



Organisational Health and Capability

Leadership and governance

We have a system to ensure efficient decision-making, effective business performance, and good governance.

Our main governance body is the Customs Executive Board (CEB), comprising members of our upper-level management. The CEB provides leadership by setting the strategic direction for Customs and driving our ongoing performance and sustainability. It also ensures we have a robust management and control environment in which to deliver on our functions now and into the future. The CEB members at 30 June 2020 were:

- Christine Stevenson, Comptroller of Customs
- Bill Perry, Deputy Comptroller Operations
- Sharon May, Deputy Chief Executive Finance, Technology and Infrastructure
- Jacinda Funnell, Deputy Chief Executive People and Capability
- Michael Papesch, Deputy Chief Executive Policy, Legal and Strategy
- Jamie Bamford, Deputy Chief Executive International and Governance.

The CEB's roles at the end of 2019/20 reflect the Project Whakakotahi review undertaken of our corporate groups in 2019. The review sought to ensure the structure matches the way we work now, and resources are organised to best support achievement of our goals. From February 2020 a revised senior leadership structure was put in place, with corporate functions aligned under that structure. Phase 2 of Project Whakakotahi will be completed in 2020/21. It will determine the structure and size of the corporate functions to best support our delivery of frontline services. The project will take into account the work being undertaken on the World's Smartest and Safest Border and New Zealand's economic recovery in response to COVID-19 (see page 10).

The CEB has a number of subcommittees relating to our strategy, stewardship, organisational priorities, and performance.

CEB Start-Up Weekly information sharing with real-time joint management of emerging issues, risks and opportunities

CEB Focus Substantive and strategic discussions about matters impacting Customs now and into the future

CEB Investment and Performance Oversight and accountability of the allocation and use of resources, and the performance of Customs

CEB Business Decisions and direction to help Customs run well

CEB Health, Safety and Wellbeing Decisions and oversight to manage risk and keep our staff and those we work with safe and well

A number of other bodies – both standing and project-related – support the CEB to ensure effective performance and risk management, and provide advice to the CEB.

Our Assurance and Risk Committee is a key governance body. It provides advice to ensure we have an effective and comprehensive framework for corporate governance, and significant risks are identified and mitigated. It comprises external members, including an independent Chair, while members of our senior management attend meetings depending on specific agenda items.

Customs Assurance and Risk Committee Report For The Year Ended 30 June 2020

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

It would be fair to say that this has been a year like no other, not only for Customs, but also for all of New Zealand and the rest of the world. The ARC recognises the significant impact that COVID has had on Customs, particularly in the following areas:

- its border operations function,
- financial strain due to a lack of travellers, and
- latterly the impact on the maritime front line as Customs secures people access through all of New Zealand Ports to minimise the risk of community transmission.

We recognise Customs staff throughout the entire organisation have gone above and beyond to provide any and all assistance that was required for the broader All-of-Government response.

In February, we thanked Paul O'Neil from the Serious Fraud Office and acknowledged his three-year contribution to the Committee. A more formal thank you occasion will be held in 2020/21. We are pleased to have Audrey Sonerson (Ministry of Foreign Affairs and Trade) extend for another term having renewed her membership.

At the suggestion of the ARC, Acting Comptroller Bill Perry instigated additional support and input opportunities in 2019 with regular 'in between meetings' conference calls. These have been continued by the Comptroller in 2020. Like all organisations and groups, we have taken the opportunity to manage meetings via TEAMS to ensure our quarterly meetings continued through COVID.

Last year we congratulated Christine Stevenson on her permanent appointment to Comptroller of Customs, and this year we are pleased to see her take up that position on return from her secondment to Corrections.

The regular survey that is completed by ARC members and stakeholders to understand the effectiveness of the ARC was not undertaken this year due to organisational demands responding to COVID. It is essential that Customs extracts a value from the ARC process that exceeds the investment required to operate the independent function.

The ARC has continued to offer advice and guidance throughout the year regardless of the circumstances. We provided specific advice and guidance on some high priority areas in 2019/20, such as:

- Customs functions and responses to COVID, including recovery action
- Financial processes, reporting and Budget responses
- Integrity Pulse survey
- the Assurance Work Programme and arising suggestions
- Audit New Zealand report recommendations to the Comptroller
- People and Capability-related matters particularly *Positive and Safe Workplaces* and *Health, Safety and Wellbeing*
- Specific Customs projects or revisions including *Whakakotahi*, *Kaimahi* and *Rantaki Mana Āruhi*
- Customs' strategic risk profile
- Public Trust and Confidence in Customs survey
- Gifts and Hospitality Policy.

