



**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 2023

February 2024



**Te Kāwanatanga o Aotearoa**  
New Zealand Government

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# 1 Introduction

The New Zealand Customs Service (Customs) and Biosecurity New Zealand – a business unit within the Ministry for Primary Industries – 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.

Both agencies’ work in trade and goods clearance is a significant contributor to the economy. Customs is responsible for clearing goods entering or leaving New Zealand and protecting New Zealanders by detecting the cross-border movement of illicit items such as illegal drugs and goods. Biosecurity New Zealand is responsible for protecting New Zealand’s people, primary industries, and the environment from exotic pests and diseases.

Customs and Biosecurity New Zealand collect fees to recover the costs or part of the costs to process goods and manage risk at the border. The purpose of this report, which is published annually by Customs and Biosecurity New Zealand, is to support transparency and accountability of how these fees are used.

## 2 An Overview of 2022/23

During 2022/23, Customs and Biosecurity New Zealand continued to play an important role in protecting New Zealand from biosecurity and other risks posed at the border through the trade of goods. This involved assessing goods for risk, detecting errors and fraud, and ensuring import and export control systems were complied with.

Customs is responsible for facilitating the efficient flow of trade, while ensuring that goods comply with national and international legislation and requirements. It works with exporters and importers to ensure correct duties are paid and collects this revenue on behalf of the Crown. Customs works to stop items that impose considerable harm on communities, such as illegal drugs, weapons or child exploitation material from crossing the border. During 2022/23, Customs also focused on supporting traders impacted by supply chain disruption and extreme weather events.

Biosecurity New Zealand is responsible for protecting the New Zealand economy, our environment and our health and wellbeing through the detection and prevention of exotic pests and diseases crossing the border. The biosecurity system is based on activities undertaken by Ministry for Primary Industries across a range of inter-related areas, including pre-border (international), at the border, and within New Zealand.

## 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 importation or exportation 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 6 shows Customs’ goods fees and the related Regulation.

### 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 NZ 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 affected by proposals in this document 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 guidelines**

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 principles that guide Customs' and Biosecurity New Zealand's approach to cost recovery are:

- Equity - funding sourced from those that use our 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 provided about our funding decisions including costs and charges.

Goods and cargo fees are charged to importers and exporters and/or their carriers and agents. Not all fees cover the full costs of the services being provided. In some cases, Crown funding is needed to subsidise clearance costs.

### **Using memorandum accounts to monitor the fees and levies received**

Customs and Biosecurity New Zealand use memorandum accounts to manage the accumulated surplus or deficits that arise due to the difference between the cost of clearing goods and the revenue collected from fees. Memorandum accounts are used where the cost of the service is recovered from fee payers and provide transparency over expenditure, and fees collected from third parties.

The memorandum accounts enable Customs and Biosecurity New Zealand to take a long-term perspective to fee setting and cost recovery. These accounts are managed to trend to zero over the levy period (usually three to five years). If, at the end of the levy period, the memorandum account is in surplus, future fees are reduced to absorb the surplus. If the memorandum account is in deficit, fees will need to increase.

This model ensures that any surplus within a memorandum account does not subsidise activities unrelated to clearing goods. Or, inversely, that a memorandum account deficit is not subsidised by revenue received for other, unrelated activities.

## 4 Current Fees and Levies

### 4.1 Customs' goods clearance fees

Customs' goods clearance fees cover activities related to managing risks to New Zealand from imports and exports and include some goods-related investigations and seizures.

Most fees are set to recover the full cost of clearing imported and exported goods. However, the clearance of some goods, such as low value air cargo, are only partly recovered by fees.

#### Costs that are recovered for the clearance of goods

Customs recovers the following costs relating to the clearance of goods:

- *Processing import and export documentation*: for example, Customs processes import and export documentation electronically, issues client codes needed to lodge import and export entries, provides advice to customers, makes Customs rulings (for example, on the origin of a good), and processes temporary entries.
- *Identifying and assessing risks relating to goods*: Customs uses intelligence and risk targeting to focus its resources on high-risk goods. This means that fewer goods need inspection, which improves clearance times.
- *Inspecting goods*: Customs inspects targeted goods to detect illegal or non-compliant items. For example, Customs officers x-ray and search containers, and remove goods for inspection when required.
- *Seizures and investigations*: Customs will seize imported or exported goods that breach the Customs and Excise Act 2018. Investigation activities are undertaken in relation to illegal activities relating to goods, including drugs, weapons, objectionable publications, and money laundering. This also includes related investigation activity conducted offshore.

