revenue as fewer goods requiring duty payments were imported into New Zealand.

### Progress Indicator:

#### Compliance rates of traders

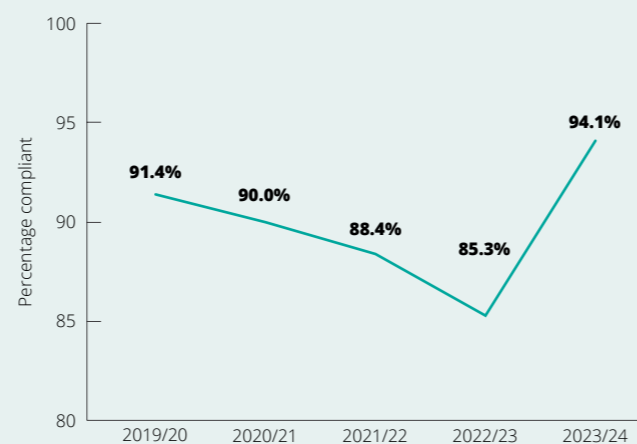
**Expected Trend:** increased compliance over time

**Actual Trend:** on-track – compliance rates increased during 2023/24

We require accurate information about all goods crossing the border to allow us to risk assess and process goods for clearance, and to make sure the right duty payments are made.

During 2023/24, we introduced a new audit programme and worked closely with industry partners to improve compliance with trade documentation (see page 53).

**Figure 14:** Compliance rate of randomly sampled import entries



## Supporting clients to do the right thing

We randomly assess a proportion of all documents for goods entering the country to help monitor the accuracy of the information. Until this year, we saw an increase in non-compliance through errors in the documentation (see Figure 14).

Supply chain disruptions in recent years have driven a change towards many importers making larger, but fewer, orders to ensure they have enough stock to meet demand. These orders are often more complex, resulting in more errors in the documentation. Errors can mean delays in the release of goods, and the risk of penalty payments where duty payments have been mis-declared.

We work with industry partners to help support accurate and compliant documentation. In July 2023, we increased engagement with industry bodies, such as the Customs Brokers and Freight Forwarders Federation (CBAFF), the Conference of Asia Pacific Express Carriers (CAPEC), and large accounting firms to highlight the common errors and issues we find and to encourage proactive intervention.

Our industry partners also worked with their members to improve quality assurance processes and systems and reduce errors through training and awareness. This has seen a sustained improvement in the accuracy of submitted documents.

### Encouraging clients to make voluntary disclosures

We work with clients and industry partners to encourage them to tell us about errors or omissions in documentation or under-reporting the value of goods. By proactively alerting us to the error, clients can avoid penalties and compensatory interest is generally applied at a lower rate than if errors are found through our audits. We will also work with clients to set up payment plans if needed.

In March 2024, we released new guidance for brokers and traders on voluntary disclosures and how we apply penalties. The guidance gives clear definitions and examples to help traders and brokers comply with regulations.

During the 2023/24 financial year, over \$110 million in extra revenue payments were identified through voluntary disclosures. This includes revenue through the Provisional Values Scheme, which allows clients to adjust their payments where extra costs such as royalties were not known at the time of import.

Another \$15 million was identified through our audit programme.

### Our new audit programme

Most non-compliance with trade documentation is accidental or unintentional. As part of our work to improve compliance we introduced a new audit programme in July 2023.

The previous audit programme targeted higher-risk companies and trading activities. The new programme continues to focus on these companies, but also includes assurance audits of all Customs Controlled Areas, and the performance of individuals and brokers making regular declarations, regardless of real or perceived risk. This lets us assess and improve overall compliance with regulations.

The assurance audits will set a baseline for each client or entity that will be used in future assessments to help monitor compliance over time.

This shift means that we are engaging with a wider group of clients and focusing on areas that had been less regularly audited. It also means we can work directly with clients to support them to address any issues and get things right.

The change in approach means the audit results are not comparable with those in the 2023 Annual Report.

The 2023/24 results will provide a baseline for comparative reporting on compliance from 2024/25.

<sup>2</sup> Note that GST on imported items under \$1,000 is collected by Inland Revenue through the Offshore Registration Scheme.

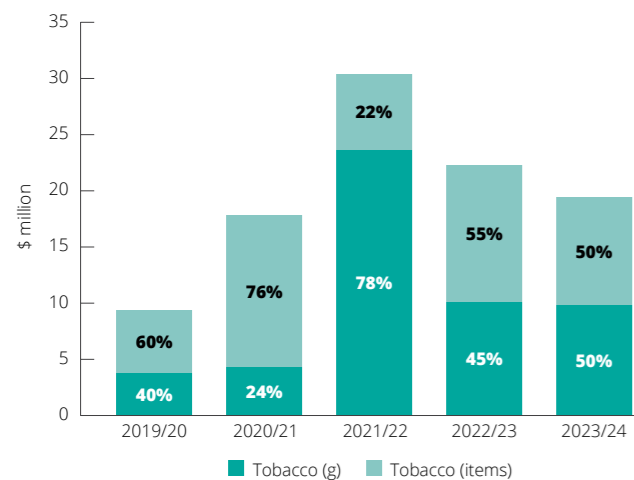
## Prosecuting deliberate revenue evasion

Where we identify deliberate non-compliance, we will prosecute or take other action to address revenue evasion. Businesses which under-report their duty or do not pay on time gain an unfair market advantage over their competitors.

### Tobacco smuggling is the largest source of revenue evasion

Customs collects Crown revenue via duty payments (excise-equivalent duties) on the importation of tobacco and tobacco products. Since July 2020, importers need a permit to bring tobacco into the country and passengers need to pay duty on arrival in New Zealand if they have more than 50 cigarettes in their possession.

**Figure 15:** Excise-equivalent revenue foregone from illicit tobacco interceptions



Tobacco products are smuggled into New Zealand by people trying to avoid paying import duty. These illicit cigarettes and loose tobacco can be on sold at greatly reduced prices from legal tobacco products. The profits are often linked to organised crime groups.

Many tobacco products are also abandoned at the border by individuals who attempt to bring in more tobacco than they are allowed, and choose not to pay the extra duty, as well as through interceptions at the mail centre.

Since our Illicit Tobacco team was set up in 2023, we have charged 17 people with a total of 143 charges involving illicit tobacco. We have also seized more than \$540,000 in cash proceeds during searches, recovered two unlawful firearms, and made four referrals to the Police Asset Recovery Unit.

See page 39 for more details on tobacco seizures and investigations.

## Making sure our clients understand what we collect and why

Approximately 55% of our operating funding comes from the fees and levies we collect to cover the costs of screening and processing passengers and goods as they cross the border. These fees are collected through the Border Processing Levy (for passengers) and goods and cargo fees (for import and export goods).

Annual performance reports on the Border Processing Levy and Goods fees provide transparency and accountability over what we collect and how it is used. Customs and Biosecurity New Zealand (Ministry for Primary Industries) jointly produce these reports.

The reports set out the legislation that authorises collection of the fees and levies, what services the fees cover, the volumes of passengers and goods, the revenue collected through the fees, and the costs of delivering the services. The reports also describe the work programmes both agencies have in place to mitigate border risks.



**Read our** performance reports for the year to June 2023 at

#### Border Processing Levy:

<https://www.customs.govt.nz/globalassets/documents/border-sector-documents/border-processing-levy-report-2022-23.pdf>

#### Goods and Cargo Fees:

<https://www.customs.govt.nz/globalassets/documents/border-sector-documents/2023-goods-and-cargo-fees-performance-report-.pdf>

## The year ahead

International trade happens in a complex and changing environment. Our focus is on working with other customs administrations to improve timely access to markets and continually improving processes for legitimate traders to import and export goods.

### During 2024/25 we will:

- continue work to improve our systems and processes to make it easier for clients to access information and services online
- monitor and enhance the new audit programme to improve compliance with regulations
- progress work to digitise the Tariff, the classification system that identifies the type of good and the amount of revenue duty to be paid.





# Travel

Provide a streamlined experience for passengers and crew across borders

**Our objective:**  
Provide secure border processes that facilitate legitimate international travel and reduce associated threats

Passport control  
Bag claim 行李提取



With over 12 million passengers and crew arriving and departing during the year, we facilitate legitimate international travel by making sure border management processes are streamlined, efficient, and effective, while still protecting New Zealand from threats.

Our risk assessment and border screening processes are critical in preventing illicit drugs, prohibited items, and objectionable material from entering our communities.

We achieve our objective by ensuring:

- our processing services are efficient, smart, and easy to use
- our border screening processes manage risks and threats.

### Key achievements

During the year we have:

- Processed over 12.9 million air and cruise passengers, an increase of 29% from 2022/23
- Implemented the new digital New Zealand Traveller Declaration for all arriving international passengers and crew
- Expanded eGate eligibility to six additional countries and lowered the age requirement to 10 years old
- Worked with national and international border and law enforcement partners to identify regional threats and prevent illicit drugs and other prohibited goods crossing our border.

### Output measures

We narrowly missed one of our output performance measures relating to the interim target of 45% of passengers completing a digital New Zealand Traveller Declaration by 30 June 2024. See page 116 for more details.

### Performance against our Travel measures

Strategic indicators



■ On-track ■ Off-track

Our strategic indicators help us to track how we are progressing towards our longer-term outcomes and goals. Progress indicators are shown in the coloured boxes on the following pages.

Output measures



■ Achieved ■ Not achieved

Our Travel output measures (what we did with the funding we received) sit within the Travellers Clearance and Enforcement, Border System Performance, and Traveller Declaration System Development appropriations. For more details on each appropriation, see pages 110 and 115-116.

## Our border processing services are efficient, smart, and easy to use

Most of the systems and processes passengers use to travel internationally are digital. Established systems like eGates, and new initiatives such as the introduction of the digital New Zealand Traveller Declaration, allow us to assess passenger and crew information earlier in their journey, helping to identify potential threats and reduce processing times on arrival.

This section reports progress towards two of the Travel outcomes in our Statement of Intent 2021–2025:

- our processes are adaptable by design (see Operation Summer)
- an integrated cross-government system is implemented to support international travel.

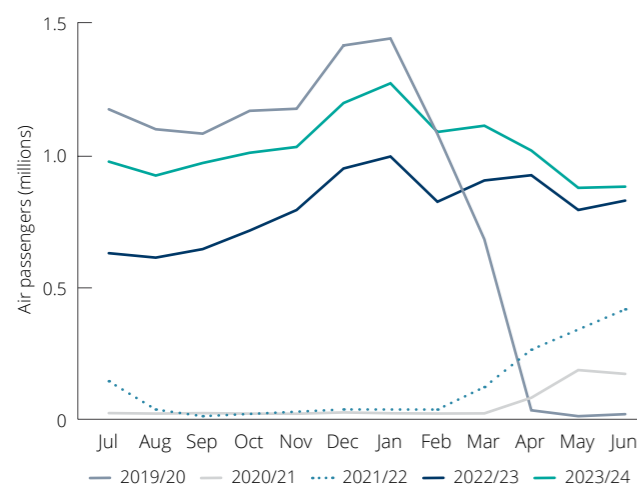
### Commercial air passenger numbers continue to increase

During 2023/24 we processed over

# 12.3 million

commercial air passengers, a 28% increase on 2022/23 volumes and around 90% of pre-COVID-19 (2018/19) volumes.

**Figure 16:** Commercial air passengers (arriving and departing)



### A bumper cruise ship season

The summer cruise season saw increased port visits and passengers as travel patterns returned to more normal levels.

During the season there were 1,102 port visits by cruise ships, with the arrival and departure of approximately

# 577,000 passengers.

There are a range of factors that impact the number of cruise ships coming to New Zealand, including decisions by cruise operators on the most profitable routes. We expect the number of cruise ships to fluctuate over the coming years.

### Operation Summer increases flexibility at peak times

Operation Summer runs from October to February each year, the busiest time of the year. It provides a coordinated view of the staff and resources needed at our international airports and main maritime ports. This gives us the flexibility to move staff to manage peak volumes and maintain fast processing times for passengers.

During 2023/24 we introduced a new resourcing model specifically to manage the increased number of cruise passengers and port visits by cruise ships. The model made sure we had enough qualified staff to process the high volumes of passengers across multiple ports over the summer.

## Improving our response to border risks and threats through the digital New Zealand Traveller Declaration

The introduction of the New Zealand Traveller Declaration (NZTD) from July 2023, is one of the biggest changes to the way we manage risk relating to passengers and crew crossing the border. The NZTD allows passengers to complete their declaration for entry into New Zealand online, replacing the paper-based arrival cards.

This lets us assess passenger and crew information earlier in their journey, whether they arrive by air or sea, helping to identify potential threats. For passengers, completing a digital declaration helps to make sure they are aware of New Zealand's border and biosecurity requirements before they depart, and reduces processing times on arrival.

The NZTD system was developed in partnership with the Ministry for Primary Industries (Biosecurity New Zealand), the Ministry of Business, Innovation and Employment (Immigration New Zealand), the Ministry of Health, and Health New Zealand Te Whatu Ora. The collaboration of each agency was critical to the successful delivery of a large and complex programme.

### Successful roll out of NZTD

The NZTD was rolled out to all international travellers during 2023/24. The phased approach meant the programme team could refine processes and monitor any issues during implementation.

Passengers arriving in Wellington, Christchurch and Queenstown airports were able to complete a digital declaration from July 2023, and passengers arriving at Auckland International Airport were able to use the new system from August 2023.



The NZTD became available for passengers and crew arriving by sea beginning in December 2023, with an initial focus on commercial, specialist, fishing, defence force, and recreational vessels.

Implementing the NZTD for cruise ship passengers and crew was one of the bigger challenges faced by the programme team. Between October 2023 and March 2024, 15 cruise ship trials were run, providing valuable insights and improvements before it was formally rolled out on 28 March 2024.

A series of trials were also run in the first half of 2024 at Wellington and Christchurch airports looking at ways to support the uptake of digital declarations.

*"The NZTD app is so easy and convenient to use. I don't have to do the declaration on the plane. The one main thing I love [about] this app is that it will let you double check what you are actually bringing into the country."*

*"[The app is] intuitive and quick to use. Speeds things up when arriving in New Zealand."*

**Progress Indicator:****Increasing uptake of digital services**

**Expected Trend:** Increase and maintain the uptake of digital NZTD declarations to 70% by December 2024

**Actual Trend:** on-track – since initial roll out of NZTD, the number of digital declarations continues to increase

We have worked closely with industry partners, airlines, and cruise ship operators to raise awareness of the NZTD and encourage travellers to complete a digital declaration. This included the development of resource kits with traveller and crew fact sheets, videos that can be played onboard, airport signage, as well as translations of the NZTD in a range of languages.

The engagement by industry partners, including work to integrate NZTD into their apps, has helped to increase the uptake of digital declarations.

**Figure 17:** Digital uptake of NZTD



While we fell just short of the 45% uptake target for June 2024 (see page 109), the uptake continues to increase. From May 2024, a process of gradually removing the paper declarations from planes began, supporting a digital declaration by default approach. Paper forms will be available for those who do not have access to a device or need extra support. Further work is underway to increase the uptake of the digital declaration to support the December 2024 target.

In June 2024, we celebrated a special milestone with the 1.5 millionth passenger successfully completing a digital declaration.

As part of making sure that the digital declaration is easy to use, we monitor how long it takes to complete. During 2023/24, around 80% of passengers submitted their digital declaration within 30 minutes, including passengers who started the declaration, then came back to it.

For 2024/25, we have put in an active timer to better assess how long it takes to complete the declaration. Based on around 120,000 declarations made in June, it takes a passenger around eight minutes.

**Supporting the ongoing delivery of NZTD**

A multi-agency programme team oversaw the design and implementation of the NZTD system, supported by a cross-agency steering committee. The programme formally closed in December 2023, with the ongoing delivery, support, and monitoring of the NZTD moving into operational areas across the border agencies.

While Customs is the lead agency responsible for the NZTD, an operating model has been developed to support its ongoing delivery and maintain joint accountability. A small team set up in Customs will continue the development and enhancement of the NZTD.

From 1 July 2024, the operation of the NZTD will be funded by the fees and levies we charge to cover the cost of clearing passengers and goods as they cross the border (see page 55).

**Addressing congestion at Auckland airport**

During 2023/24, border agencies, airlines, and industry partners worked together to address congestion at Auckland airport. This included understanding how quickly agencies were able to process passengers and advance planning for the summer and school holiday peak periods.

As a result of this work, demand was well managed during the 2023/24 summer period, with few reports of long wait times. Work is also under way to support Auckland airport's redevelopment plans to make it easier for passengers as they move through processing areas at the airport.

**Extending the number of passengers who can use eGates**

eGates are simple to use, reducing the time taken to move through our passport screening areas and improving the travel experience for passengers.

During 2023/24

**64%**  
of all air passengers were digitally processed through an eGate, up from

**61%**  
in 2022/23.

In May 2024, passport holders from Belgium, Denmark, Finland, Luxembourg, Romania, and Spain became eligible to use eGates. Passport holders from 22 different countries, or around 80% of passengers, can now use eGates when entering New Zealand. We expect to be able to extend eGate eligibility to more countries from within the European Union in 2024/25.

In May 2024, we lowered the age of eligibility from 12 years to 10 years, meaning more families can now use eGates.

Together with the NZTD, these changes will help reduce screening times, making it easier and faster for passengers to move through Customs areas.

**Investigating options to make trans-Tasman travel easier**

During 2023/24, New Zealand border agencies, the Australian Border Force and Department of Agriculture Fisheries and Forestries, and industry partners developed options to make travel between our countries easier, while maintaining border and biosecurity risk management controls.

The Border Executive Board led this work and delivered a briefing paper to the Prime Ministers of Australia and New Zealand on potential options. If agreed, options to progress this work will be part of the Digital Border workstream led by the Border Executive Board.



## Effective border screening processes manage threats to New Zealand

Our border screening processes help to make sure that arriving passengers do not bring goods with them that could cause harm to New Zealand. We share information with international customs and law enforcement agencies and support initiatives that disrupt transnational organised crime and other criminal activity.

This section reports progress towards the third Travel outcome in our Statement of Intent 2021–2025: managing threats through our border screening processes.

### Passenger screening plays a critical role in protecting our communities

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, x-rays, questioning by Customs Officers, and baggage searches. This helps us to identify drugs and other prohibited items before they enter our communities.

This year, we have seen an increase in attempts by passengers to smuggle illicit drugs across the border, particularly in Auckland, including several large seizures.

#### Nearly 63kg of drugs seized in one day

*In March 2024, Customs Officers seized nearly 63kg of drugs in two unrelated seizures at Auckland International Airport:*

- *In the first case, a 21-year-old woman was arrested after 36kg of methamphetamine was found in her luggage.*
- *Later that same day a 28-year-old man was arrested after Officers found nearly 26kg of MDMA (ecstasy) in his suitcase.*

*Together these seizures prevented around \$43 million in social harm reaching our communities, demonstrating the importance of our screening and targeting processes.*



*Part of 63kg of drugs found in luggage in one day at Auckland International Airport.*

We are also regularly seeing passengers trying to smuggle smaller amounts of drugs, particularly methamphetamine and cocaine.

### Unclaimed baggage results in the seizure of 18kg of cocaine

In February 2024, Customs Officers were alerted by staff at a partner agency to two unclaimed backpacks that had arrived on a flight from North America. When searched, bricks of cocaine were found in each backpack, which would have provided 180,000 doses.

This seizure is consistent with the trend of cocaine being sent to New Zealand from the Americas and shows the impact people can have by reporting odd or suspicious activity.

### Increasing information sharing on passenger and crew arrivals by sea

Cruise ships and small craft typically make multiple stops in countries around the Pacific. This provides an opportunity for agencies to work together to prevent illicit drugs and other items from entering our communities.

By sharing information with international customs and law enforcement agencies across the Pacific, we can use the combined skills and resources of our agencies to improve the management of potential border security threats.

## Progress Indicator:

### Result rate of secondary searches of arriving international air passengers and crew

**Expected Trend:** maintain a positive result rate of between 6-10%

**Actual Trend:** on-track – over the last five years the positive result rate has remained within the expected range

**Table 3:** Risk assessment of arriving air passengers and crew

	2019/20	2020/21	2021/22	2022/23	2023/24
Arriving passengers and crew (million)	5.5	0.4	0.8	5.1	6.5
Percentage of arriving passenger and crew selected for further risk assessment	0.5%	1.0%	1.3%	0.5%	0.4%
Percentage of individuals who are selected for further risk assessments that undergo a baggage search	51.0%	29.0%	15.6%	37.3%	43.0%
Number of baggage searches conducted	12,699	1,149	1,634	8,618	10,703
Positive result rate of baggage searches	8.0%	7.6%	6.5%	10.5%	8.4%

Risk assessments of arriving passengers and crew is one of the primary tools we have for preventing illicit drugs and other prohibited items at the border. These assessments are based on targeting alerts and interactions with Customs Officers in our airports.

A positive baggage search result is any outcome of a secondary search that supports the individual/

item being risk profiled by Customs. This includes referrals to other agencies. It does not include any interceptions, seizures, or arrests that may happen at a later date or location because of the information gained from the search, or whether a referral resulted in a successful outcome for the referred agency.

## The year ahead

As New Zealand remains an attractive market for organised crime groups, it is likely we will continue to see increased attempts by passengers and crew to smuggle drugs and other prohibited items across the border.

### During 2024/25 we will:

- continue to enhance and strengthen our border screening processes
- progress enhancements to the New Zealand Traveller Declaration to improve risk targeting

- work collaboratively with partner agencies across the Pacific to improve understanding of the risks and threats posed by travellers arriving by sea and air
- maintain systems and processes that allow staff to adapt quickly to adverse events and emerging threats.





# OUR PEOPLE

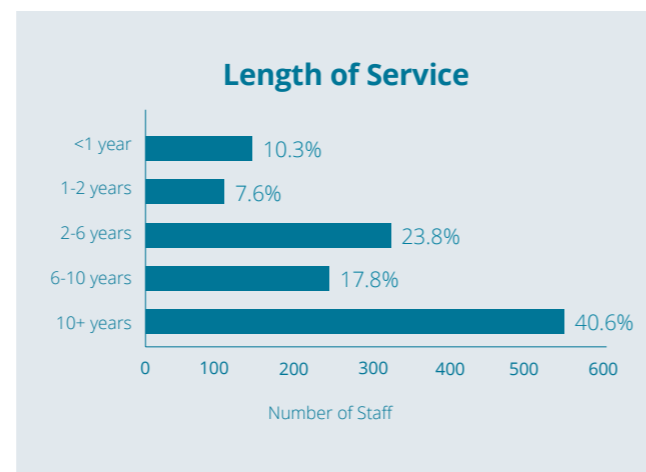
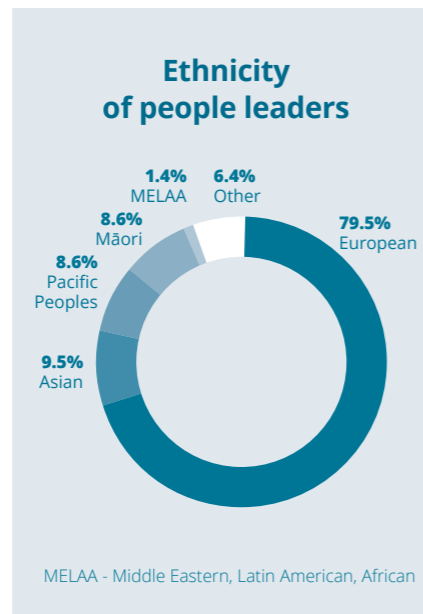
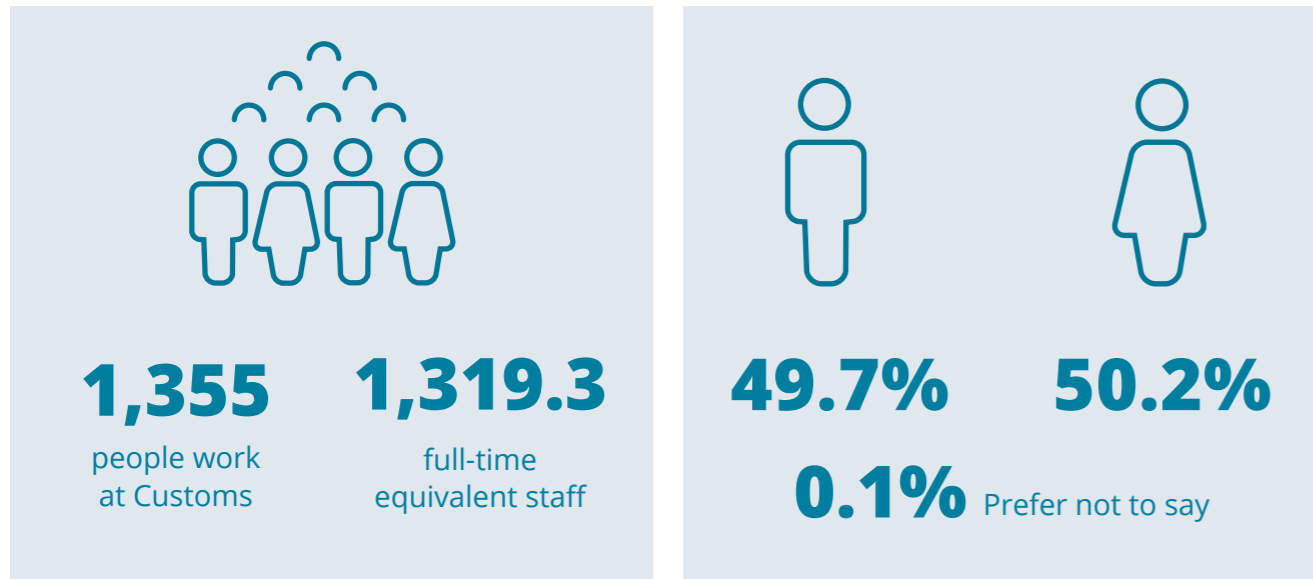
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## We have 1,355 staff

Most of our people work in operational areas at New Zealand's international airports and marine ports



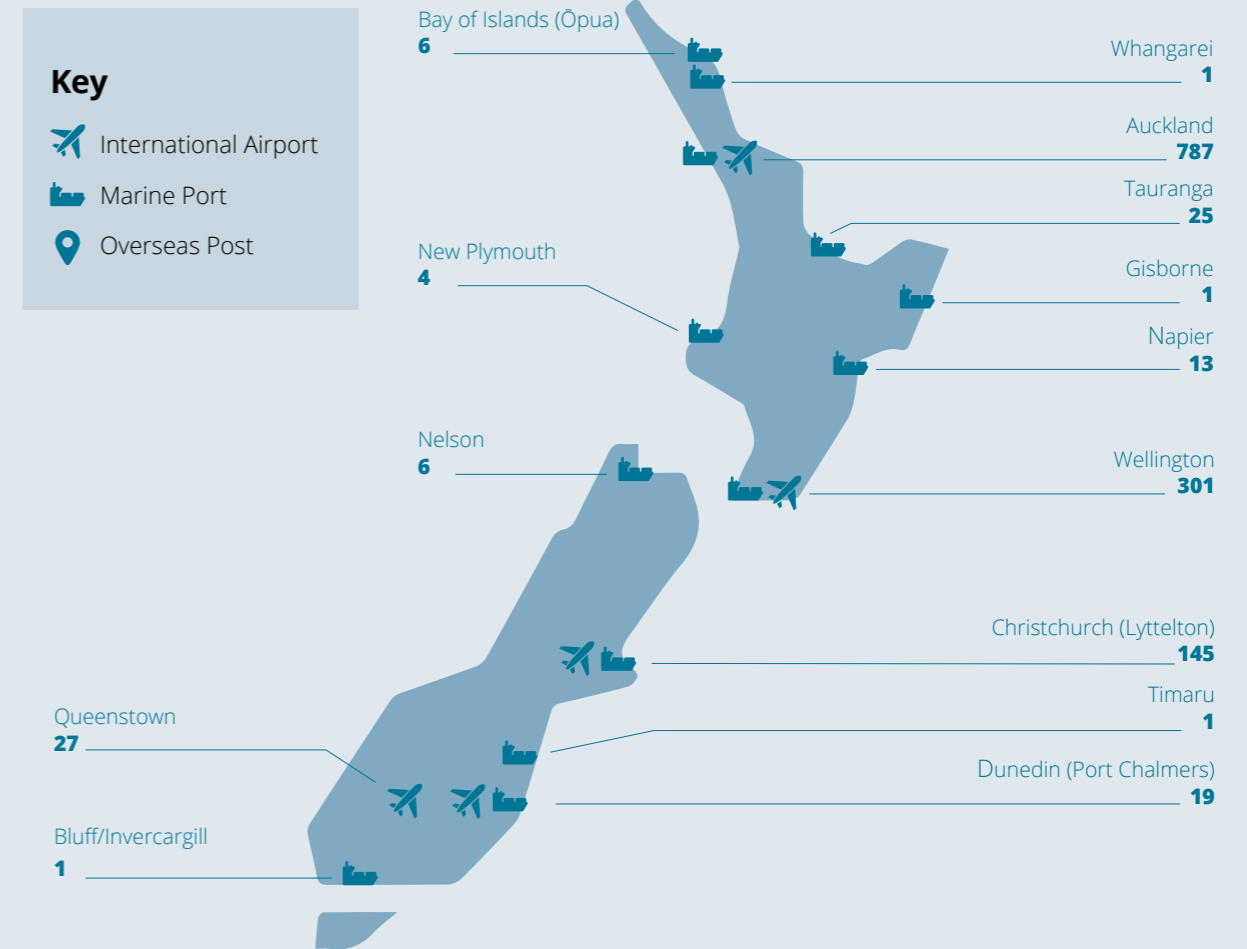
## Our people



All data is as at 30 June 2024. Comparative data is provided in the following sections.

## Our people work in 14 locations across New Zealand and 10 international posts

Figure 22: Staff numbers by location (as at 30 June 2024)



### International Posts



The map does not include four other international staff who are locally employed or are spouses of Liaison Officers who also work for Customs. These staff are employed in Bangkok, Beijing, and Brussels.

## Building a capable and adaptable workforce

We deliver our services in an environment that is impacted by national and international trends and events. We need an adaptable workforce that can respond to changing environments, with a culture of continuous learning and development.

### Workforce changes

We need to make sure we operate as efficiently as possible and that our organisational structure is fit for purpose and financially sustainable.

Through our fiscal sustainability programme (see page 93), we considered our existing roles and vacancies to make sure we have the right capabilities in the right place.

In March 2024, we offered voluntary redundancy and enhanced early retirement options for staff. Applications from 33 staff were accepted. Most left Customs in early May 2024, with five leaving at the end of June 2024.

In April 2024, we consulted staff on an organisational change proposal, with final decisions announced in May 2024. As a result, 77 roles were disestablished and 31 new positions were created. This resulted in a net reduction of 79 positions, or 4.9% of FTE roles. After the reassignment process, 20 staff were made redundant on or before 27 July 2024.

