



**Biosecurity New Zealand**

Ministry for Primary Industries  
Manatū Ahu Matua



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

# Goods and Cargo Fees

## Report on Performance for the Year to 30 June 2024

January 2025



**Te Kāwanatanga o Aotearoa**  
New Zealand Government



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# 1. Introduction

The New Zealand Customs Service (Customs) and the Ministry for Primary Industries (through Biosecurity New Zealand) provide goods processing services for the purpose of protecting New Zealand from risks and threats, while enabling New Zealand's legitimate trade to flow freely and efficiently.

New Zealand's economy relies on trade. Strong relationships with international border agencies support the resolution of trade issues, minimise access barriers to international markets, and enable the rapid clearance of trade goods. At the same time, the international movement of goods creates a broad range of threats to New Zealand. This includes attempts to smuggle illicit drugs and tobacco, weapons, objectionable material, and other prohibited goods, as well as risks related to exotic pests and diseases. These items cause harm to New Zealand's communities, our primary industries, and the environment. Export goods also need to be assessed to ensure goods have the correct documentation and permits where required.

Goods and cargo fees are charged to importers, exporters, freight companies, shipping companies, and airlines to recover the costs, or part of the costs, that Customs and Biosecurity New Zealand incur as they process goods and manage risk at the border. The Goods and Cargo Fees Annual Report on Performance aims to provide transparency and accountability over the fees we collect and how they are used. This joint report sets out the legislation that authorises the collection of the fees, the services they cover, and the cost of delivering border protection services.

A review of the cost recovery framework that is used to set fees and levies for different types of goods is currently underway<sup>1</sup>. There are areas where fees could be changed to make them fairer and to ensure that the fees are set at the level required to cover the cost of processing services. As this work is still underway, **this report excludes revenue forecasts beyond the 2024/25 financial year.**

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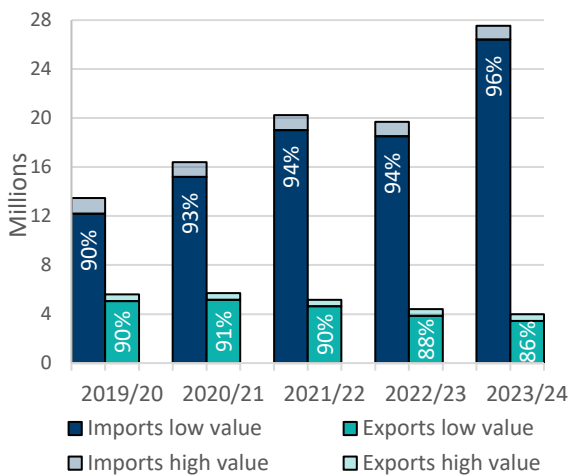
<sup>1</sup> Recovering the Costs of Goods Management Activities at the Border – A Joint Consultation Document <https://www.customs.govt.nz/about-us/news/important-notice/consultation-recovering-costs-goods-management-activities-at-the-border/>

## 2. An overview of the 2023/24 financial year

Customs and Biosecurity New Zealand play an important role in protecting New Zealand from biosecurity and other border risks. This involves assessing goods for risk, detecting errors and fraud in documentation, and ensuring import and export control systems are complied with.

During 2023/24, Customs and Biosecurity New Zealand 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 import items, usually from online shopping). Four million export transactions were also processed. This is a decrease of 10% from 2022/23, likely due to global economic factors.

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



### Delivering cost-effective and efficient services

Customs and Biosecurity New Zealand are committed to ensuring that goods processing services are delivered cost-effectively and efficiently, while ensuring that border screening services manage the broad range of risks and threats to our border.

Customs faces a number of cost pressures in the coming years. Like all public service agencies, it has had to carefully review all expenditure and make changes to its workforce and structure to make sure services can be delivered in a financially sustainable way.

During 2023/24, Customs carried out a line-by-line review of expenditure to identify options to reduce costs. This included an organisational change process in the first half of 2024 that reviewed and restructured existing roles to ensure the right capabilities are where they need to be, when they need to be there.

Biosecurity New Zealand also reviewed its services and invested in technological enhancements and other changes to ensure services are delivered efficiently as set out below.

