

Chief executive's overview

We are here to protect and promote New Zealand across borders, and to play our part to protect the country from COVID-19.

E ngā mana, e ngā reo, e ngā karangatanga maha, tēnā koutou katoa.

In the 12 months to 30 June 2020, Customs continued its work to protect New Zealand's border, promote and facilitate secure and efficient trade and travel, and collect Crown revenue. We did all this at a time when New Zealand and the world were responding to the COVID-19 pandemic, which placed unprecedented demands on Customs and saw us undertaking new roles and responsibilities.

Many of us never imagined we would see New Zealand close its air and sea borders to almost all but its own citizens. Yet this was the reality from March 2020. Providing an essential government service, many of our staff worked tirelessly at our country's frontline, as New Zealanders returned home, and as businesses imported much-needed personal protective equipment and other essential items, while continuing to facilitate exports and support the economy.

We also contributed to the all-of-government response, including Customs staff focused on national contact tracing efforts while others led teams overseeing the maritime border and supported managed isolation and quarantine facilities. Many of us continued to deliver on the core purposes of Customs while working from home during Alert Levels 3 and 4.

I have been incredibly proud to work alongside such hard-working and committed colleagues these past 12 months. I could not have asked for more

from our team – they have continued to model the very best of public service in New Zealand.

I also want to express my sincere thanks to Bill Perry for his leadership of Customs as Acting Comptroller during the first half of 2019/20, while I was seconded to the Department of Corrections.

In 2019/20 our focus on protecting New Zealand resulted in more than 1,806 kilograms and 488 litres of illicit drugs being seized at the border – preventing \$1.8 billion of potential social and economic harm to our communities. The focus we have on ensuring trade flows efficiently across borders saw 19.1 million import and export transactions processed in 2019/20. Our commitment to providing a streamlined border experience for travellers saw 10.8 million international passengers being assessed for risk and processed in 2019/20, most prior to the border closure. Importantly, we collected \$15.1 billion in revenue due to the New Zealand Government – about 18% of core tax revenue. You can read more about our work and successes across the four strategic priority areas of Protection, Trade, Travel, and Revenue in the 'Progress Against our Strategy' section of this annual report (pages 12–31).

I also recognise the importance of Customs reflecting the community we serve. In 2019/20 we continued to increase the ethnic diversity of our workforce. While our diversity has been increasing in recent years, the proportion of our staff who are Māori is still below that of New Zealand society. As a result

we are implementing a strategy to increase the number of Māori staff, from 9.9% of the Customs workforce in June 2020 to 12.6% by December 2021.

Reducing the gender pay gap has remained an important priority these past 12 months, and our strategy to achieve this is frequently referenced as an exemplar by the Public Service Commission. Pleasingly, we continue to make progress, and were able to reduce both our mean and median gender pay gaps in 2019/20.

The new financial year brings new challenges and opportunities and a considerable degree of uncertainty about 2020/21 due to COVID-19. We will continue to play our part in New Zealand's response to the global pandemic. At the same time we will retain our strong focus on protecting the country and its communities from other harms, and continue to support the economic recovery of New Zealand businesses.

May I again acknowledge and thank the people of Te Mana Ārai o Aotearoa, both for their mahi in 2019/20 and for their service to New Zealanders in the year to come.

Kia tau ngā manaakitanga ki a koutou katoa.



Christine Stevenson
Comptroller of Customs



The year at a glance

Protection

more than
1,806
kilograms
and
488 litres
of illicit drugs seized
at our border



\$569 million
of potential social
and economic harm
prevented by seizing
drugs overseas



ADVISED
PACIFIC
BORDER
PARTNERS
of transiting
passengers
to protect the
Pacific Islands
from **COVID-19**

Travel

10.8 million
international
passengers
assessed for risk
and processed



eGate
eligibility
expanded to
citizens of Japan
and South Korea



ADAPTED
processing of
international
passengers
as part of
New Zealand's
response to
COVID-19



Trade

19.1 million


 import and export
 transactions
 processed

Expanded the
**SECURE
 EXPORTS
 SCHEME**
 to airfreight

CONTACTED
80
**IMPORTERS
 OF PPE**
 to assess supply and
 support needs during the
COVID-19 response

Revenue

\$15.11
billion
 collected on
 behalf of the Crown

4.9 million

 cigarettes and
638 kilograms
 of loose tobacco stopped
 from being smuggled
 into New Zealand

ASSISTED
350
BUSINESSES
 by changing their
 payment arrangements
 to support them during
 the impacts of **COVID-19**

What we do

Our functions

Te Mana Ārai o Aotearoa, the New Zealand Customs Service (Customs), provides essential border services and infrastructure that protect New Zealand and advance our economy. We have four core functions:

- Protecting New Zealand’s border
- Promoting and facilitating secure and efficient trade to and from New Zealand
- Promoting and facilitating secure and efficient travel to and from New Zealand
- Collecting Crown revenue.