Finally, we acknowledge the commitment and focus of Customs to support their staff and keep people in jobs during COVID. Customs has led the way by providing the leadership needed in the recovery phase to ensure all New Zealanders have an opportunity to participate in a re-start of the economy.

Further challenges lie ahead for the NZ market but the ARC has confidence that the calibre of the Customs senior team and wider workforce will enable appropriate responses to be delivered in this testing environment.



Mark O'Connor
Chair, New Zealand Customs Service Assurance and Risk Committee

People

He aha te mea nui o te ao? He tāngata, he tāngata, he tāngata.

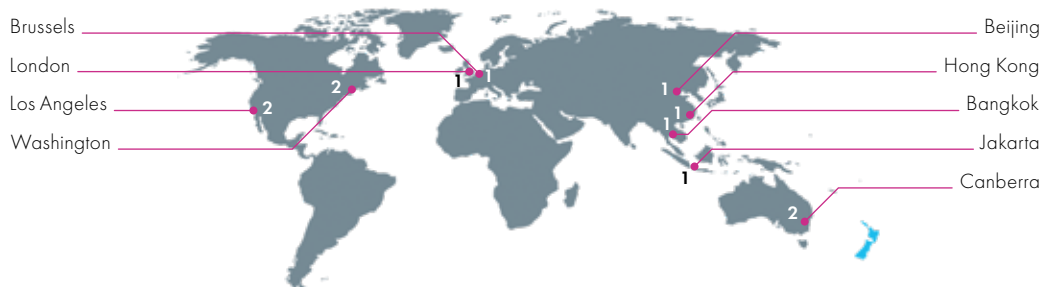
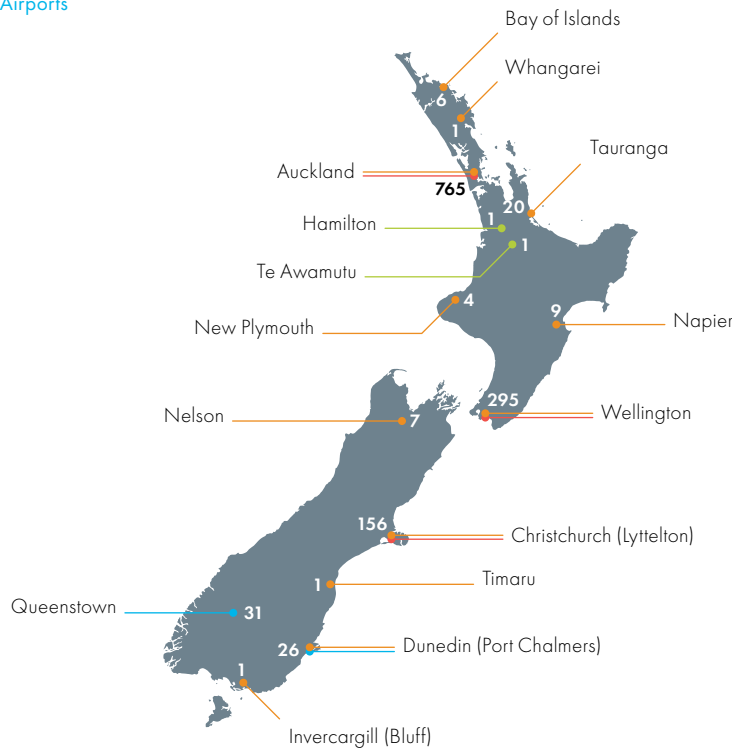
People are fundamental to what we do. We aim to create a great place to work where our people have a sense of belonging, and the capability and commitment needed to meet our challenges now and into the future. We have invested in the skills and capabilities of our staff to help Customs be a customer-focused, agile organisation that can respond to the dynamic nature of the border environment.

The dedication and efforts of our people in response to the COVID-19 pandemic have been outstanding (read more on pages 8-10).

Due to the nature of the services we deliver, our staff are located around New Zealand, with most working in operational areas at ports and international airports. We also have people posted to other countries to support our work programme overseas (see pages 13 and 70).

Staff numbers by location (as at 30 June 2020)

- Major International Airports
- Regional International Airports
- Marine Ports
- Other Locations
- Overseas Posts



The overseas posts map includes the Counsellor (Customs and Immigration) in Canberra who was employed in 2019/20 by Immigration NZ, but does not include four staff in administration roles at posts

Workforce profile

Financial year	Headcount	Full-time equivalents (FTEs)	Average age (years)	Unplanned turnover	Total turnover	Average length of service (years)
2019/20	1,339	1,279.4	45.3	6.2%	8.1%	12.3
2018/19	1,317	1,258.7	44.6	7.2%	9.5%	12.1
2017/18	1,287	1,230.3	44.1	7.3%	8.9%	12.0
2016/17	1,222	1,166.3	44.3	9.0%	12.3%	12.3
2015/16	1,135	1,078.4	44.7	9.4%	11.8%	13.6

All information is at 30 June – except turnover, which is annualised²⁸

Staff retention remained high in 2019/20, as shown by the unplanned turnover rate and average length of service.