### Efficient clearance of compliant trade goods

All items entering and leaving New Zealand go through a risk assessment and screening process. Items valued at over \$1,000 need import or export documentation that allows the item to be risk assessed electronically. Most goods are assessed and cleared for shipment within five minutes of

the documents being loaded into the Trade Single Window system. This reduces the need to manually examine goods or documents as part of standard clearance processes on arrival.

In September 2023, a Time Release Study<sup>2</sup> was used to assess how quickly Customs and Biosecurity New Zealand clear cargo goods arriving by air and sea. Time release studies provide an objective measure of the time it takes to complete various border processes from the time goods arrive, until they leave the control of border agencies.

The study found that for goods with correct documentation:

- 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.

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 that air cargo was generally released within 10 hours of arrival.

## **Enhancing the integrity of the biosecurity system**

Biosecurity New Zealand has strict rules and strong protections in place to prevent the pests and diseases entering the country, becoming established, and damaging our \$53.3 billion primary sector export industry.

The biosecurity system is based on activities undertaken by the Ministry for Primary Industries across a range of inter-related areas, including pre-border (international), at the border, and domestically within New Zealand. All of this is supported and underpinned by assurance monitoring, intelligence assessments, diagnostics (labs), readiness, data and digital systems, policy advice, compensation, verification, compliance, and regulatory systems which support effective operations at the border.

In 2023/24, Biosecurity New Zealand experienced greater complexity in the importation of cargo resulting in increased biosecurity risks. There has been a shift in behaviour where more parcels are being consolidated into a single consignment, requiring more time to process. A change in commodity types has also increased complexity in managing biosecurity risks – for example clearing used equipment or grain/seed is more time consuming than other commodity types. To effectively manage this risk, Biosecurity New Zealand invested in technological enhancements and implemented programmes of work that support efficient processing services and integrity at the border with increased verification, assurance, compliance and surveillance activities.

Biosecurity New Zealand continued to regularly engage with industry partners to provide education and training on biosecurity threats and emerging risks.

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<sup>2</sup> Read more about the Time Release Study 2023 on Customs' website:

<https://www.customs.govt.nz/globalassets/documents/misc/time-release-study-2023.pdf>

## Goods fees and levies review

Customs and the Ministry for Primary Industries review goods fees and levies periodically to ensure that the revenue collected is sufficient to cover the cost of processing and risk assessing goods as they cross the border. Despite an inflation adjustment to Customs' goods fees from 1 October 2023, and a further adjustment from 1 July 2024, the revenue currently collected for some fee types does not cover the costs of border processing and protection services.

In September 2024, a consultation document was released on proposed changes to current fees and levies. These changes have three key areas of focus:

- ensuring that the fees and levies collected meet the projected costs for activities that are fully cost recovered and reviewing fees that are partly or fully funded by the government
- reviewing the structure of fees and levies so they are better aligned with costs and are fairer for fee payers
- reviewing the cost recovery model for low value air cargo and the costs for clearing low value goods arriving by international mail as these are largely funded by the Crown rather than through fees and levies.

Consultation closed on 31 October 2024, with recommendations expected to be made to Ministers in the first quarter of 2025.

## 3. Legislation to authorise fees and cost recovery

### The Customs and Excise Act 2018

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

The Customs and Excise Regulations 1996 prescribe the fees or charges that are payable to Customs to recover costs relating to the import and export of goods. Table 1 on page 10 shows Customs' goods fees and the related regulation.

In general, Customs' fees are set to recover all the processing and risk management costs incurred when trade goods cross the border. This includes:

- direct costs of services (such as staff time, travel costs, systems and equipment used in delivering the service)
- support costs for the delivery of the service (such as training and development costs for staff, administrative support, management, project, and capital costs)
- a proportion of wider business support or common costs (such as finance, human resources, information technology, and costs of property and utilities).

### The Biosecurity Act 1993

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

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

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

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

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

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

Customs and Biosecurity New Zealand use cost recovery frameworks that are consistent with guidance published by the Treasury and the Office of the Auditor-General.

The four key principles that guide the approach to cost recovery are:

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

These principles are used to ensure that the fees and levies are fair, proportionate, and are used appropriately.

## Use of memorandum accounts to manage cost recovery

Revenue collected through fees and levies is managed through memorandum accounts to ensure that this funding is only used to provide the services required by the fee payer and cannot be used to subsidise activities performed elsewhere in Customs or Biosecurity New Zealand.