The reduction in staff numbers was somewhat offset by an increase in positions in our Maritime Group and other critical support services. These roles were established as part of the Budget 2023 initiative targeting TNOC activity in the maritime supply chain (see page 35).

### Supporting our people through change

Organisational change is hard, and the wellbeing of our staff was important as we worked through the changes.

We offered sessions and resources on *Looking after yourself during change* (for staff) and *Leading through change* (for managers). Staff were strongly encouraged to make use of the Employee Assistance Programme and practical help, such as advice on writing CVs and preparing for interviews.

Throughout the changes, our staff showed integrity and professionalism and gave valuable feedback that informed final decisions.

In making the changes to our organisational structure, we made sure that the changes would not compromise our ability to effectively provide border services and maintain critical support functions.

**Table 4:** Workforce profile as at 30 June each year

	2019/20	2020/21	2021/22	2022/23	2023/24
Headcount	1,336	1,571	1,569	1,359	1,355
Full-time equivalents (FTEs)	1,278.4	1,514.8	1,515.3	1,322.1	1,319.3
Average age (years)	45.3	45.1	45.2	45.5	45.2
Unplanned turnover	6.2%	5.1%	10.8%	11.9%	7.9%
Total Turnover	7.8%	9.6%	18.5%	24.9%	11.9%
Average length of service (years)	12.3	10.9	10.9	12.1	11.5

Note: The headcount and FTE data for 2023/24 includes staff whose redundancy date was on or after 30 June 2024.

## We work with the unions that represent our people

We work with three unions – the Customs Officers Association, the Public Service Association, and E Tū. Around 63% of our staff are union members.

Our relationship with the unions is focused on transparency, early engagement, no surprises, data informed decisions, and a collaborative problem-solving model. Union representatives were engaged throughout the organisational change process and gave us feedback on the change proposals on behalf of their members. We appreciate the input these representatives had into the change process.

Our three-year multi-union collective agreement expires on 30 April 2025. During 2024/25 we will work with the unions to agree an efficient bargaining process to support the negotiation of a new agreement.

### Building the capability of our people

We are committed to supporting our people to keep learning, developing, and upskilling as their careers progress, so they are well prepared to achieve their aspirations.

### We prioritise induction and ongoing training for our Officers

All new Customs Officers start in their workplaces and get to know their work environment and team before they start classroom-based training. This gives context to their learning as they can see how the training applies to their roles.

During 2023/24, 85 officers completed our Customs Officer induction programme, Te Whakamata, right through to receiving their Customs Officer epaulettes at the end of their training. Another 32 staff received Assistant Customs Officer stripes.

### Supporting on-going learning

In 2023/24 we developed new e-learning modules for all staff to raise awareness of the need to embed good security practices and effective information management. This included programmes on insider threats, new security classification requirements, and the new information management module.

We are creating specific frameworks for each work area across the organisation to support all our people to keep learning and developing. Three area frameworks were completed in 2023/24, with four more underway.

### Developing future leaders

We support staff to develop their leadership skills through annual programmes for staff who aspire to or are taking on people leadership roles. We also provide a Specialist Leaders course for people who lead projects and work that requires engagement across the organisation, but do not have direct people leadership roles.

A separate nine-month mentoring programme, run by the Customs Northern Women's Network, connects network members with experienced leaders to support their development. This year 15 staff and their mentors are taking part. The programme is popular and has received positive feedback.

*"In one word I am simply 'GRATEFUL' for what the mentoring programme has offered... This has helped me to better filter through some of my career interests and I hope this is an experience I can share as a mentor one day."*

We are using the framework and lessons from this programme to develop internal mentoring programmes tailored for Māori staff and other ethnic groups.

In 2023/24, three Customs staff took part in the Pacific Women's Professional Leadership Development Programme. Another ten staff from across Customs are participating in the 2024 Quietly Powerful six-month Leadership Training Programme.

**Table 5:** Learning and development programmes

All Learning Sessions/eLearning/on the job learning	Completed 2023/24
Initial induction-related training	2,439
Compliance learning	3,441
Health and safety for work area	2,219
Technical learning	7,453
Further development	3,827
Leadership programmes	
Aspiring Leaders	15 in progress
Specialist Leaders	16 in progress
Leading Teams	12 in progress

### Celebrating dedicated service

The New Zealand Customs Service Medal was introduced in 2008. It recognises the contribution Customs Officers make to the security and protection of the New Zealand border.

It takes 14 years of dedicated service and professional conduct for a Customs Officer to receive the Service Medal, with a clasp awarded for every seven years of service after that.

In the 2024 ceremonies, 10 service medals will be awarded, with another 38 staff receiving clasps. Ten staff will receive their fourth or fifth clasps, honouring more than 42 years of service.

Long service awards will also be presented to 107 Customs staff who have worked for Customs for between 10 and 50 years.

### Recognition of excellent service

This year, five staff have received awards recognising the contribution they have made to the Public Service and the safety and security of New Zealand.

#### A Public Service Medal for outstanding service

In November 2023, **Bruce Ellis, Chief Customs Officer, Electronic Forensics Unit** received the New Zealand Public Service Medal for outstanding public service. These awards recognise public servants who exemplify the spirit of service and are making a real difference through their everyday work.

Bruce was recognised for his work in using and championing advanced digital forensics in law enforcement agencies, particularly targeting the spread of online child exploitation material. His work has helped solve thousands of criminal cases worldwide, protecting children from exploitation.



*Bruce Ellis (centre) with Her Excellency, the Rt Hon Dame Cindy Kiro, and and Public Service Commissioner, Peter Hughes.*

### New Zealand Institute of Intelligence Professionals 2023 Awards recognise the work of Customs staff

In November 2023, three staff received awards acknowledging their skills and dedication in intelligence, investigations, and enforcement.

**Dominic Adams, Chief Customs Officer Intelligence**, was named Intelligence Leader for 2023. This award recognises intelligence sector leaders who show dedication to growing capability within a team or organisation and demonstrate strategic and future-focused thinking.



*Dominic Adams receiving the New Zealand Institute of Intelligence Professionals Intelligence Leader award for 2023.*

Two other members of the Customs intelligence team, along with a colleague from the New Zealand Police, received the Oli Harper Award for Inter-Agency Excellence for their work on the Fusion team, which aims to proactively identify organised crime trafficking threats.

### Improving the security and resilience of New Zealand

In June 2024, **Chief Customs Officer Janna Binning** won the Defsec Women in Security Awards Aotearoa category – Protecting Borders, Trade, and Biosecurity.

The Women in Security Awards Aotearoa initiative was established in 2020 to recognise women who have advanced the New Zealand security and resilience sectors.

Janna was nominated for her work as a Liaison Officer based in United States, building relationships with partner agencies and working to identify and seize drugs and other illicit goods before they reach New Zealand.



*Chief Customs Officer, Janna Binning (right) helping intercept illicit drugs at the United States border.*

## Reflecting the community we serve

We work with and support a diverse range of people in the delivery of our services. It is important our workforce reflects the community we serve. We are building an inclusive culture, with fair and equitable employment practices that work to close pay gaps.

*We aim to make Customs a place where every voice is valued and that our workforce is inclusive, equitable, and diverse.*

### Implementing our Inclusion and Diversity strategy

An inclusive, equitable, and diverse workforce leads to better leadership, problem-solving, and decision-making. This supports the delivery of services that meet the needs of all New Zealanders.

Our *Inclusion and Diversity Strategy and Action Plan 2023–2026* incorporates the priority commitments in the public service Papa Pounamu programme. This programme aims to build a diverse and inclusive public service workforce. During 2023/24 we have progressed initiatives across all five areas.

**Addressing bias** – making sure everyone in Customs has fair opportunities in recruitment and career development

Our foundational unconscious knowledge and bias training helps our people leaders and staff understand what unconscious bias is, where bias comes from, and how to develop strategies to minimise it. We also provide training to help mitigate some of the unconscious bias in recruitment processes.

We are committed to promoting progression opportunities that enable a diverse range of staff to access opportunities to grow their careers.

**Fostering diverse leadership** – supporting and developing future leaders

Increasing workforce and leadership diversity is key to achieving our wider strategy. We aim to increase the proportion of Māori, Asian, and Pacific staff in people leader roles by 1% per year from 2022 levels by 2026. We have exceeded our goal for Asian leaders this year and are working towards our goals for Māori and Pacific leaders (see Table 7).

**Table 6:** Demographic profile of our workforce as at 30 June

	2020	2021	2022	2023	2024
<b>Gender</b>					
Male	52.3%	52.1%	52.9%	50.2%	49.7%
Female	47.7%	47.9%	47.0%	49.7%	50.2%
Prefer not to say	–	–	0.1%	0.1%	0.1%
<b>Ethnicity</b>					
European	74.9%	76.1%	69.9%	67.3%	66.2%
Māori	9.9%	11.6%	10.7%	10.3%	10.8%
Pacific Peoples	10.7%	9.9%	10.1%	11.8%	12.0%
Asian	16.7%	15.9%	16.7%	18.7%	19.0%
MELAA (Middle Eastern/ Latin American/African)	1.0%	1.1%	1.3%	1.3%	1.7%
Other	4.8%	4.2%	4.2%	4.4%	4.0%

Customs does not currently capture data on other genders. Staff are able to self-identify three ethnicities. The percentages may add up to more than 100%. All three ethnicities are included in the data from June 2022.

**Cultural competence** – effectively supporting our staff and the people who use our services

Our work to build our Māori-Crown relations capability and our engagement with Māori communities is set out in the section on Te Pou Tokomanawa on pages 24-28.

Our Inclusion and Diversity Council are looking at what cultural competence means for Customs. This will support the development of resources and training to build cultural competence across a range of cultures.

**Inclusive leadership** – inclusion is the foundation for enabling equity and diversity

To support our people leaders and foster an inclusive culture, all our leadership development programmes have a module on inclusive leadership. We also have 'Quick Guides' on our intranet and performance expectations on inclusive leadership to help leaders embed inclusive practices.

**Supporting employee-led networks** – creating opportunities to help people build connections and have their voices heard

Employee-led networks play a major role in creating inclusive workplaces. They contribute valuable advice to the development of policies and resources, organise events to promote awareness of cultural celebrations and language weeks, and support mentoring and development programmes.

We have five established networks:

- Māori Network
- Women's Network
- Pasifika Network
- Rainbow Network
- Asian Network.

A new network for disabled and neurodivergent people has recently been set up. This group is determining its name, mission, and purpose to support engagement during 2024/25.



**Read more** about our Inclusion and Diversity Strategy and Plan 2023-2026 at <https://www.customs.govt.nz/globalassets/documents/corporate-documents/final-id-strategy-2023-2026-fa.pdf>

**Table 7:** Demographic profile of our people leaders as at 30 June

	2020	2021	2022	2023	2024
<b>Gender</b>					
Male	65.9%	67.9%	65.7%	66.8%	64.0%
Female	34.1%	32.1%	34.3%	33.2%	36.0%
<b>Ethnicity</b>					
European	88.2%	87.1%	81.3%	79.2%	79.5%
Māori	10.3%	10.8%	10.0%	8.4%	9.5%
Pacific Peoples	5.1%	5.8%	6.6%	8.0%	8.6%
Asian	6.7%	5.4%	5.0%	7.1%	8.6%
MELAA (Middle Eastern/ Latin American/African)	–	0.8%	0.8%	1.3%	1.4%
Other	6.7%	6.3%	7.1%	7.1%	6.4%

Staff are able to self-identify three ethnicities. All three ethnicities are included from June 2022.

*We aim to ensure all our people have equal opportunities to develop and earn throughout their careers.*

### Addressing pay gaps

To create an equitable and fair workforce, we need to continue to reduce pay gaps across our workforce in line with the objectives of the Public Service pay gaps action plan – Kia Toipoto.

Our Pay Gaps Action Plan 2023/24 sets out five areas of focus – recruitment, promotion, career development, pay, and reporting.

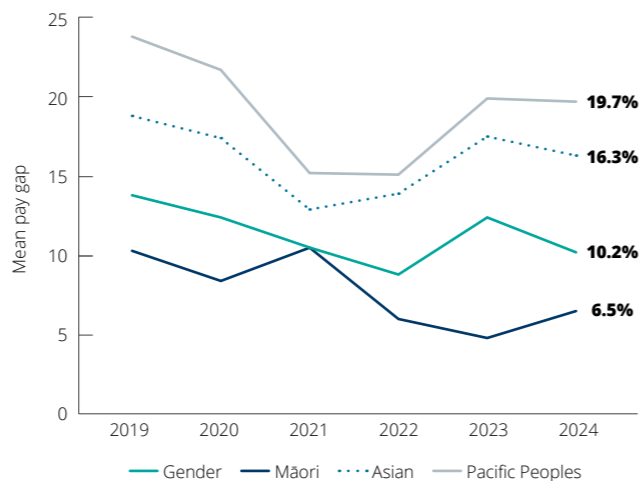
We monitor and regularly report on both our mean (average) and median (middle) pay gaps, as mean pay is impacted by employees who receive very high or very low pay.

Mean pay gaps reflect the fact that women, Māori, Pacific Peoples, and Asian people are under-represented in higher-paid roles.

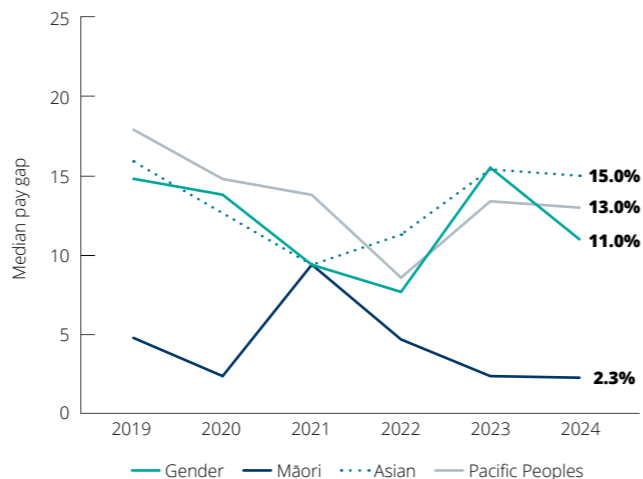
Both the mean and median pay gaps were affected between 2020 and 2022 due to the employment of a fixed-term workforce to implement the Maritime Border Order during the COVID-19 pandemic. Most of the roles in this group were in lower pay bands, which affected the median pay gaps in particular.

The June 2024 pay gaps have been affected by staff who left Customs through the voluntary redundancy/enhanced early retirement process in May 2024. The impact of the wider organisational changes (see page 68) will not be seen until the 2024/25 financial year as the new structure came into effect on 29 July 2024.

**Figure 18:** Mean pay gap trends over time (as at 30 June)



**Figure 19:** Median pay gap trends over time (as at 30 June)



**Read more** about our Pay Gaps Action Plan 2023/24 at <https://www.customs.govt.nz/globalassets/documents/misc/customs-pay-gap-action-plan-23-24.pdf>

## Ensuring the wellbeing and safety of our staff

We are committed to making sure our workplace and culture promotes safe work practices and supports the holistic wellbeing of our people. Our wellbeing and safety strategy is designed to make health, safety, and wellbeing a central part of everything we do.

### Keeping our staff well and safe

Our Wellbeing and Safety strategy is based around three pillars:

**Protect** – minimising harm at work

**Build** – building an organisational culture that embeds health, safety, and wellbeing

**Support** – supporting personal holistic health

These pillars are underpinned by a risk strategy focused on steps that can be taken to prevent known risks and identifying potential and emerging risks.

We use incident reviews and monitoring of near-miss events, together with our assurance process and engagement with our Health, Safety, and Wellbeing (HSW) representatives, to raise awareness of common incidents. This has increased the focus of our staff on early intervention, and actions they can take to identify and prevent future incidents.

Many of our people work in high-risk places and roles, including at maritime ports and in investigation and enforcement positions. This requires us to work closely with other agencies to support day-to-day routine activity and the planning of operational activity, particularly where we have overlapping health and safety responsibilities or expertise.

Customs has an established operations authorisation framework that is applied in all our planned investigative activities. This supports threat assessments and mitigation actions that are specifically designed to address threats to Customs Officers. The framework is continually updated to respond to changing threats and to manage risks.

Over the last year we have seen a growing risk for our staff to be involved in incidents where weapons or harmful substances are present. This has been a priority for our health and safety planning.

### Setting the strategic direction for wellbeing and safety practices

The Comptroller and Customs Executive Board (CEB) are designated Officers under the Health and Safety at Work Act 2015. This means they set the strategic direction for wellbeing and safety practices and provide governance and oversight of our key risks.

Our HSW Governance Committee meets quarterly. It is chaired by the Comptroller and supported by an external expert in HSW governance. The Committee focuses on understanding our critical and emerging risks, engaging with partner agencies where we work in shared spaces, and our assurance programme. HSW is also discussed as a formal agenda item at the start of every CEB meeting.

Each critical risk area has a CEB sponsor and senior leaders who 'own' that risk. This approach supports an in-depth understanding of how risks can present in different work environments, and clear ownership for prevention activities.

### Managing our critical risks

Most of our critical risks relate to site safety, including driving, exposure to hazardous substances, electrical and radiation risks, falling objects, and water related risks. Other critical risks include violence towards staff, communicable diseases, and the need to build psychosocial resilience.

During 2023/24, we also looked at how we can increase protection for our staff through the way work programmes are designed, and building a culture that identifies and addresses psychosocial risks alongside traditional health and safety risks.

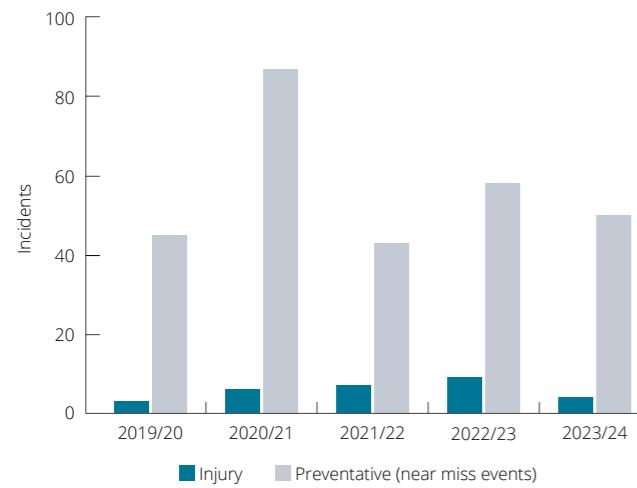
Our assurance programme reviews critical risk controls, particularly where health and safety responsibilities overlap with other agencies. This has increased staff awareness of hazards and risks at our maritime ports.

Staff and people leaders are encouraged to report all incidents and near-miss events. This helps us monitor and improve management of risks and to identify any preventative measures we can put in place.

## Monitoring incidents and near miss events

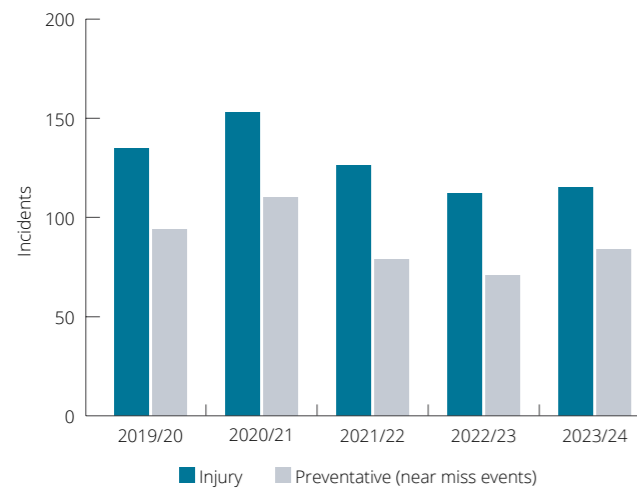
In 2023/24 we had four critical risk incidents and 50 near-miss events. Each provided an opportunity to look for ways to reduce the risk of similar events occurring.

**Figure 20:** Critical risk incidents



Injury and near miss incidents across all our HSW risks remain consistent with previous years.

**Figure 21:** Injury and reporting of all incidents and near miss events



Most injuries are minor and do not relate to critical risks.

## Building a culture of health, safety, and wellbeing

Our 44 HSW representatives help build a health and safety mindset across the organisation.

HSW representatives are appointed for three years and complete NZQA recognised training. Regular education days and virtual forums provide coaching and mentoring and help to build strong networks and relationships with other HSW leaders. We provide a monthly resource kit for representatives to use in their work areas with a different wellbeing focus for each month.

During 2023/24, we refreshed our HSW modules for managers and are now working on new modules to maximise opportunities for HSW representatives and managers to work together to identify and manage risks.

Regular learning and development supports increased safety for our people. During the year, 482 Customs Officers were trained or recertified through our *Officer Safety and Tactics module*, and 181 completed the *Firearms Safety Awareness* training module.

## Supporting holistic health and wellbeing

The 24/7 nature of our operational work can bring challenges for our people, especially for those who work unsociable hours. Our support includes wellness checks and online material and seminars with advice on sleep and fatigue management, as well as other wellbeing issues.

We are refreshing training for our people leaders to help identify and intervene in psychosocial and mental health concerns at work. A pilot programme, developed with clinical psychologists who oversee our Employee Assistance Programme, was designed to address common issues and provide a set of intervention tools.

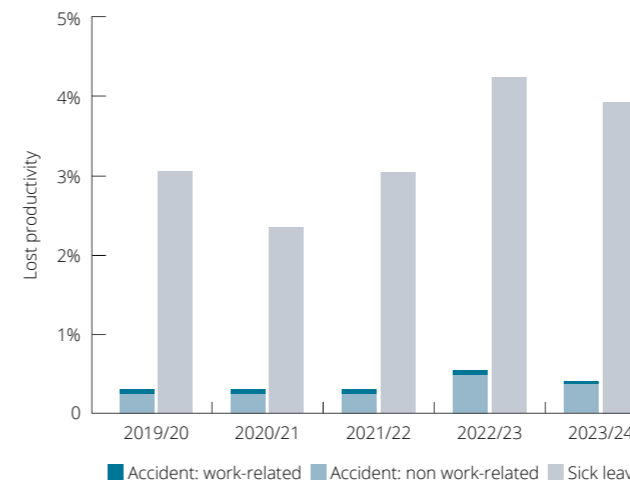
## Monitoring illness and work-related injuries

As well as monitoring critical risks and all incidents and near-miss events, we also monitor lost productivity due to accidents (at work and outside of work) and sickness to support our focus on holistic health and monitor any trends.

We have established an enhanced intervention approach to support staff returning to work following significant medical events or have experienced cumulative impacts on their work or wellbeing.

Lost productivity due to work-related incidents remains very low. Non-work-related incidents also decreased in 2023/24. Sick leave levels reflect the ongoing impact of the COVID-19 pandemic, as well as the usual winter illnesses and influenza.

**Figure 22:** Lost productivity due to accidents and sickness



## The year ahead

Our people are passionate about the work we do to protect New Zealand. We want to create an environment that supports them to learn, grow, and advance their careers.

### During 2024/25 we will:

- implement and embed the new organisational structure
- work with the unions who represent our staff to agree an efficient bargaining process to support the negotiation of a new collective contract
- maintain our focus on managing health, safety, and wellbeing risks to reduce incidents and increase reporting of near-miss accidents and events
- review training-first principles.







# GOVERNANCE AND MANAGEMENT

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**We maintained our strong reputation for public trust and confidence,** ranking fourth out of 58 public sector agencies in the Public Sector Reputation Index



## Customs Executive Board



**Christine Stevenson**

Comptroller of Customs

Christine was appointed Comptroller of Customs in 2019. She is responsible for leading the New Zealand Customs Service and chairs the inter-agency Border Executive Board. She was previously the Deputy Chief Executive and the Acting Chief Executive of the Department of Corrections and Deputy Chief Executive at the Ministry of Justice and the Ministry of Social Development.



**Bill Perry**

Deputy Comptroller Operations

Bill joined Customs in 1976 and leads the operational arm of Customs. He has held a range of roles within Customs, including Northern Ports Manager, Investigations Manager, and Investigations and Response Group Manager.



**Jamie Bamford**

Deputy Chief Executive International and Governance

Jamie joined Customs in 2015 as the Group Manager Intelligence, Investigations, and Enforcement supporting the organisation towards an intelligence-led, risk-based border management approach. In 2020 Jamie became the Deputy Chief Executive International and Governance. Prior to joining Customs Jamie worked in the New Zealand Intelligence Community.



**Sharon May**

Deputy Chief Executive Finance, Technology and Infrastructure and Acting Deputy Chief Executive People and Capability

Sharon joined Customs in 2019 and has more than 25 years of experience in public sector financial management, corporate planning and reporting and enterprise management. She has led business transformation across a number of New Zealand government agencies and was the Senior Responsible Owner for the New Zealand Traveller Declaration Programme implemented in 2023/24.



**Richard Bargh**

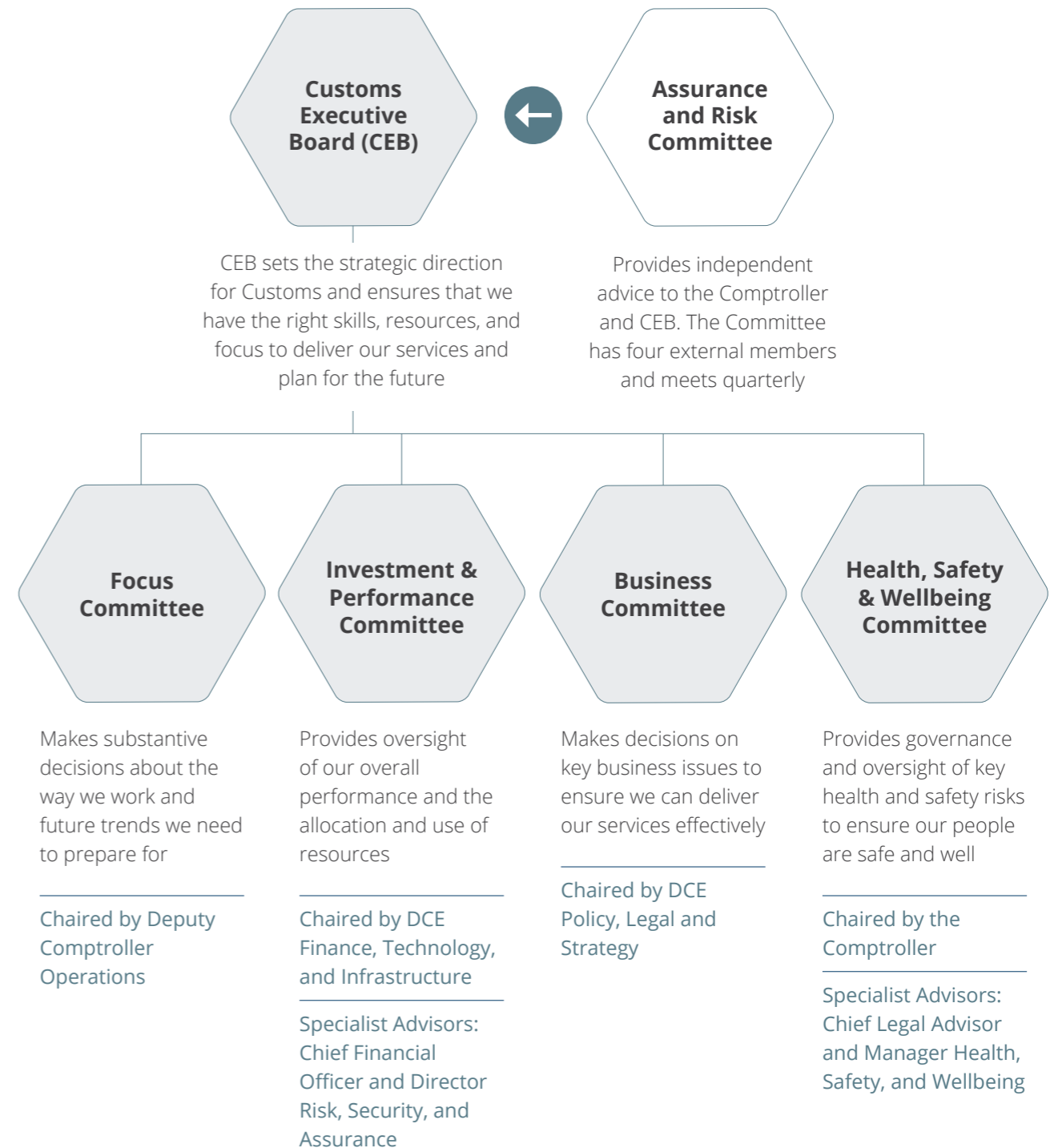
Deputy Chief Executive Policy, Legal and Strategy

Richard joined Customs in 2005 and has over 30 years' experience in policy, project management, and operations in the public sector. He has held a variety of roles at Customs including Group Manager Revenue and Assurance, and has led significant policy, programme management, and cross-sector work in different agencies.

## Making sure we do the right things in the right way

Our governance structure has been designed to support collective accountability for key strategic decisions, ensure stewardship of our people and resources, and monitoring of organisational priorities and performance. This is supported by independent advice through the Assurance and Risk Committee.

### Our Governance Structure



## Collective decision-making

Our governance committees each have a specific focus area, making sure the Customs Executive Board has targeted and in-depth conversations on key governance and management issues. All members of the Customs Executive Board sit on each Committee, supported by specialist advisors where appropriate.

The committees meet monthly, except for the Health, Safety, and Wellbeing Committee, which meets quarterly.

## Independent advice through the Assurance and Risk Committee

The Assurance and Risk Committee provides independent advice and oversight to the Comptroller and the Customs Executive Board on our audit and risk management functions and performance information.

The Committee has four external members with governance and management experience across a range of organisations:

Glenn Dunbier (Chair) spent 38 years with the New Zealand Police and is now retired. He has extensive operational and leadership experience in New Zealand and Australia

Kylee Potae is an Advisory Partner for BDO Gisborne, with a background in finance and governance and is a strong presence in the Māori business sector

Karen Jones is Group General Manager Engagement and Partnerships at the New Zealand Transport Agency – Waka Kotahi with a background in organisational development, health and safety, communications and stakeholder engagement

Nick Paterson was the Chief Executive of Drug Free Sport New Zealand and previously worked in the Serious Fraud Office and the private sector.

See page 83 for the Committee's report.

## Providing internal assurance over our systems and processes

In addition to the external oversight of the Assurance and Risk Committee, our internal audit function carries out a range of assurance activities to make sure our systems and processes are operating as intended. This includes a mix of planned reviews, those related to issues that have occurred during the year, and risk-based assurance and compliance activities.

Regular compliance reviews occur to make sure information management provisions are adhered to in our information sharing, information matching, and direct access agreements. These agreements allow

other agencies to undertake their statutory obligations, for example, making sure that student loan borrowers are charged the right amount of interest when they leave or return from overseas.

Assurance work this year has included:

- a review of the seized goods system to consider whether it is fit for purpose, a review of the way it keeps people safe and secure, and of how we work with other agencies to manage seized goods
- a review of practises, procedures, and deployment in our operations teams to identify any areas of vulnerability and risk, and opportunities to improve tasking, training, and compliance with health, safety, and wellbeing obligations.