We have a constructive relationship with the three unions representing our staff – the Customs Officers Association, the Public Services Association, and E tū. We have had positive engagement with these unions around redeploying staff in response to the changing demands from COVID-19.

Embracing and improving inclusion and diversity

VISION

Kotahi te kōhao o te ngira e kuhuna ai te miro ma, te miro whero, me te miro mangu²⁹

Customs is inclusive and diverse: every voice is valued and respected

Being inclusive means valuing everyone's uniqueness and helping everyone to contribute and bring their authentic selves to work. Being diverse means that our people have a blend of knowledge, skills, and experience, based on professional skills, ethnicity, age, sexual orientation, gender identity, and more.

We recognise that a diverse and inclusive culture and workplace where every voice is valued and respected makes Customs stronger. It improves organisational performance, decision-making, and employee engagement. Having a workforce that reflects the increasingly diverse community we serve also enables us to better understand and meet our customers' needs. This contributes positively to the services the public of New Zealand receive.

We are committed to delivering on the Panel Pledge, and the Papa Pounamu³⁰ priority commitments of addressing bias and discrimination; strengthening cultural competency; building inclusive leadership; developing relationships that are responsive to diversity; and supporting and engaging with employee-led networks. We continued to progress delivery in 2019/20.

Our Inclusion and Diversity Council is highly active. It refreshes its membership regularly (most recently in late 2019/20) to ensure it is made up of people with diverse experiences and perspectives, and sources of new ideas.

The Council led the development of the new *Inclusion and Diversity Strategy 2019–2021* launched in August 2019 (replacing our 2014–2018 strategy). The Strategy sets out our goals to make Customs an even more inclusive workplace. It focuses on gender equity and ethnic diversity, with accompanying goals to be achieved in 2021 (discussed below).

The Strategy also identifies emerging areas for further work to improve our data and develop targeted actions and goals. These are: sexual orientation, gender identity, disabilities, and mental health. This work will help us progress our efforts to be more inclusive, diverse, and representative of the community, including through increased employment of disabled people in the public sector.

We continue to encourage and support our staff networks, as they help staff feel included and supported, and help Customs build connections with these communities. We have a number of networks – Māori, Pasifika, Asian, Rainbow, and Women's – all of which were active in 2019/20.

²⁸The turnover figures are consistent with the turnover definitions supplied by the State Services Commission. Unplanned turnover includes resignations, retirements, dismissals and deaths, while total turnover includes planned turnover such as fixed-term contracts ending.

²⁹This whakatauaiki or Māori proverb captures the essence of Customs' vision in relation to inclusion and diversity. Its literal meaning is 'through the eyes of the needle pass the white thread, the black thread, and the red thread'. It originated with Potatau Te Wherowhero, the first Māori King, who, at the birth of the Kingitanga movement, spoke of strength and beauty through both unity and diversity, by alluding to the beauty and the strength of woven fabric.

³⁰The Panel Pledge was created by Champions for Change and seeks to achieve more balanced gender and ethnic representation at conferences and on panels. Papa Pounamu is a chief executive steering group for diversity and inclusion that leads a collaborative programme across the public service.

We are committed to the Accessibility Charter.³¹ Our primary method of communicating information to the public and our clients is through our website (www.customs.govt.nz). The website and its content have been designed to be accessible to all by making information easy to find, logical, and easy to read and understand (with reference to the New Zealand Government Web Standards).

Gender equity by addressing the pay gap

Women made up 47.8% of our staff at 30 June 2020, a slight drop from 48.1% at 30 June 2019.

Our *Gender Pay Gap Action Plan 2018–2020* included a range of strategies to affect recruitment, promotion, career development, and pay processes for our staff. It recorded our aim to eliminate the gender pay gap at Customs, with an immediate focus on reducing the gap by a third between 2018 and 2020. Eliminating the gap is part of our commitment to making sure equality and inclusivity are a core part of our culture.

We monitor both the mean and median gender pay gap to provide a balanced overview.³² Both gaps have been reducing at Customs since 2018. Our mean gender pay gap at 30 June 2020 was 12.4% – a decrease from the 13.8% gap at 30 June 2019 and 14.6% at 30 June 2018. It remains above the 10.9% gap for the public sector at 30 June 2019. Our median gender pay gap at 30 June 2020 was 13.8%, continuing the drop from 14.8% at 30 June 2019 and 17.9% at 30 June 2018.