Memorandum accounts summarise financial information related to the provision of services covered by fees or levies. They include any accumulated surplus or deficit resulting from revenue and expenses not offset in any given period. Levy rates are set with the intention of returning the balance in the memorandum account to zero by the end of each levy period. This means that agencies can take a long-term perspective to fee settings and cost recovery.

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

The movements of the memorandum accounts are reported annually through this performance report (see page 17) and in the annual reports of each agency<sup>3</sup>. Customs Goods Clearance Fees memorandum account is currently in deficit as revenue does not fully cover the cost of delivering processing and protection services. This deficit has been growing in recent years.

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<sup>3</sup> The New Zealand Customs Service Annual Report for the 2023/24 financial year is available at <https://www.customs.govt.nz/globalassets/documents/corporate-documents/annual-report-2024-interactive-version.pdf>

Financial information relating to Biosecurity New Zealand is published in the Ministry for Primary Industries Annual Report available at <https://www.mpi.govt.nz/about-mpi/corporate-publications/annual-reports-of-the-ministry-for-primary-industries/>



## 4. Current fees and levies

### Customs goods clearance fees

Customs operates a mixed funding model to cover the cost of its services. Approximately 60% of services were funded through third-party revenue (including fees and levies) in 2023/24. Customs goods clearance fees recover costs related to the activities and services that help manage risks to New Zealand and some goods-related investigations and seizures. This includes:

- **Intelligence and risk targeting** – Customs uses intelligence and risk targeting to focus resources on high-risk goods before goods arrive in New Zealand. This approach means fewer goods require physical inspection, clearance times are more efficient, and processing costs are kept low.
- **Processing activities** – import and export documents are processed electronically through the Trade Single Window system, with traders and brokers able to lodge the documents before the goods have arrived in New Zealand. This means goods with correct documentation are usually cleared before the goods have arrived, unless selected for physical inspection. Customs fees also include services such as issuing client codes, advising on Customs' requirements, and responding to client queries.
- **Inspecting goods** – Customs inspects targeted goods to detect illegal, prohibited, or non-compliant items, or to ensure correct documentation is provided (such as determining the country of origin for tariff purposes). This can include examinations, rummage on vessels, inspections, holding goods until correct documentation has been received, and seizure and destruction of goods.
- **Investigations** – where an inspection of goods or intelligence identifies potential illegal activity or another threat to New Zealand an investigation may occur, providing evidence for enforcement action and intelligence for further targeting.

Customs does not recover the cost of the following activities:

- enforcement action, including prosecution, administrative penalties, and infringement notices
- collecting duty payments, including GST, tariff duty, and excise-equivalent duty
- negotiating with other countries where Customs is New Zealand's lead agency for:
  - 'rules of origin', enabling importers and exporters to access tariff concessions
  - recognition of the clearance processes Customs and trading partners have in place to process goods as part of developing and maintaining Mutual Recognition Arrangements
  - the removal of non-tariff barriers, to smooth the path for New Zealand goods to access international markets
- managing the Secure Exports Scheme
- clearing low-value mail governed by the Universal Postal Union
- review of seizures.

## Inflation adjustments

In July 2023, the Government approved two inflation adjustments to Customs goods fees while the longer-term review of goods fees and levies is underway. The first of these adjustments took effect on 1 October 2023, and the second on 1 July 2024. The current fee structure is shown in Table 1, as prescribed in the Customs and Excise Regulations 1996.

**Table 1 – Customs current fee structure**

Fee Type	Fee (incl GST)	Who pays	Regulation
<b>Imports</b>			
Import Entry Transaction Fee	\$40.08	Individual importers	Regulation 24A
Inward Cargo Transaction Fee – Air	\$93.45	Airlines reporting on all the cargo on their craft and freight forwarders seeking clearance of low value consignments.	Regulation 13A
Inward Cargo Transaction Fee – Sea	\$537.09	Shipping lines reporting on all the cargo on their craft and freight forwarders seeking clearance of low value consignments	Regulation 13A
<b>Exports</b>			
Export Entry Transaction Fee – Secure Exports Scheme (SES)*	\$3.96	Exports shipped under the Secure Exports Scheme	Regulation 28A
Export Entry Transaction Fee (non-SES)	\$8.28	Other exports valued \$1,000 or more	Regulation 28A
Outward Cargo Transaction Fee for Outward Cargo Report – Air	\$17.41	Freight forwarders for loading goods on a craft and airlines reporting on all goods on their craft	Regulation 29A
Outward Cargo Transaction Fee for Outward Cargo Report – Sea	\$22.55	Freight forwarders for loading goods on a craft and shipping lines reporting on all goods on their craft	Regulation 29A
Outward Cargo Transaction Fee for Cargo Report Export – Air	\$48.54	Freight forwarders seeking clearance of low value consignments	Regulation 29A
Outward Cargo Transaction Fee for Cargo Report Export – Sea	\$6.75	Freight forwarders seeking clearance of low value consignments	Regulation 29A