An independent consultant also evaluated our third-party facilities site security arrangements against Protective Security Requirements (PSR) standards.

Findings from assurance and audit work are discussed with relevant business managers so that appropriate action can be taken, and with the Assurance and Risk Committee to provide oversight. Our internal assurance work identifies key themes to support ongoing process and practice improvement.

## Reviews of major programmes

Major investment programmes, such as the development and implementation of the New Zealand Traveller Declaration (NZTD) system have regular external reviews to provide extra assurance. These reviews provide helpful and constructive feedback as the programme approaches key milestones.

Following the Independent Quality Assurance Review of the NZTD system in May and June 2023, our focus has been on implementing NZTD across all air and maritime travellers and transitioning to a business-as-usual operating model.

In June 2024, The New Zealand Investment Review Unit, part of the Treasury, carried out an operational and benefits realisation review following the implementation of NZTD.

The review noted the development and implementation of the programme was a well-managed and successful IT initiative, involving multiple agencies and delivering benefits within budget.

The report made recommendations to support the achievement of the remaining benefits, including increased use of digital solutions and improved border management functions. The recommendations are being considered by the NZTD Management Committee for incorporation into the ongoing work programme.

## Customs Assurance and Risk Committee Report for the year ended 30 June 2024

The Customs Assurance and Risk Committee (ARC) is an independently chaired body offering a strategic advisory function to the Comptroller.

The ARC recognises the challenges and successes for Customs over the past year particularly in relation to:

- the consistent demands on the border operations functions, particularly in relation to the volume and frequency of drug seizures and the associated complexities
- the changes in air passenger volumes, and the growth of the maritime function
- the New Zealand Traveller Declaration (NZTD) development and implementation
- international relationships and forums
- cost pressure management and staffing reduction pressures.

The ARC believes Custom's role as both the host agency of the Border Executive Board, and the lead agency for the NZTD work programme, reflects the Government's confidence in Customs to deliver. We also recognise the testing time ahead with the changing expectations. A recent briefing from the BEB Executive Director gave us a good sense of Custom's role and involvement, and we have now sought this on a more regular basis and would encourage other BEB member agency equivalent committees to do the same.

This year has been a relatively stable one for the ARC, although we did update the Committee's Charter. From a membership perspective, in August 2023 we said farewell to Caren Rangi who resigned to focus on other governance work and to respond to community demands post Cyclone Gabriel. Kylee Potae, being Gisborne based, was also impacted by Cyclone Gabriel, so we were very appreciative of her for standing in as Chair from March (following Audrey Sonerson's departure) to the end of August 2023 when I took up the mantle from our September meeting onwards. Many thanks go to Caren for her contribution to the Committee and Customs.

My personal thanks go to my current ARC colleagues Kylee Potae, Nick Paterson, and Karen Jones for their valuable contribution throughout the year, and to the Customs Executive Board members who regularly make themselves available for our meetings.

I am enjoying my first year on the Committee. While I had some previous interactions with Customs, I now have a much better appreciation of the role it plays on behalf of the Government in both protection and revenue collection.

Customs undertakes a broad range of functions from both a strategic and operational perspective. During my ARC induction I had the opportunity to experience the professionalism and pride that exists within the Customs' workforce.

The ARC has provided specific advice, guidance, and focus throughout the year on a range of high priority areas including:

- Te Pou Tokomanawa
- Customs' excise programme
- Rautaki Mana Ārai – Customs Strategy 2023–2028
- People and Capability related matters, particularly Health, Safety, and Wellbeing
- Customs' policy landscape and incoming government messaging
- Customs' protection role, as it relates to operations, in a constantly evolving environment
- Financial sustainability, and investment performance and reporting
- Cyber security
- Customs' part in the New Zealand Traveller Declaration programme
- Customs' strategic risk profile and the assurance, security, and integrity work programmes
- Audit NZ report recommendations to the Comptroller
- Managing change with changing government expectations.

The ARC looks forward to continuing its support of Customs' Executive into the coming year as we navigate a challenging fiscal environment, and as Customs plays its part in leading border management.



Glenn Dunbier  
Chair, New Zealand Customs  
Assurance and Risk Committee

## Maintaining public trust and confidence

Our reputation depends on the way we act and the way in which we use our legislative powers through risk targeting, investigations, and enforcement activity. Our value – we do what’s right – is at the centre of how we work and what we do. It is fundamental to maintaining the trust and confidence of our stakeholders, clients, and people who use our services.

### Maintaining a strong culture of integrity

Our integrity programme is designed to maintain a high staff awareness of the importance of integrity, and to build a strong culture where people are empowered to do the right thing. When concerns are raised, we act with discretion, care, and professionalism, to make sure staff and managers have ongoing confidence in our integrity system.

Our integrity programme emphasises both compliance and integrity. Our compliance approach involves the rules, codes, and sanctions for preventing poor behaviour. Our integrity focus is on education, training, and role modelling to encourage and improve ethical behaviour.

This work is supported by an Integrity Committee chaired by an external representative. The Committee provides an oversight and governance function that makes sure integrity matters are addressed in a transparent, fair, and timely way and that we learn from the themes and patterns that emerge.

### Conflicts of interest and awareness of integrity issues

During 2023/24 we supported staff to identify and declare actual, potential, or perceived conflicts of interest. This includes when they are new to the organisation, and as part of a new annual declaration process. A quality assurance process allows us to make sure appropriate management plans are put in place where there is a conflict of interest.

In October 2023, we surveyed our staff on integrity issues.

As a result of the survey we implemented several new initiatives, including sharing insights and current trends on integrity-related cases and scenarios to prompt conversations about ethical dilemmas within teams. We continue to promote a culture of “if you see something, say something”.



The 2024 Public Sector Reputation Index ranked Customs fourth out of 58 New Zealand public sector agencies in relation to the public perception of our overall reputation - a slight increase on our fourth equal ranking in 2023.

We ranked third highest in the fairness category, fourth in trust, and fifth in leadership. This compares with our rankings of fourth highest across the trust, fairness, and social responsibility categories in 2023.

### Timely provision of information

Making sure official information is available in a timely way promotes accountability and public trust and supports good governance. We are committed to making sure we comply with the principles and requirements of the Official Information Act 1982 (OIA) and guidance from the Ombudsman.

During 2023/24, we responded to 2,667 requests for information under the OIA, with 99.4% of responses provided within legislated timeframes.

All agencies are required to respond to an OIA request as soon as reasonably practicable, no later than 20 working days. On average, Customs responds within nine working days and rarely requires an extension (around 1% of the time).

## Setting clear behaviour standards

We take alleged breaches of integrity seriously and do not tolerate any acts of fraud or corruption. Our Disciplinary Policy provides clear processes for addressing unacceptable behaviour where integrity concerns relate to an individual.

Our Code of Conduct sets out the expected behaviour standards for our people. It reflects the principles that apply to the whole public service as set out in the Public Service Commission’s Standards of Integrity and Conduct:

- we are fair
- we are impartial
- we are responsible
- we are trustworthy.

Our Code of Conduct applies to all our staff, contractors, and consultants.

### Conduct investigations

Table 8 shows the outcomes of investigations into allegations of unacceptable behaviour by our staff, or by contractors and consultants engaged by Customs that concluded in the 2023/24 financial year. In the context of a workforce of around 1,350 employees, these numbers are not statistically significant.

**Table 8:** 2023/24 Investigation outcomes

Investigation outcomes	Number of investigations
Upheld	16
Not upheld	6
Did not meet threshold for misconduct	3
Person left Customs before investigation was complete	2

When misconduct happens and disciplinary measures are necessary, these aim to be corrective rather than punitive. In some cases, termination is justified and appropriate.

Table 9 shows the disciplinary action or sanctions imposed in the 2023/24 investigations that were upheld.

**Table 9:** 2023/24 Upheld conduct investigations

Action taken	Number of upheld investigations
Formal warning <sup>3</sup>	6
Letter of expectation	8
Termination (with or without notice)	–
Resignation	1
Other	1

<sup>3</sup> A formal warning could also include one or a combination of the following: referral to Employee Assistance Programme or other professional assistance, removal of delegated powers, removal of privileges, transfer, demotion, non-eligibility for merit remuneration increase or one-off payment, change of reporting time or hours of work, or another penalty decided by the Comptroller.

## Managing our risks

Everyone has a role in managing risks that impact our ability to achieve our objectives. We are building a risk-aware culture, supporting our people to identify potential risks and respond to them quickly and effectively.

### Creating a risk-aware culture

Each work area has a Risk Coordinator to coordinate risk activity, provide advice and support, and maintain risk registers. Our risk reporting schedule makes sure risk conversations happen regularly and that risk is actively managed. Coordinators are trained and supported in the use of Risk@Customs, an online tool that helps identify specific risks, causes, consequences, risk ratings, and the controls that can be put in place to help mitigate the risk.

Our Risk Management Framework (see page 87) and Risk@Customs tool support identification and consistent management of our risks at all levels. This helps maintain oversight and reporting of our entire risk environment, including identifying things that may stop us achieving our objectives, as well as new opportunities.

### Maintaining a safe and secure environment

Protective Security Requirements is a policy framework that outlines the Government's expectations for security governance and for personnel, information, and physical security. We are required to annually self-assess our compliance with the 20 mandatory requirements to make sure we are focusing our efforts on the right areas.

In the 2023/24 assessment period, Customs met 17 of the 20 mandatory requirements.

The three areas needing extra focus were the management of risks within Customs' goods and supply chain, our ability to respond to increased threat levels, and the design of information security.

In 2023/24 we implemented the Government Information Security Classification System. The next stage will look at enhancing existing systems to automate processes wherever possible to manage associated requirements and increase compliance in the 2024/25 reporting period.

We have continued to strengthen our internal governance of security through the Security Reference Group and regular reporting to, and oversight by, the Customs Executive Board and Assurance and Risk Committee.

### Building a security-conscious culture

Recognising and escalating changes in our environment is key to maintaining a security-conscious culture.

This includes:

- the enhancement of systems and processes to manage growing digital/cyber risks
- an increased understanding of an insider threat (a person who exploits their legitimate access to an organisation's information or assets)
- promoting importance of personal safety and information security.

Increased visibility of security, whether through reporting, response to incidents, preventative activity, and formal or informal learning opportunities is a key element in improving our overall security position.

## Risk Management Framework

### Strategic Risks

Customs' strategic risks are the long-term risks that may affect the achievement of our objectives. We have six strategic risks that are regularly monitored and reviewed by the Customs Executive Board.



#### Financial sustainability

Our funding levels may be insufficient to support current and future services to enable our business and manage risks across borders



#### Trust and confidence

Our ability to provide services may be affected if the public, stakeholders, and Government lose their trust and confidence in us



#### Border management

We may be unable to maintain the systems and resources that enable effective and efficient border management due to financial or people resources



#### Shaping our future

We need to understand what the future might look like for our clients, our operations, and our people to continue as a world-class border agency



#### Stakeholders and Partnerships

We may be unable to influence or gain support from partners and stakeholders, particularly with Iwi, to help deliver our strategic objectives



#### Workforce

Rapid changes to the size, structure, and nature of our business may affect our workforce culture, staff wellbeing, the delivery of our strategy, and our ability to meet government expectations

### Organisational Risks

Organisational risks are those that may affect multiple business groups and are mitigated by actions taken across Customs on a day-to-day basis. Members of the Customs Executive Board are responsible for providing oversight of risk management and mitigation activities for the risks that fall within their operational responsibilities.

Risks relating to significant work programmes, such as the New Zealand Traveller Declaration programme, are managed in a similar way to organisational risks, with high level oversight through the Customs Executive Board and governance structures that reflect the level of risk being managed.

Critical systems failure

Security vulnerabilities

Fraud and corruption

Health, safety, and wellbeing

Information management (including privacy)

Government and legislative compliance

## Making sure our business continuity plans can respond to a wide range of events

A number of significant events over the last few years have shown the importance of having well-developed business continuity plans.

These plans enable us to respond to a range of situations. However, as each new event highlights gaps in plans or processes, we regularly review our response to make sure lessons learned are captured and plans are updated.

During 2023/24 we ran Exercise Toroa, which simulated a large earthquake in Wellington. The exercise looked at how this would impact our ability to deliver critical functions without key people and office locations, and access to many of our core systems. The exercise tested our ability to manage the impact on Customs, our clients, and stakeholders. We are incorporating the things we learned into our plans and response processes.

## Increasing our cyber security resilience

The risk of cyber threats and attacks are increasing as criminal groups and phishing attacks become more sophisticated. Attacks on our IT services could disrupt delivery of our core services and the data we hold.

We have a 24/7 security operations centre providing real-time monitoring and alert tools across all our critical systems, supported by people who can respond quickly and stop or limit the damage during an attack. Our focus is on enhancing our protections as new threats emerge.

This year, we have implemented the Microsoft Defender suite of tools across all our systems, providing a holistic view of security incidents and events across our servers, user accounts, and IT tools (laptops, mobile phones, etc). These tools have enhanced our ability to detect and respond to threats and anomalies in near real time.

We work with Microsoft and our security vendors to ensure that our Cloud Strategy conforms to industry best practice and that our security controls provide the highest level of assurance. We regularly engage independent security specialists to review our systems and carry out penetration testing. This helps to provide assurance that our systems and services have the appropriate controls.

## Awareness campaigns help staff be vigilant about their security

We run education campaigns throughout the year to raise awareness of the threats of phishing and malware emails, phone scams, and other common cyber threats. We build on the national Cyber Smart Week run by CERTNZ, with specific messages to help our staff understand the impact cyber security risks have on their day-to-day work.

## Stewardship of regulatory systems, resources, and assets

We have a responsibility to take a whole-of-system approach to regulation, and to support the stewardship of New Zealand's resources through reducing our carbon emissions, and effectively managing and maintaining our resources and assets.

### We are effective stewards of our regulatory systems

Regulatory stewardship is about taking a whole-of-system approach, looking at who the key players in a system are, their roles and responsibilities, and how government monitors, educates, and enforces the rules to make sure that laws and regulations are implemented as intended.

Customs has a role in four regulatory systems – trade, revenue, national security, and the border. When regulatory systems are not operating well, failures can occur.

### Increasing our focus on our role as regulatory stewards

Our Regulatory Stewardship Action Plan is raising awareness of the importance of regulatory stewardship and embedding good practice across Customs. This includes discussions with managers on the impact of organisational culture on regulatory failure.

We have developed system charters for two of the four systems we are part of – the trade and revenue systems – and will begin work on a system charter for the national security system in 2024/25. These charters help our people identify and address risks and opportunities within the system in a timely manner, supporting greater governance and improved regulatory management.

During 2023/24 we began reviewing of all the secondary legislation Customs administers to make sure it is up-to-date and fit for purpose. We are also aligning our regulatory guidance for staff with our operational tools and policies. This work will support our people to carry out their regulatory roles effectively and efficiently.

### We are working to reduce our carbon emissions

The Carbon Neutral Government Programme was established in 2020 to accelerate the reduction of greenhouse gas (GHG) emissions within the public sector. The programme requires agencies to measure and report annually on their emissions, and to set emissions targets and reduction plans.

We are committed to helping New Zealand manage the impact of climate change through reducing our GHG emissions. We have set up systems to capture and report on our emissions and work with Toitū Envirocare to certify our emissions data against the international standards set out in ISO14064-1:2018.

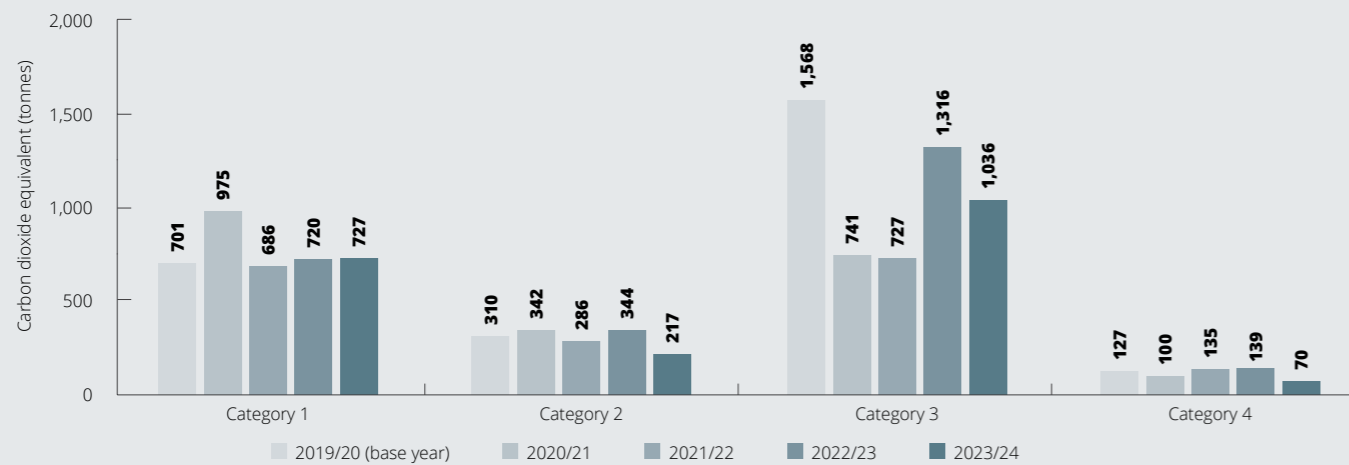
We account for all GHG emissions and removal of waste products from our work areas where we have operational or financial control. This includes emissions generated from our activities at international airports and marine ports. This approach aligns to guidance on measuring emissions developed by the Ministry for the Environment.

### Total annual emissions and their source

In 2023/24, we emitted 2,050 tCO<sub>2</sub>-e (tonnes of carbon dioxide equivalent). This is a 25.8% reduction on our 2019/20 base year (2,705 tCO<sub>2</sub>-e). Most of our emissions come from air travel, fuel for fleet vehicles, and electricity for our offices.

This data relates to our New Zealand locations and operations only. Freight emissions were excluded from our emissions inventory because the impact on the total was minimal, and collating data on these emissions would take a disproportionate amount of time.

**Figure 23:** Total emissions by category (measured in tCO<sub>2</sub>-e)



#### Emissions categories as established through international standards

**Category 1: Direct emissions** – emissions generated through fuel, LPG and natural gas distributed commercially, and refrigerant gas

**Category 2: Indirect emissions** – emissions from electricity consumption

**Category 3: Indirect emissions from transportation** – including air travel, accommodation, rental cars, and taxis

**Category 4: Indirect emissions from products used by the organisation** – generated through the disposal of waste products

Overall, Customs emissions have decreased, with a large reduction in emissions from travel. While face-to-face engagement, particularly with international partners, is important, we are committed to reducing travel wherever possible.

Direct emissions from diesel and petrol have increased this financial year. This largely relates to diesel used in vessels as part of operational activity. Planned reductions in our vehicle fleet should help reduce petrol costs and help reach the planned 50% petrol reduction target by 2026.

**Table 10:** Total breakdown of GHG emissions by emission sources for 2023/24

Sources	tCO <sub>2</sub> -e	Percentage
Travel	975	47.6%
Transport fuel	722	35.2%
Imported electricity	234	11.4%
Travel accommodation	49	2.4%
Disposal of solid waste – Landfilled	46	2.2%
Transmission of energy losses	16	0.8%

#### Our reduction targets

We have set the following emissions reduction targets to make sure we meet the Carbon Neutral Government Programme’s objectives.

**By 30 June 2025**  
Reduce gross emissions (across all categories) to no more than

**2,137**  
tCO<sub>2</sub>-e or a

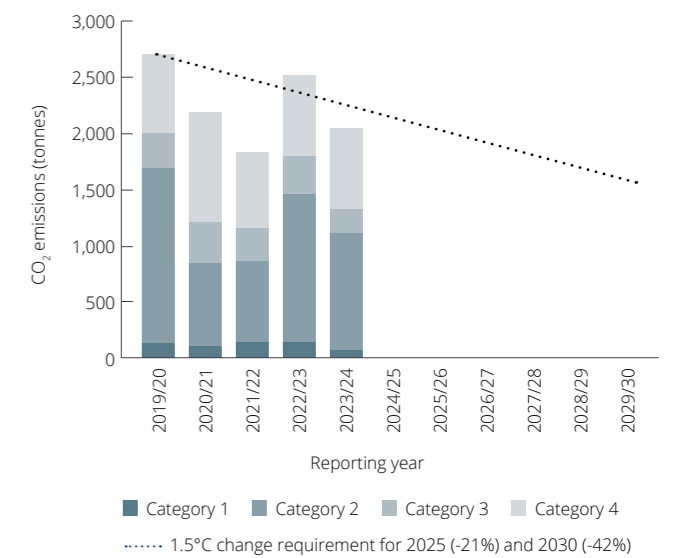
**21%**  
reduction in total gross emissions compared to our 2019/20 base year.

**By 2030**  
Reduce gross emissions (across all categories) to no more than

**1,569**  
tCO<sub>2</sub>-e or a

**42%**  
reduction in total gross emissions compared to our 2019/20 base year.

**Figure 24:** Reduction targets for absolute GHG emissions (all categories)



## Achieving our targets

While our emissions are tracking towards our targets, we have identified four specific projects to help meet our reduction targets. These projects relate to our highest emission areas.



### Reducing travel emissions

Travel, particularly air travel, is a major source of emissions for Customs.

Alongside our focus on reducing air travel wherever possible, we are also working to reduce other travel-related emissions.

From May 2024, a new agreement with our preferred taxi provider means electric cars will be used as the first option for all travel. Where this is not possible, they will either send hybrid vehicles or subcontract to another company to provide electric vehicles.



### Increasing the energy efficiency of our offices

Electricity usage makes up approximately 10% of our total emissions. In early 2025 we will relocate staff from our Auckland Customhouse building to new premises. The new building has a higher energy efficiency and sustainability rating under the NABERSNZ guidance (see page 94), and the smaller leased area will help to reduce our energy emissions.

### Meeting broader environmental objectives

We are working more closely with the Ministry for the Environment on ways in which border management can contribute to wider environmental objectives.

For example, we are assisting with reviews of legislation governing waste, including approaches to the export and import of waste material. We also provide support for product stewardship schemes where appropriate.



### Reducing the number of petrol vehicles in our fleet

We are working to reduce the number of petrol vehicles in our fleet through our fleet replacement project.

Currently, 42% of our vehicle fleet is electric, hybrid, or plug-in hybrid electric. We aim to increase this to 58% by June 2027.

As part of our ongoing fiscal sustainability programme, we are also reducing the size of our vehicle fleet. This year, 15 petrol vehicles have been replaced with plug-in hybrid electric vehicles, and the last 12 leased vehicles have been returned. Another 13 vehicles will be retired in the 2024/25 financial year, reducing our fleet from 174 to 161 vehicles by the end of 2025.



### Minimising waste sent to landfill

We are committed to reducing the amount of waste we send to landfills across all our sites.

As at 30 June 2024, 24% of our waste was sent for recycling.

On 1 March 2024, a product stewardship fee was introduced on imported tyres. An Information Disclosure Agreement signed in late 2023 allows Customs to share tyre import data with the Ministry for the Environment, so a fee can be collected to contribute to disposal costs.

## We take a long-term financial view of our resources and proactively manage cost pressures

### Establishment of our fiscal sustainability programme

Customs faces significant cost pressures in the coming years. These include the reduction in baseline funding through the Government's savings initiative, increased costs for salaries and wages, the requirement to replace or upgrade existing assets at the end of their useful life, and inflation-related cost increases for property and IT assets.

In August 2023 we set up a fiscal sustainability programme to identify options to manage these cost pressures. The programme identified savings that could be made in operational expenditure and supported the organisational change process (see page 68).

The Customs Executive Board receives quarterly updates providing a five-year forecast of our financial position. This multi-year view enables the Customs Executive Board to make informed strategic decisions on managing financial pressures and the prioritisation of activities and investments.

### Understanding the financial challenges and pressures across the border sector

Customs leads the Financial Planning workstream for the Border Executive Board, alongside other border agencies (Ministry of Business, Innovation and Employment, Ministry for Primary Industries, Ministry of Health, Ministry of Transport, and the Ministry of Foreign Affairs and Trade).

The Financial Planning workstream provides a consolidated view of the total cost of border activities and the measures being taken to make sure they are financially sustainable. This includes the impact of increases in fees and levies across the wider border sector.

This work supports the Border Executive Board to make informed decisions and increase the visibility of financial pressures across the sector.

### We actively manage our assets and investments

We manage approximately \$112 million worth of assets. These assets include the critical information systems, property, and equipment that are essential to deliver our services.

### Review of our Auckland office accommodation

Customs staff work across 14 locations in New Zealand, with most based in Auckland, Wellington, and Christchurch.

Over 400 staff currently work out of our Customhouse building in central Auckland.

In 2022 we reviewed our office requirements in Auckland. The review looked at the need to increase security around building entrances, reduce the amount of office space we lease, and to make sure we meet Government Property Group guidelines for seismic safety and energy efficiency.

An agreement was signed in March 2024 that will see staff relocate to a new building from early 2025. The relocation will reduce Customs' accommodation footprint and support a more modern, flexible, and energy-efficient working environment for both Customs and co-located partner agency staff.

Relocation and fitout costs will be met from baseline funding, using funds set aside each year for leasehold improvements.

### New annual Chief Executive Attestation Statement

To ensure active stewardship of investments and assets across the public sector, the Government has introduced a new Chief Executive Attestation Statement that must be completed at the end of each financial year.

The Statement includes 16 assessment areas that measure compliance with requirements for investment and asset management introduced by Cabinet in September 2023. For the 2023/24 year, Customs was compliant with 14 of the requirements, which demonstrates we are managing our assets and investments well.

The two non-compliant requirements relate to the completion of the Treasury's Risk Profile Assessment (RPA) and the Strategic Assessment which is required if the RPA is Medium or High. We have previously completed the RPA for our significant investments only. However, it now applies to all investments, regardless of size.

From July 2024, all new investments will complete an RPA and a Strategic Assessment if needed. We are confident that we will be fully compliant with the next Chief Executive Attestation for 2024/25.

### Asset management plans support long-term planning

Asset Management Plans outline the assets needed to provide our services and activities. We use Asset Management Plans to identify factors that influence demand and our ability to sustain services and activities into the future, including technological advances.



We manage investment in these assets through a 10-year Long-Term Investment Plan to ensure they remain fit for purpose, with maintenance, upgrades, and end-of-life replacements planned and budgeted for.

Asset Management Plans are reviewed each year and inform the Investment Plan. This means we can adjust our investment programme to reflect any changes in our operating environment or strategic priorities.

All investment projects in the Investment Plan must submit business cases to the Customs Executive Board for approval. We report to the Board monthly on the progress of key investment projects, supporting effective governance and oversight throughout the design and development of each project.

Our business-critical assets are grouped into two portfolios for reporting purposes:

- **Property** – leased buildings used for office accommodation in our main centres
- **Information Communications and Technology (ICT)** – the information systems we rely on for facilitating trade and travel, collecting revenue, and managing associate risks.

### The year ahead

Good governance is critical to make sure we achieve our objectives and deliver our services effectively and efficiently.

**During 2024/25 we will:**

- continue improving awareness and management of our regulatory responsibilities
- improve compliance with the new requirements for managing business-critical assets and investments
- relocate our staff from the current Auckland Customhouse building to new premises, increasing site security and the energy efficiency of our office buildings.



## Asset Performance – Property Portfolio

The following measures relate to the Auckland, Wellington, and Christchurch Customhouses.

**Table 11:** Property asset measure results

Measure	Indicator	2022/23 Target	2022/23 Actual	2023/24 Target	2023/24 Actual
m <sup>2</sup> per office person	Utilisation	12m <sup>2</sup> -16m <sup>2</sup>	13.9m <sup>2</sup>	12m <sup>2</sup> -16m <sup>2</sup>	<b>14.43m<sup>2</sup></b>
Percentage of building services and other infrastructural services that provide a safe and comfortable environment for staff	Functionality	100%	100%	100%	<b>100%</b>
We aim to provide workplaces that are comfortable and safe for our people, clients, and visitors. We assess our buildings against the safe and comfortable criteria, which includes accessibility, location, safety, security and fitness for purpose.					
Percentage of buildings not earthquake-prone	Condition	100%	100%	100%	<b>100%</b>
Percentage of buildings that meet the minimum required NABERSNZ energy efficiency rating	Condition	100%	0%	100%	<b>0%</b>

From 1 July 2021, our Auckland and Wellington Customhouse offices have been monitored against the NABERSNZ energy efficiency rating as part of our work to reduce carbon emissions through the Carbon Neutral Government Programme. The NABERSNZ system is an independent tool that rates the energy efficiency of office buildings. Since both our Auckland and Wellington Customhouses are over 2,000m<sup>2</sup>, they are required to meet the standard set by the Government Property Group of a minimum of 4 out of 6 stars. As at 30 June 2024, both our Wellington and Auckland Customhouses were rated 3.5 stars. Work is currently underway to relocate our Auckland Customhouse to new premises, with staff expected to move in early 2025. The new building has an NABERSNZ rating of 4 stars, and a Green-Star design rating of 5.

## Asset Performance – Information Communications and Technology Portfolio

The following measures relate to our key information systems. These are the business-critical systems that allow us to identify and manage border risks and threats and monitor the processing of passengers and goods across the border. Our critical IT systems include:

- Joint Border Management System/Trade Single Window – enabling the processing of goods as they cross the border
- CusMod border management system – monitoring processing of passengers, crew, craft, and goods at the border

- Nexus data warehouse
- New Zealand Traveller Declaration (NZTD) system
- eGates for passenger processing
- Customs Financial Management Information System.

The Customs Executive Board receives quarterly reporting on the percentage of time these critical systems were available, as well as any planned or unplanned outages. This enables early identification of any issues. We also monitor any priority one incidents (when critical systems are impacted) and the use of key systems such as eGates and digital NZTD declarations.