While making progress, we considered it unlikely to hit our target for a mean gender pay gap of 9.7% and median gap of 10.6% by October 2020. Due to our research and the initiatives already undertaken, we now know much more about how pay gaps work than when we set that target. So in March 2020 we launched an updated *Gender Pay Gap Action Plan 2020* that is more realistic about the speed of change possible. Our new goals are those in the *Inclusion and Diversity Strategy 2019–2021*.

The State Services Commission (now renamed the Public Service Commission) advised us our updated plan is an exemplar. As a result we have been asked to provide material and support to some other government departments to help their approach in addressing the gender pay gap.

Our *Inclusion and Diversity Strategy 2019–2021* contains actions to attract, retain, develop, and progress women at all levels, with accompanying goals for 2021, and measures to assess our progress against those actions and goals. We aim to increase the proportion of women leaders by 1.5% per year (from the December 2018 baseline of 32%) to the 2021 goal of 36.5%. We are on track to achieve the December 2020 goal of 35%, with the percentage of women leaders being 34.1% as at 30 June 2020.

We believe we have made substantial progress in introducing and embedding initiatives that are influencing the systems, structures, culture, and opportunities for all women at Customs. We are now focused on measures to improve women's access to opportunities that can increase their skills and position them to successfully apply for leadership roles.

Membership of the Customs Executive Board (CEB, page 34) was 50% female for the first time in Customs' long history in 2019/20.

Narrowing pay gaps is one element of our commitment to making sure that equality and inclusivity are a core part of our culture. We know we also need to reduce our ethnic pay gaps. A number of the gender pay gap initiatives will assist in also reducing those.

Flexible working

In 2019/20 we continued to participate in the flexible-work-by-default working group being run by the Gender Pay and Pay Equity Taskforce from the Ministry for Women and the State Services Commission. Flexible working provides benefits for organisations; it is particularly valuable for older workers, disabled people, and those with caring responsibilities. It also supports increased diversity in leadership and management roles.

CEB agreed to an 'if not, why not?' approach to flexible working in 2019/20; this means that all roles are regarded as suitable for flexible working unless there is a good business reason for them not to be. In line with that, Customs developed an updated Flexible Working Policy in consultation with leaders, our unions, staff networks, and the Inclusion and Diversity Council. The COVID-19 Alert Levels provided us with an opportunity to test our flexible working capability and inform the new policy, which was implemented in early 2020/21.

³¹The Accessibility Charter, developed by the Ministry of Social Development and the Disabled People's Organisations, records public sector chief executives' commitment to ensuring that all information intended for the public is accessible to everyone, regardless of their needs.

³²The mean can be disproportionately influenced by a few very high or very low salary levels and large intakes of new staff.

Growing ethnic diversity

We recognise we need to consciously grow ethnic diversity in our workforce and leadership.

Ethnic diversity has been increasing in recent years (staff are able to self-identify three ethnicities):

Ethnicity	2016	2017	2018	2019	2020
New Zealand Māori	8.9%	9.1%	9.5%	9.8%	9.9%
New Zealand European/ Pākehā	65.8%	62.8%	62.6%	62.8%	60.4%
Other European	16.1%	15.3%	14.6%	14.8%	14.5%
Pacific peoples	7.8%	9.3%	10.4%	10.9%	10.7%
Asian	11.1%	14.0%	14.3%	16.0%	16.7%
Middle Eastern, Latin American, African	0.7%	0.9%	1.1%	1.1%	1.0%
Other ethnic group	6.2%	5.8%	5.3%	4.9%	4.8%

Each year's information is at 30 June

The proportion of our staff who are Māori is below that in New Zealand society. We are looking to increase Māori representation at Customs. The goal in our *Inclusion and Diversity Strategy 2019–2021* for the proportion of Māori staff is 11.6% by December 2020, and 12.6% by the end of 2021, increasing 1% a year from the December 2018 baseline of 9.6%. While the 9.9% as at 30 June 2020 is tracking below that goal, our recruitment programme has specific actions to attract Māori candidates, including incorporating Te Reo in all attraction tools and increasing our presence in the Māori community. This is part of *Te Pou Tokomanawa Māori o Te Mana Ārai*, our Māori Strategy (see page 12).

Our *Inclusion and Diversity Strategy 2019–2021* also aims to increase the proportion of Māori, Asian, and Pacific leaders at all levels – a 1% increase each year from the December 2018 baselines. That would result in Māori leaders making up 10.4% of total Customs leaders by December 2020, and 11.4% by December 2021; and Pacific and Asian leaders comprising 7.2% of total leaders each by December 2020, and 8.2% by December 2021.