\*The Secure Exports Scheme is New Zealand’s Authorised Economic Operator programme. These 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 and can access fast-track processing into key markets, saving exporters time and money.

# Biosecurity New Zealand's goods clearance fees

## Cost recovery funds Biosecurity Services

The Ministry for Primary Industries charges the Biosecurity System Entry Levy (BSEL) under the Biosecurity (System Entry Levy) Order 2010, and a number of direct charge fees under the Biosecurity (Costs) Regulations 2010, to recover its service costs in the cargo pathway. The purpose of these charges is to ensure importers fund the cost of Biosecurity New Zealand services that reduce the biosecurity risk associated with imported goods.

From 1 July 2023, the government increased the Levy from \$23.00 to \$46.40 and changed the hourly fee for general inspections from \$102.27 to \$155.50. These increases were intended to recover the historical deficit in the cargo memorandum account and fund the changes to the operating environment that have occurred in the cargo pathway. The cargo memorandum account returned to surplus in the 2023/24 financial year.

Levies have supported resource to provide effective and efficient primary and secondary screening of import documentation and issuing relevant directions in the cargo pathway. There has been a continued focus on quality assurance and compliance against Import Health Standards to deliver effective risk assessment that effectively manages biosecurity risk.

## Biosecurity System Entry Levy (BSEL)

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

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

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

**Table 2 – Border System Entry Levy rates**

	From 1 July 2019	From 1 July 2023
Levy Rate (\$)	23.00	46.40

## Biosecurity Fees

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

The services covered by the biosecurity fees include:

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

Prior to 1 December 2019 the levy applied to the importation of goods that had a value of more than \$400. Lifting the threshold to \$1,000 created a shortfall in revenue that is met through Crown funding.

### Hourly-rate fee activities

Fees are charged on a range of activities as specified in the Biosecurity (Costs) Regulations 2021. Fees are either charged on a time basis, or are a fixed fee based on standard time to perform the task. Biosecurity New Zealand recovered \$17.2 million from these fees in 2023/24 for activities that include:

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

**Table 3 – Hourly rate**

Rate (\$)	From 1 July 2015	From 1 July 2023
General inspections	102.27	155.50
Veterinary inspections	186.30	186.30

## Forecast cargo volumes are used to inform fee and levy settings

The forecast cargo volumes are based on scenario modelling that was approved by the Border Executive Board<sup>4</sup> in June 2024. The forecasts ensure border agencies are using consistent data for planning purposes and are used to inform fee and levy settings. Multi-year forecasts will be updated following decisions on the goods fees review in 2025.

**Table 4 – Number of goods entries and reports (millions)**

Entry or report	2022/23 Actual (m)	2023/24 Actual (m)	2024/25 Estimated (m)
Import Entry (IETF)	1.188	1.160	1.158
Inward Cargo Report (Air)	0.053	0.062	0.069
Inward Cargo Report (Sea)	0.005	0.005	0.006
Export Entry – Secure Export Scheme (SES)	0.156	0.159	0.163
Export Entry – Non-SES	0.385	0.391	0.399
Cargo Report Export – Air	0.032	0.033	0.034
Outwards Cargo Report – Air	0.054	0.055	0.054
Cargo Report Export – Sea	0.017	0.019	0.020
Outward Cargo Report – Sea	0.012	0.013	0.014

<sup>4</sup> In December 2020 Cabinet agreed to establish the Border Executive Board (BEB), an inter-departmental executive board under the Public Service Act 2020. The overall objective of the BEB is the collective leadership and accountability for New Zealand’s border to protect New Zealand from current and future risks associated with incoming and outgoing people, goods, and craft. The BEB 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.