**Table 12:** ICT asset measure results

Measure	Indicator	2022/23 Target	2022/23 Actual	2023/24 Target	2023/24 Actual
Percentage of time systems are available	Availability	99%	99.96%	99%	<b>99.4%</b>
This measure excludes planned outages. We advise our customers in advance of planned outages and aim to schedule them for times that minimise disruption to business operations. If planned outages are included, availability was 99.2%					
Percentage of priority one incidents resolved within agreed support and maintenance service levels	Functionality	100%	85.7%	100%	<b>75%</b>
In 2023/24, there were four priority one incidents across our key ICT systems, one of which was not resolved within our agreed service-level agreements. This incident impacted Trade Single Window (TSW) which caused trading partners to be unable to submit lodgements and retrieve responses intermittently throughout the incident.					
Percentage of ICT assets fully supported by vendor	Condition	100%	100%	100%	<b>100%</b>
Percentage of commercial air passengers completing a digital NZTD declaration	Utilisation	-	-	45%	<b>43.6%</b>
Digital uptake of NZTD is also an output performance measure. See page 116 for more information about this indicator.					
Percentage of commercial air passengers using eGates	Utilisation	>55%	61.0%	>55%	<b>64.4%</b>
Alerts in border management system	Utilisation	N/A	293,661	N/A	<b>229,582</b>



# INDEPENDENT AUDITOR'S REPORT



## Independent Auditor's Report

To the readers of New Zealand Customs Service's annual report for the year ended 30 June 2024

The Auditor-General is the auditor of New Zealand Customs Service (the Department). The Auditor-General has appointed me, Ajay Sharma, using the staff and resources of Audit New Zealand, to carry out, on his behalf, the audit of:

- the financial statements of the Department on pages 126 to 153, that comprise the statement of financial position, statement of commitments, statement of contingent liabilities and contingent assets as at 30 June 2024, the statement of comprehensive revenue and expense, statement of changes in equity, and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information;
- the performance information for the appropriations administered by the Department for the year ended 30 June 2024 on pages 16 to 19, and 29 to 63, and 106 to 117; and
- the statements of expenses and capital expenditure of the Department for the year ended 30 June 2024 on pages 118 to 120; and
- the schedules of non-departmental activities which are managed by the Department on behalf of the Crown on pages 154 to 161 and 131 that comprise:
  - the schedules of assets; liabilities; commitments; and contingent liabilities and assets as at 30 June 2024;
  - the schedules of expenses; and revenue for the year ended 30 June 2024;
  - the statement of trust monies for the year ended 30 June 2024; and
  - the notes to the schedules that include accounting policies and other explanatory information.

### Opinion

In our opinion:

- the financial statements of the Department:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2024; and
    - its financial performance and cash flows for the year ended on that date; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.
- the performance information for the appropriations administered by the Department for the year ended 30 June 2024:
  - presents fairly, in all material respects:
    - what has been achieved with the appropriation; and
    - the actual expenses or capital expenditure incurred as compared with the expenses or capital expenditure that were appropriated or forecast to be incurred; and
  - complies with generally accepted accounting practice in New Zealand.
- the statements of expenses and capital expenditure of the Department are presented, in all material respects, in accordance with the requirements of section 45A of the Public Finance Act 1989.

- the schedules of non-departmental activities which are managed by the Department on behalf of the Crown present fairly, in all material respects, in accordance with the Treasury Instructions:

- the assets; liabilities; commitments; and contingent liabilities and assets as at 30 June 2024; and
- expenses; and revenue for the year ended 30 June 2024; and
- the statement of trust monies for the year ended 30 June 2024.

Our audit was completed on 26 September 2024. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Comptroller and our responsibilities relating to the information to be audited, we comment on other information, and we explain our independence.

### Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of the Comptroller for the information to be audited

The Comptroller is responsible on behalf of the Department for preparing:

- financial statements that present fairly the Department's financial position, financial performance, and its cash flows, and that comply with generally accepted accounting practice in New Zealand.
- performance information that presents fairly what has been achieved with each appropriation, the expenditure incurred as compared with expenditure expected to be incurred, and that complies with generally accepted accounting practice in New Zealand.
- statements of expenses and capital expenditure of the Department, that are presented fairly, in accordance with the requirements of the Public Finance Act 1989.
- schedules of non-departmental activities, in accordance with the Treasury Instructions, that present fairly those activities managed by the Department on behalf of the Crown.

The Comptroller is responsible for such internal control as is determined is necessary to enable the preparation of the information to be audited that is free from material misstatement, whether due to fraud or error.

In preparing the information to be audited, the Comptroller is responsible on behalf of the Department for assessing the Department's ability to continue as a going concern. The Comptroller is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of the Department, or there is no realistic alternative but to do so.

The Comptroller's responsibilities arise from the Public Finance Act 1989.

## AUDIT NEW ZEALAND

Mana Arotake Aotearoa

### Responsibilities of the auditor for the information to be audited

Our objectives are to obtain reasonable assurance about whether the information we audited, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of the information we audited.

For the budget information reported in the information we audited, our procedures were limited to checking that the information agreed to the Department's Statement of Intent 2021-2025, Estimates and Supplementary Estimates of Appropriations 2023/24 and the 2023/24 forecast financial figures included in the Department's 2022/23 Annual Report.

We did not evaluate the security and controls over the electronic publication of the information we audited.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the information we audited, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Comptroller.
- We evaluate the appropriateness of the reported performance information for the appropriations administered by the Department.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Comptroller and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Department's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the information we audited or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Department to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the information we audited, including the disclosures, and whether the information we audited represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Comptroller regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

### Other information

The Comptroller is responsible for the other information. The other information comprises the information included on pages 2 to 15, 20 to 28, 64 to 95, 105, 124 to 125, 163 to 169, 175 to 198, but does not include the information we audited, and our auditor's report thereon.

Our opinion on the information we audited does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the information we audited or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

The report by the Minister of Customs on relevant non-departmental appropriations that are appended to the Department's annual report are not part of the Department's annual report. The Public Finance Act 1989 does not require the information in the Minister's report to be audited and we have performed no procedures over the information in the Minister's report.

### Independence

We are independent of the Department in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) (PES 1) issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests, in the Department.



**Ajay Sharma**

Audit New Zealand  
On behalf of the Auditor-General  
Wellington, New Zealand



# OUR PERFORMANCE

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**We achieved 94%  
of our output  
performance  
measures**

for 2023/24





# Statement of Responsibility

I am responsible, as Comptroller of Customs, for:

- the preparation of the financial statements for the New Zealand Customs Service, the statements of expenses and capital expenditure, and for the judgements expressed in them
- having in place a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting
- ensuring that end-of-year performance information on each appropriation administered by the New Zealand Customs Service is provided in accordance with sections 19A to 19C of the Public Finance Act 1989, whether or not that information is included in this annual report
- the accuracy of end-of-year performance information prepared by the New Zealand Customs Service, whether or not that information is included in this annual report.

In my opinion:

- the annual report fairly represents the operations, progress, and organisational health and capability of the New Zealand Customs Service
- the financial statements fairly reflect the financial position of the New Zealand Customs Service as at 30 June 2024 and its operations for the financial year ended on that date
- the forecast financial statements fairly reflect the forecast financial position of the New Zealand Customs Service as at 30 June 2024 and its operations for the 2024/25 financial year.

**Christine Stevenson**

Comptroller of Customs  
26 September 2024

# How we measure and track our performance

Our performance information is prepared in accordance with Tier 1 Public Benefit Entity (PBE) accounting standards, which have been applied consistently throughout the 2023/24 financial year.

This includes compliance with the new PBE FRS 48 Service Performance Reporting standard. The standard sets principle-based requirements around the selection and presentation of performance information that is appropriate and meaningful to readers.

## Measuring our performance

Our performance framework (see page 17) sets out how we measure, track, and report on our strategic outcomes across our core functions – Protection, Trade and Revenue, and Travel.

The framework also includes how we monitor the services we provide to our clients, the public, and the Government that support us to achieve these outcomes (our outputs).

These are funded through five appropriations:

- Goods Clearance and Enforcement
- Travellers Clearance and Enforcement
- Revenue Collection and Other Services
- Border System Performance
- Traveller Declaration System Development – a multi-year appropriation that expires on 30 June 2025.

Our appropriations broadly describe the services we provide and activities we do. Each appropriation contains a group of output performance measures and standards to assess how well we deliver our services and activities.

## Critical reporting judgements, estimates, and assumptions

Our progress indicators and output performance measures and standards for 2023/24 meet the requirements of PBE FRS 48. They provide a mix of quantitative and qualitative indicators.

We review our key strategic progress indicators annually to ensure they are relevant and meaningful ways of tracking our progress towards our strategic outcomes. These are grouped by our core functions. Our strategic progress measures are set out in the section *Our functional areas* (see pages 29-63).

Our output measures (see pages 108-116) are also reviewed annually to make sure they are fit for purpose, accurately reflect the services we deliver, and are relevant and material ways of assessing our performance. We have developed measures, grouped by appropriation, which include activities for facilitation, risk assessment, interventions, and compliance. Performance standards are set based on an analysis and assessment of trends, risk-based sampling, and assurance modelling. The fit for purpose measures and standards provide a valid representation of the services delivered.

## Contextual information

We have included comparison of our 2023/24 performance measures against the results for 2022/23. To provide further context, we have also included our performance standards for measures remaining in place for 2024/25 and the rationale for any changes. This information is unaudited.

We have included additional information to explain any significant changes in performance or where our standards have not been met.

Further information on the selection of our 2023/24 output measures can be found in *The Estimates of Appropriations 2023/24* and *The Supplementary Estimates of Appropriations 2023/24* documents published by the Treasury.

## Satisfaction surveys

Satisfaction or client experience surveys are one-way opportunities for improvement can be identified. We survey our portfolio Minister each year to assess their satisfaction with the policy advice and ministerial servicing we provide (page 113). We also report the results of the Better for Business survey, run by the Ministry of Business, Innovation and Employment, which provides an indication of how easy it is for smaller businesses to engage with government agencies (see page 50). This survey is run annually and helps us to look for ways to improve our services for our clients.

## Linkages between non-financial and financial performance information

How well we performed against our output performance measures and the indicators we use to measure our progress towards our strategic objectives need to be read together with our financial statements. This provides an assessment of how effectively we used our funding to achieve our goals.

This section of the report provides an overview of expenditure and revenue for each appropriation. Most of our expenditure relates to personnel (salary and wage) costs. Pages 123-161 provide more information on our financial performance and operating expenditure for 2023/24.

## Our output measures show how well we performed against the services we deliver

Our performance against our output measures and standards are set out in the following pages. They reflect the information included in *The Estimates of Appropriations and as amended by The Supplementary Estimates of Appropriations* for the year ending 30 June 2024.

The 2023/24 actual results in this section are audited.

The Budget figures are those included in *The Estimates of Appropriations 2023/24*. The Revised Budget figures are those from *The Supplementary Estimates of Appropriations 2023/24*. This information is unaudited.

Each appropriation in this section shows how the output measures link to our strategic outcomes and core functions.



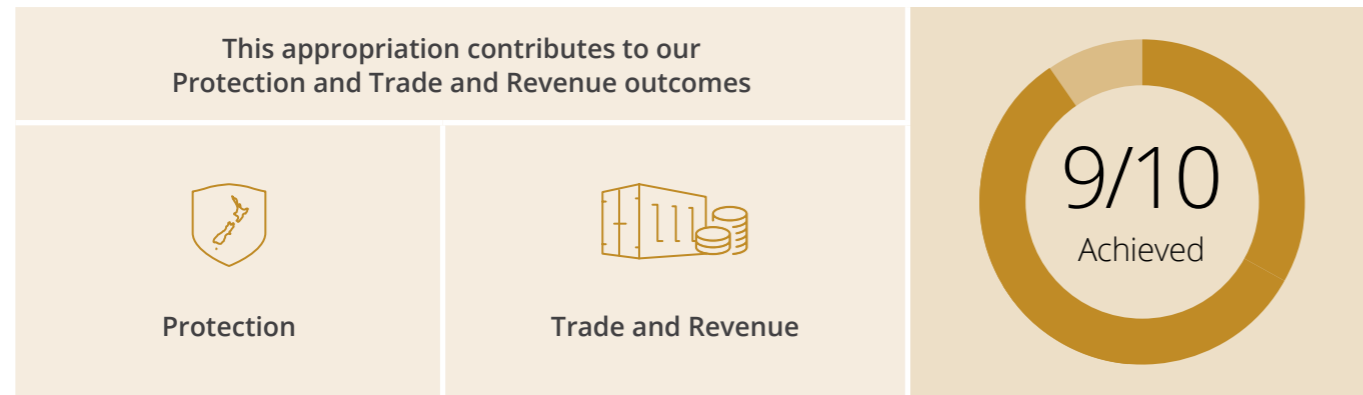
### Read more

[Vote Customs - External Sector - Estimates of Appropriations 2023/24 | The Treasury New Zealand](#)

[Vote Customs - Supplementary Estimates of Appropriations 2023/24 | The Treasury New Zealand](#)

## 01. Goods Clearance and Enforcement

This appropriation covers the provision of services relating to goods crossing borders, including trade compliance, and the protection of New Zealand through interventions, investigations, and enforcement.



### How we performed

2022/23 Actual	Measure	2023/24		2024/25 Standard
		Standard	Actual	
<b>Service provision and trade promotion</b>				
99.3%	Percentage of trade transactions (other than those referred for compliance checks) processed (including assessment against business rules and intelligence alerts) within 5 minutes	98%	<b>98.7%</b>	98%
10	Number of new companies that have formally entered Customs' Authorised Economic Operator (Secure Exports Scheme) programme	12	<b>61</b>	12
	The spike in the numbers of new partners is due to Secure Load Sites and Transport operators already operating within the supply chain that were able to become partners in their own right. As at 30 June 2024, in addition to approved partners, there are an additional 150 Transport Operators and 474 Secure Load Sites that operate within the AEO supply chain. New SES partners in 2023/24 included 16 new export partners, three export partners expanding to air freight, 20 Secure Load Sites, and 22 Transport Operators.			
<b>Clearance, compliance and risk management</b>				
99.4%	Percentage of import transactions not requiring intervention after risk assessment	98%	<b>99.6%</b>	98%
99.8%	Percentage of export transactions not requiring intervention after risk assessment	99%	<b>99.8%</b>	99%
9,388	Number of import mail items subject to risk-based physical examination	8,000 – 12,000	<b>9,608</b>	8,000 – 12,000
48.9%	Result rate of physically examined mail items	30%	<b>49.5%</b>	30%
	For this measure the result rate relates to the successful identification of prohibited or restricted goods. It does not include other positive outcomes that might result from conducting a physical exam such as generation of intelligence, identification of information mistakes, or other forms of non-compliance.			

2022/23 Actual	Measure	2023/24		2024/25 Standard
		Standard	Actual	
21,016	Number of import trade entries that are subject to risk-based physical examination	20,000 – 30,000	<b>19,767</b>	20,000 – 30,000
	<b>Not achieved</b> – The number of physical examinations is slightly below the minimum target. Our trade targeting rules determine the number of goods that are referred for physical examination and this varies from month to month. At times, there may be more referrals than what can be physically inspected by staff. During times like this, a triaging process, using x-ray and detector dog screening, is used to complete a further risk assessment and only goods that show inconsistent results are physically examined.			
New measure	Result rate of physically examined import trade entries	5% - 10%	<b>7.9%</b>	5% - 10%
	This measure reflects how often Custom's physical examinations find prohibited or restricted items in the import trade stream. This measure has been added for 2024/25 to complement the existing import trade physical examination measure.			
10,646	Number of import transactions selected for random intervention (under Customs' Assurance programme)	6,750	<b>8,902</b>	6,750
	The 6,750 interventions standard is the minimum to make sure there is robust sampling within our desired confidence levels. By conducting extra sampling, where possible, we can increase our accuracy and conduct more granular analysis of compliance across import streams.			

### Investigations and enforcement

Amended measure	Percentage of investigations, related to import or export of prohibited or restricted goods, where a punitive or harm reduction action is achieved	75%	<b>92%</b>	75%
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### What it cost

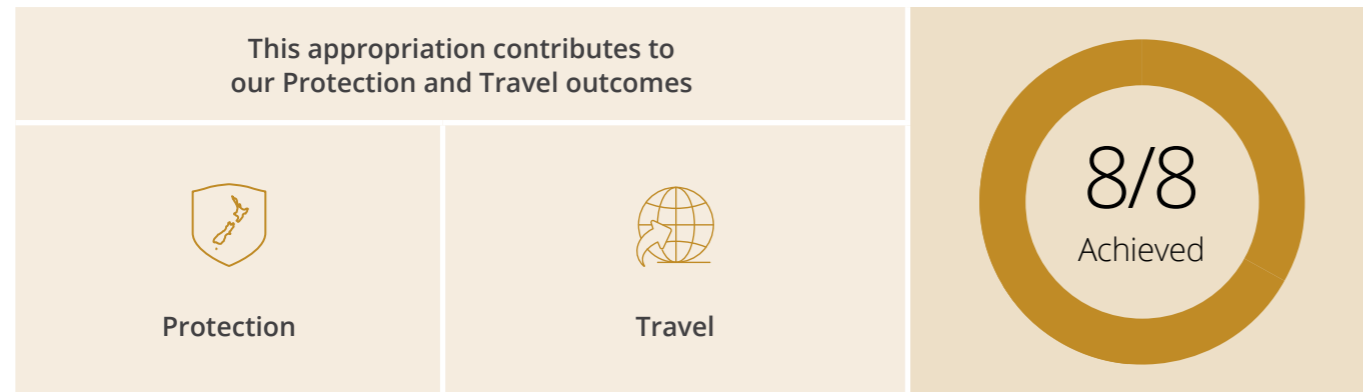
#### Revenue and output expenses

2022/23 Actual	2023/24		2024/25 Actual
\$000	Unaudited Budget \$000	Unaudited Revised Budget \$000	\$000
<b>Revenue</b>			
61,156	Crown	58,842	55,501
53,388	Other	62,825	58,804
<b>114,544</b>	<b>Total revenue</b>	<b>121,667</b>	<b>114,305</b>
<b>113,554</b>	<b>Expenses excluding remeasurements</b>	<b>127,250</b>	<b>112,984</b>
<b>990</b>	<b>Surplus/(Deficit)</b>	<b>(5,583)</b>	<b>1,321</b>



## 02. Travellers Clearance and Enforcement

This appropriation covers the provision of services relating to travellers crossing borders and the protection of New Zealand through interventions, investigations, and enforcement.



### How we performed

2022/23 Actual	Measure	2023/24		2024/25 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%	<b>100%</b>	100%
2.0%	Percentage of all arriving commercial marine craft that are not assessed as high risk that will be subject to Customs secondary interaction	5%	<b>6.6%</b>	5%
16.9%	Percentage of arriving small craft subject to Customs secondary interaction	20%	<b>34.9%</b>	20%
<b>Air</b>				
99.5%	Percentage of arriving international air passengers and crew not requiring intervention after risk assessment	98%	<b>99.6%</b>	98%
0.5%	Percentage of arriving international air passengers and crew who are selected for further risk assessment at Customs' secondary areas	0.4% - 0.7%	<b>0.4%</b>	0.4% - 0.7%
10.5%	Result rate of secondary searches of arriving international air passengers and crew	6.0% -10.0%	<b>8.4%</b>	6.0% -10.0%
1,001	Number of arriving air and sea passengers selected for random interventions (under Customs' Assurance programme)	2,150	<b>2,458</b>	2,150
<b>Investigations and enforcement</b>				
Amended measure	Percentage of investigations, related to travellers and their possessions, where a punitive or harm reduction action is achieved	75%	<b>95%</b>	75%

## What it cost

### Revenue and output expenses

2022/23	2023/24		
Actual	Unaudited Budget	Unaudited Revised Budget	Actual
\$000	\$000	\$000	\$000
<b>Revenue</b>			
862	2,652	2,798	2,797
103,809	127,379	135,678	134,332
<b>104,671</b>	<b>130,031</b>	<b>138,476</b>	<b>137,129</b>
<b>86,982</b>	<b>90,960</b>	<b>93,784</b>	<b>92,743</b>
<b>17,689</b>	<b>39,071</b>	<b>44,692</b>	<b>44,386</b>

The services provided by Customs in relation to processing travellers (passengers and crew) as they cross the border is largely covered by funding received from third parties through the Border Processing Levy. During 2023/24, traveller volumes returned to close to pre-pandemic levels, increasing the revenue received. This revenue is managed through a memorandum account (see page 151).

### 03. Revenue Collection and Other Services

This appropriation covers the collection of Crown revenue, the provision of Customs related services to other government agencies and organisations, and the provision of advice and services to support Ministers to discharge their portfolio responsibilities relating to Customs.



#### How we performed

2022/23 Actual	Measure	2023/24		2024/25 Standard
		Standard	Actual	
<b>Revenue collection</b>				
99.3%	Percentage of revenue that is collected by the due date	98%	<b>98.2%</b>	98%
New measure	Percentage of substantial outstanding debts that are reviewed each month This measure reflects Customs' efforts to regularly review any significant outstanding debts. Customs' debt management strategy focuses on early identification and management of debt to reduce the risk of due debt becoming unrecoverable.	98%	<b>100%</b>	98%
0.07%	Debt write-offs as a percentage of total Crown revenue collected This measure includes write-off of debt related to tobacco smuggling (0.027% of total Crown revenue collected). Tobacco smuggling debt is generally unrecoverable due to smugglers having limited recoverable assets and illegal tobacco not being able to be resold for cost recovery.	0.08% or less	<b>0.04%</b>	0.08% or less
<b>Clearance, compliance and risk management</b>				
303	Number of risk-based trade compliance audit activities undertaken The new Trade Assurance audit programme commenced in July 2023. The full capability of the programme has yet to be realised. The measure will be reviewed in 2024/25 to ensure it remains fit for purpose.	200-300	<b>721</b>	200-300
85.3%	Percentage of a random sample of import entries that are found to be accurate through the transactional verification process	90%	<b>94.1%</b>	90%
Amended measure	Percentage of investigations, related to fraud, financial crime, or tax evasion, where a punitive or harm reduction action is achieved	75%	<b>100%</b>	75%

2022/23 Actual	Measure	2023/24		2024/25 Standard
		Standard	Actual	
<b>Policy advice</b>				
3.63	Assessment of the quality of a sample of the agency's policy advice papers:			
100% above 3	a) Minimum average score of papers	3.5 out of 5	<b>3.68</b>	3.5 out of 5
35% above 4	b) Minimum score of papers	100% above 3	<b>100% 3 or above</b>	100% above 3
5	Satisfaction of the portfolio Minister with the policy advice service	25% above 4	<b>53% above 4</b>	25% above 4
		3.75 out of 5	<b>4.91</b>	3.75 out of 5
<b>Ministerial servicing</b>				
Exceeds expectations	Satisfaction of the portfolio Minister with ministerial servicing	Meets expectations	<b>Exceeds expectations</b>	Meets expectations
100%	Percentage of draft replies to ministerial correspondence that are provided within 20 working days or as agreed with the Minister	95%	<b>100%</b>	95%
98.7%	Percentage of draft responses to parliamentary questions that are provided to the Minister's office so that answers can meet the timeframe set in Parliamentary Standing Orders	100%	<b>100%</b>	100%
<b>Other services</b>				
99.9%	Percentage of external alerts processed in accordance with alert instructions	100%	<b>100%</b>	100%
100%	Percentage of requests accepted by the National Maritime Coordination Centre which are assigned within 31 days The National Maritime Coordination Centre (NMCC) provides an all-of-government coordination service to maximise the effective and efficient use of New Zealand's maritime patrol and surveillance assets. Although the NMCC is operated independently by staff from a number of agencies, Customs is the agency formally responsible for hosting it. The standard has been increased to 95% for 2024/25 as a more accurate reflection of good performance.	80%	<b>100%</b>	95%

## Policy advice and ministerial servicing

For 2023/24, we surveyed the Minister of Customs, Hon Casey Costello, on her satisfaction with Customs policy advice and ministerial servicing for the period since she was appointed as Minister of Customs (5 December 2023 to 30 June 2024). This year we provided policy advice to the Minister of Customs on a range of topics, including:

- trade facilitation under the New Zealand – European Union trade agreement
- the true cost of combatting transnational organised crime
- Illicit tobacco in New Zealand
- pseudoephedrine at the border
- excise and excise-equivalent duties
- Customs Goods Fees: increase in line with inflation.

The services and support we give to the Minister of Customs also include preparing draft replies to ministerial correspondence and parliamentary questions. In 2023/24 we provided 51 draft replies to ministerial correspondence and 151 draft responses to written parliamentary questions to the Minister.

In addition to our internal quality assurance processes, we also get the New Zealand Institute of Economic Research (NZIER) to provide an annual external review of our policy papers to enable us to monitor the quality of our policy advice. This review uses the Policy Quality Framework

(PQR) and assessed a sample of 19 papers prepared during the year. NZIER gave our sample of papers an average score of 3.68 out of 5, and a median score of 4.

NZIER noted that our technical advice was well explained, clearly written, and was supplemented by good visuals. NZIER was impressed by the briefings to our new Minister that covered the new Government's policies as well as ongoing issues. NZIER highlighted that all our policy papers met PQR standards. We have met this standard every year since 2020, which is not something that other agencies have achieved.

## Other services

### External alerts

External agencies provide us with information about people or goods that are of interest to them. Our border management system electronically screens data for matches, helping us to process the alert in accordance with the alert instructions (for example, notify the other agency if the person or goods arrive at the border). We actioned 1,892 alerts created by other agencies in 2023/24. These alerts were created by the New Zealand Police (60%), the Ministry of Business, Innovation and Employment (Immigration New Zealand) (13%), the Ministry of Justice (10%), the Department of Corrections (9%), the Department of Internal Affairs (5%), Inland Revenue (4%), and the Ministry for Primary Industries (2%).

## What it cost

### Revenue and output expenses

2022/23		2023/24		
Actual		Unaudited Budget	Unaudited Revised Budget	Actual
\$000		\$000	\$000	\$000
<b>Revenue</b>				
31,224	Crown	33,068	36,963	36,963
2,745	Other	2,311	2,232	1,639
<b>33,969</b>	<b>Total revenue</b>	<b>35,379</b>	<b>39,195</b>	<b>38,602</b>
<b>31,560</b>	<b>Expenses excluding remeasurements</b>	<b>35,303</b>	<b>39,119</b>	<b>37,468</b>
<b>2,409</b>	<b>Surplus/(Deficit)</b>	<b>76</b>	<b>76</b>	<b>1,134</b>

## 04. Border System Performance

This appropriation is to support the Border Executive Board (BEB), which is responsible for providing policy and investment advice and the design and coordination of joint initiatives relating to the border system as a whole.

The multi-agency work of the BEB contributes to Customs' Protection and Travel outcomes



## How we performed

2022/23 Actual	Measure	2023/24		2024/25 Standard
		Standard	Actual	
Achieved	The BEB work programme has initiatives that respond to risk and drive border system improvement	Achieved	<b>Achieved</b>	Achieved
Meets and sometimes exceeds expectations	Satisfaction of the responsible Minister with the provision of coordination, information, and advice	Meets expectations	<b>Meets and sometimes exceeds expectations</b>	Meets expectations

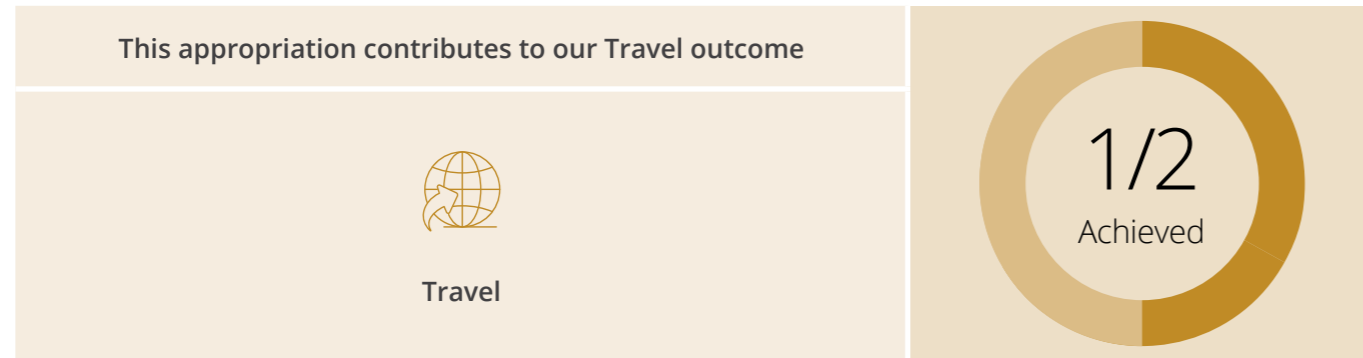
## What it cost

### Revenue and output expenses

2022/23		2023/24		
Actual		Unaudited Budget	Unaudited Revised Budget	Actual
\$000		\$000	\$000	\$000
<b>Revenue</b>				
1,571	Crown	1,417	1,717	1,717
-	Other	283	283	283
<b>1,571</b>	<b>Total revenue</b>	<b>1,700</b>	<b>2,000</b>	<b>2,000</b>
<b>1,034</b>	<b>Expenses excluding remeasurements</b>	<b>1,700</b>	<b>2,000</b>	<b>1,111</b>
<b>537</b>	<b>Surplus/(Deficit)</b>	<b>-</b>	<b>-</b>	<b>889</b>

## 05. Traveller Declaration System Development

This is a multi-year appropriation, which commenced on 1 September 2021, to cover the delivery of the New Zealand Traveller Declaration System (NZTD), a digital system to allow all passengers to make digital declarations, enable individual risk assessment by relevant agencies prior to travel, and ensure border risk is managed appropriately to protect all New Zealanders.



### How we performed

2022/23 Actual	Measure	2023/24		2024/25 Standard
		Standard	Actual	
New measure	Percentage of arriving travellers who complete their arrival declaration online	45%	<b>43.6%</b>	70%
	<p><b>Not achieved</b> – The NZTD had a phased roll out starting in July 2023, supported by an awareness campaign and promotion ramping up to a global education campaign in October 2023. Digital uptake has progressively increased as a result of ongoing engagement initiatives with air and maritime industry partners as well as promotional and communications activity. Digital uptake did not quite reach the target on 30 June 2024, falling short by 252 passengers (an equivalent of one smaller aircraft).</p> <p>We continue to focus on our digital uptake strategy and are on track to achieve 70% uptake by December 2024. This target aligns with both Ministerial Priorities and Customs' priority of increasing the use of digital services.</p>			
New measure	Percentage of arriving travellers who need to seek help from the contact centre in order to complete their arrival declaration	3% or less	<b>0.7%</b>	3% or less

### What it cost

#### Revenue and output expenses

2022/23 Actual		2023/24		
		Unaudited Budget	Unaudited Revised Budget	Actual
\$000		\$000	\$000	\$000
<b>Revenue</b>				
32,448	Crown	17,400	37,600	49,306
–	Other	–	–	–
<b>32,448</b>	<b>Total revenue</b>	<b>17,400</b>	<b>37,600</b>	<b>49,306</b>
<b>20,742</b>	<b>Expenses excluding remeasurements</b>	<b>17,400</b>	<b>49,306</b>	<b>44,081</b>
<b>11,706</b>	<b>Surplus/(Deficit)</b>	<b>–</b>	<b>(11,706)</b>	<b>5,225</b>

## Our Capital Expenditure

This appropriation covers the purchase or development of assets by and for the use of Customs, as authorised by section 24(1) of the Public Finance Act 1989.

### How we performed

2022/23 Actual	Measure	2023/24		2024/25 Standard
		Standard	Actual	
Achieved	Expenditure is in accordance with the department's intention to renew and replace computer equipment and software, furniture and fittings, leasehold improvements, motor vehicles and office equipment and plant	Achieved	<b>Achieved</b>	Achieved

### What it cost

#### Budgeted and Actual Capital Expenditure

2022/23 Actual		2023/24		
		Unaudited Budget	Unaudited Revised Budget	Actual
\$000		\$000	\$000	\$000
11,264	Property, plant and equipment	9,004	9,004	8,613
26,860	Intangibles	12,050	12,050	6,340
–	Other	–	–	–
<b>38,124</b>	<b>Total Appropriation</b>	<b>21,054</b>	<b>21,054</b>	<b>14,953</b>

## Appropriation Statements

The following statements report information about the expenses and capital expenditure incurred against each appropriation administered by Customs for the year ended 30 June 2024.