#### Customs does not recover the cost of certain activities related to goods:

- Policy advice related to border protection
- Enforcement action, including prosecution, administrative penalties and infringement notices
- Collecting duty, 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 Customs' and trading partners' clearance procedures
  - the removal of non-tariff barriers, to smooth the path for New Zealand goods to cross foreign borders.
- Managing the Secure Exports Scheme
- Clearing low-value mail governed by the Universal Postal Union. Customs is currently constrained in its ability to recover the cost of these activities
- Reviews of seizures.

#### Updates to Customs' Goods Fees

At present, fees revenue is insufficient to cover the cost of border processing and protection services. In July 2023, Cabinet approved an inflation adjustment to Goods Clearance Fees to limit the growth of the deficit in the short term and to closer match the actual cost. The first

adjustments took effect from 1 October 2023, with a further adjustment scheduled for 1 July 2024. These increases pre-empt a more comprehensive review of Customs' goods fees.

The fees shown below in Table 1 are prescribed in the Customs and Excise Regulations 1996 with the increased fees applying from 1 October 2023.

**Table 1 - Customs' Goods fees**

Fee	Fee incl GST (Up to 30 Sept 2023)	Fee incl GST (From 1 Oct 2023)	Document charged	Purpose and who pays	Customs and Excise Regulations 1996
Import Entry Transaction Fee	\$33.03	\$38.53	Import Entry for goods valued over \$1,000	A fixed fee paid by individual importers who make an import entry for goods, valued at over \$1,000 in total. An entry provides detailed information about the goods to be cleared.	Regulation 24A
Export Entry Transaction Fee			Export Entry	An export entry gives the full detail of an export to ensure that export controls and international obligations are complied with.	Regulation 28A
Secure Exports Scheme <sup>1</sup> members	\$3.27	\$3.81		The fee rate is set at different levels for goods exported under the Secure Exports Scheme (SES), and those that are not. The SES enables overseas trading partners to have greater levels of trust in the security of those exports.	
Non Secure Exports Scheme members	\$6.82	\$7.96			
Inward Cargo Transaction Fee – Air	\$77.00	\$89.84	Inward Cargo Report with writeoff request or lodged by a carrier	Paid by transporters and consolidators on each report submitted. Used to risk assess cargo before its arrival and clear consignments of low-value goods that do not have an import declaration.	Regulation 13A
Inward Cargo Transaction Fee – Sea	\$520.00	\$606.66			
Outward Cargo Transaction Fee				Reports are required for all outward shipments, and provide summary information about the cargo. A report can cover individual consignments from multiple importers/exporters.	Regulation 29A
Cargo Report Export (Air)	\$40.00	\$46.66	Cargo Report Export	Paid by consolidators on every Cargo Report Export (CRE) listing goods under \$1,000. Used to risk assess and clear consignments of low-value goods that do not have an export entry.	
Cargo Report Export (Sea)	\$5.57	\$6.49	Cargo Report Export		

<sup>1</sup> The Secure Exports Scheme, which meets global supply chain security standards, is a voluntary arrangement between exporters and Customs. The scheme helps New Zealand exporters minimise Customs delays at international borders and get priority in recovering from trade disruptions.

Fee	Fee incl GST (Up to 30 Sept 2023)	Fee incl GST (From 1 Oct 2023)	Document charged	Purpose and who pays	Customs and Excise Regulations 1996
Outward Cargo Report (Air)	\$14.35	\$16.74	Outward Cargo Report	Paid by transporters on every Outward Cargo Report (OCR) listing all cargo on a departing craft. This report is used to assure Customs that every consignment loaded has been cleared.	
Outward Cargo Report (Sea)	\$18.58	\$21.68	Outward Cargo Report		

### The number of goods entries and reports being assessed by Customs is forecast to slowly increase

Over the past year, global supply chain challenges have eased. However, inflation and higher prices for goods are now causing disruption. During 2022/23 Customs processed 20.3 million import consignments, a decrease of 3% from 2021/22, and processed 4.4 million export consignments, a decrease of 15%. This largely reflects changes in the nature of trade, with larger but fewer transactions. The vast majority of goods entering New Zealand are cleared before they arrive into the country, minimising any delays at the border.

The table below shows the cargo volume forecast for the Import Entry Transaction Fee (IETF) for goods over \$1,000, approved by the Border Executive Board<sup>2</sup> in December 2023. This forecast is based on a linear regression of actual data from the past 24 months, which is then projected across outyears. These volume forecasts are the basis of the estimated memorandum accounts' surplus and deficits.