## 5. New Zealand Customs Service

### Work Programme

Customs' objective is to support the efficient and cost-effective flow of trade and revenue collection as goods cross the border. This includes:

- enabling low-risk trade processed quickly with a minimum of disruption or delay
- protecting New Zealand's reputation as a trusted low-risk country of origin in overseas markets
- minimising the risk to New Zealand from goods crossing the border.

### Supporting economic growth through the facilitation of trade

Customs works to build strong and trusted relationships with the customs, border, and law enforcement agencies of our international trade partners, supporting greater information sharing and agreements that make trade faster and simpler for exporters.

Free Trade Agreements provide preferential access for New Zealand exports into overseas markets, reduce tariffs (meaning lower duty rates), and facilitate low-risk imports into New Zealand. Customs Cooperation Agreements and Mutual Recognition Arrangements increase information sharing, help reduce non-tariff barriers to trade, and reduce customs clearance times and costs for traders who are part of the Authorised Economic Operator programmes in each country.

As at 30 June 2024, Customs has Mutual Recognition Arrangements in place with 11 trade partners, with two new Arrangements expected to be completed in the 2024/25 financial year.

During 2023/24, Customs:

- signed an Arrangement on Facilitating Safe and Efficient Trade with Singapore Customs and Singapore's Infocomm Media Development Authority, making trade faster and simpler for exporters into New Zealand's largest trading partner in Southeast Asia
- supported the negotiations for the Comprehensive Economic Partnership Agreement between New Zealand and the United Arab Emirates, led by the Ministry of Foreign Affairs and Trade
- met with the Indian Central Board of Indirect Taxes and Customs to identify ways to make customs processes easier and faster for legitimate trade
- supported the entry into force of New Zealand's Free Trade Agreement with the European Union from 1 May 2024.

While this work is not funded through the Goods and Cargo fees or levies, it is a significant factor in Customs' ability to efficiently and effectively process and clear goods across the border.

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

Customs' 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, means compliant goods can be risk assessed and cleared quickly.

Most non-compliance relates to trade documentation and is accidental or unintentional. In 2023/24 Customs rolled out a new audit programme that includes assurance audits of all Customs Controlled Areas, and the performance of individuals and brokers making regular customs declarations. The audit programme aims to improve overall compliance with trade regulations and supports greater engagement with clients to address any issues and get things right. Customs also

works closely with industry partners to highlight the common errors and issues with trade documentation so they can work with their members to address these issues. This work has led to a sustained improvement in the accuracy of submitted documents.

In May 2023, Customs introduced a new application that allows mistakes in payment documents to be identified earlier in the process so they can be reviewed and corrected before being processed. The new application has meant faster allocation of payments and fewer delays in the release of goods.

### **Effective border screening processes to manage risks and threats**

Customs uses intelligence, data analytics, and risk management to target the goods and crafts that are most likely to contain items that could be a threat to New Zealand. This includes scanning of mail items and goods shipments, physical examination of suspect items, as well as joint operations with partner agencies targeting activity by transnational organised crime (TNOOC) groups and national crime groups and gangs.

TNOOC groups constantly find new ways to smuggle illicit drugs and tobacco and other items across the border, with a trend towards large-scale and sophisticated smuggling activity. These groups work to place or corrupt people in key roles in the supply chain to bypass customs and border controls. This poses a significant threat to New Zealand's reputation as a secure trading partner.

Through Budget 2023, Customs received funding to increase its presence at maritime ports and sea cargo facilities with a focus on:

- increasing Customs' capability to identify and address vulnerabilities in the maritime supply chain
- detecting and deterring criminal activity
- gathering intelligence to enable better targeting of risk cargo and vessels for inspection.

From 2025/26, the costs of this enhanced capability will be recovered through goods fees and levies (for costs relating to goods and commercial vessels) and the Border Processing Levy (for costs relating to travellers). These costs have been included in the goods fees and levies review.

## 6. Biosecurity New Zealand

### Work Programme

Interventions in the biosecurity system include international requirements for the treatment of risk goods, border assessments, and inspections and surveillance activities to prevent the establishment of pests and unwanted organisms (such as the Brown Marmorated Stink Bug). During 2023/24, Biosecurity New Zealand maintained effective biosecurity standards. The focus of the work programme was to enhance the integrity of the biosecurity system and deliver efficiencies.

### Enhancing service in a demand-driven environment

In 2023/24, Biosecurity New Zealand experienced greater complexity in the importation of cargo resulting in increased biosecurity risks. To effectively manage this risk, Biosecurity New Zealand adjusted its operating model to enhance services in a demand driven environment.