### Statement of Budgeted and Actual Expenses and Capital Expenditure Incurred Against Appropriations

For the year ended 30 June 2024

Annual and permanent appropriations for Vote Customs

2022/23		2023/24			
Expenditure excluding remeasurements \$000		Total expenditure \$000	Remeasurements <sup>1</sup> \$000	Expenditure excluding remeasurements \$000	Approved Appropriation 2024 <sup>2</sup> \$000
<b>Departmental output expenses</b>					
113,554	Goods Clearance and Enforcement	112,976	(8)	112,984	121,073
86,982	Travellers Clearance and Enforcement	92,737	(6)	92,743	93,784
31,560	Revenue Collection and Other Services	37,465	(3)	37,468	39,119
1,034	Border System Performance	1,111	-	1,111	2,000
<b>233,130</b>	<b>Total departmental output expenses</b>	<b>244,289</b>	<b>(17)</b>	<b>244,306</b>	<b>255,976</b>
<b>Departmental other expenses</b>					
-	Software as a Service intangible asset derecognition (write-off)	-	-	-	-
<b>Departmental capital expenditure</b>					
<b>38,124</b>	New Zealand Customs Service – capital expenditure PLA <sup>3</sup>	<b>14,953</b>	-	<b>14,953</b>	<b>21,054</b>
<b>Non-departmental other expenses</b>					
1,161	Change in Doubtful Debt Provision	17,889	-	17,889	8,000
62	World Customs Organization	73	-	73	80
<b>1,223</b>	<b>Total non-departmental other expenses</b>	<b>17,962</b>	-	<b>17,962</b>	<b>8,080</b>
<b>272,477</b>	<b>Total annual and permanent appropriations</b>	<b>277,204</b>	<b>(17)</b>	<b>277,221</b>	<b>285,110</b>

<sup>1</sup> Remeasurements are the movement brought about by the change in the discount rate applied to non-current employee entitlements (see Note 12, page 144)

<sup>2</sup> These are the appropriations from The Supplementary Estimates of Appropriations 2023/24

<sup>3</sup> Permanent Legislative Authority under section 24(1) of the Public Finance Act

## Multi-year appropriations

### Appropriation name: Traveller Declaration System Development

This is a multi-year appropriation to cover the provision of services relating to the development of policies, procedures, and systems to assess travellers for risk, including health risk, when crossing the New Zealand border. The appropriation started on 1 September 2021 and expires on 30 June 2025.

2022/23		2023/24
\$000		\$000
<b>Traveller Declaration System Development</b>		
42,300	Original appropriation	42,300
17,400	Cumulative adjustments	37,600
<b>59,700</b>	<b>Total adjusted approved appropriation</b>	<b>79,900</b>
9,852	Cumulative actual expenditure as at 1 July	30,594
20,742	Current year actual expenditure	44,081
<b>30,594</b>	<b>Cumulative Actual expenditure as at 30 June</b>	<b>74,675</b>
<b>29,106</b>	Appropriation remaining as at 30 June	<b>5,225</b>

## Operating Expenditure Appropriations Summary

For the year ended 30 June 2024

2022/23		2023/24
\$000		\$000
232,929	Annual Appropriations	244,288
3,809	COVID-19 – Maritime Response multi-year appropriation	-
20,742	Traveller Declaration System Development multi-year appropriation	44,081
<b>257,480</b>	<b>Total Operating Expenditure</b>	<b>288,369</b>

The COVID-19 – Maritime Response multi-year appropriation expired on 30 June 2023.

The 2023/24 performance information for each departmental appropriation administered by Customs has been reported in this annual report.

The 2023/24 performance information for each non-departmental appropriation has been reported by the Minister of Customs in a report appended to the New Zealand Customs Service Annual Report in this document.

## Statement of Expenses and Capital Expenditure Incurred Without, or in Excess of, Appropriation or Other Authority

For the year ended 30 June 2024

In the 2023/24 financial year, Customs:

- did not incur any expenses or capital expenditure without appropriation or other authority or outside the scope or period of the appropriation (2022/23 financial year: nil)
- did not incur any expenditure in departmental output appropriations in excess of appropriation (2022/23 financial year: incurred one)
- incurred expenditure in one non-departmental output appropriation in excess of appropriation (2022/23 financial year: nil)

### Expense and capital expenditure under section 26C of the Public Finance Act 1989

The Vote Customs non-departmental other expenses appropriation *Change in Doubtful Debt Provision* is a non-cash appropriation that authorises the provisioning for doubtful debts relating to duty and other tax revenue collected by the New Zealand Customs Service on behalf of the Crown.

In March 2024, Customs assessed the duty and compensatory interest owed on six tonnes of illegally imported tobacco at \$10.301 million (duty) and \$2.690 million (compensatory interest). Despite being imported illegally, tobacco is a legal product and duty must be calculated and charged to the importer despite the unlikelihood of receipt. In June 2024, it was deemed that the duty owed was unlikely to be recovered as the importer was imprisoned and had no assets. Unappropriated expenditure was incurred as a result of the need to provide for the eventual write-off of this large amount.

## Statement of Departmental Capital Injections

For the year ended 30 June 2024

2022/23		2023/24		
Actual		Unaudited Budget	Unaudited Revised Budget	Actual
\$000		\$000	\$000	\$000
<b>Vote Customs</b>				
18,549	Capital injections	13,875	17,875	17,875
(30,905)	Capital withdrawals	-	(21,485)	(21,485)
<b>(12,356)</b>	<b>New Zealand Customs Service – net capital injection</b>	<b>13,875</b>	<b>(3,610)</b>	<b>(3,610)</b>

Capital injections for 2023/24 include \$13.6 million received from the Crown and \$4 million funding transferred from operating to capital to fund the development and implementation of the New Zealand Traveller Declaration system. This is offset by the early repayment of \$21.5 million of capital injection funding received in Budget 2021.

## Statement of Departmental Capital Injections without, or in excess of, Authority

For the year ended 30 June 2024

In the 2022/23 financial year, Customs did not receive any capital injections without, or in excess of, authority (2022/23: nil).



# OUR FINANCES

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**We actively monitor our long-term financial position**

to make sure we deliver our services as effectively and efficiently as possible



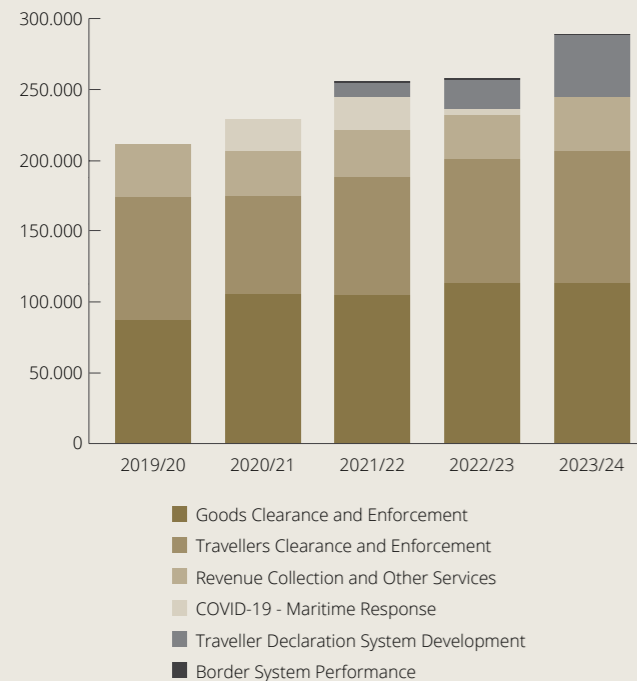
# Financial overview

The financial statements and notes in the following section of the Annual Report provide an overview of our financial performance for the year ended 30 June 2024.

## Operating expenditure increased during 2023/24

Our total operating expenditure for the 2023/24 financial year was \$288.4 million. This is \$30.9 million higher than in 2022/23, but \$16.9 million lower than authorised (appropriated) expenditure. The majority of the additional expenditure this financial year related to the implementation of the New Zealand Traveller Declaration (NZTD) system. This is time-limited funding, with the appropriation ending in June 2025.

**Figure 25:** Customs expenditure by appropriation (\$m)



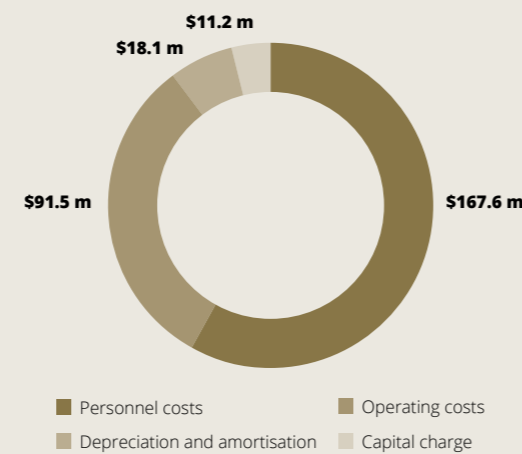
Most of our operational expenditure is for core services that cover the screening, clearance, and processing of passengers and goods as they cross the border, and the collection of revenue on behalf of the Crown.

These services are funded through the *Goods Clearance and Enforcement*, *Travellers Clearance and Enforcement*, and *Revenue Collection and Other Services* appropriations.

## The majority of our expenditure relates to personnel costs

Just over 58% of our expenditure relates to personnel costs. Most of our staff work in operational areas at New Zealand's international air and marine ports. Personnel expenditure increased 3% compared to 2022/23. This is due to pay increases agreed to as part of the multi-union collective agreement and the public sector pay adjustment agreement.

**Figure 26:** Departmental expenditure by major expense category 2023/24 (\$m)



Across our other expenditure categories, operating costs increased from 2022/23 due to one-off expenditure incurred by the NZTD programme. The development and subsequent amortisation of the NZTD system has also led to an increase in depreciation and amortisation expenditure.

## Revenue collected from fees and levies increased during the year

Customs collects fees and levies to recover the cost of screening and processing passengers and goods as they cross the border. These fees and levies are managed through memorandum accounts as revenue and expenditure do not always match in any given year (see page 151).

### Return to surplus for the Border Processing Levy memorandum account

The strong growth in passenger volumes in 2023/24 meant that the Border Processing Levy memorandum account returned to surplus for the first time since the COVID-19 pandemic.

The increased revenue meant we were able to repay the remaining \$21.5 million that we owed to the Crown following a capital injection received in 2021/22. This capital injection was used to offset lost revenue due to low passenger volumes during the pandemic.

All COVID-19 related funding has now been accounted for or returned to the Crown.

### Addressing the Goods Clearance Fees deficit

Goods Clearance Fees are designed to fund the screening, clearance, and processing of goods as they enter or leave New Zealand.

These fees do not currently cover all of the cost of delivering these services. Despite an inflation-based adjustment to these fees in October 2023, and another that began on 1 July 2024, the deficit in the Goods Clearance Fees memorandum account continues to grow.

A public consultation process is due to occur in the first half of the 2024/25 financial year on changes to the goods fees structure to ensure that fees are set at a sustainable level.

## Implementing our fiscal sustainability programme

During 2023/24 we carried out a line-by-line review of all expenditure to address growing cost pressures and ensure that expenditure remains within appropriated funding levels over the next few years. This work, together with the organisational change process that concluded in July 2024, means that we are well placed to achieve this objective.

### 2023/24 departmental underspend

Our strong focus on fiscal sustainability and work to reduce operating costs, meant that we ended the financial year with a \$16.9 million underspend. Much of this underspend related to holding vacancies in the lead up to, and during, the organisational change process between March and July 2024.

### Change in appropriations for 2024/25

For the 2024/25 financial year, a new multi-category appropriation has been established in Vote Customs. This will see our three core operational appropriations merge into the *Border Clearance and Risk Management* appropriation.

The new multi-category appropriation will make it easier to move funding across the delivery of traveller and goods clearance services and revenue collection services as resourcing demands change due to increased volumes or risk management activities.

Three categories have been created in the new appropriation to ensure that we retain the same level of financial transparency and performance accountability across our core services.

**Greg Hanlen**

Chief Financial Officer



# » Financial statements

## Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2024

2022/23		2023/24			2024/25	
Actual		Unaudited Budget	Unaudited Supps	Actual	Unaudited Forecast	
\$000	Note	\$000	\$000	\$000	\$000	
<i>Revenue</i>						
131,572	Crown	2	113,379	134,579	146,285	97,831
159,942	Other revenue	2	192,798	191,521	195,057	202,292
<b>291,514</b>	<b>Total revenue</b>		<b>306,177</b>	<b>326,100</b>	<b>341,342</b>	<b>300,123</b>
<i>Expenses</i>						
163,435	Personnel costs	3	176,247	170,836	167,612	165,406
65,853	Operating costs	4	61,704	100,429	91,473	94,431
16,855	Depreciation and amortisation expense	5	22,839	22,839	18,106	22,839
11,336	Capital charge	6	11,823	11,178	11,178	12,373
<b>257,479</b>	<b>Total expenses</b>		<b>272,613</b>	<b>305,282</b>	<b>288,369</b>	<b>295,049</b>
<b>34,035</b>	<b>Total comprehensive revenue and expense</b>		<b>33,564</b>	<b>20,818</b>	<b>52,973</b>	<b>5,074</b>

## Statement of Change in Equity

For the year ended 30 June 2024

2022/23		2023/24			2024/25	
Actual		Unaudited Budget	Unaudited Supps	Actual	Unaudited Forecast	
\$000	Note	\$000	\$000	\$000	\$000	
173,347	Taxpayers' funds as at 1 July		179,081	178,770	178,770	195,978
34,035	Total comprehensive revenue and expense for the year		33,564	20,818	52,973	5,074
(30,905)	Capital withdrawals		-	(21,485)	(21,485)	-
18,549	Capital injections		13,875	17,875	17,875	-
(16,256)	Provision for return of surplus	11	-	-	(11,513)	-
<b>178,770</b>	<b>Taxpayers' funds as at 30 June</b>		<b>226,520</b>	<b>195,978</b>	<b>216,620</b>	<b>201,052</b>

Explanations of major variances against budget are provided in note 23.

The accompanying accounting policies and notes form part of these financial statements.

## Statement of Financial Position

As at 30 June 2024

2022/23		2023/24			2024/25	
Actual		Unaudited Budget	Unaudited Supps	Actual	Unaudited Forecast	
\$000	Note	\$000	\$000	\$000	\$000	
<i>Current assets</i>						
61,927	Cash and cash equivalents	56,316	33,791	99,694	11,088	
6,269	Prepayments	5,627	5,627	3,636	5,627	
61,638	Debtors and receivables	7	65,528	57,822	59,170	87,963
<b>129,834</b>	<b>Total current assets</b>	<b>127,471</b>	<b>97,240</b>	<b>162,500</b>	<b>104,678</b>	
<i>Non-current assets</i>						
24,777	Property, plant and equipment	8	20,597	20,597	27,137	20,449
88,703	Intangible assets	9	114,348	114,348	87,595	114,348
100	Receivables and advances		42	42	100	42
<b>113,580</b>	<b>Total non-current assets</b>	<b>134,987</b>	<b>134,987</b>	<b>114,832</b>	<b>134,839</b>	
<b>243,414</b>	<b>Total assets</b>	<b>262,458</b>	<b>232,227</b>	<b>277,332</b>	<b>239,517</b>	
<i>Current liabilities</i>						
28,478	Creditors and payables	10	20,483	20,747	29,914	22,963
13,175	Employee entitlements	12	11,255	11,302	12,723	11,302
16,256	Provision for repayment of surplus to the Crown	11	-	-	11,513	-
-	Other short term liabilities	13	208	208	-	208
<b>57,909</b>	<b>Total current liabilities</b>	<b>31,946</b>	<b>32,257</b>	<b>54,150</b>	<b>34,473</b>	
<i>Non-current liabilities</i>						
2,951	Employee entitlements	12	3,742	3,742	2,778	3,742
3,784	Other long term provisions	14	250	250	3,784	250
<b>6,735</b>	<b>Total non-current liabilities</b>	<b>3,992</b>	<b>3,992</b>	<b>6,562</b>	<b>3,992</b>	
<b>64,644</b>	<b>Total liabilities</b>	<b>35,938</b>	<b>36,249</b>	<b>60,712</b>	<b>38,465</b>	
<b>178,770</b>	<b>Net assets</b>	<b>226,520</b>	<b>195,978</b>	<b>216,620</b>	<b>201,052</b>	
<i>Equity</i>						
224,564	Crown capital and retained earnings	15	226,520	195,978	218,600	201,052
(45,794)	Memorandum accounts (net position)	15	-	-	(1,980)	-
<b>178,770</b>	<b>Total equity as at 30 June</b>	<b>226,520</b>	<b>195,978</b>	<b>216,620</b>	<b>201,052</b>	

Explanations of major variances against budget are provided in note 23.  
The accompanying accounting policies and notes form part of these financial statements.

## Statement of Cash Flows

For the year ended 30 June 2024

2022/23		2023/24			2024/25	
Actual		Unaudited Budget	Unaudited Supps	Actual	Unaudited Forecast	
\$000	Note	\$000	\$000	\$000	\$000	
<b>Cash flows from operating activities</b>						
<i>Cash was provided from:</i>						
131,471	Crown	92,259	113,459	149,105	122,534	
147,671	Other revenue	191,486	190,209	194,594	201,247	
<i>Cash was applied to:</i>						
(165,412)	Personnel	(185,529)	(174,465)	(168,237)	(181,689)	
(61,539)	Operating	(82,560)	(102,490)	(89,990)	(124,728)	
2,162	Goods and Services Tax (net)	1	-	2,581	-	
(11,336)	Capital charge	(11,336)	(11,178)	(11,178)	(12,373)	
<b>43,017</b>	<b>Net cash flow from operating activities</b>	<b>20</b>	<b>4,321</b>	<b>15,536</b>	<b>76,875</b>	<b>4,991</b>
<b>Cash flows from investing activities</b>						
<i>Cash was provided from:</i>						
128	Sale of fixed assets	-	-	117	-	
<i>Cash was disbursed to:</i>						
2,864	Purchase of fixed assets	(2,752)	(2,752)	(8,613)	(6,640)	
(26,859)	Purchase of intangible assets	(21,055)	(21,055)	(10,745)	(21,054)	
<b>(23,867)</b>	<b>Net cash flow from investing activities</b>	<b>(23,807)</b>	<b>(23,807)</b>	<b>(19,241)</b>	<b>(27,694)</b>	
<b>Cash flows from financing activities</b>						
<i>Cash was provided from:</i>						
18,549	Capital injections received	13,875	17,875	17,875	-	
<i>Cash was disbursed to:</i>						
(30,905)	Capital withdrawal	-	(21,485)	(21,485)	-	
(8,240)	Repayment of surplus	-	-	(16,256)	-	
<b>(20,596)</b>	<b>Net cash flow from financing activities</b>	<b>13,875</b>	<b>(3,610)</b>	<b>(19,866)</b>	<b>-</b>	
<b>(1,446)</b>	<b>Net increase/(decrease) in cash</b>	<b>(5,611)</b>	<b>(11,881)</b>	<b>37,767</b>	<b>(22,703)</b>	
<b>63,373</b>	<b>Cash at the beginning of the year</b>	<b>61,927</b>	<b>61,927</b>	<b>61,927</b>	<b>33,791</b>	
<b>61,927</b>	<b>Cash at the end of the year</b>	<b>56,316</b>	<b>33,791</b>	<b>99,694</b>	<b>11,088</b>	

Explanations of major variances against budget are provided in note 23.  
The accompanying accounting policies and notes form part of these financial statements.

## Statement of Commitments

As at 30 June 2024

2022/23		2023/24
Actual \$000		Actual \$000
	<i>Non-cancellable operating lease commitments</i>	
16,053	Not later than one year	11,680
20,178	Later than one year and not later than five years	19,494
792	Later than five years	13,013
<b>37,023</b>	<b>Total non-cancellable operating commitments</b>	<b>44,187</b>
<b>37,023</b>	<b>Total commitments</b>	<b>44,187</b>

### Capital commitments

Customs has no capital commitments as at 30 June 2024 (2022/23: nil).

### Non-cancellable operating lease commitments

Customs has long-term leases on its premises throughout the country and overseas. Annual lease payments on the three largest leases, located in Auckland, Wellington, and Christchurch, are reviewed every three years. Other leases are subject to a range of review periods.

The amounts disclosed above as future commitments are based on the current rental rates.

Customs has no future non-cancellable sublease-of-premises-receipts due over the next 10 financial years as at 30 June 2024 (30 June 2023: nil).

Customs also has several non-cancellable software licence and support agreements for which it is bound to pay for the length of the agreement or a cancellation fee.

*The accompanying accounting policies and notes form part of these financial statements.*

## Statement of Departmental Contingent Liabilities and Assets

As at 30 June 2024

Contingent liabilities and contingent assets are recorded when the contingency is probable and can be reasonably estimated.

Contingent liabilities are disclosed if it is probable that they will occur. Contingent assets are disclosed if it is probable that the benefits will be realised.

Customs has quantifiable contingent assets of \$43,129 as at 30 June 2024 (30 June 2023: nil). Customs has no unquantifiable contingent assets as at 30 June 2024 (30 June 2023: nil).

Customs has no quantifiable or unquantifiable contingent liabilities as at 30 June 2024 (30 June 2023 quantifiable liabilities: \$55,000).

## Schedule of Trust Monies

For the year ended 30 June 2024

Account	As at 01/07/2023	Contribution \$000	Distribution \$000	As at 30/06/2024
	\$000			\$000
Customs Regional Deposit/Bonds Trust No.1, No.2 & No.3	20,241	5,451	6,029	19,663
New Zealand Customs Service Multiple Deposit Scheme Release Trust	96	6,148	6,139	105
New Zealand Customs Service Multiple Deposit Scheme Suspense Trust	958	6,098	6,331	725
<b>Total</b>	<b>21,295</b>	<b>17,697</b>	<b>18,499</b>	<b>20,493</b>

*The accompanying accounting policies and notes form part of these financial statements.*

## Notes to the Financial Statements

For the year ended 30 June 2024

### Note 1: Statement of accounting policies

#### Reporting entity

Customs is a government department as defined by section 5 of the Public Service Act 2020 and is domiciled and operates in New Zealand. The relevant legislation governing Customs' operations includes the Public Finance Act 1989, the Public Service Act 2020, and the Customs and Excise Act 2018 and related regulations.

Customs is a wholly owned entity by the Crown whose primary objective is to facilitate the movement of people, goods, and craft across the border and protect New Zealand's border and revenue. Customs does not operate to make a financial return. Accordingly, Customs is a Public Benefit Entity (PBE) under the External Reporting Board standards framework.

In addition, Customs has reported on Crown activities in the non-departmental statements and schedules beginning on page 154 and trust monies which it administers on page 131.

#### Reporting period

The reporting period for these financial statements is for the year ended 30 June 2024. The forecast financial statements are for the year ending 30 June 2025. The financial statements were authorised by the Comptroller of Customs on 26 September 2024.

#### Basis of preparation

The financial statements have been prepared on a going concern basis, and the accounting policies set out below and in the notes to the financial statements have been applied consistently to all periods presented in these financial statements.

These financial statements have been prepared on an historical cost basis, unless otherwise stated. The accrual basis of accounting has been used.

#### Statement of compliance

The financial statements of Customs have been prepared in accordance with the requirements of the Public Finance Act 1989, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practices (NZ GAAP), and Treasury Instructions.

These financial statements have been prepared in accordance with Tier 1 PBE accounting standards, and comply with PBE International Public Sector Accounting Standards (IPSAS).

#### Functional and presentation currency

These financial statements are presented in New Zealand dollars rounded to the nearest thousand dollars (\$000), other than the key management personnel disclosure in Note 18 and the additional assurance engagement with Audit NZ in Note 4. These disclosures are rounded to the nearest dollar. The functional currency of Customs is New Zealand dollars.

#### Accounting standards issued and adopted in 2023/24

##### PBE IPSAS 1 Presentation of Financial Reports

PBE IPSAS 1 is amended to enhance the requirements concerning the disclosure of information about the audit or review firm's fees and is effective for the year ending 30 June 2025. Customs has early adopted this standard, and any fees incurred will be classified according to the standard.

#### Accounting standards issued and not yet effective and not early adopted

##### PBE IPSAS 17 Insurance Contracts in the Public Sector

PBE IPSAS 17 is effective for the year ending 30 June 2027. Customs has determined that no changes will be required to comply with this amendment. Customs does not currently have arrangements covered by this standard.

### Critical accounting estimates and assumptions

In preparing these forecast financial statements, Customs has made estimates and assumptions concerning the future. These estimates and assumptions may differ from subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are in respect of:

- Assessing the impairment of Debtors and receivables – see Note 7
- Assessing the useful lives of software – see Note 9
- Measuring long service leave entitlements and retirement gratuities – see Note 12.

### Accounting policies

Significant accounting policies are included in the notes to which they relate.

Significant accounting policies that do not relate to a specific note and which materially affect the measurement of financial results, the financial position and output statements section are outlined below.

### Foreign currency transactions

Foreign currency transactions are translated into New Zealand dollars using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the financial results.

### Cash and cash equivalents

Cash and cash equivalents includes cash on hand and deposits held on call with banks.

Customs is only permitted to spend its cash and cash equivalents within the scope and limits of its appropriations.

### Goods and Services Tax

All items in the financial statements, including appropriation and output statements, are stated

exclusive of Goods and Services Tax (GST), except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, Inland Revenue is included as part of receivables or payables in the Statement of Financial Position. The net GST paid to, or received from, Inland Revenue, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

### Income tax

Government departments are exempt from income tax as public authorities. Accordingly, no charge for income tax has been provided for.

### Budget figures

The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

The budget figures are not subject to audit.

The 2023/24 'Budget' figures were those published in the 2022/23 annual report and the Government's *Pre-election Economic and Fiscal Update for the year ending 2024/25*. The 2022/23 'Supps' figures are those published in *The Supplementary Estimates of Appropriations 2023/24*.

### Forecast figures

The forecast figures for 2024/25 are the best estimate financial forecast information submitted to the Treasury for the *Estimates Appropriations 2024/25*.

The forecast figures in the financial statements have been prepared in accordance with the requirements of the Public Finance Act 1989 to communicate forecast financial information for accountability purposes. They are compliant with PBE Financial Reporting Standard 42 *Prospective Financial Statements*.

The forecasts have been compiled on the basis of existing government policies and ministerial expectations at the time the statements were finalised.

### Significant assumptions used in preparing the forecast financial information

The main assumptions are as follows:

- Customs' activities will remain substantially the same as for the previous year
- operating costs are based on historical trends, adjusted for the savings identified and implemented
- no allowances have been made for general cost and/or inflationary pressures
- the estimated year-end information for 2023/24 was used as the opening position for the 2024/25 forecasts.

### Variation to forecast

The actual financial results for the forecast period ending 30 June 2024 are likely to vary from the forecast information presented. Factors that may lead to a material difference include:

- changes due to initiatives approved by Cabinet
- technical adjustments to the budget including transfers between financial years
- macroeconomic impacts on estimations, judgements, and assumptions
- the timing of expenditure relating to significant programmes and projects.

### Cost allocations

Customs has determined the cost of outputs using an Activity Based Costing methodology.

The Activity Based Costing is a two-step costing methodology based on the premise that activities consume resources, and services consume activities. Multiple drivers are used having regard to the materiality and nature of the costs, and operational systems inform those causal drivers that assign activity costs to services.

Corporate services are analysed and the cost of each service assigned to those who consume them in the first stage of this costing.

Business Sustaining activity costs are assigned across services in proportion to their cost.

The methodology adopted complies with Treasury Guidelines and provides a logical and equitable view of the true cost of each service.

### Changes in accounting policies

There have been no changes in accounting policies since 30 June 2023.

### Comparatives

When presentation or classification of items in the financial statements are amended or accounting policies are changed, comparative figures are restated to ensure consistency with the current period unless it is impracticable to do so.

### Note 2: Revenue

Customs derives revenue through the provision of outputs to the Crown, and services to third parties. Such revenue is recognised when earned and is reported in the financial period to which it relates.

The specific accounting policies for major revenue items are explained below.

#### Revenue from the Crown

Revenue from the Crown is treated as a non-exchange transaction and is measured based on Customs' funding entitlement for the reporting period. The funding entitlement is established by Parliament when it passes the Appropriation Acts for the financial year. The amount of revenue recognised takes into account any amendments to appropriations approved in the Appropriation (Supplementary Estimates) Act for the year and certain other unconditional funding adjustments formally approved prior to balance date.

This treatment is based on the view that there are no use or return conditions attached to the funding from the Crown. However, Customs can incur expenses only within the scope and limits of its appropriations.

The fair value of revenue from the Crown is considered equivalent to the funding entitlement.

### Other Revenue

Revenue from the application and processing fees is measured at the fair value of consideration received. Revenue from the supply of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

Revenue from the supply of services is recognised at balance date on a straight-line basis over the specified period for the services unless an alternative method better represents the stage of completion of the transaction.

### Statutory levies

Revenue from statutory levies is recognised when the obligation to pay the levy is incurred. Although there are restrictions on how levy funding may be spent, including the requirement to manage deficits and surpluses by means of a memorandum account, there are no conditions attached to the levies that give rise to obligations to return levies to levy payers.

2022/23		2023/24	
Actual		Unaudited Budget	Actual
\$000		\$000	\$000
103,662	Border Processing Levy	132,142	133,690
44,816	Goods clearance fees	49,628	50,209
2,201	Cost recoveries	1,385	1,410
9,248	Sale of goods and services	9,625	9,738
15	Compliance	19	19
<b>159,942</b>	<b>Total other revenue</b>	<b>192,798</b>	<b>195,057</b>

### Note 3: Personnel costs

Personnel costs are recognised as an expense in the period to which they relate. Employer contributions to defined contribution plans include contributions to the State Sector Retirement Savings Scheme, KiwiSaver, and the Government Superannuation Fund.

2022/23		2023/24	
Actual		Unaudited Budget	Actual
\$000		\$000	\$000
136,187	Salaries and wages	166,085	140,847
4,590	Employer contributions to defined contribution plans	3,972	4,528
22,658	Other personnel expenses	6,190	22,237
<b>163,435</b>	<b>Total personnel costs</b>	<b>176,247</b>	<b>167,612</b>

### Note 4: Operating costs

Operating costs are recognised as an expense in the period to which they relate.