As at 30 June 2020, 10.3% of our leaders were Māori, 5.1% were Pacific, and 6.7% were Asian.

We seek to attract and retain diverse staff through our recruitment and talent management processes. This includes promoting our commitment to inclusion and diversity in all job advertising and recruitment tools, and requiring unconscious bias training for all those involved in recruitment and selection.

The opportunity to further increase our gender and ethnic diversity was curtailed this year, at least in the short-term. We introduced a restriction in late 2019/20 on recruitment and promotion due to the impact of COVID-19.

Learning and development

Education and training are essential to ensuring we have effective leadership and a capable and agile workforce.

Our workforce plan has four areas of focus:

- sourcing and building new skills and capabilities
- building current capability pathways
- supporting the growth of inspiring leadership
- growing our culture.

In 2019/20 we consolidated our learning offerings and worked with on-the-job trainers to further grow our culture of learning as part of business-as-usual at Customs. This was complemented by a continued emphasis on providing high quality leadership and management training.

We have an extensive learning and development programme, which includes technical training and leadership development. We have a flexible, 'blended learning' approach, combining traditional classroom-based and 'on-the-job' learning with online education. The following table shows the mix in learning methods by our staff for training undertaken in 2019/20.

Type of training session	Number
Blended	3,202
e-learning	4,206
Classroom	3,247
Total	10,655

Our learning management system provides for a range of learning to be undertaken online. This proved to be invaluable as it enabled a lot of learning to continue uninterrupted during Alert Levels 4, 3, and 2. It also provided opportunities for quick 'refresher' training for our frontline officers deployed into areas they had not worked in for a while. During this time, we also moved into some 'virtual' learning; this face-to-face learning provided through technology enabled staff to be in different locations. It included some of our leadership development offerings and part of our Trainee Customs officer induction programme.

We will continue some virtual training in the future where it makes sense to do so. The resources on our learning management system support on-the-job learning for staff deploying into new work areas as part of our ongoing response to COVID-19.

We offer a range of training and resources relating to culture and diversity, including unconscious knowledge and bias and Te Reo Māori, and we saw an increase in Customs staff undertaking this learning in 2019/20.

Health, safety, and wellbeing

Customs is committed to promoting a safe and healthy workplace, and encouraging the positive wellbeing of our people. We also take all reasonably practicable steps to prevent harm to any contractors or members of the public as a consequence of our operations. Management and staff have responsibilities under our health and safety policy and procedures, and we remain committed to ensuring best practice is followed.

A strong emphasis on risk management, engagement, wellbeing, and assurance underpinned our activity in 2019/20, with COVID-19 the key feature in relation to health, safety, and wellbeing in the second half of the year.

Customs' frontline staff were among the first to interact with travellers arriving in New Zealand as the pandemic started. From late January 2020, we ensured relevant staff had the correct personal protective equipment (PPE), implemented physical distancing requirements and procedures, and enhanced our hygiene practices and cleaning regimes. Those staff with health vulnerabilities were able to stop working at the frontline. We obtained regular and updated guidance from the Ministry of Health on the appropriate measures and procedures for our staff in the airport and maritime environments. We also engaged with colleagues across the border sector and with external stakeholders such as airport companies.

As the pandemic progressed, we developed and put in place for every Alert Level specific health and safety requirements for all aspects of our work and each type of working environment. This included passenger processing areas in airports, areas for

processing marine craft and crew, and Customs' office space. We continually reviewed those practices and changed them as needed.

None of our staff members contracted COVID-19, at the frontline or elsewhere, in the 2019/20 financial year. Customs cooperated with, and quickly responded to, Ministry of Health guidelines around testing of staff in 2019/20.

Our mental health focus is on early awareness and intervention as a way of lessening stigma and supporting staff wellbeing. That foundation enabled us to respond quickly and effectively to the pandemic and its psychological effects on staff.

We introduced additional measures to manage staff wellbeing during the lockdown. This included providing regular updates to staff and requiring managers to contact their team members daily (with an associated protocol for managers to assess wellbeing and take action if necessary). A survey of staff in May 2020 about the way they worked during Alert Levels 3 and 4 showed these measures were effective in making staff feel connected and supported.

We also introduced additional resources to support staff wellbeing. An example was adding the Employee Assistance Programme (EAP) and Mentemia apps to work phones – these provide users with practical tips and techniques to help them take control of their mental health.

We carried out business-as-usual health and safety activities during the pandemic, including the EAP for staff to obtain counselling on mental health-related matters, and internal communications promoting healthy lifestyles. These included articles on our Intranet, and the monthly health and safety newsletter.