**Table 2 - Number of goods entries and reports**

Entry or report	2021/22 Actual (m)	2022/23 Actual (m)	2023/24 Estimated (m)	2024/25 Estimated (m)	2025/26 Estimated (m)
Import Entry (IETF)	1.217	1.188	1.190	1.217	1.236
Inward Cargo Report (air)	0.041	0.053	0.052	0.052	0.064
Inward Cargo Report (sea)	0.003	0.005	0.005	0.005	0.006
Export Entry – Secure Export Scheme (SES)	0.075	0.156	0.149	0.154	0.152
Export Entry – Non SES	0.275	0.385	0.383	0.384	0.400
Cargo Report Export – Air	0.032	0.032	0.033	0.032	0.034
Outwards Cargo Report – Air	0.034	0.054	0.052	0.052	0.060
Cargo Report Export – Sea	0.017	0.017	0.017	0.017	0.020
Outward Cargo Report - Sea	0.010	0.012	0.012	0.012	0.014

<sup>2</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.

## 4.2 Biosecurity New Zealand' 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 \$150.50. These increases are 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 levy had been adjusted on 1 July 2019 while the hourly fee was last adjusted on 1 July 2015.

Biosecurity New Zealand has spent the past few years operating in a highly dynamic environment requiring agile resource management. Frontline staff were re-assigned to other areas of work as part of a retention and utilisation strategy in response to COVID-19 impacts.

During 2022/23 Biosecurity New Zealand responded to an outbreak of foot and mouth disease (FMD) in Indonesia. Foot and Mouth is one of the highest threat animal diseases that would have severe impacts on our animal industries with a rapid cease in trade in animal products and significant management measures required. Additional risk assessment and screening was implemented in the mail and cargo pathways for risk goods coming into New Zealand from Indonesia.

Biosecurity New Zealand continued work to build a resilient workforce to meet the increased demand across the border pathways hiring 64 new Quarantine Officers nationwide, with 46 based in Auckland. An additional eight Target Evaluators were hired to provide primary and secondary screening of import documentation, issuing relevant directions and clearances in the cargo pathway. A future focused workforce plan is in place to ensure Biosecurity New Zealand can manage changing demands of public and industry expectations, increasing risks from climate change, new disease outbreaks offshore, changes in technology and many other challenges to ensure robust systems are in place to maintain effective services.

### 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 being provided are set out in clause 13 of the Levy Order and are unchanged. 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 related to preventing 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.

## **Biosecurity Fees**

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

The services covered by the biosecurity fees are unchanged. They 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.

## **5 Customs - Work Programme**

Customs' focus is on enabling New Zealand's legitimate trade to flow efficiently across borders. During 2022/23 financial year, Customs continued to provide simplified and transparent systems and efficient processes for clearing goods at the border and focused on more closely aligning revenue and trade functions, making it easier for traders to comply with regulations and required payments to Customs.

### **Customs ensured trade continues to flow fast and efficiently**

Customs has a range of systems and processes in place that make sure most goods crossing the border are cleared for shipment within 30 minutes of documentation arriving, with most compliant trade cleared electronically within five minutes.

Together with other relevant agencies, Customs work closely with the import and export sectors to support the free flow of trade and ensure efficient supply chain approaches. For example, the Trade Single Window system allows for the same information set to be used by Customs and Biosecurity New Zealand for import clearance. It processes nearly 20 million import transactions and over four million export transactions a year.

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, reducing delays in the release of goods.

### **Supporting clients to do the right things and making it easier for traders to comply**

Customs aims to make trade and revenue facilitation accessible to all New Zealand businesses, and to achieve high levels of voluntary compliance through simple systems that are easy to use. Customs is implementing several new compliance programmes including:

- increased industry outreach and education programmes providing advice on Customs' requirements and the common errors that have been seen
- a new performance programme that will focus on individuals and organisations that regularly provide documentation for imported goods. The programme aims to improve

the accuracy of the information submitted and to support clients to improve their quality assurance processes and systems to avoid mistakes and reduce the risk of penalties

- working with clients and industry partners to encourage voluntary disclosures through the Provisional Values Scheme where errors in entries, clearance documentation or under-reporting of the value of goods have been identified by them before Customs notifying that an audit is to occur.

During 2023/24, Customs' focus is on advancing international trade market access and continually improving processes for legitimate traders to import and export goods, including:

- working with businesses and industry partners to further improve the accuracy of trade documentation
- continuing to streamline processes and promote the Secure Exports Scheme, especially for smaller businesses
- supporting businesses to manage cash flow and supply chain challenges due to adverse events.