This included:

- **The development and implementation of a national cargo competency framework** to ensure the rotational workforce is well trained in this pathway. The continued development of the rotational workforce model has enabled operational efficiency and ensures staff have both the capability and knowledge to work across pathways (cargo, vessels, mail, and passenger) and manage increasing biosecurity risks.
- **Increasing resourcing capability nationwide.** This investment in frontline resources was essential to provide effective verification and assurance mechanisms required for border integrity.
- **Strengthening the assurance programme for cargo** by expanding biosecurity system-based verification.
- **Continued implementation of the performance-based verification of Transitional Facilities** to further strengthen this pathway and mitigate potential biosecurity risks, while effectively facilitating trade.
- **Technology enhancements** to further realise processing efficiencies and operational excellence that support efficient border processing, including system upgrades.
- **Establishment of the Biosecurity Compliance Inspectorate** to respond to and investigate breaches of biosecurity system legislation.

Biosecurity New Zealand will continue to implement initiatives during 2024/25 to provide effective services including:

- technology enhancements to further realise processing efficiencies and operational excellence and partnering with Customs to enhance shared border platforms
- improved targeting of higher risk goods and an improved verification approach to lower risk goods.



## Surveillance

Biosecurity surveillance activities help to prevent the establishment of unwanted organisms in New Zealand. This includes surveillance programmes, diagnostics, and incursion investigation activities at the border and high-risk places to prevent slippage of pests and diseases through the maritime, cargo and air border pathways. General surveillance also enables reporting of pests, diseases and risk organisms that have slipped through border processing activities to the exotic pests and disease hotline (0800 80 99 66) or the online form.

Targeted surveillance programmes are designed to look for specific organisms in specified hosts or high-risk places (such as Ports of First Arrival and Transitional Facilities) associated with the clearance of cargo and goods. Pathway surveillance programmes are designed to target high risk places to look for pests, diseases, and other risk organisms.

Surveillance efforts continue to evolve, incorporating international research innovations further and strengthening the biosecurity system. Biosecurity New Zealand is focused on preventing the Brown Marmorated Stink Bug becoming established in New Zealand. During the 2023/24 financial year, 111 live stink bugs were intercepted at the border. Biosecurity New Zealand worked with overseas partners to establish offshore treatment requirements and a vehicle auditing system in Japan. Overseas partnerships, together with the work of biosecurity officers at the border, demonstrates the importance of New Zealand's robust biosecurity system. There continues to be no evidence of any established brown marmorated stink bug population in New Zealand.

## 7. Financial Performance

### Customs Memorandum Account Balance

Customs Goods Clearance Fees memorandum account is currently in deficit as revenue does not fully cover the cost of delivering processing and protection services. This deficit has been growing in recent years. The current review of goods fees and levies aims to address this deficit and ensure the financial sustainability of the goods fees framework.

**Table 5 – Customs Goods Clearance Fees Memorandum Account**

Memorandum account balance	2022/23 Actual (\$m)	2023/24 Actual (\$m)	2024/25 Forecast (\$m)
Import Entry	(1.431)	(1.471)	0.161
Inward Cargo Report (Sea)	0.680	1.457	2.319
Export Entry – Secure Export Scheme (SES)	(0.173)	(0.190)	(0.145)
Export Entry – Non-SES	(1.145)	(0.654)	0.183
Outward Cargo Report – Air	(3.668)	(6.587)	(7.866)
Cargo Report Export – Sea	(0.150)	(0.215)	(0.251)
Outward Cargo Report – Sea	(0.607)	(0.983)	(1.221)
<b>Closing balance surplus/(deficit)</b>	<b>(6.494)</b>	<b>(8.643)</b>	<b>(6.820)</b>

### Biosecurity New Zealand Memorandum Account Balance

Revenue and expenditure from the Biosecurity System Entry Levy (BSEL) and hourly-rate fee activities are managed through the Border Biosecurity Clearance Fees Memorandum Account. Biosecurity New Zealand's memorandum account balance has returned to a surplus position as the levy and hourly rates were adjusted on 1 July 2023.