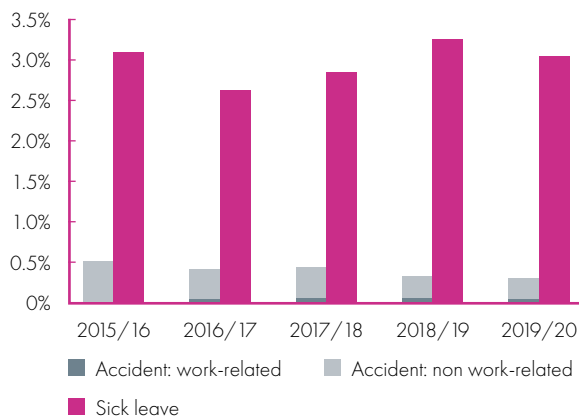
Customs continues to proactively manage health and safety risks relating to COVID-19 and follow the Ministry of Health's advice. We recognise there will be ongoing risks, particularly for staff who directly interact with arriving travellers (both crew and passengers) and who participate in maritime managed isolation and quarantine operations.

Measurement relating to accidents, hazards

We had a total of 140 accidents reported in 2019/20, most of a minor nature – a slight increase from 136 accidents in 2018/19.

Customs monitors lost productivity due to accidents (at work and outside work) and sickness. The significant majority of productivity lost³³ as a result of accidents is due to non-work accidents – lost productivity from work-related accidents was at 0.06% in 2019/20 (relating to 14 employees).

Lost productivity due to accidents and sickness



We had 91 preventive reports of near misses and hazards in 2019/20. These are important indicators of what could injure or seriously harm our people if not addressed, and of safety awareness among staff. Preventive and near miss reporting provides learnings and enables corrective actions to prevent future incidents. The 2019/20 total is a decrease from 108 reports for 2018/19, although the lower activity levels during COVID-19 lockdown was the main reason for the drop. We continue to see a stronger culture and acceptance of prevention at Customs as risk review becomes further embedded into the design of processes and facilities, and operational orders.

Financial sustainability

Before COVID-19, we received around 60% of our total departmental revenue from third party revenue. This was largely through the Border Clearance Levy, which recovers from international travellers the costs Customs incurs for processing them at the border, and goods clearance fees for Customs’ activities in clearing imported and exported goods crossing the border. COVID-19 has significantly reduced our third party revenue.

Border restrictions have substantially lowered the volume of passengers arriving and departing New Zealand (see page 26). Goods volumes also declined, although to a lesser extent (see page 21).

In March 2020, due to the effect of COVID-19 on businesses, the Government suspended fee rises and pricing reviews by agencies that charge fees at the border for the next 12 months. This included increases in our goods clearance fees, which were to take effect from 1 June 2020 (the increases followed our review to set fees that accurately reflected the actual cost of us clearing goods). A planned review of the Border Clearance Levy was also postponed, with Customs’ current levy rates carried over to the new levy period from 1 July 2021. These deferrals further reduce our third party revenue.

We have identified and made cost savings, but we required additional Crown funding to replace the drop in third party revenue.

We received a capital injection of \$30 million from the Government for 2019/20 to cover the expected shortfall in revenue.

In July 2020 the Government approved additional Crown funding for Customs for 2020/21 of \$84 million from the COVID-19 Response and Recovery fund to cover the forecast reduction in third party revenue (from \$141 million to \$57 million). This funding enables us to continue operating, and have sufficient resources to respond as passenger and goods volumes (and associated risks) increase.

The 2020/21 funding was based on assumptions and scenarios for the impact of COVID-19 on trade and travel volumes as at May 2020, and took into account the decision to defer cost recovery increases. Together with other border and transport agencies that received funding, Customs must report back to the Government in November 2020 with updated forecasts for passenger and goods volumes, and proposals for future reviews of fees, which might lead to further adjustments to Crown funding.

Managing risks

To achieve our strategic objectives and run day-to-day business efficiently, we need to manage risks actively and effectively. We aspire to a risk-aware culture where our people are encouraged and enabled to identify risks, and respond to them quickly and effectively.

Our Risk Management Policy sets out arrangements for ensuring active, reliable risk management throughout Customs, and reinforces that everyone must manage risk. The Risk Management Guidelines support the policy’s application and provide a practical process for staff to identify, assess, and respond to risks. We regularly review the policy and processes to ensure they remain effective and aligned with appropriate standards and international best practice.

³³The lost productivity percentages in the graph are the number of leave hours taken as a percentage of the maximum number of FTE hours that could have been worked in the financial year. Accidents are those recognised as an accident by ACC.