## **6 Biosecurity New Zealand - Work Programme**

During 2022/23 Biosecurity New Zealand maintained effective biosecurity standards. The interventions in the biosecurity system included international requirements for treatment of risk goods, border inspections and a domestic surveillance programme. The focus of this year's work programme was to rebuild following the COVID-19 pandemic and to enhance integrity of the biosecurity system with a number of new initiatives implemented.

### **Enhancing service in a demand-driven environment**

In 2022/23, 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:

- implementing a national rotational workforce model for border Clearance Services. This enabled operational agility to respond in a demand-driven environment, where 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.
- implementing a performance-based verification of Transitional Facilities with plans to establish a team of dedicated Biosecurity Auditors to further strengthen this pathway and mitigate potential biosecurity risks.

Biosecurity New Zealand will continue to implement initiatives during 2023/24 to provide effective services including:

- technology enhancements to further realise processing efficiencies and operational excellence
- improved targeting of higher risk goods and an improved verification approach to lower risk goods
- partnering with Customs to support the further enhancement of the Trade Single Window platform
- the establishment off a Biosecurity Compliance Inspectorate to respond to and investigate breaches of biosecurity system legislation.

## 7 Financial Performance

### 7.1 Customs' financial performance

#### Customs' goods processing revenue

Revenue collected from goods processing is expected to recover slowly following the COVID-19 pandemic.

**Table 3 - Customs' goods processing revenue**

Goods assessed	2021/22 Actual (\$m)	2022/23 Actual (\$m)	2023/24 Estimated (\$m)	2024/25 Estimated (\$m)	2025/26 Estimated (\$m)
Import Entry	35.364	34.469	38.766	42.717	43.408
Inward Cargo Report (sea)	2.062	2.335	2.514	2.766	3.137
Export Entry – Secure Export Scheme (SES)	0.421	0.442	0.477	0.528	0.523
Export Entry – Non SES	2.274	2.284	2.553	2.761	2.873
Outwards Cargo Report – Air	0.566	0.676	0.724	0.794	0.902
Cargo Report Export – Sea	0.082	0.084	0.095	0.102	0.116
Outward Cargo Report - Sea	0.183	0.190	0.213	0.230	0.266
<b>Fees in memorandum account</b>	<b>40.952</b>	<b>40.480</b>	<b>45.342</b>	<b>49.898</b>	<b>51.225</b>
Inward Cargo Report (air)	2.847	3.574	3.933	4.254	5.158
Cargo Report Export – Air	1.133	1.116	1.274	1.363	1.413
<b>Fees related to low-value air cargo</b>	<b>3.980</b>	<b>4.690</b>	<b>5.207</b>	<b>5.617</b>	<b>6.571</b>
<b>Total goods fees revenue</b>	<b>44.932</b>	<b>45.171</b>	<b>50.549</b>	<b>55.515</b>	<b>57.796</b>

#### Customs' Goods processing costs

Overall goods processing costs are expected to increase mainly due to higher personnel costs, and general inflation.

**Table 4 - Customs' Goods processing costs**

Goods assessed	2021/22 Actual (\$m)	2022/23 Actual (\$m)	2023/24 Estimated (\$m)	2024/25 Estimated (\$m)	2025/26 Estimated (\$m)
Import Entry	35.435	35.830	41.441	44.465	46.486
Inward Cargo Report (sea)	1.695	2.021	2.597	3.380	3.495
Export Entry – Secure Export Scheme (SES)	0.534	0.503	0.551	0.586	0.606

<b>Goods assessed</b>	<b>2021/22 Actual (\$m)</b>	<b>2022/23 Actual (\$m)</b>	<b>2023/24 Estimated (\$m)</b>	<b>2024/25 Estimated (\$m)</b>	<b>2025/26 Estimated (\$m)</b>
Export Entry – Non SES	2.999	2.703	2.136	2.289	2.367
Outwards Cargo Report – Air	2.357	2.552	3.472	3.650	3.774
Cargo Report Export – Sea	0.163	0.153	0.284	0.317	0.328
Outward Cargo Report - Sea	0.356	0.624	1.614	2.663	2.753
<b>Fees in memorandum account</b>	<b>43.539</b>	<b>44.386</b>	<b>52.095</b>	<b>57.350</b>	<b>59.810</b>
Inward Cargo Report – Air	19.081	22.645	26.263	27.484	28.418
Cargo Report Export – Air	6.788	5.903	5.491	5.943	6.145
<b>Fees relating to low-value air cargo</b>	<b>25.869</b>	<b>28.548</b>	<b>31.754</b>	<b>33.427</b>	<b>34.563</b>
<b>Total goods processing costs</b>	<b>69.408</b>	<b>72.934</b>	<b>83.849</b>	<b>90.777</b>	<b>94.373</b>

### The Customs' Good Clearance Fees memorandum account

The memorandum account is currently in deficit and this deficit is continuing to grow as the revenue provided through goods fees is not enough to cover the current costs of the services provided. This higher cost of processing goods is mostly due to increased salary and wage costs and general inflation.