Our services

The services we provide include:

- facilitating the flow of people, goods, and craft across our border
- protecting New Zealand from external risks and threats such as illicit drug smuggling
- promoting and facilitating secure and efficient trade and travel
- enforcing relevant law, which includes identifying and seizing prohibited imports and exports
- providing intelligence and risk assessment information to other government agencies, and also to Customs’ frontline officers
- collecting Crown revenue
- monitoring whether traders and travellers are complying with border requirements, and providing assurance over trade security and the border revenue system
- participating in the global customs community by helping to develop international customs policy and through our relationships with overseas customs and law enforcement bodies
- supporting the economic, protection, and security outcomes of other agencies
- providing policy advice to Government ministers on border and revenue management issues.

Our legislative authority

Our functions and services are mandated by the Customs and Excise Act 2018 and related regulations. We also enforce a range of other Acts at the border on behalf of other agencies.

Contribution to Ministerial and Government priorities

In 2019/20 we progressed the four priorities that had been agreed with the Minister of Customs for the Customs portfolio:

- reducing the harm to families through increased disruption to the supply of illicit drugs into New Zealand
- strengthening New Zealand’s trading links to support exporters
- eliminating the gender pay gap, paying the Living Wage, and increasing diversity in Customs’ workforce
- co-design of future border systems.

We continued to contribute to the Government’s priorities by helping to build the economy, improve wellbeing, and make New Zealand proud. In addition, we made a considerable contribution to the Government’s objectives relating to New Zealand’s response to and recovery from the COVID-19 pandemic.

Rautaki Mana Ārai – the Customs Strategy

Rautaki Mana Ārai drives our planning to deliver on our purpose to protect and promote New Zealand across borders and our aspiration to eliminate border and revenue risk.

Four values underpin all that we do at Customs:

- we do what’s right – te ara tika
- we are guardians – kaitiakitanga
- we value people – he tāngata
- we look forward – pae tawhiti.

The Treaty of Waitangi principles of kotahitanga (partnership), kaitiakitanga (protection), and manaakitanga (participation/care for others) provide the foundations for what we do – our Pou Tokomanawa.¹ Integrating these principles into our strategy enables us to strengthen partnerships with Māori, protect Māori communities, and actively contribute to Māori economic development.

As set out in the *New Zealand Customs Service Statement of Intent 2019–2023*, our strategic intentions focus on maintaining and improving delivery of the core functions of our business – *protection of New Zealand’s borders, promoting and facilitating trade and travel, and collecting revenue in the face of changing demands and expectations*. This supports the achievement of ministerial and Government priorities.

This annual report details our operations in the 12 months to 30 June 2020 and our progress in delivering on our strategic intentions.

¹ Te Pou Tokomanawa is the central pole of a meeting house, which holds everything up.

Our strategic framework

Government priorities

Building an economy that is growing and working for us all

Improving the wellbeing of New Zealanders and their families

Making New Zealand proud

Ministerial priorities

Reducing harm to families through increased disruption to the supply of illicit drugs into New Zealand

Strengthening New Zealand's trading links to support exporters

Eliminating the gender pay gap, paying the Living Wage, and increasing the diversity of Customs' workforce

Co-designing future border systems

We are here to

protect and promote New Zealand across borders

Ko te whakahaumarū me te whakatairanga i a Aotearoa ki ngā rohe

Our Values — Whanonga Pono

WE DO WHAT'S RIGHT
Te Ara Tika

WE ARE GUARDIANS
Kaitiakitanga

WE VALUE PEOPLE
He Tāngata

WE LOOK FORWARD
Pae Tawhiti

We aspire to

eliminate border and revenue risk

Te whakakore tūraru rohe me ngā mahi kohinga tāka

We aim to achieve

Protection
Prevent risk reaching our borders
Whakahaumarū

Trade
New Zealand's trade flows efficiently across borders
Hokohoko

Travel
A streamlined experience for travellers across borders
Tāroi

Revenue
Collect all due revenue
Kohinga tāka

Te Pou Tokomanawa — The Foundations

Kotahitanga
Partnership

Kaitiakitanga
Protection

Manaakitanga
Participation

Output classes

Clearance and enforcement services related to passengers and crew

Clearance and enforcement services related to goods

Clearance and enforcement services related to craft

Information and intelligence services

Revenue collection

Policy advice

International services and ministerial servicing