**Table 6 – BSEL memorandum account financial position**

Memorandum account balance	2022/23 Actual (\$m)	2023/24 Actual (\$m)	2024/25 Forecast (\$m)
Biosecurity System Entry Levy (BSEL)	(7.408)	5.438	6.394
Hourly-rate fee activities	(2.520)	0.747	1.014
<b>Closing balance surplus/(deficit)</b>	<b>(9.928)</b>	<b>6.185</b>	<b>7.408</b>

## Fees revenue – Customs

Revenue collected through goods fees and levies increased across most fee types in 2023/24, largely due to the inflation adjustment from 1 October 2023. Revenue is also forecast to increase for the 2024/25 financial year due to the second inflation adjustment from 1 July 2024.

**Table 7 – Customs goods processing revenue**

<b>Goods assessed</b>	<b>2022/23 Actual (\$m)</b>	<b>2023/24 Actual (\$m)</b>	<b>2024/25 Estimated (\$m)</b>
Import Entry	34.469	37.584	40.663
Inward Cargo Report (sea)	2.335	2.744	2.737
Export Entry – Secure Export Scheme (SES)	0.442	0.512	0.562
Export Entry – Non-SES	2.284	2.610	2.870
Outwards Cargo Report – Air	0.676	0.770	0.812
Cargo Report Export – Sea	0.084	0.102	0.116
Outward Cargo Report - Sea	0.190	0.231	0.265
<b>Fees in memorandum account</b>	<b>40.480</b>	<b>44.553</b>	<b>48.025</b>
Inward Cargo Report (air)	3.574	4.679	5.575
Cargo Report Export – Air	1.116	1.283	1.431
<b>Fees related to low-value air cargo</b>	<b>4.690</b>	<b>5.962</b>	<b>7.006</b>
<b>Total goods fees revenue</b>	<b>45.170</b>	<b>50.515</b>	<b>55.031</b>

## Levy and Fee revenue – Biosecurity New Zealand

Revenue and expenses relating to BSEL and hourly-rate fee activities are separately monitored.

Table 8 shows the expenditure and revenue for services that are cost recovered through the Biosecurity System Entry Levy (BSEL)

**Table 8 – BSEL memorandum account financial position**

	2022/23 Actual (\$m)	2023/24 Actual (\$m)	2024/25 Forecast (\$m)
<b>Opening balance</b>	<b>0.081</b>	<b>(7.408)</b>	<b>5.438</b>
from Levy payers	28.098	55.862	56.201
from the Crown	11.800	11.800	11.000
<b>Total Revenue</b>	<b>39.898</b>	<b>67.662</b>	<b>67.201</b>
<b>Total Expenditure</b>	<b>47.306</b>	<b>54.816</b>	<b>66.245</b>
Surplus/(Deficit) for period	(7.408)	12.846	0.956
Write-Off accumulated operating deficits	(0.081)	-	-
<b>Closing balance surplus (deficit)</b>	<b>(7.408)</b>	<b>5.438</b>	<b>6.394</b>

Table 9 shows the expenditure and revenue for services that are cost recovered through biosecurity fees.

**Table 9 – Hourly-rate fee activities revenue and expenditure**

	2022/23 Actual (\$m)	2023/24 Actual (\$m)	2024/25 Forecast (\$m)
<b>Opening balance</b>	<b>(2.241)</b>	<b>(2.520)</b>	<b>0.747</b>
<b>Total Revenue</b>	<b>13.566</b>	<b>17.210</b>	<b>18.764</b>
<b>Total Expenditure</b>	<b>16.086</b>	<b>13.943</b>	<b>18.497</b>
Surplus/(Deficit) for period	(2.520)	3.267	0.267
Write-Off accumulated operating deficits	2.241	-	-
<b>Closing balance</b>	<b>(2.520)</b>	<b>0.747</b>	<b>1.014</b>

Revenue from hourly-rate activity decreased slightly in 2022/23, with lower demand due to the level of goods being imported and the impact of global port congestion affecting goods arriving in New Zealand.

## Goods processing costs – Customs

The cost of risk assessing and processing goods across the border has increased due to operating cost pressures including salary and wage costs, enhanced maritime activities, and the impact of inflation on the cost to replace or upgrade assets, and expenses such as lease costs, consumables, and fuel.