2022/23		2023/24	
Actual		Unaudited Budget	Actual
\$000		\$000	\$000
14,614	IT Infrastructure management	13,029	19,318
9,228	Computer equipment costs	7,036	10,430
9,444	Operating lease rentals	6,394	9,479
4,134	Travel and accommodation	2,609	3,867
6,295	Occupancy costs (excluding rentals)	3,637	5,391
7,558	Consultants and professional fees	17,251	25,573
3,345	Repairs and maintenance	2,354	3,490
2,673	Communication costs	2,059	3,053
1,393	Insurance	1,239	1,837
359	Fees paid to Audit NZ for the financial statement audit	266	359
(15)	Net (gain)/loss on sale of fixed assets	(5)	(7)
105	Net foreign exchange losses	67	99
110	Expected credit loss on financial assets (refer note 7)	666	1,006
6,610	Other operating costs	5,102	7,578
<b>65,853</b>	<b>Total operating costs</b>	<b>61,704</b>	<b>91,473</b>

### Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

### Note 5: Depreciation and amortisation

Depreciation is provided on a straight-line basis on all property, plant, and equipment, other than work in progress. The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. For further details refer to the policy on property, plant, and equipment in note 8 and intangible assets in note 9.

2022/23		2023/24	
Actual		Unaudited Budget	Actual
\$000		\$000	\$000
<i>Depreciation</i>			
556	Leasehold improvements	440	402
(26)	Office equipment	153	140
3,603	Other equipment and plant	3,087	2,823
57	Furniture and fittings	59	54
1,789	Computer equipment	1,923	1,758
620	Motor vehicles	790	722
308	Launch and watercraft	337	308
<b>6,907</b>	<b>Total depreciation</b>	<b>6,788</b>	<b>6,207</b>
<i>Amortisation</i>			
9,948	Intangible assets – computer software	16,051	11,899
<b>16,855</b>	<b>Total depreciation and amortisation cost</b>	<b>22,839</b>	<b>18,106</b>

### Note 6: Capital charge

The capital charge is recognised as an expense in the financial year that the charge relates to.

Customs pays a capital charge to the Crown on its equity (adjusted for memorandum accounts and donated assets) as at 30 June and 31 December each year. The capital charge rate for the year ended 30 June 2024 was 5.0% (1 July 2022 to 30 June 2023: 5.0%).

## Note 7: Debtors and receivables

Debtors and other receivables are initially measured at the amount due, and assessed annually for impairment.

Short-term receivables are recorded at the amount due, less an allowance for credit losses. New Zealand Customs Service applies the simplified expected credit loss model of recognising lifetime expected credit losses for receivables. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Statement of Comprehensive Revenue and Expense.

2022/23		2023/24
Actual \$000		Actual \$000
2,379	Debtor – Goods Cost Recovery	2,647
3,501	Receivables	1,934
20,503	Debtor – Border Processing Levy	23,140
<b>26,383</b>	<b>Gross trade receivable</b>	<b>27,721</b>
(1,583)	Less: allowance for credit losses	(2,570)
<b>24,800</b>	<b>Net trade debtors (exchange transactions)</b>	<b>25,151</b>
36,838	Debtor – Crown (non-exchange transactions)	34,019
<b>61,638</b>	<b>Total receivables</b>	<b>59,170</b>

Overdue receivables that are renegotiated are reclassified as current (i.e. not past due). The allowance for credit losses is determined as follows:

30 June 2024	Receivables days past due				Total
	Current	31–60 days	61–90 days	>90 days	
Expected credit loss rate	2%	62%	99%	95%	
Gross carrying amount (\$000)	25,204	662	281	1,573	<b>27,720</b>
Lifetime expected credit loss (\$000)	384	411	278	1,497	<b>2,570</b>

30 June 2023	Receivables days past due				Total
	Current	31–60 days	61–90 days	>90 days	
Expected credit loss rate	0%	0%	0%	54%	
Gross carrying amount (\$000)	22,235	733	470	2,945	<b>26,383</b>
Lifetime expected credit loss (\$000)	–	–	–	1,583	<b>1,583</b>

## Note 8: Property, plant, and equipment

Customs' property, plant, and equipment includes leasehold improvements, furniture and office equipment, plant and equipment, computer hardware, motor vehicles, launches, and watercraft.

Property, plant, and equipment is stated at historical cost less accumulated depreciation and impairment losses.

All property, plant, and equipment costing individually \$5,000 or more, or as a group of assets more than \$20,000, are capitalised.

### Additions

The cost of an item of property, plant, and equipment is recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to Customs and the cost of the item can be measured reliably.

In most instances, an item of property, plant, and equipment is recognised at its cost. Where an asset is acquired at no cost, or a nominal cost, it is recognised at fair value as at the date of acquisition.

Work in progress is recognised at cost less impairment and is not depreciated.

### Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses are recognised on a net basis in the Statement of Comprehensive Revenue and Expense.

### Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefits or service potential associated with the item will flow to Customs and the cost of the item can be measured reliably.

### Depreciation

Depreciation is provided on a straight-line basis on all property, plant, and equipment, other than work in progress, at rates that will write off the cost of the assets to their estimated residual values over their useful lives. The useful lives of major classes of assets have been estimated as follows:

– Furniture and office equipment	4 to 5 years
– Plant and equipment	5 to 15 years
– Computer hardware	4 to 5 years
– Motor vehicles	5 years
– Launch and watercraft	5 to 25 years
– Leasehold improvements	5 to 24 years

The launch is being depreciated at various rates according to the life expectancy of the various components.

The cost of leasehold improvements is depreciated over the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is the shorter.

The residual value and useful life of an asset is reviewed, and adjusted if appropriate, at each balance date.

### Impairment

Property, plant, and equipment, and intangible assets that have a finite useful life, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the service potential of the asset is not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining service potential.

The reversal of an impairment loss is recognised in the Statement of Comprehensive Revenue and Expense.

	Leasehold Improvements	Office Equipment	Other Equipment	Furniture and Fittings	Computer Equipment	Motor Vehicles	Launches/ Watercraft	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Cost</b>								
Balance at 1 July 2022	17,210	1,054	61,264	720	21,468	6,878	5,816	114,410
Additions	80	-	1,829	-	3,453	374	-	5,736
Transfers	-	(81)	68	10	1	(39)	40	(1)
Disposals	-	-	-	-	-	(340)	-	(340)
Work in progress movement	49	(16)	(5,839)	-	(2,416)	(345)	44	(8,523)
<b>Balance at 30 June 2023</b>	<b>17,339</b>	<b>957</b>	<b>57,322</b>	<b>730</b>	<b>22,506</b>	<b>6,528</b>	<b>5,900</b>	<b>111,282</b>
Balance of work in progress	252	274	658	-	339	76	44	1,643
<b>Balance at 1 July 2023</b>	<b>17,339</b>	<b>957</b>	<b>57,322</b>	<b>730</b>	<b>22,506</b>	<b>6,528</b>	<b>5,900</b>	<b>111,282</b>
Additions	-	193	1,851	-	1,467	1,196	-	4,707
Reclassification of WIP	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	(209)	-	(209)
Work in progress movement	1,615	(231)	2,084	-	532	(50)	(45)	3,905
<b>Balance at 30 June 2024</b>	<b>18,954</b>	<b>919</b>	<b>61,257</b>	<b>730</b>	<b>24,505</b>	<b>7,466</b>	<b>5,855</b>	<b>119,686</b>
Balance of work in progress	1,867	43	2,742	-	869	26	-	5,548
<b>Accumulated depreciation and impairment losses</b>								
<b>Balance at 1 July 2022</b>	14,063	892	42,468	527	17,233	3,495	1,183	79,861
Depreciation expenses	557	26	3,551	57	1,789	619	308	6,907
Disposals	-	(245)	99	153	(40)	87	(54)	-
Impairment	-	-	-	-	-	(263)	-	(263)
<b>Balance at 30 June 2023</b>	<b>14,620</b>	<b>673</b>	<b>46,118</b>	<b>737</b>	<b>18,982</b>	<b>3,938</b>	<b>1,437</b>	<b>86,505</b>
<b>Balance at 1 July 2023</b>	<b>14,620</b>	<b>673</b>	<b>46,118</b>	<b>737</b>	<b>18,982</b>	<b>3,938</b>	<b>1,437</b>	<b>86,505</b>
Depreciation expenses	402	140	2,823	54	1,758	722	308	6,207
Reclassification	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	(163)	-	(163)
<b>Balance at 30 June 2024</b>	<b>15,022</b>	<b>813</b>	<b>48,941</b>	<b>791</b>	<b>20,740</b>	<b>4,497</b>	<b>1,745</b>	<b>92,549</b>
<b>Carrying amount</b>								
<b>At 1 July 2022</b>	<b>3,147</b>	<b>162</b>	<b>18,796</b>	<b>193</b>	<b>4,235</b>	<b>3,383</b>	<b>4,633</b>	<b>34,549</b>
<b>At 30 June 2023</b>	<b>2,719</b>	<b>284</b>	<b>11,203</b>	<b>(7)</b>	<b>3,524</b>	<b>2,591</b>	<b>4,464</b>	<b>24,777</b>
<b>At 30 June 2024</b>	<b>3,932</b>	<b>106</b>	<b>12,788</b>	<b>(61)</b>	<b>3,303</b>	<b>2,969</b>	<b>4,110</b>	<b>27,137</b>



## Note 9: Intangible assets

### Software acquisition and development

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software are expensed when incurred. Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include the software development, employee costs, and an appropriate portion of relevant overheads.

Staff training costs are expensed when incurred.

	Acquired Software \$000	Internally Generated Software \$000	Total \$000
<b>Cost</b>			
Balance at 1 July 2022	25,347	142,543	167,890
Additions	290	12,516	12,806
Transfers	(13)	(2,996)	(3,009)
Work in progress movement	69	16,980	17,049
<b>Balance at 30 June 2023</b>	<b>25,693</b>	<b>169,043</b>	<b>194,736</b>
Balance of work in progress	69	18,973	19,042
Balance at 1 July 2023	25,693	169,043	194,736
Additions	167	25,215	25,382
Reclassification adjustment	-	-	-
Work in progress movement	48	(14,639)	(14,591)
<b>Balance at 30 June 2024</b>	<b>25,907</b>	<b>179,619</b>	<b>205,526</b>
Balance of work in progress	117	4,334	4,451
<b>Accumulated amortisation and impairment losses</b>			
Balance at 1 July 2022	19,695	76,404	96,099
Amortisation expenses	1,312	8,635	9,947
Disposals	-	-	-
Transfers	(13)	-	(13)
Impairment	-	-	-
<b>Balance at 30 June 2023</b>	<b>20,994</b>	<b>85,040</b>	<b>106,033</b>
Balance at 1 July 2023	20,994	85,040	106,033
Amortisation expenses	1,500	10,399	11,899
Reclassification adjustment	-	-	-
<b>Balance at 30 June 2024</b>	<b>22,494</b>	<b>95,439</b>	<b>117,932</b>
<b>Carrying amount</b>			
<b>At 1 July 2022</b>	<b>5,652</b>	<b>66,139</b>	<b>71,792</b>
<b>At 30 June 2023</b>	<b>4,699</b>	<b>84,002</b>	<b>88,703</b>
<b>At 30 June 2024</b>	<b>3,414</b>	<b>84,180</b>	<b>87,595</b>

There are no restrictions over the title of Customs' intangible assets, nor are any intangible assets pledged as security for liabilities.

## Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. The amortisation charge for each period is recognised in the Statement of Comprehensive Revenue and Expense.

The useful lives of intangible assets have been estimated as follows:

- Computer software 5 to 15 years

Intangible assets are tested annually for impairment. Intangible assets that have an indefinite useful life, or are not yet available for use, are not subject to amortisation.

## Note 10: Creditors and payables

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of creditors and other payables approximates their fair value.

2022/23		2023/24
Actual \$000		Actual \$000
<i>Payables under exchange transactions</i>		
5,432	Trade creditors	3,022
14,063	Accrued expenses	14,852
7,795	MPI – Border Processing Levy	8,271
<b>27,290</b>	<b>Total payables under exchange transactions</b>	<b>26,145</b>
<i>Payables under non-exchange transactions</i>		
1,188	GST payable	3,769
<b>1,188</b>	<b>Total payables under non-exchange transactions</b>	<b>3,769</b>
<b>28,478</b>	<b>Total creditors and payables</b>	<b>29,914</b>

## Note 11: Return of operating surplus

A surplus is required to be paid to the Crown by 31 October each year.

2022/23		2023/24
Actual \$000		Actual \$000
34,035	Net surplus/(deficit)	52,973
(17,779)	Add (surpluses)/deficits of memorandum accounts	(41,460)
<b>16,256</b>	<b>Total return of operating surplus</b>	<b>11,513</b>

## Note 12: Employee entitlements

### Current employee entitlements

Employee entitlements that Customs expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

Customs recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that Customs anticipates it will be used by staff to cover those future absences.

### Non-current employee entitlements

Entitlements that are payable beyond 12 months, such as long service leave and retiring leave, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information
- the present value of the estimated future cash flows using an applicable discount rate and salary inflation rate.

A weighted average discount rate of 4.84% (2022/23: 4.77%) and a salary inflation rate of 2.50% (2022/23: 2.50%) were used. The discount rates are the risk free discount rates published by the Treasury as at 30 June 2024. The inflation rate is based on the expected long-term increase in remuneration for employees as supplied by the Treasury.

### Retirement and long service leave

Obligations for contributions to the State Sector Retirement Savings Scheme, KiwiSaver, and the Government Superannuation Fund are accounted for as defined contribution schemes and are recognised as an expense in the Statement of Comprehensive Revenue and Expense as incurred.

2022/23		2023/24
Actual \$000		Actual \$000
<i>Current liabilities</i>		
2,028	Personnel accruals	2,253
10,037	Annual leave	9,617
1,110	Retirement and long service leave	853
<b>13,175</b>	<b>Total current portion</b>	<b>12,723</b>
<i>Non-current liabilities</i>		
2,951	Retirement and long service leave	2,778
<b>2,951</b>	<b>Total non-current portion</b>	<b>2,778</b>
<b>16,126</b>	<b>Total employee entitlements</b>	<b>15,501</b>

## Note 13: Other short term liabilities

Customs has no other short-term liabilities as at 30 June 2024 (30 June 2023: nil).

## Note 14: Other long term provisions

Customs recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in finance expenses.

Movement for provisions are as follows:

2022/23		2023/24
Actual \$000		Actual \$000
2,584	Lease make good provision as at 1 July	3,784
1,200	Additional provisions made	–
<b>3,784</b>	<b>Lease make good provision at 30 June</b>	<b>3,784</b>

In respect of a number of its leased premises, Customs is required at the expiry of the lease term to make good any damage caused, or alterations made, to the premises and to remove any fixtures or fittings installed. In many cases Customs has the option to renew these leases, which impacts on the timing of expected cash outflows to make good the premises.

## Note 15: Equity

Equity is the Crown's investment in Customs and is measured as the difference between total assets and total liabilities.

2022/23		2023/24
Actual \$000		Actual \$000
<i>Crown Capital and retained earnings</i>		
236,919	Balance as at 1 July	224,564
34,035	Surplus/(deficit)	52,973
(17,778)	Transfer of memorandum account net (surplus)/deficit for the year	(43,814)
(16,256)	Return of operating surplus to the Crown	(11,513)
(12,356)	Capital (withdrawal)/injection	(3,610)
<b>224,564</b>	<b>Balance as at 30 June</b>	<b>218,600</b>
<i>Memorandum accounts</i>		
(63,572)	Balance as at 1 July	(45,794)
17,778	Net memorandum account net surplus/(deficit) for the year	43,814
<b>(45,794)</b>	<b>Balance as at 30 June</b>	<b>(1,980)</b>
<b>178,770</b>	<b>Total equity as at 30 June</b>	<b>216,620</b>

## Note 16: Financial instruments

Customs' activities expose it to a variety of financial instrument risks, including market risk, credit risk, and liquidity risk. Customs has policies to manage the risks associated with financial instruments and seeks to minimise exposure from financial instruments. Customs does not enter into any transactions that are speculative in nature.

### Market risk

#### Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Currency risk arises from future overseas posts operations, which is denominated in a foreign currency. In 2023/24 Customs had ten overseas posts and operated two foreign currency bank accounts. Customs is exposed to currency risk arising from various currency exposures, primarily with respect to the United States dollar and Thai Baht.

Customs' foreign exchange management policy requires it to manage currency risk arising from future transactions and recognised liabilities by entering into foreign exchange forward contracts to reduce its foreign currency risk exposure. This policy has been approved by the Treasury and is in accordance with the requirements of Treasury Guidelines for the Management of Crown and Departmental Foreign-Exchange Exposure.

#### Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate, or the cash flows from a financial instrument will fluctuate, due to changes in market interest rates.

Customs has no interest-bearing financial instruments, so it has no exposure to interest rate risk.

### Credit risk

Credit risk is the risk that a third party will default on its obligation causing Customs to incur a loss.

In the normal course of its business, credit risk arises from debtors and deposits with banks.

Customs is only permitted to deposit funds with Westpac and operate foreign currency accounts for overseas posts expenses, with registered overseas banks, and enter into foreign exchange forward contracts with the Treasury Capital Markets. These entities have high credit ratings. For other financial instruments, Customs does not have significant concentrations of credit risk.

Customs' maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash and cash equivalents and net debtors (note 7). There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired.

### Liquidity risk

Liquidity risk is the risk that Customs will encounter difficulty raising liquid funds to meet commitments as they fall due.

In meeting its liquidity requirements, Customs closely monitors its forecast cash requirements with expected cash drawdowns from the Treasury Capital Markets. Customs maintains a target level of available cash to meet daily liquidity requirements.

The table below analyses Customs' financial liabilities that will be settled based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Less than 6 months \$000	Between 6 months and 1 year \$000	Between 1 and 5 years \$000	Over 5 years \$000
<b>2022/23</b>				
Creditors and other payables (note 10)	27,290	-	-	-
<b>Total</b>	<b>27,290</b>	-	-	-
<b>2023/24</b>				
Creditors and other payables (note 10)	26,145	-	-	-
<b>Total</b>	<b>26,145</b>	-	-	-

## Note 17: Categories of financial instruments

### Financial liabilities

Financial liabilities are recognised initially at fair value less transaction costs and subsequently measured at amortised cost using the effective interest rate method. Financial liabilities entered into with duration less than twelve months are recognised at their nominal value. Amortisation and, in the case of monetary items, foreign exchange gains and losses, are recognised in the Statement of Comprehensive Revenue and Expense as is any gain or loss when the liability is derecognised. There have been no financial liabilities designated as hedge items, therefore, no hedge accounting applied.

2022/23		2023/24
Actual \$000		Actual \$000
<i>Financial assets measured at amortised cost</i>		
61,927	Cash and cash equivalents	99,694
61,638	Debtors and other receivables	59,170
<b>123,565</b>	<b>Total financial assets measured at amortised cost</b>	<b>158,864</b>
<i>Financial liabilities measured at amortised cost</i>		
28,478	Creditors and other payables	29,914
<b>28,478</b>	<b>Total financial liabilities measured at amortised cost</b>	<b>29,914</b>

## Note 18: Related party transactions and key management personnel

Customs is a wholly owned entity of the Crown. The Government significantly influences the role of Customs as well as being its key source of revenue.

### Related parties

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect Customs would have adopted in dealing with the party at arm's length in the same circumstances. The Government reporting entity comprises a large number of commonly controlled entities, which includes Customs. These entities, and their key management personnel, transact among themselves on a regular basis, for example, for the registration of vehicles. These transactions are conducted at arm's length. Any transactions not conducted at arm's length will be disclosed in the financial statements.

### Remuneration to key management personnel

The remuneration of key management personnel during the year was as follows:

2022/23		2023/24
Actual		Actual
<b>Leadership Team, including the Comptroller</b>		
\$2,028,380	Salaries and other short-term employee benefits	\$1,908,578
6.0	Full-time equivalent staff	5.8

The key management personnel disclosure for Customs consists of the members of the Customs Executive Board (discussed on page 80). The Comptroller's remuneration is determined and paid by the Public Service Commission and invoiced to Customs.

The remuneration disclosure excludes the remuneration of the relevant Ministers for 2023/24. The Ministers' remuneration and other benefits are set by the Remuneration Authority and are paid under Permanent Legislative Authority, and not paid by Customs.

If close family members of key management personnel are employed by Customs, the terms and conditions of those arrangements are no more favourable than would be adopted if there were no relationship to key management personnel.

## Note 19: Capital management

Customs' capital is its equity, which comprises taxpayers' funds and the memorandum accounts.

Equity is represented by net assets. Customs' equity is largely managed as a by-product of managing income, expenses, assets, liabilities, and compliance with the Government Budget processes, Treasury Instructions, and the Public Finance Act 1989.

The objective of managing Customs' equity is to ensure that it effectively achieves its goals and objectives and remains a going concern.

## Note 20: Reconciliation of net surplus/deficit to net cash flow from operating activities for the year ended 30 June 2024

2022/23		2023/24
Actual \$000		Actual \$000
<b>34,035</b>	<b>Net operating surplus/(deficit)</b>	<b>52,973</b>
16,855	Depreciation and amortisation expense	18,106
<b>16,855</b>	<b>Total non-cash items</b>	<b>18,106</b>
	<i>Working capital movements</i>	
(12,323)	(Increase)/decrease in debtors and receivables	2,469
(1,854)	(Increase)/decrease in prepayments	2,633
7,125	Increase/(decrease) in creditors and payables	1,436
(1,777)	Increase/(decrease) in employee entitlements	(452)
(133)	Increase/(decrease) in other short term liabilities	-
<b>(8,962)</b>	<b>Working capital movements - net</b>	<b>(6,086)</b>
	<i>Movements in non-current liabilities</i>	
1,200	Provision for premises make good	-
(201)	Increase/(decrease) in employee entitlements	(173)
<b>999</b>	<b>Movements in non-current liabilities</b>	<b>(173)</b>
105	(Increase)/decrease in investing activity items	-
(15)	Net (gain)/loss on sale of fixed assets/impairment	(117)
<b>90</b>	<b>Total investing activity items</b>	<b>(117)</b>
<b>43,017</b>	<b>Net cash from operating activities</b>	<b>76,875</b>

## Note 21: Memorandum Accounts

These accounts summarise financial information relating to the accumulated surplus or deficit incurred in the provision of clearance services operating on a full recovery basis from third parties through the **Border Processing Levy** and **Goods Clearance Fees**.

A memorandum account allows for the fact that revenue and expenses may not necessarily equate in any given financial year, with balances expected to trend to zero over a reasonable period of time (three to five years). The account enables Customs to take a long-term perspective to fee setting and cost recovery.

Transactions are included as part of Customs' operating income and expenses and the resulting surplus/(deficit). However, these transactions are excluded from the calculation of Customs' return of operating surplus. The cumulative balance of the surplus/(deficit) of the Memorandum Account is recognised as a component of equity (refer note 15).

### Border Processing Levy

2022/23		2023/24
Actual \$000		Actual \$000
(60,985)	Opening balance 1 July	(39,300)
103,809	Revenue – Border Processing Levy	134,332
(82,124)	Expenses	(89,297)
-	Accumulated Capital injections applied	928
<b>(39,300)</b>	<b>Closing balance of memorandum account</b>	<b>6,663</b>

The border processing revenue enables Customs to manage risks while also streamlining travellers' interaction with the border. Traveller volumes have returned to close to pre-COVID levels. The Border Processing Levy memorandum account returned to surplus this year. This surplus will be returned to the Crown at the end of the current levy period on 30 November 2024. The levy rates were last set in December 2021 and Customs is consulting on options for the recovery of border processing costs for the next levy period from 1 December 2024.

### Goods Clearance Fees

2022/23		2023/24
Actual \$000		Actual \$000
(2,588)	Opening balance 1 July	(6,494)
40,480	Revenue – Goods Clearance Levy	44,553
(44,386)	Expenses	(48,128)
-	Accumulated Capital injections applied	1,426
<b>(6,494)</b>	<b>Closing balance of memorandum account</b>	<b>(8,643)</b>

Customs goods fees fund a wide range of the trade activities such as inspection, intelligence gathering, risk screening, service delivery, and Trade Single Window processes. Despite the inflation adjustment increase in Goods Fees introduced on 1 October 2023, fee revenue is insufficient to cover the cost of the current level of Customs' border processing and protection services. Customs is also undertaking a comprehensive review of its goods fees to address the long-term financial sustainability issue and a mismatch between some fee-payers and the costs their fees are funding. Customs has identified opportunities to make changes to the fee structures to improve fairness to fee payers and to taxpayers and is currently consulting on options for the recovery of managing goods.

## Note 22: Border Executive Board

The Border Executive Board was established from January 2021 as an interdepartmental executive board with accountability for ensuring there are no gaps in the end-to-end border processes.

Customs administers the Border System Performance appropriation under Vote Customs and the revenue, expenditure, assets, and liabilities relating to the Border Executive Board are included in the consolidated financial statements.

Border Executive Board financial information:

2022/23		2023/24
Actual \$000		Actual \$000
1,571	<b>Revenue from the Crown</b>	1,717
	<b>Expenditure</b>	
744	Personnel	915
285	Contractors and consultants	172
5	Other Operating costs	24
1,034	<b>Total Border Executive Board support expenditure</b>	1,111
589	<b>Assets (Receivables)</b>	606
	<b>Liabilities</b>	
52	Accrued expenses	-
537	Provision for repayment of surplus	606
589	<b>Total liabilities</b>	606

## Note 23: Explanations for major variances from 2023/24 Budget

### Statement of Comprehensive Revenue and Expense

Crown Revenue was higher than budget mostly related to the funding for the New Zealand Traveller Declaration multi-year appropriation. The increase mostly related to the carry forward of last year's underspend to implement the New Zealand Traveller Declaration System.

The overall expenditure was lower than budget, mainly due to the cost savings that have been identified and implemented during the year and an underspend in the New Zealand Traveller Declaration System (NZTD). The underspend for NZTD remains available as part of the multi-year appropriation.

The reductions in operating expenditure were largely in personnel due to the organisational change process and less spend on contractors and professional services, and depreciation.

### Statement of Change in Equity

The retained earnings amount for the year is due to the increase in the Border Processing Levy total and the underspend.

The retained earnings not related to the overall memorandum accounts surplus, which is retained to reduce the memorandum account deficit, is returned to the Crown. The reported provision for the repayment is not budgeted.

### Statement of Financial Position

The increase in Cash and cash equivalents is largely the result of increase in the Border Processing Levy revenue and the under expenditure.

## Note 24: Events after the balance date

There have been no significant events after the balance date.

Property, plant and equipment is more than budget. While expenditure on Intangible assets is lower than budget, the analysis of the Work in Progress account between Tangible Assets and Intangible Assets was not completed for the budget as the bulk of the capitalisation for the year was finalised in June. The split of costs between Intangible and Tangible assets is determined as the project progresses. In the final analysis, the split favoured Tangible Assets.

Capital expenditure for the year was less than budget due to resources continuing to be focused on extending the functionality of NZTD and constraints in anticipation of changes to align with new Government policy.

Creditors were higher than budget due to the increase in traveller volumes and the associated increase in the amount that Customs collects on behalf of the Ministry for Primary Industries.

Employee entitlements are lower than budget related to employee leave and retiring gratuity entitlements.

The unbudgeted increase in revenue and lower than budgeted costs resulted in a surplus which is repayable to the Crown.

Long term provisions is the estimate for the make good liability for our lease contracts, remains unchanged from last financial year.

### Statement of Cash Flows

The overall cash balance is above budget mainly due to the increased revenue from levies and fees and reduced expenditure offset by decreases in capital spending.

# » Non-departmental statements and schedules

The following non-departmental statements and schedules record the revenue, expenditure, assets, liabilities, commitments, contingent liabilities, and contingent assets that Customs manages on behalf of the Crown.

## Summary of Schedules and Statements

For the year ended 30 June 2024

2022/23				2023/24		2024/25	
Actual		Unaudited Budget	Unaudited Supps	Actual	Unaudited Forecast		
\$000		\$000	\$000	\$000	\$000		
18,565,256	Revenue	18,972,660	17,560,460	17,410,630	18,292,960		
1,223	Expenditure	8,080	8,080	17,962	8,080		
2,656,805	Assets	2,835,805	2,784,805	2,456,286	2,862,805		
23,510	Liabilities	23,510	23,510	10,338	23,510		

Explanations of significant variances against budget are provided in note 5.

## Schedule of Non-Departmental Revenue

For the year ended 30 June 2024

2022/23				2023/24		2024/25	
Actual		Unaudited Budget	Unaudited Supps	Actual	Unaudited Forecast		
\$000		\$000	\$000	\$000	\$000		
<b>Revenue</b>							
<i>Indirect taxation</i>							
1,290,631	Customs and excise duty on alcohol	1,400,000	1,319,000	1,238,579	1,399,000		
1,666,361	Customs and excise duty on tobacco products	1,602,000	1,519,000	1,473,413	1,506,000		
1,393,569	Customs and excise duty on refined motor spirit	2,141,000	1,940,000	2,069,088	1,963,000		
186,527	Customs duty on other imported goods	157,000	153,000	179,712	94,000		
14,013,672	Goods and Services Tax	13,659,000	12,616,000	12,436,711	13,317,000		
<b>18,550,760</b>	<b>Total indirect taxation</b>	<b>18,959,000</b>	<b>17,547,000</b>	<b>17,397,503</b>	<b>18,279,000</b>		
<i>Indirect non-taxation</i>							
62	World Customs Organization	80	80	73	80		
172	Sale of seized goods	80	80	15	80		
14,541	SGG Levy	13,000	13,000	12,926	13,500		
(279)	Infringement Notice	500	300	113	300		
<b>14,496</b>	<b>Total indirect non-taxation</b>	<b>13,660</b>	<b>13,460</b>	<b>13,127</b>	<b>13,960</b>		
<b>18,565,256</b>	<b>Total revenue</b>	<b>18,972,660</b>	<b>17,560,460</b>	<b>17,410,630</b>	<b>18,292,960</b>		

The accompanying accounting policies and notes form part of these financial statements.

## Schedule of Non-Departmental Expenditure

For the year ended 30 June 2024

2022/23				2024/25		2024/25	
Actual		Unaudited Budget	Unaudited Supps	Actual	Unaudited Forecast		
\$000	Note	\$000	\$000	\$000	\$000		
<i>Expenditure</i>							
62	World Customs Organization	80	80	73	80		
1,161	Expected credit loss on financial assets	8,000	8,000	17,889	8,000	2	
<b>1,223</b>	<b>Total expenditure</b>	<b>8,080</b>	<b>8,080</b>	<b>17,962</b>	<b>8,080</b>		

## Schedule of Non-Departmental Assets

As at 30 June 2024

2022/23				2024/25		2024/25	
Actual		Unaudited Budget	Unaudited Supps	Actual	Unaudited Forecast		
\$000	Note	\$000	\$000	\$000	\$000		
<i>Current assets</i>							
1,218,058	Cash and cash equivalents	1,218,058	1,218,058	1,066,619	1,218,058		
1,438,747	Debtors and other receivables	1,617,747	1,566,747	1,389,667	1,644,747	2	
<b>2,656,805</b>	<b>Total assets</b>	<b>2,835,805</b>	<b>2,784,805</b>	<b>2,456,286</b>	<b>2,862,805</b>		

## Schedule of Non-Departmental Liabilities

As at 30 June 2024

2022/23				2024/25		2024/25	
Actual		Unaudited Budget	Unaudited Supps	Actual	Unaudited Forecast		
\$000	Note	\$000	\$000	\$000	\$000		
<i>Current liabilities</i>							
15,825	Payables and provisions	15,825	15,825	2,098	15,825		
7,685	Creditor – departmental	7,685	7,685	8,240	7,685		
<b>23,510</b>	<b>Total liabilities</b>	<b>23,510</b>	<b>23,510</b>	<b>10,338</b>	<b>23,510</b>	<b>3</b>	

The accompanying accounting policies and notes form part of these financial statements.