Maintaining integrity

If we are to maintain our reputation and deliver on our mandate effectively, we must have public trust and confidence, especially as we rely on most customers and others we interact with to comply voluntarily with our requirements. Our Customs Strategy, *Rautaki Mana Ārai* (see page 5), includes 'We do what's right' as a key value; we recognise this is fundamental to maintaining that trust and confidence. Our solid reputation depends on the way we act and the way we use our powers to protect and promote New Zealand across borders.

During 2019/20, we progressed our programme to continue to safeguard integrity and prevent corruption. Initiatives included:

- facilitating workshops for our staff to focus on good security behaviours, promote integrity and speaking up about wrongdoing, report security and integrity incidents, raise awareness, and generate conversation
- reviewing and refining the disciplinary policy and the gifts and hospitality policy, and setting up an online register for recording offers of gifts and hospitality
- ensuring policies are aligned with the State Services Commission's Positive and Safe Workplace Standards
- development of insider threat assessment tools and learning resources
- an independent moderation of Customs' self-assessment against the Government Protective Security Requirements
- developing a security investigations policy and reviewing the security policy, considering expectations and risks associated with working remotely
- continuing to strengthen our networks with other key agencies and administrations on integrity, and security matters that contribute to the Government Protective Security Requirements.

We also undertook pulse surveys of staff to measure how well we are doing in the integrity and security space. Ensuring our senior staff consistently role-model the Customs values and do what's right was identified as an area for focus and improvement.

Code of Conduct

Our Code of Conduct sets out Customs' expected standards of behaviour, reflecting the four guiding principles in the State Services Commissioner's Standards of Integrity and Conduct: *fair, impartial, responsible, and trustworthy*. The Code applies to all our employees and those we engage as contractors and consultants.

Our Integrity Assessment Committee (IAC) is chaired by an external independent representative and provides an independent assessment of allegations of integrity breaches. The IAC provides a level of confidence (within Customs and externally) that appropriate action is taken, and in a timely, managed way.

We take allegations of integrity breaches and corruption seriously and manage them professionally. In addition to the IAC, Customs has a Disciplinary Policy, and procedures for addressing unacceptable behaviour.

The following table shows the outcomes of investigations concluded in 2019/20 into allegations of unacceptable behaviour by Customs staff and contractors/consultants we engaged.

Upheld	Not upheld	Did not meet threshold for misconduct	Person left Customs before investigation concluded
16	11	6	1

When misconduct occurs and it is determined that disciplinary measures are necessary, these measures are meant to be corrective rather than punitive. In some cases termination is justified and appropriate. The following table provides statistics on disciplinary action, sanction, or outcome in 2019/20 where the allegation was upheld.

Formal warning ³⁴	Letter of expectation	Termination (with or without notice)	Resignation	Other
9	3	1	2	1

³⁴A formal warning could also include one or a combination of the following: referral to the 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 such other penalty decided by the chief executive.

Privacy

We collect, receive, hold, and use personal information to carry out our functions and duties. We aim to be a privacy-aware organisation that treats personal information with care, respect, and transparency to promote trust and confidence from customers, employees, and stakeholders. Our vision in this space is to be 'transparent to the public, trustworthy by design'.

The vision drives our mission to protect every individual's personal information by embedding privacy protections and transparency into all of our activities. This is reflected in our Privacy Strategy. We protect personal information that we collect, use, access, enrich, disclose, and dispose of, as well as the rights of individuals to access their own information.

We have a dedicated team managing privacy. From February 2020 responsibility for privacy was moved to the Policy, Legal and Strategy Group, with the Chief Legal Advisor taking responsibility for the Privacy Officer role. The move provides alignment with the Legal function and highlights the importance of privacy as an independent, cross-Customs function. Quarterly reports on notable actions and statistics are provided to the CEB.

In 2019/20 we investigated 40 privacy incidents, including near-misses, reported by staff. This is an increase from 33 incidents in 2018/19. We consider this the result of staff having more education about, and an increased understanding of, the need to report all incidents even if they seem minor in nature. In 2019/20 one complaint was referred from the Office of the Privacy Commissioner about our handling of information or response to Privacy Act requests – this was investigated and closed.

The all-of-government response to the COVID-19 pandemic prompted significant work for Customs relating to privacy. As an agency that receives and processes significant amounts of data relevant to the response (including personal information), we needed to be put in place processes enabling the appropriate sharing of this information, while balancing that with the need to protect personal information. During the initial response, information sharing was facilitated by the Privacy Act and the Civil Defence National Emergencies (Information Sharing) Code 2013. Once the Code ceased to apply, we entered into an agreement with the Ministry of Health and NZ Police under the Customs and Excise Act to allow for the sharing of information.