**Table 10 – Customs goods processing costs**

Goods assessed	2022/23 Actual (\$m)	2023/24 Actual (\$m)	2024/25 Forecast (\$m)
Import Entry	35.830	38.963 <sup>5</sup>	48.283 <sup>6</sup>
Inward Cargo Report (Sea)	2.021	2.050	1.907
Export Entry – Secure Export Scheme (SES)	0.503	0.528	0.518
Export Entry – Non-SES	2.703	2.119	2.032
Outwards Cargo Report – Air	2.552	3.691	2.090
Cargo Report Export – Sea	0.153	0.166	0.153
Outward Cargo Report – Sea	0.624	0.611	0.503
<b>Fees in memorandum account</b>	<b>44.386</b>	<b>48.128</b>	<b>55.486</b>
Inward Cargo Report – Air	22.645	25.042	26.148
Cargo Report Export – Air	5.903	4.808	5.105
<b>Fees relating to low-value air cargo</b>	<b>28.549</b>	<b>29.850</b>	<b>31.253</b>
<b>Total goods processing costs</b>	<b>72.935</b>	<b>77.978</b>	<b>86.739</b>

<sup>5</sup> A capital injection of \$1.426m was applied to the memorandum account to offset these costs in 2023/24.

<sup>6</sup> A capital injection of \$9.283m is planned to be applied to the memorandum account to offset these costs in 2024/25.

## Goods processing costs – Biosecurity New Zealand

The cost of risk assessing and processing goods across the border has increased due to increases in the volume of low value consignments and increased complexity in the sea freight pathway corresponding with increased effort to identify biosecurity risk and management of non-compliance. This has resulted in increased demand for assurance, intelligence, border, and compliance activities. Cost increases are also due to processing, targeting tools, and digital enhancements.

**Table 11 – Biosecurity New Zealand processing costs**

	<b>2022/23 Actual (\$m)</b>	<b>2023/24 Actual (\$m)</b>	<b>2024/25 Forecast (\$m)</b>
<b>Border System Entry Levy</b>	47.306	54.816	66.245
<b>Hourly-rate fee activities</b>	16.086	13.943	18.497
<b>Total Expenditure</b>	<b>63.392</b>	<b>68.759</b>	<b>84.742</b>

## 8. Performance information

### Customs non-financial performance measures

Customs monitors the performance of good clearance and enforcement services against ten output measures. Customs achieved nine of the ten measures in 2023/24. More detail on this performance is set out in the New Zealand Customs Service Annual Report 2024.

**Table 12 – Customs’ non-financial performance measures related to goods**

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
	<i>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.</i>			
<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%
	<i>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, and identification of information mistakes or other forms of non-compliance.</i>			
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> – <i>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. When this occurs, 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.</i>			

2022/23 Actual	Measure	2023/24		2024/25 Standard
		Standard	Actual	
New Measure	Result rate of physically examined import trade entries	5% - 10%	<b>7.9%</b>	5% - 10%
	<i>This measure reflects how often Customs 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.</i>			
10,646	Number of import transactions selected for random intervention (under Customs' Assurance programme)	6,750	<b>8.902</b>	6,750
	<i>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, Customs can increase its accuracy and conduct more granular analysis of compliance across import streams.</i>			
<b>Investigations and enforcement</b>				
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%



## Biosecurity New Zealand's non-financial performance

In June 2024, Biosecurity New Zealand reviewed its non-financial performance measures related to goods (Service Performance Measures) to ensure they were fit for purpose.

The Service Performance Measure for clearing import entries is limited to clearance programmes that manage the biosecurity risk associated with cargo processing. There has been a significant shift to a larger proportion of consignments arriving via air. This shift has seen new risk profiles and added further biosecurity risk due to areas of non-compliance. Biosecurity New Zealand has addressed the shift in demand by increasing resource and system capability to maintain effective biosecurity standards and performance.

The performance measure for clearing import entries has been consistently met over the past four years due to continuous improvements in processes and systems. The increased effort in the quality control system has actively contributed to the successful performance outcome.

In 2023/24, a new Service Performance Measure was added to track improvement in the compliance of audited transitional facilities. This aligns to the introduction of the auditor function and the increased shift to performance-based verification.

**Table 13 – Biosecurity New Zealand non-financial performance measures related to goods**

Measure		2020/21	2021/22	2022/23	2023/24
	Standard	Actual	Actual	Actual	Actual
The requirements of Biosecurity Import Health Standards are met when clearing import entries.	95%	98.4%	97.5%	97.3%	97.3%
NEW: Percentage of audited transitional facilities demonstrate an improvement in compliance	80%	n/a	n/a	n/a	89.6%