## Statement of Non-Departmental Contingent Liabilities and Assets

As at 30 June 2024

2022/23				2023/24	
Actual		Actual		Actual	
\$000		\$000		\$000	
<i>Contingent liabilities</i>					
5,315	Legal proceedings and disputes			5,315	
<b>5,315</b>	<b>Total contingent liabilities</b>			<b>5,315</b>	
<i>Contingent assets</i>					
119	Legal proceedings			673	
<b>119</b>	<b>Total contingent assets</b>			<b>673</b>	

### Contingent liabilities

Legal proceedings and disputes represent the disputed assessments of revenue amounts in relation to the performance of Customs' statutory role and associated estimated legal costs. Customs is currently defending these assessments of revenue.

### Contingent assets

Crown contingent assets are seizures that have been appealed and held in trust. If the appeal is unsuccessful the amount will be forfeited to the Crown.

## Schedule of Non-Departmental Commitments

As at 30 June 2024

Customs has no Crown Commitments as at 30 June 2024 (30 June 2023: nil).

The accompanying accounting policies and notes form part of these financial statements.



## Notes to the non-departmental statements and schedules

For the year ended 30 June 2024

### Note 1: Statement of accounting policies

#### Reporting entity

These non-departmental schedules and statements present financial information on public funds managed by Customs on behalf of the Crown.

These non-departmental balances are consolidated into the Financial Statements of the Government. For a full understanding of the Crown's financial position, results of operations, and cash flows for the year, refer to the Financial Statements of the New Zealand Government for the year ended 30 June 2024.

#### Basis of preparation

The non-departmental schedules and statements have been prepared in accordance with the Government's accounting policies as set out in the Financial Statements of the Government, and in accordance with Treasury Instructions and Circulars.

Measurement and recognition rules applied in the preparation of these non-departmental schedules and statements are consistent with New Zealand generally accepted accounting practice for public benefit entities.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### Revenue

Customs collects revenue on behalf of the Crown.

The Crown provides many services and benefits that do not give rise to revenue. Further, payment of tax does not, in itself, entitle a taxpayer to an equivalent value of services or benefits, because there is no direct relationship between paying tax and receiving Crown services and transfers. Accordingly it is classified as non-exchange revenue.

Tax revenue is recognised when a taxable event has occurred and the tax revenue can be reliably measured. The taxable event is defined as follows:

Tax type	Taxable activity
Goods and services tax	The importation of taxable goods and services during the taxation period
Excise tax	An inland tax on the sale, or production for sale, of specific goods
Excise equivalent tax	An importation tax of the equivalent to the inland tax on the sale, or production for sale, of specific goods
Customs duty	A customs duty is a tariff or tax on the importation (usually) or exportation (unusually) of goods

The New Zealand tax system is predicated on self-assessment where taxpayers are expected to understand the tax laws and comply with them. This has an impact on the completeness of tax revenues when taxpayers fail to comply with tax laws, for example, if they do not declare the correct value of goods liable for taxation. Customs has implemented systems and controls in order to detect and correct situations where taxpayers are not complying. These systems and controls include performing audits of taxpayer records where determined necessary by Customs. Such procedures cannot identify all sources of non-compliance with tax laws. Customs is unable to estimate the amount of unreported tax.

#### Debtors and other receivables

Debtors and other receivables are sovereign receivables and are initially measured at face value as the fair value is not materially different from the face value. Debtors and receivables are subsequently tested for impairment at year-end.

Impairment of a receivable is established when there is objective evidence that Customs will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered indicators that the debt is impaired. The impairment is calculated based on a review of specific overdue

receivables and a collective assessment. The collective impairment provision is based on an analysis of past collection history and debt write-offs. The amount of the impairment is the difference between the asset's carrying amount and the estimated future cash flows.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the schedule of non-departmental expenses. When a debt is uncollectable, it is written off against the allowance account for debtors. Overdue receivables that are renegotiated are reclassified as current (i.e. not past due).

#### Contingent liabilities and assets

Contingent liabilities and assets are recorded at the point at which the contingency is probable and can be reasonably estimated. Contingent liabilities are disclosed if it is probable that they will occur. Contingent assets are disclosed if it is probable that the benefits will be realised.

#### Changes in accounting policies

There have been no changes in accounting policies since the date of the last audited financial statements.

#### Budget figures

The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements. The budget figures are not subject to audit.

The 2023/24 'Budget' figures were those published in the 2021/22 annual report and the *Government's Pre-election Economic and Fiscal Update for the year ending 2024/25*. The 2023/24 'Supps' figures are those published in *The Supplementary Estimates of Appropriations 2023/24*.

#### Forecast figures

The presentation of forecast financial information is a statutory requirement of the Public Finance Amendment Act 2013. The aim of this is to increase transparency by providing next year's forecast for comparison.

The forecast figures for the year ending 30 June 2025 are consistent with the best estimate financial forecast information available based on the *Estimates Appropriations 2024/25*.

## Note 2: Debtors and other receivables

2022/23		2023/24
Actual \$000		Actual \$000
1,258,772	Crown receivables	1,012,957
(14,213)	Less allowance for credit losses	(24,912)
<b>1,244,559</b>	Net Crown receivables (non-exchange transactions)	<b>988,045</b>
194,188	Accrued revenue	401,622
<b>1,438,747</b>	<b>Total debtors and other receivables</b>	<b>1,389,667</b>
	<i>Represented by:</i>	
<b>1,438,747</b>	Receivables from non-exchange transactions	<b>1,389,667</b>

The allowance for credit losses is determined as follows:

	30 June 2024				Total
	Current	31-60 days	61-90 days	>90 days	
Expected credit loss rate	0%	54%	100%	126%	
Gross carrying amount (\$000)	990,763	653	15,164	6,377	<b>1,012,957</b>
Lifetime expected credit loss (\$000)	1,315	352	15,224	8,021	<b>24,912</b>

	30 June 2023				Total
	Current	31-60 days	61-90 days	>90 days	
Expected credit loss rate	0%	100%	100%	100%	
Gross carrying amount (\$000)	1,247,016	1,000	1,261	9,495	<b>1,258,772</b>
Lifetime expected credit loss (\$000)	2,457	1,000	1,261	9,495	<b>14,213</b>

## Note 3: Creditors and other payables

2022/23		2023/24
Actual \$000		Actual \$000
23,352	Payables and accruals	9,807
119	Import Entry Transaction Fees payable	249
39	Other creditors – Departmental	282
<b>23,510</b>	<b>Total creditors and other payables</b>	<b>10,338</b>

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of creditors and other payables approximates their fair value.

## Note 4: Financial instruments

The carrying amounts of financial assets and financial liabilities in each of the PBE IPSAS 41 categories are as follows:

2022/23		2023/24
Actual \$000		Actual \$000
<b>Financial assets measured at amortised cost</b>		
1,218,058	Cash and cash equivalents	1,066,619
1,438,747	Debtors and other receivables	1,389,667
<b>2,656,805</b>	<b>Total financial assets measured at amortised cost</b>	<b>2,456,286</b>
<b>Financial liabilities measured at amortised cost</b>		
23,510	Creditors and other payables	10,338
<b>23,510</b>	<b>Total financial liabilities measured at amortised cost</b>	<b>10,338</b>

### Credit risk

Credit risk is the risk that a third party will default on its obligation, causing a loss to be incurred.

In determining the recoverability of debtors, Customs uses information about significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered indicators that the debt is impaired.

Under the Customs and Excise Act 2018, Customs has broad powers to ensure that people meet their obligations. Part 3 of the Act sets out the powers of the chief executive to recover unpaid amounts.

Receivables are widely dispersed over a number of customers and as a result the Crown does not have any material individual concentrations of credit risk.

Funds must be deposited with Westpac, a registered bank (Standard and Poor's credit rating of AA-).

Maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash and cash equivalents, and net debtors.

There is collateral held as security against some of these financial instruments in the form of bank guarantees and deposits held in trust. Bank guarantees must be from an appropriate New Zealand-based bank or finance company and agree to cover every deferred payment up to a set maximum.

Customs operates a deferred payment scheme, which allows deferral of Customs charges by up to seven weeks and a month's transactions to be settled by a single payment the following month. A bank or equivalent guarantee may be required for overseas registered companies, trusts, insolvent companies, or a person with a history of bankruptcy. If payment is not received on time, Customs can take remedial action, including withdrawal from the scheme, late payment penalties, or using the security provided to pay the debt.

## Note 5: Major budget variations

### Schedules and statements: non-departmental

#### Non-Departmental revenue

Crown revenue changes are driven by economic conditions and changes in consumer behaviour. The revenue collected is slightly below budget and lower than what we collected last year mostly in GST revenue.

#### Non-Departmental expenditure

The increase in expenditure is due to the ability of business to settle amounts due for the payment of duty and GST.



# INFORMATION REQUIRED BY STATUTE



## Customs and Excise Act 2018

### Section 438 – electronic devices searched

Type of search	Number of devices searched
Initial search under section 228(2)(a)	283
Full search under section 228(2)(b)	40

### Section 439 – initiatives to reduce compliance costs for businesses with strong record of compliance

Initiatives or other steps taken by Customs during 2023/24 to reduce the costs of complying with this Act for businesses that have a strong record of compliance and/or for 'trusted' traders include:

- Continuing our efforts to have more exporters join our Authorised Economic Operator programme, the Secure Exports Scheme (AEO SES). Businesses that are part of this programme are recognised as meeting best practice security requirements in their supply chains and are therefore considered low-security risks. Goods exported by these businesses are able to access fast-track processing and face fewer compliance checks at international borders, saving time and money (see page 44-45).
- Signing an Arrangement on Facilitating Safe and Efficient Trade with Singapore Customs and Singapore's Infocomm Media Development Authority that will help make trade simpler for exporters to our largest trading partner in Southeast Asia (see page 45).
- Completing all steps to support the implementation of the Free Trade Agreement between New Zealand and the European Union which entered into force on 1 May 2024. This will create new opportunities for New Zealand exporters, reduce duty payments, and provide faster clearance for perishable goods.

- Progressing work to agree two new Mutual Recognition Arrangements with international customs administrations that are expected to be completed during the 2024/25 financial year. Mutual Recognition Arrangements give New Zealand traders that are members of the AEO SES programme streamlined access into the partner country (see page 45).
- Providing assistance to traders who have been impacted by supply chain issues, adverse weather events, or other external economic factors, including agreeing payment plans to help clients avoid defaulting on their debt (see page 47).

Customs also continued to deliver programmes and services that provide lower costs for businesses that meet qualifying criteria under the Customs and Excise Act 2018, and which are recognised internationally as services to trusted traders. These include:

- the provisional values scheme for qualifying importers (section 102)
- the deferred payments scheme for qualifying duty payers (section 123)
- the AEO SES (section 281)
- remission of compensatory interest and late payment penalties (Customs and Excise Regulations).

## Search and Surveillance Act 2012

### Section 171(a)-(d) – use of warrantless powers

Number of occasions on which entry or search powers were exercised without a warrant	625
Number of occasions on which warrantless surveillance powers were exercised that involved the use of a surveillance device	Nil
Number of persons charged in criminal proceedings where the collection of evidential material relevant to those proceedings was significantly assisted by the exercise of a warrantless search or surveillance power	8

### Section 171(e) – matters set out in section 172 in relation to surveillance device warrants

Number of applications for surveillance device warrants	4
Number of applications for surveillance device warrants granted	4
Number of applications for surveillance device warrants refused	Nil
Number of surveillance device warrants granted that authorised the use of:	
tracking devices only	Nil
visual surveillance devices only	Nil
interception devices only	Nil
tracking devices and visual surveillance devices	4
Number of surveillance device warrants granted that authorised entry into private premises	Nil
Number of interception devices used (authorised by a surveillance device warrant) for:	
≤ 24 hours	Nil
>24 hours but ≤ 3 days	Nil
>3 days but ≤ 7 days	Nil
>7 days but ≤ 21 days	Nil
>21 days but ≤ 60 days	Nil
Number of tracking devices used (authorised by a surveillance device warrant) for:	
≤ 24 hours	30
>24 hours but ≤ 3 days	11
>3 days but ≤ 7 days	20
>7 days but ≤ 21 days	Nil
>21 days but ≤ 60 days	Nil
>60 days (based on multiple warrants)	21
Number of visual surveillance devices used (authorised by a surveillance device warrant) for:	
≤ 24 hours	4
>24 hours but ≤ 3 days	5
>3 days but ≤ 7 days	23
>7 days but ≤ 21 days	Nil
>21 days but ≤ 60 days	2
Number of persons charged in criminal proceedings where the collection of evidential material relevant to those proceedings was significantly assisted by carrying out activities under the authority of a surveillance device warrant	7
Number of reported breaches by a Judge to the chief executive (under section 61 or 62) of any of the conditions of the issue of a surveillance device warrant	Nil
Number of reports by a Judge to the chief executive (under section 61 or 62) about the use of a surveillance device not authorised under section 48 (warrantless emergency and urgency powers)	Nil

Some of the surveillance devices deployed by the New Zealand Customs Service in 2023/24 were authorised by surveillance device warrants obtained by NZ Police – as part of joint operations

**Section 171(e) – matters set out in section 172 in relation to declaratory orders**

Number of applications for declaratory orders	Nil
Number of applications for declaratory orders granted	N/A
Number of applications for declaratory orders refused	N/A
Number of persons charged in criminal proceedings where the collection of evidential material relevant to those proceedings was significantly assisted by carrying out activities covered by a declaratory order made	N/A

**Misuse of Drugs Act 1975 (Misuse of Drugs Amendment Act 1978)****Section 13M – detention warrants and searches**

Number of applications for detention warrants made under section 13E	Nil
Number of applications for renewal of detention warrants made under section 13I	Nil
Number of applications under sections 13E and 13I granted	N/A
Number of applications under sections 13E and 13I refused	N/A
Average duration of detention warrants (including renewals) granted	N/A
Number of prosecutions instituted in which has been adduced evidence obtained directly during the detention of any person pursuant to detention warrants	Nil
Number of rub-down searches and strip searches under section 13EA	Nil

**Privacy Act 2020****Section 167 – accessing information to verify the identity of a person**

Department of Corrections	232
Department of Internal Affairs	Nil
Ministry of Business, Innovation and Employment (Immigration)	Nil
Ministry of Health and Health New Zealand and Māori Health Authority	Nil
New Zealand Transport Agency	Nil
Registrar-General	Nil

In each instance where Customs accessed data held by the Department of Corrections (Corrections) it related to an alert created by Corrections (Customs' border management system electronically screens passenger information for matches, enabling Customs to notify Corrections if a person subject to an alert arrives at the border). Customs submitted a phone and email request to Corrections for offender images and supporting details to verify the identity of the person attempting to depart New Zealand – Corrections supplied an email response with an attached photograph.

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# MINISTER'S REPORT IN RELATION TO VOTE CUSTOMS NON-DEPARTMENTAL APPROPRIATIONS 2024

This document is presented to the House of Representatives  
pursuant to section 19B of the Public Finance Act 1989



## Report of the Minister of Customs on performance information for Vote Customs non-departmental appropriations for the financial year ended 30 June 2024

The Minister of Customs is required under section 19B of the Public Finance Act 1989 to report the end-of-year performance information for the non-departmental appropriations administered through Vote Customs:

- World Customs Organization
- Change in Doubtful Debt Provision.

This performance information is not subject to audit.

### Understanding this report

The 'Budget' figures are those included in *The Estimates of Appropriations 2023/24* for Vote Customs. The 'Revised Budget' figures are those from *The Supplementary Estimates of Appropriations 2023/24*.

The performance information relates to the results of the 2023/24 financial year. The actual results for the 2022/23 financial year and the performance standards for the 2024/25 financial year are also included to provide a comparison of performance.

Although presented in the same document, this report does not form part of the *New Zealand Customs Service Annual Report 2024*. It has been appended to the annual report of the New Zealand Customs Service for the purpose of tabling in the House of Representatives and publication.

### World Customs Organization

**Scope of appropriation:** New Zealand's contribution to the operating budget of the WCO.

This appropriation is used to meet New Zealand's commitment as a member of the World Customs Organization (WCO) to contribute to the annual running costs of the WCO, the global intergovernmental body whose mission is to enhance the effectiveness and efficiency of customs administrations. The New Zealand Customs Service engages with, and participates in the work of, the WCO so that New Zealand is represented in global customs issues such as the development of international customs policy and standards.

### Budgeted and Actual Expenses Against Appropriation

2022/23		2023/24		
Actual		Unaudited Budget	Unaudited Revised Budget	Actual
\$000		\$000	\$000	\$000
62	Expenses	80	80	73
<b>62</b>	<b>Total Expenses</b>	<b>80</b>	<b>80</b>	<b>73</b>

### What we achieved

2022/23		2023/24		2024/25
Actual	Performance measure	Standard	Actual	Standard
Achieved	New Zealand's contribution to the operating budget of the WCO paid by the due date	Achieved	Achieved	Achieved

### Change in Doubtful Debt Provision

**Scope of appropriation:** Provisioning of doubtful debts on Customs Crown revenue.

The purpose of this appropriation is to achieve provisioning for doubtful debts relating to revenue collected by Customs on behalf of the Crown, where they deem the debt is unlikely to be recovered. This is a non-cash appropriation.

### Budgeted and Actual Expenses Against Appropriation

2022/23		2023/24		
Actual		Budget	Revised Budget	Actual
\$000		\$000	\$000	\$000
1,161	Expenses	8,000	8,000	17,889
1,161	Total Expenses	8,000	8,000	17,889

In March 2024, Customs assessed the duty and compensatory interest owed on six tonnes of illegally imported tobacco at \$10.301 million of required duty and \$2.690 million in compensatory interest. Despite being imported illegally, tobacco is a legal product and duty must be calculated and charged to the importer despite the unlikelihood of duty payments ever being made.

In June 2024, it was deemed that the duty owed was unlikely to be recovered as the importer had been imprisoned and had no assets. Unappropriated expenditure was incurred as a result of the need to provide for the eventual write-off of this large amount.

### What we achieved

2022/23		2023/24		2024/25
Actual	Performance measure	Standard	Actual	Standard
0.07%	Debt write-offs as a maximum percentage of total Crown revenue collected	0.08% or less	0.04%	0.08% or less

All practical efforts are made to recover outstanding debt before it is written off. This process can span different reporting years between when the debt is identified and when it is deemed unrecoverable.



# ANNUAL REPORT 2023/24

*For the period 1 July 2023 to 30 June 2024*

*This document is presented to the House of Representatives  
pursuant to section 44 of the Public Finance Act 1989*



## Collective leadership and accountability for New Zealand's border

Border Executive Board  
Te Kāhui Whakamaru Paenga Tahī



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

Ministry for Primary Industries  
Manatū Ahu Matua



MINISTRY OF BUSINESS,  
INNOVATION & EMPLOYMENT  
HĪKINA WHAKATUTUKI



NEW ZEALAND  
FOREIGN AFFAIRS & TRADE  
Manatū Aorere



MINISTRY OF TRANSPORT  
TE MANATŪ WAKA

### Border Executive Board Annual Report For the period 1 July 2023 to 30 June 2024

The Border Executive Board (BEB) has a waiver from the Minister of Finance, under section 45AB of the Public Finance Act 1989, from the requirement to include financial statements in this Annual Report. The waiver covers the financial years 2023/24, 2024/25 and 2025/26.

Financial information about the BEB's assets, liabilities, expenditure, and revenue can be found in the New Zealand Customs Service Annual Report, as the servicing department.

The Border System Performance appropriation, which supports the BEB, is administered by the New Zealand Customs Service. As the administrator, performance information for the appropriation is reported in the New Zealand Customs Service Annual Report.

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### Abbreviations

**BEB** Border Executive Board

**NZCS / Customs** New Zealand Customs Service

**MPI** Ministry for Primary Industries

**MoT** Ministry of Transport

**MIBE** Ministry of Business, Innovation and Employment

**MFAT** Ministry of Foreign Affairs and Trade

**MoH / Health** Ministry of Health

**NZTD** New Zealand Traveller Declaration

**ITOC** Integrated Targeting and Operations Centre

**CAA** Civil Aviation Authority

**AvSec** Aviation Security Service

## A message from the Border Executive Board

The Border Executive Board (BEB) supported a whole-of-border view to identify and respond to risks and continue making improvements for a safe and smart border.

Our work is grouped into three areas:



**Stewardship**  
leading the border



**Coordination**  
taking an integrated approach



**Improvements** delivering joint initiatives  
with the member agencies

### Partnership with industry is key to improving the border and the traveller experience

During the year the BEB had significant engagement with industry to improve end-to-end processes and the traveller experience. Highlights included:

- **New Zealand Traveller Declaration (NZTD) implemented across air and maritime.** The aviation industry supported implementation and improving usage, with the NZTD used for the aviation 2023/24 summer peak. The cruise industry enabled trials with ships and passengers so that the NZTD is ready for the 2024/25 season
- **Trans-Tasman Seamless Travel identified options for air travel.** New Zealand and Australian government agencies and industry partners worked together to identify possible improvements and produce a joint report for the Prime Ministers of New Zealand and Australia
- **improved aviation traveller experience.** MPI made significant changes to biosecurity passenger processing at New Zealand international airports for summer 2023/24, introducing an express lane using the NZTD
- **joined-up engagement about infrastructure.** Agencies met with maritime ports to discuss changes to improve border processing and the traveller experience. Incremental improvements will start from the 2024/25 cruise season.

All airports and border agencies began preparations for the first Regulatory Airport Spatial Undertakings (RASU). A RASU will set out how an airport operator will accommodate government agencies within their airport

- **better airport data.** The BEB worked closely with Auckland Airport to improve performance reporting and better understand how all parts of the airport system were affecting the traveller journey.

### Strong readiness and response

The BEB has embedded multi-agency readiness into the way the border operates. Examples include regular health surveillance and participation at the Integrated Targeting and Operations Centre (ITOC), preparation for the 2023/24 cruise season, and the NZTD being ready to support a border event across air and maritime, when needed.

The BEB responded to the issue of congestion at Auckland Airport with an improved traveller experience for summer 2023/24. This took significant planning, effort, and extra resources.

There was strong cross-agency working between MPI and Health on mosquitos and preparedness for the highly pathogenic avian influenza.

The establishment of the Places of First Arrival Group set the foundation for a joined-up response to unscheduled and new/restarting international scheduled air services. This enabled a whole-of-border response, including working with the Civil Aviation Authority (CAA), to the announcement of international scheduled flights potentially restarting from Hamilton Airport.

### Greater momentum using the Secretariat team

The BEB Secretariat increased the momentum of activities that required multiple agencies to work together by providing dedicated support and advice. This enabled agencies to more easily connect and provide subject matter expertise. The extra support was invaluable to complete the Trans-Tasman Seamless Travel work with industry.

### The year ahead

The BEB will work with industry and agencies to deliver its 2024/25 priorities of:

- border system readiness for changes to airport regulatory status, and developing and consulting on potential regulations for aviation to support financial sustainability
- contributing to, and supporting, the first RASUs
- identifying and supporting delivery of digital change, building on the work with the NZTD and Trans-Tasman Seamless Travel
- developing a framework to inform when the border system needs BEB input.

## The governance board as at 30 June 2024



**Christine Stevenson**  
Chair  
Comptroller of Customs

*Inaugural member*



**Ray Smith**  
Director-General  
of Primary Industries

*Inaugural member*



**Carolyn Tremain**  
Secretary for Business,  
Innovation and Employment  
and Chief Executive

*Inaugural member*



**Bede Corry**  
Secretary of Foreign Affairs  
and Trade

*Appointed from 30 June 2024*

*Chris Seed: 11 January 2021 –  
31 January 2024*

*Acting chief executives: 1 February –  
29 June 2024*



**Dr Diana Sarfati**  
Director-General of Health

*Joined August 2022 as Acting  
Director-General*

*Appointed from 1 December 2022*

Photo credit Alan Dove, University of Otago



**Audrey Sonerson**  
Secretary for Transport

*Appointed from 12 December 2022*

# About the Border Executive Board

The BEB started in January 2021 as the first interdepartmental executive board set up under the Public Service Act 2020.

An interdepartmental executive board brings government departments together to work on complex matters that are best progressed by more than one department; in this case the New Zealand border.

## Legislated Purpose

To help coordinate the management of the New Zealand border, including to:

- remove gaps in border processes
- ensure future risks from people, goods, and craft are addressed
- make strategic improvements to the border system.

## Government Direction

The new Government continued with the direction and priorities of the BEB. Cabinet reset the five BEB accountabilities in May 2023.

- Strategic border system improvements, including developing a Border Sector Strategy, monitoring performance and user experiences across the system, advising on investment decisions for the border system and delivering joint initiatives to build a safer and smarter border.
- No gaps in end-to-end border processes, with health risk management integrated and the border ready to respond to significant events.
- Risks from people, goods and craft arriving and departing the border will be addressed and opportunities maximised, where these are not already being managed by an existing agency or other government processes.
- The border system is financially sustainable through the use of cost recovery and oversight of significant fiscal challenges, such as inflation.
- Provide leadership to facilitate business and a positive user experience with the border system.

## Strategic Direction

The Border Sector Strategy one-page document was agreed by Cabinet in May 2023. This guides the direction and priorities of the BEB.

The BEB's first Strategic Intentions was presented to Parliament on 30 August 2024, for the period 2024-2028. The BEB, like other Public Service departments, is required to publish its focus over the next four years.

## Annual Priorities

The BEB sets annual priorities and monitors progress during the year.

The priorities for 2023/24 took into consideration the Cabinet accountabilities, Border Sector Strategy, operating environment, and the conditions and priorities of the member agencies.

## Funding

The BEB is a very small entity funded by the six member agencies, under the Border System Performance Appropriation within Vote Customs.

## Accountability

Chief executives are accountable for their agency's contribution to the BEB.

Each has responsibility for the overall performance of their own agency and accountability to individual portfolio ministers.

## Reporting Performance

This Annual Report shows progress against the BEB's 2023/24 work programme.

Reporting on the BEB Strategic Intentions will begin from the 2025 Annual Report.

Consideration will also be given to including an update on the Border Sector Strategy in the 2025 Annual Report.

# The BEB brings border functions together

## Ministerial responsibility

The BEB is accountable to the Minister of Customs, the Hon Casey Costello.



### Border-related Ministerial portfolios

- Customs
- Biosecurity
- Transport
- Immigration
- Health
- Foreign Affairs
- Trade

## Border functions within member agencies



- Risk-informed assessment, inspection, and clearance of travellers, goods, and craft
- Revenue collection
- Disruption of illicit/illegal goods and organised crime
- Trade facilitation and assistance



- Policy advice, Crown entity governance, system leadership and stewardship including:
  - Aviation Security – passenger, non-passenger, and baggage screening
  - Civil Aviation Authority – regulatory activity
  - Maritime New Zealand – regulatory activity



- Risk-informed assessment, inspection, and clearance of travellers, goods, and craft for biosecurity protection
- Approval and oversight of transitional/containment facilities
- Biosecurity system (pre-border, border, and domestic/post-border)



- Surveillance of, and response to, health threats at the border
- Implement routine border health controls
- Operationalisation of the International Health Regulations 2005



- Verify eligibility to enter New Zealand
- Disruption of people smuggling and trafficking



- Upholding New Zealand's international obligations as they relate to the border
- Management of international VIPs

## The BEB enables a strong and effective border

### Effective border management is critical to New Zealand's wellbeing and prosperity

The border is where the New Zealand Government controls the movement of people, goods and craft, and collects revenue. The border functions of the BEB member agencies connect New Zealand with the world and protect our people, economy, society, and biodiversity from a range of threats.

### A strong and efficient border supports a growing economy

The facilitation of trade and tourism, including the collection of Crown revenue, makes an important economic contribution to New Zealand. With New Zealand's economic reliance on primary production and its natural environment, agencies must remain vigilant at the border for biosecurity and health threats. The COVID-19 pandemic demonstrated the importance of agencies being ready to identify and respond to health threats at the border.

### Effective border security keeps New Zealand safe

New Zealand must be protected from a wide range of risks that can cross the border. Risks include transnational crime, people and wildlife smuggling, human trafficking, espionage, illicit drug and firearm smuggling, terrorism, violent extremists, and health and biosecurity-related threats, such as pests and diseases.

### A strong and effective border is made up of different components

The core components are:

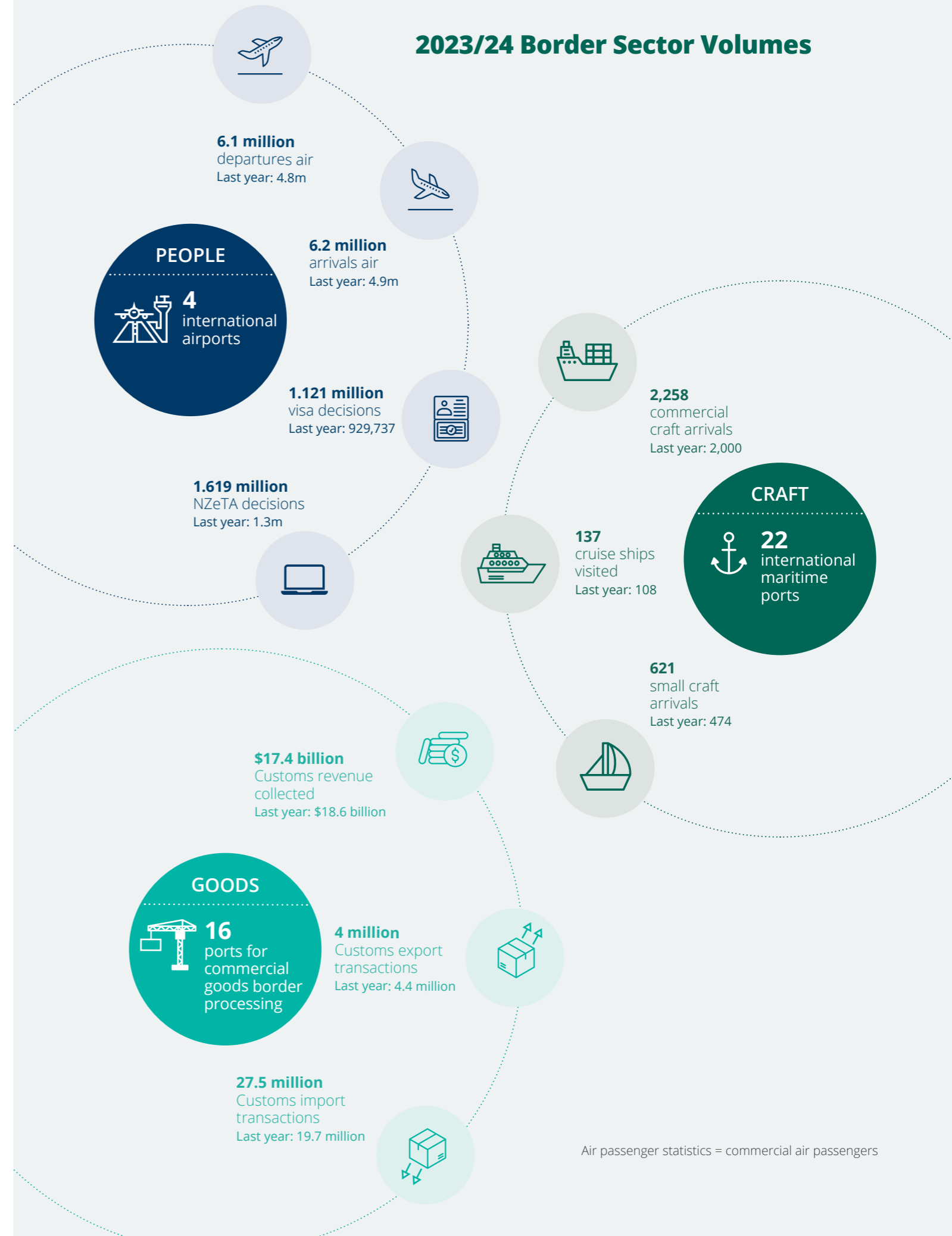
- appropriate legislation and regulation
- integrated surveillance of risks with operational collaboration
- fit for purpose infrastructure and technology
- well trained, competent people, working collaboratively and with integrity
- well managed relationships with government and non-government stakeholders
- value for money for border services funded from the Government and cost recovery.