Commitment to Official Information Act

The Official Information Act 1982 (OIA) is intended to make government activities more open and transparent to the public. Customs is committed to the principles of openness and public engagement, and complying with the purposes and requirements of the OIA. We make the official information we hold as a government agency available to the public unless there is good reason (as set out in the OIA) for withholding it.

In 2019/20 we responded to 833 requests for information under the OIA, with all but four of those responses provided within the legislated timeframe.

We are aware that proactive release of official information can improve public trust and confidence in government and facilitate informed participation in government decision-making. We regularly publish responses to OIA requests on our website (<https://www.customs.govt.nz/about-us/information-releases/official-information-act-requests/>), as well as release a range of information to keep the public informed about our work, such as interceptions of drugs and other illicit goods (<https://www.customs.govt.nz/about-us/statistics/>).

The Official Information Act is an important tool and safeguard, and I am committed to ensuring that we comply with the purposes, principle, and requirements of the Act. Making our official information available to the public enables more effective participation in our country's democracy, promotes accountability, enhances respect for the law, and promotes the good government of New Zealand. Equally, withholding our official information is important when it is in the public interest to protect the information or necessary to preserve personal privacy.

Christine Stevenson

Comptroller of Customs

Asset performance indicators

Asset portfolios

Assets have been grouped into the following asset portfolios for reporting:

- Property – buildings for office accommodation in our main centres
- Information and Communications Technology (ICT) – computer hardware and software relied on for facilitating trade and travel, collecting revenue, and managing the associated risks.

Other assets have been excluded for reporting due to them being less critical to delivering our core services.

Asset performance

Property asset performance measures

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

Measure	Indicator	2018/19 Target	2018/19 Actual	2019/20 Target	2019/20 Actual
m ² per office person	Utilisation	≤16m ²	16.20m ²	12m ² –16m ²	14.48m ²
Percentage of building services, and other infrastructural services, that provide a safe and comfortable environment for staff ³⁵	Functionality	100%	100%	100%	100%
Percentage of buildings not earthquake-prone ³⁶	Condition	100%	100%	100%	100%

³⁵This measure is the same as that reported for 2018/19 but expressed as a percentage instead of a 0–5 scale (and we have restated 2018/19 for consistency). We want to measure and ensure that we provide a comfortable, modern, and safe workplace for our people and customers through an assessment based on the following criteria: accessibility, location, safety, security, and fit for purpose. Each of the properties meets our agreed performance service standards.

³⁶This measure has changed slightly for 2019/20 (and we have restated 2018/19 for consistency). The result reflects that each of the three Customhouses is rated above 33% New Building Standard.

ICT asset performance measures

The following measures relate to our key ICT systems.³⁷ They were agreed at the executive level and are used in our Asset Management Plans.

Measure	Indicator	2018/19 Target	2018/19 Actual	2019/20 Target	2019/20 Actual
Percentage of time systems available	Availability	100%	99.5%	100%	99.7%
Percentage of priority one (P1) incidents resolved within agreed support and maintenance service levels	Functionality	100%	52.2%	100%	62.5%
Percentage of ICT assets fully supported by vendor	Condition	100%	60.0%	100%	80.0%
Percentage of commercial air passengers using eGate	Utilisation	>55%	58.1%	>55%	57.8%
Percentage of revenue collected electronically	Utilisation	>95%	99.5%	>95%	99.9%
Percentage of trade lodgements processed electronically	Utilisation	97%	97.0%	97%	98.1%
Alerts in border management system	Utilisation	N/A	182,598	N/A	223,793

Explanation for variances from 2019/20 standard

Availability: If planned outages are excluded, availability was 99.9%. Planned outages are scheduled for times that have the minimum possible impact on business operations, including least disruption to our customers.

Functionality: Five of eight P1 incidents were resolved within agreed support levels. Of the remaining three incidents, two resulted in reduced technical service rather than complete outages, and system availability remained high. The other one related to a significant system outage; we have been working with our supplier to address this issue.

Condition: We initiated work to replace our Financial Management Information System (FMIS) in 2019/20. The new system is expected to be implemented by the end of 2020. Despite the existing FMIS being out of support, the system remained fully functional throughout the year and no unplanned outages were experienced.

The year ahead

- Continue to assess and change deployment of staff to respond to changing needs, particularly relating to COVID-19 response and recovery.
- Continue to assess and adjust information sharing requirements and arrangements, particularly relating to shifting needs due to COVID-19.
- Monitor third party funding due to the impact of COVID-19 on trade and travel volumes. With other border and transport agencies, report back to the Government in November 2020 with updated forecasts and funding proposals.

³⁷Joint Border Management System/Trade Single Window; CusMod border management system; Nexus data warehouse; eGate for passenger processing; Financial Management Information System.