### The difference the BEB makes

The BEB builds on the history of strong coordination between the agencies with operational services: MPI, Customs, and Immigration New Zealand. The BEB makes a difference by:

- looking at the whole of the border, rather than a single organisation outcome
- helping border agencies act in a coordinated way when they work with public and private organisations who are part of the border system
- identifying the impact of process and organisational change on the border system
- being connected at all times to respond quickly to issues and threats
- obtaining and reusing information and experience, appropriately and legally, across agencies to inform ongoing improvements
- having an enduring commitment to the border and stakeholders.

## 2023/24 Border Sector Volumes



Air passenger statistics = commercial air passengers

## The BEB sets clear priorities to lead and improve the border

### BEB priorities 2023/24



Implement the New Zealand Traveller Declaration



Progress Trans-Tasman Seamless Travel



Respond to the resumption of demand for air travel



Coordinate maritime activity

### BEB work programme 2023/24



#### Coordination taking an integrated approach



#### Aviation

- Provide clarity on airport capacity, volume, and metrics to manage delivery of border services and support the traveller experience, with a focus on Auckland as New Zealand's largest airport
  - Improve co-ordination for regional airport regulatory processes
- Lead:** NZCS, MPI, BEB Secretariat **With:** MoT, MBIE, MFAT



#### Maritime

- Maintain the Maritime Border Oversight Strategy (for people). Progress collective engagement with ports, including documenting and communicating infrastructure requirements for border services
- Lead:** BEB Secretariat **With:** NZCS, MPI, MoT, MBIE



#### Integrated Targeting

- Whole-of-border approach to risk management through the Integrated Targeting and Operations Centre including developing a risk targeting vision
- Lead:** NZCS, MBIE, MPI **With:** MoH, MoT



#### Airport Infrastructure

- Collective engagement with tier 1 airports for long-term infrastructure planning including system considerations for the first Regulatory Airport Spatial Undertakings (RASU)
- Lead:** MoT, NZCS **With:** MPI, MBIE, MoH, BEB Secretariat



#### Financial Planning

- Maintain a collective view of costs, fees and levies, investment, and performance
- Lead:** NZCS **With:** All agencies



#### Readiness

- Contribute to the Royal Commission of Inquiry COVID-19 Lessons Learned
  - Seasonal readiness for summer and winter peaks
- Lead:** BEB Secretariat **With:** All agencies



#### Strategic and operational groups

- Support the border to be connected and manage current and emerging risks and opportunities
- Lead:** BEB Secretariat **With:** All agencies



### Stewardship leading the border



#### Governance

- Board performance
  - Operating frameworks
  - Assurance
  - Accountability to Parliament and public
- Lead:** BEB Secretariat **With:** All agencies



#### Strategy and performance

- Border Sector Strategy
  - Risk management
  - Border scenarios and forecasts
  - Performance metrics and monitoring
- Lead:** BEB Secretariat **With:** All agencies



### Improvements delivering joint initiatives with the member agencies



#### New Zealand Traveller Declaration

- Implement the New Zealand Traveller Declaration for maritime cruise
  - Implement agency ownership of the New Zealand Traveller Declaration
- Lead:** NZCS, MBIE, MPI **With:** MoH



#### Trans-Tasman Seamless Travel

- Industry and agencies to identify ways to reduce barriers at the border, while not compromising security
- Lead:** BEB Secretariat **With:** All agencies



#### Digital Border

- Rescope digital border vision and governance
  - Create a roadmap to include the potential of the digital declaration
- Lead:** BEB Secretariat **With:** All agencies



#### Data sharing and privacy

- Data sharing support for priority projects
  - Improve tools to support engagement with the Office of the Privacy Commissioner
  - Establish and share guidance with agencies
- Lead:** MBIE **With:** NZCS



#### Strategic Approach to Health at the Border Phase 2

- Develop an enduring presence at the aviation and maritime borders
  - Use horizon scanning, preparedness, and escalation for early warning and rapid response
  - Review legislation to support health at the border
  - Review IT requirements and feed into BEB digital activity
- Lead:** MoH **With:** NZCS, MPI, MBIE, MoT

# Highlights

## BEB priorities achieved



### Implemented the New Zealand Traveller Declaration (NZTD)

- The NZTD can be easily used by all passengers and crew arriving in New Zealand by air or sea.
- Ready to be used to respond to a border event.
- Platform for further digital improvements to maintain ease of use by travellers and manage border threats earlier.



### Delivered joint report on Trans-Tasman Seamless Travel

- Government agencies worked in partnership with industry to develop options for air travel.
- Joint report provided, as agreed, to the Prime Ministers of New Zealand and Australia.
- Options will inform future improvements.



### Responded to the resumption of demand for air travel

- Improved passenger experience for summer peak 2023/24, focusing on Auckland Airport, as the gateway to New Zealand, without compromising border protection. MPI introduced an express lane across the four international airports using the NZTD.
- Stronger coordination of requests for non-scheduled flights and interest in international scheduled flights through new Places of First Arrivals Group.



### Coordinated maritime activity

- Good preparation meant a successful 2023/24 cruise season with increased number of ships and passengers processed.
- Maintained whole-of-border view and alignment of agency work to process maritime travellers and crew.
- Checklist completed and used to discuss border requirements at ports for passenger processing and potential improvements.

## Strong foundations maintained



### View of fees and levies across the border

- Embedded six-monthly sharing of financial information on fees and levies and investment to see the impact on the border sector and shared stakeholders.
- Supported coordination across agencies and joined-up-advice to Government on the number of fee and levy reviews under way.



### Readiness for a health event

- Improved readiness for a health event with regular surveillance reporting, ITOC participation, and clear information flows.
- Joined-up border response to international measles cases, response to mosquito incursion, and preparation for the highly pathogenic avian influenza.



### Clear direction

- Good governance continued by setting priorities and monitoring performance, and the annual review of operating documents and board evaluation.

## Performance measures met

### Work programme responds to risk and drives improvement

Makes sure the BEB's attention is balanced. Priorities are set with agencies, recognising that the size and scale of border functions differs amongst members.

### Minister is satisfied with information from the BEB

Formal checks that the BEB is meeting expectations for the quality of advice and information provided to Government.



## Progress | Stewardship

**Leading the border** – setting clear priorities, monitoring performance, and being transparent with progress keeps the BEB on track and enables others to have trust and confidence in our work.



### Governance

Clear operating framework with accountability to Parliament and the public.

- Annual review of governance provided members the opportunity to identify improvements and continue good working practices. Operating frameworks confirmed as still fit for purpose.
- Accountability to Parliament met through response to Parliamentary Questions, Official Information Act 1982 requests, Select Committee Annual Review, and the first BEB Strategic Intentions developed.
- Assurance confirmed readiness for seasonal peaks and that risks were being managed by agencies. Agencies are maintaining the integrity of their border workforce.
- Supported the incoming Government and Minister with briefings on the BEB and topics of interest.



### Promoting whole-of-border ministerial engagement

During the year the BEB provided advice to the portfolio ministers, through the Minister of Customs. This helped raise the profile of border matters with other ministers and promote whole-of-border ministerial engagement. Topics included:

- preparation and debrief of summer peak at Auckland Airport, as the largest airport
- developing metrics for the passenger journey at Auckland Airport
- border agency feedback on Auckland Airport slot planning consultation that manages capacity at high demand airports
- cost recovery for establishing air passenger services
- Trans-Tasman Seamless Travel.



### Strategy and performance

Priorities set with agencies and performance monitored.

- Border forecasts for passenger and cargo demand were considered six-monthly and released online to inform agency and industry planning.
- BEB annual priorities set with member agencies. Regular performance reporting with monthly dashboard of the BEB work programme, quarterly BEB Systems Improvements Programme, and six-monthly BEB internal performance.
- Risk management through BEB network groups and assurance for summer and winter peaks.



### Evolving how priorities are set and communicated

An Oversight Framework was implemented for 2023/24 to clarify the type of activity relevant to the BEB. This enabled agencies to prioritise their resources and the governance board to prioritise its time. The Framework grouped activity into:

- **border priorities** – the must-do activity
- **work programme** – directly linked to BEB accountabilities, benefits from strong multi-agency coordination, and has performance monitoring
- **monitor** – to understand the impact of a topic relevant to the BEB and if action is needed
- **aware** – of interest but out of scope for BEB responsibility.



### Assurance confirmed agencies are maintaining the integrity of their border workforce

A governance board item about the International Civil Aviation Authority's security audit findings led to a discussion about the risk of trusted insider threat and mitigations.

The governance board identified an opportunity to seek assurance that agencies are maintaining the integrity of their workforce within the border system supply chain. The review linked to the Protective Security Requirements (PSR) with the aim to share any good practices found.

The BEB led the assurance review working with the six BEB agencies, CAA, and Maritime New Zealand. External expertise was used to validate alignment of agency practices with best practice.

The review found that agencies have a significant number of integrity measures, strategies, policies, and practices in place. There was no remedial action needed.

### Two improvement actions agreed

The BEB agreed two improvement actions that would have the most benefit to continuing to support the integrity of the border workforce.

- People – how agencies can appropriately share information about personal and employment integrity concerns.
- Shared workplaces and information systems – increase the consistency of policies and practices when border agencies are co-located or have shared information systems.

### Action taken during the year

The BEB coordinated and championed actions with agencies including:

- encouraging use of the *Public Service Commission's Workforce Assurance Standards* check of employment integrity matters, and disclosure questions on applications
- increasing participation at the Public Service Joint Integrity Conduct Forum to share issues, risks, and solutions amongst agencies to improve practices
- developing guidance, through the BEB Data Sharing and Privacy workstream, to inform the new Government Chief Privacy Officer website, that went live in March 2024

- having a workshop to build awareness and understanding of Trans-National Organised Crime (TNOC) and the importance of sharing information that involved the TNOC Secretariat, border agencies, and maritime and port representatives
- confirming those in the ITOC shared workspace meet the Customs pre-employment and integrity practices as the host agency, as well as any employer-specific requirements.

### What's next

Agencies will work together through the Integrity Forum and share PSR findings and practices, with an update to the governance board later in 2024.

The BEB supports Maritime New Zealand in developing a port identity card to improve maritime security. The good practices found in the review, and shared with participating agencies, will also support CAA to strengthen the integrity of the airport workforce.

The BEB will also support maintaining the integrity of the wider border system workforce during the development at Auckland and Queenstown Airports.



### Monitor and Aware

The BEB was kept informed of other activity relevant to the border.

- Ministry of Transport led the establishment of the interim Aviation Council with government and private sector membership, in response to the 2023 Air Navigation System Review. The purpose is to bring the public and private sectors together to make sure the aviation sector is strong and successful.
- Ministry of Foreign Affairs and Trade led preparations for the Commonwealth Heads of Government Meeting in Samoa October 2024, working with border agencies.
- Ministry of Foreign Affairs and Trade provided the annual update on border activity in the Pacific describing the strong connection with New Zealand.
- The governance board received an overview of the Transnational Organised Crime Strategy.





## Progress | Coordination

**Taking an integrated approach** – the BEB brings agencies together to consider the end-to-end border system implications and provide a joined-up border view when working with stakeholders. By working together, agencies can identify threats and make sure the border system is cohesive and ready to respond to an event.

### Border priorities

#### Respond to the resumption of air travel

- Reduced traveller congestion for summer 2023/24

Dec – March	Summer 2022/23	Summer 2023/24	Change
Arrivals	1,893,057	2,359,354	+ 26%
Departures	1,803,038	2,309,888	+ 28%

- Improved understanding of data to inform border agency requirements and operations.
- Engagement with airport operators, as a whole-of-border, for summer 2024/25 slot planning. Consolidated view of activity across all airports presented to the governance board.
- Queenstown and Wellington Airports are trialling layout changes to improve passenger flow ahead of the summer 2024/25 season.
- Set up the Places of First Arrivals Group that has improved border agency and CAA co-ordination on regional airport regulatory processes. Consolidated view of airport status and processes presented to the governance board and maintained for agencies.

#### Coordinate maritime activity

- Agencies prepared together and delivered successful border processing for larger 2023/24 cruise season.

Dec – March	2023	2024	Change
Cruise passenger arrivals	137,212	185,956	+ 36%
Processed	31,949	39,596	+ 34%

- Maritime Border Oversight Strategy (for people) document was updated to help with alignment and efficiency of activity by showing all activity underway across agencies relating to processing people.
- Worked in partnership with industry about requirements for border processing.
- Progressed collective engagement with ports documenting and communicating infrastructure requirements for border services. Met with Ports to discuss improvements for the 2024/25 cruise season.

Customs and CAA/AvSec reviewed processes and ensured good staffing levels.

The traveller experience was improved, with fewer reports of long wait times, without compromising border protection.

#### **Improved data to inform border agency requirements and operations**

Working with Auckland Airport, the BEB improved its understanding about the passenger journey, data collection, performance targets, reporting, and what it can control and report. Reporting on the passenger journey sits with the airport operator who owns and controls the data.

#### Improvements for air travellers and border agencies with new tools and better data

Passenger congestion at Auckland Airport before December 2023, raised expectations for border agencies to contribute to efficient passenger processing and report on performance, including the passenger journey.

Significant planning, effort, and extra resources were used to respond to congestion ahead of the 2023/24 summer peak.

Significant changes were made to MPI biosecurity passenger processing by introducing an express lane using the NZTD. The express lane is in use at the four international airports.

The Joint Border Analytics Team (MPI, Customs, Immigration New Zealand) reviewed source data and created new interactive reports for border agencies to review congestion points to inform operational decisions. The work resulted in improved data collection with the airport.

Performance reporting is limited, at this point, to Customs, baggage handling, and biosecurity processing times. Auckland Airport, as the owner of data and reporting, has a project under way with border agencies and airlines to improve reporting and refresh performance targets for 2025.

#### Ready for change at regional airports

Regions are interested in economic growth and one contributing factor can be having scheduled international flights at regional airports.

Setting up border and security services for scheduled flights requires significant effort and investment.

Regulatory applications are made to each agency, including the CAA, but benefit from coordination to maintain the integrity of the whole of the border.

There are no limitations nor any national interest test to determine the number of international airports that may operate in New Zealand.

To make it easier for airport operators and border agencies:

- ITOC coordinates applications for individual non-scheduled flight requests for private, medical, or charter flights. This provides a timely response and centralises risk identification and response
- the Places of First Arrivals (PoFA) Group was set up to coordinate processes and responses, respond to change, and maintain an overview of the status of regional airports.

The BEB DCE (Deputy Chief Executives) Group and the governance board receive regular updates and see the status of all regional airports, and possible upcoming activity.

#### Airport Infrastructure Agencies and airport operators are discussing capital improvements and preparing for the first Regulatory Airport Spatial Undertaking requirements.

- Auckland Airport border agency governance established for capital planning and terminal redevelopment.
- Queenstown Airport has announced terminal redevelopment work.

#### Integrated Targeting and Border Operations Continued commitment to improving how agencies work together to manage changing border threats and operational events.

- Reinforced the expectation of agencies working together and strong risk management by continuing to support ITOC's improvement programme.
- The first strategic direction for ITOC under the new operating model was agreed with a supporting work programme. The shared improvements balance individual agency priorities and collaborative ITOC priorities.
- Joined-up operational responses continued via ITOC.

#### Financial Planning Ability to see how cost recovery impacts the whole of the border and common stakeholders.

- Maintained a collective view of costs, fees and levies, and investment presenting to the governance board every six months.
- Fee and levy information is available for agencies to use to inform financial planning, fee reviews, or advice to stakeholders and the Government.
- Started developing cost recovery regulations for setting up services to process international aviation travellers. Estimated completion date is January 2025.

#### Readiness Assurance that the border was ready for summer and winter peaks.

- Readiness documented preparation and risks, and identified if any input by the BEB was needed. This considered air passengers and freight, cruise ships, small craft, Auckland Processing Centre, maritime cargo, the workforce, and major events.



## Progress | Improvements

**Delivering joint initiatives with the six border agencies** – the BEB brings improvement activity together to identify where there is benefit to more than one agency and to minimise disruption to the border system.

### Border priorities



#### New Zealand Traveller Declaration (NZTD)

Available for use by any passenger or crew arriving in New Zealand. Ready to be used to respond to a border-related event.

- Available for aviation summer 2023/24 with usage increasing.
- Completed maritime cruise trials in March 2024, working closely with industry. The NZTD will be ready for 2024/25 season starting in October 2024.
- Programme and project status ended. The NZTD is led by Customs and overseen by a multi-agency management committee.
- Provides a platform for further digital improvements and has already enabled biosecurity passenger processing improvements by MPI.
- Future use will be included in the BEB Digital Border workstream for visibility and alignment.
- Performance information is included in Customs' Annual Report.



#### Trans-Tasman Seamless Travel

Delivered options for air travel on time with Australia and informed by industry.

- A terms of reference was agreed with New Zealand and Australian government agencies and industry.
- Joint report provided to the Prime Ministers of New Zealand and Australia as required by 30 June 2024.
- Future work will be part of the BEB Digital Border workstream.

#### Trans-Tasman Seamless Travel

Government and industry worked together and provided options for more seamless travel between Australia and New Zealand.

The BEB led the New Zealand response to the joint announcement by the Prime Ministers of New Zealand and Australia to identify options to improve travel between the countries, while maintaining border security. The Prime Ministers received a report of options by 30 June 2024.

#### Role of the BEB

The BEB provided the central resource enabling agencies and industry to work together with minimal administrative burden.

Work included drafting the terms of reference, preparing options and documentation for working and governance groups, assurance reporting, and project and relationship management.

The Chair of the BEB co-chaired the Trans-Tasman Seamless Travel Group made up of industry and government chief executives. BEB chief executives participated for their agency and provided a border system view.

BEB member agencies took part in working groups identifying and developing options and advice. As well as workshops with industry and border agencies, leadership commitment included a:

- trans-Tasman Chief Executives' group
- New Zealand Chief Executives' group
- New Zealand steering group of senior staff.

#### Industry participants were:

- co-chairs of the Tourism Sector Group, from the Australia New Zealand Leadership Forum
- airports: Auckland, Christchurch, Sydney, Brisbane
- airlines: Air New Zealand, Qantas, Virgin Australia.

#### Australian border participants were:

- Australian Border Force
- Department of Agriculture Fisheries and Forestry.

#### Ongoing benefits

The work strengthened existing relationships and improved understanding by participants of future air travel and potential changes.

Agreed improvements will be part of the BEB Digital Border workstream to maintain a whole-of-border view of change. Changes will be implemented with industry and Australian border agencies.

The knowledge gained will be used across other BEB work. There is a commitment for agencies to stay connected with Australia on travel improvements.



#### Improvement activity spread across the BEB work programme

The BEB Systems Improvements Programme initiatives were spread across the work programme for 2023/24 to highlight the importance of ongoing coordination and partnership with others.

Member agencies found it important for initiatives to stay on the BEB work programme as it helped prioritise resources and showed the importance to stakeholders.

The BEB Systems Improvements Programme continued with programme management for:

- Financial Planning
- Integrated Targeting and Border Operations
- Infrastructure at Airports
- Digital Border
- Strategic Approach to Health at the Border
- Data Sharing and Privacy.



#### Digital Border

Priority to deliver the NZTD maritime and the Trans-Tasman Seamless Travel report.

- The NZTD and Trans-Tasman Seamless Travel were key actions for the border which meant work did not progress as planned to develop a roadmap of digital improvements.
- The actions will be part of the Digital Border for visibility and alignment of change.
- Near the end of the year, the stock-take of improvements was updated to start the roadmap.
- A whole-of-border view will be created to identify joint work, share investment, and manage change across the border system.



#### Strategic Approach to Health at the Border Phase 2

Embedded regular surveillance reporting, working with ITOC and border agencies.

- Joint response to related events with MPI, including mosquito incursions and preparedness for highly pathogenic avian influenza. Worked with ITOC to contact trace travellers at risk of measles.
- Annual review of escalation and information pathways confirmed they are fit for purpose.
- Set up a border health team at Health New Zealand for operational preparation and response.
- Work will continue to progress the 10-year plan to 2030. The pace of improvements will fluctuate due to competing health-related priorities.



#### Data sharing and privacy

Completed the purpose to support priority projects, improve education, and complete actions from the assessment of data sharing and privacy practice.

- Status report informed a work plan that was completed. The report can be updated via assurance activity.
- Supported priority projects, such as the NZTD including lessons learned.
- Improved education through better guidance for agencies and processes for working with the Office of the Privacy Commissioner.
- Data sharing and privacy by design at the start of work helps identify where changes to legislation, policies or information sharing arrangements are needed.

# The year ahead

The BEB has agreed four priorities for 2024/25 that support its strategic intentions.

## Stewardship: Improve understanding of border system performance

Develop a framework that collates information, performance, and assurance indicators to show when the border system needs BEB attention. This will strengthen existing activity by documenting different ways to monitor the border system.

## Coordination: Input into first Regulatory Airport Spatial Undertaking (RASU)

A RASU will set out how an airport operator will accommodate government agencies that operate at their airport. Agencies will have to provide their requirements and discuss how these can be met. The BEB will support a coordinated approach through the Infrastructure at Airports workstream, issue resolution, and assurance.

## Coordination: Border system readiness for new international airport

Agencies will work with airports, as needed, for any changes to regulatory status including setting up services at Hamilton and Dunedin airports.

Agencies will develop potential cost recovery regulations for setting up services to process international aviation travellers. The BEB will make sure coordination and risks to the whole-of-the border are managed.

## Identify and support delivery of digital change

Identify improvements and alignment of change to the border system by documenting agency activity, starting with aviation to build on Trans-Tasman Seamless Travel and the NZTD.

Work will include contributing to improved airport performance information, working with the CAA and airport operators.

## Other key work

Continue the joined-up approach to working with airports on infrastructure development with activity at Queenstown and Auckland. Make sure the integrity of the border is maintained during design and construction.

# What will influence our work

The BEB sets pragmatic priorities and manages the pace of work to ensure immediate and longer-term progress is maintained.

## Size of border functions and resources

Member agencies have a small number of border resources, even though these are part of much larger organisations. People often work across more than one border activity. Momentum may slow on BEB activity if agency resources are needed for a new border issue or for a new organisational priority.

## Making progress while responding to issues

Maintaining border facilitation and protection is a priority for the BEB. The BEB will change the pace of its work programme to enable agencies to respond to an issue or threat and then regain momentum or adjust work as needed.

The work programme takes into consideration summer peak, where agencies redeploy staff to support the increase in demand for operational services. The maritime peak starts in October, with aviation from December. The summer peak ends on 31 March.

## Ability to influence private businesses

Border agencies operate within a wider system where airport and maritime ports are not government owned or operated. Relationship management, understanding the sectors, and taking a joined-up border response is key to fostering appropriate and sustainable conditions for delivering border services.

## Monitoring the border system

Monitoring the border system to know when BEB attention is needed is challenging as there are limited metrics to collate across all parts of the system. Different types of information are used to identify areas of concern or opportunity.

# How we work

The work of the BEB is led by the governance board and delivered in partnership with its member agencies, the BEB Secretariat, border Crown entities, stakeholders, and regulated parties.



## Secretariat team

A small group of people support the work of the BEB



NEW ZEALAND  
CUSTOMS SERVICE  
TE MAMA ARIAO AOTEAROA

## Servicing department



Named in the Public Service Act 2020 to provide administrative support



## Vote administrator

Administers the Border System Performance appropriation via Vote Customs



## Chair

Comptroller of Customs, appointed by the Public Service Commissioner



## Agencies of the six chief executive members

The six agencies inform, collaborate, and implement the BEB work programme



## Partnership with border Crown entities

- Civil Aviation Authority / Aviation Security Service
- Maritime New Zealand
- Health New Zealand

## And stakeholders and regulated parties

- Airport and maritime port operators
- Airlines and cruise operators
- Import and export operators
- Travellers

Note: a regulated party is a business or individual who is required to follow the law.

## Leadership and good governance

The governance board maintained a clear direction to the BEB and commitment to good governance throughout the year. The board kept to its monthly meeting frequency.



**11 monthly**  
2 subject specific

The robust meeting cycle continued supporting attendance, participation, and decision-making. A reliable framework enabled content to cover all of the Oversight Framework with information and decision items.

### Membership changes

The Secretary of Foreign Affairs and Trade changed during the year with the retirement of Chris Seed, at the end of January 2024. Chris Seed had been a member since the BEB started in 2021. Acting arrangements were in place, with Bede Corry joining from 30 June 2024 as the permanent chief executive member.

### Leadership from the Chair

The Comptroller of Customs continued as the Chair of the BEB. The Chair led the board and made sure the chief executives met as required and had appropriate information.

The Chair also supported work outside of board meetings. This included being the first point of contact for border system matters, representing the border with ministers and stakeholders, signing off advice to ministers, and administering day-to-day activities with the Executive Director of the Secretariat team.

Delegations were put in place, in accordance with the Public Service Act 2020, when the Chair was unavailable for BEB activity.

### Supporting the incoming Government

The BEB provided an incoming briefing to the new Minister of Customs and subject-specific briefings. Fortnightly updates were provided to the Minister.

The Minister of Customs attended the March 2024 board meeting to meet chief executive members, hear about the work of the BEB, and discuss top-of-mind matters for the border.

### Monitoring performance

The BEB received a six-monthly performance report informed by a monthly dashboard, monitored by the BEB DCE Group. The report included financial and non-financial performance, legislative compliance, risk, and Secretariat staffing updates. Updates on work programme items were provided as appropriate, including quarterly reports on the BEB Systems Improvements Programme.

## BEB Secretariat provided extra capacity at the system level

The BEB was supported by a small Secretariat team that provided advice and services to the governance board, progressed initiatives with member agencies, and led public sector, ministerial, and Parliamentary accountability.

The Secretariat provided extra capacity to progress BEB activity. The Secretariat maintained the system-level view, with agencies providing subject matter expertise.

During the year, the Secretariat became more involved in supporting delivery of the BEB work programme as the need for an enduring coordination point and knowledge holder become more important. Key work was on:

- assurance for summer and winter peak seasons
- Trans-Tasman Seamless Travel
- Digital Border
- slot planning
- regional airport regulatory processes
- the BEB network groups.

Secretariat staff are employees of, or are seconded to, Customs. The Secretariat is led by Executive Director Fiona McKissock, who joined in July 2021.



2020/21	2021/22	2022/23	2023/24
5 FTE	6 FTE	5 FTE	6 FTE

### Support from Customs

Customs provided support through financial administration and reporting, corporate services, legislative compliance, and as the employer of Secretariat staff. This support is the most efficient way of running a very small entity.

As Customs is the host agency and employer, the BEB is not required to report on: equal employment matters; Māori-Crown relationship capability; diversity, equity, and inclusion; and health and safety. The BEB does not have vehicle or capital assets. It is not responsible for any business systems.

The financial and non-financial appropriation information is reported in Customs' Annual Report.

## Success through strong working relationships

The success of the BEB is due to strong connections and collaboration between agencies. To make this as efficient and effective as possible, the BEB Secretariat coordinates and leads network groups to work on system-related matters and share risks and opportunities.

### Member agencies

Agencies were involved in identifying work relevant to the BEB and in agreeing priorities and resources. This helped make sure that the work of the BEB is relevant to the border-related priorities of the agencies. Member agencies contributed to the BEB using their own resources.

### Border Crown entities

The border Crown entities took part in cross-agency groups and attended governance board meetings for relevant items. They are not members of the BEB as membership is limited to public service departments under the Public Service Act 2020.

### Stakeholders and regulated parties

The BEB and member agencies worked with a range of stakeholders and regulated parties to progress priorities and support delivery of border services. This recognises that the BEB is only one part of the border system and that the strongest influence is through relationship management. Key work included Trans-Tasman Seamless Travel and the NZTD for aviation and maritime.

## 2023/24 BEB Network Groups

### Border Executive Board

#### BEB DCE Group

#### Groups supporting strategic alignment and direction

Chief Legal Officers Group

Chief Financial Officers Group

Border Policy Group

Chief Information Officers Group

#### Coordination groups supporting communication between border agencies

Aviation Senior Officials Group

Border Communications Group

Border Forecasting Network

Maritime Officials Group

#### BEB Work Programme Groups

# Statement of Responsibility

In our opinion, as the members of the Border Executive Board, this Annual Report fairly reflects the operations and progress of the Border Executive Board.

Signed 26 September 2024



**Christine Stevenson**

Chair  
Comptroller of Customs

**New Zealand Customs Service**



**Ray Smith**

Director-General of Primary  
Industries

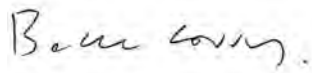
**Ministry for Primary Industries**



**Carolyn Tremain**

Chief Executive

**Ministry of Business, Innovation  
and Employment**



**Bede Corry**

Chief Executive and Secretary  
of Foreign Affairs and Trade

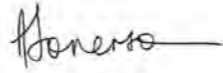
**Ministry of Foreign Affairs  
and Trade**



**Dr Diana Sarfati**

Chief Executive and Director-  
General of Health

**Ministry of Health**



**Audrey Sonerson**

Chief Executive and  
Secretary for Transport

**Ministry of Transport**

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New Zealand Government