**Table 5 - Memorandum account balance**

<b>Memorandum account balance</b>	<b>2021/22 Actual (\$m)</b>	<b>2022/23 Actual (\$m)</b>	<b>2023/24 Estimated (\$m)</b>	<b>2024/25 Estimated (\$m)</b>	<b>2025/26 Estimated (\$m)</b>
<b>Opening balance</b>	-	<b>(2.588)</b>	<b>(6.494)</b>	<b>(13.246)</b>	<b>(20.697)</b>
Revenue from goods fees	40.951	40.480	45.343	49.899	51.225
Expenses for goods processing	<b>(43.539)</b>	<b>(44.386)</b>	<b>(52.095)</b>	<b>(57.349)</b>	<b>(59.809)</b>
<b>Closing balance surplus/(deficit)<sup>3</sup></b>	<b>(2.588)</b>	<b>(6.494)</b>	<b>(13.246)</b>	<b>(20.696)</b>	<b>(29.281)</b>

<sup>3</sup> Through Budget 2023, the Government reprioritised \$20 million over two years (the 2023/24 and 2024/25 financial years) to establish a greater Customs presence at maritime ports in order to combat Transnational Organised Crime Groups who are increasingly targeting maritime supply chains as a way to smuggle drugs and other goods across New Zealand's border.

This funding has a fiscally neutral impact (not included in the table above) on the Goods Fees memorandum account for the first two years as the Crown funding will offset the expenses incurred in processing and clearing goods as they cross the border. From the 2025/26 financial year, these costs will be met through goods fees.

## 7.2 Biosecurity New Zealand' financial performance

### Border System Entry Levy (BSEL)

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; this funding shortfall has been covered by Crown funding.

**Table 6 - Border System Entry Levy rates**

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

**Table 7 - BSEL memorandum account financial position**

	2021/22 Actual (\$m)	2022/23 Actual (\$m)	2023/24 Estimated (\$m)	2024/25 Estimated (\$m)	2025/26 Estimated (\$m)
<b>Opening balance</b>	-	0.081	(7.408)	1.575	7.894
from Levy payers	28.586	28.098	57.663	58.666	59.594
from the Crown	11.816	11.800	11.800	11.000	11.000
<b>Total Revenue</b>	<b>40.402</b>	<b>39.898</b>	<b>69.463</b>	<b>69.666</b>	<b>70.594</b>
<b>Total Expenditure</b>	<b>40.321</b>	<b>47.306</b>	<b>60.480</b>	<b>63.347</b>	<b>65.967</b>
Surplus/(Deficit) for period	0.081	(7.408)	8.983	6.319	4.627
Write-Off accumulated operating deficits	-	(0.081)	-	-	-
<b>Closing balance</b>	<b>0.081</b>	<b>(7.408)</b>	<b>1.575</b>	<b>7.894</b>	<b>12.521</b>

### 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 approximately \$13.7 million from these fees in 2022/23 for the 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 8 - Hourly-rate**

Rate (\$)	From 1 July 2015	From 1 July 2023
General inspections	102.27	150.50
Veterinary inspections	186.30	186.30

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

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

	2021/22 Actual (\$m)	2022/23 Actual (\$m)	2023/24 Estimated (\$m)	2024/25 Estimated (\$m)	2025/26 Estimated (\$m)
<b>Opening balance</b>	-	(2.241)	(2.520)	(0.012)	1.777
<b>Total Revenue</b>	13.672	13.566	19.398	19.728	20.034
<b>Total Expenditure</b>	15.913	16.086	16.890	17.939	18.721
Surplus/(Deficit) for period	(2.241)	(2.520)	2.508	1.789	1.313
Write-Off accumulated operating deficits	-	2.241	-	-	-
<b>Closing balance</b>	(2.241)	(2.520)	(0.012)	1.777	3.090

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

#### **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 (memo account). Revenue and expenses relating to BSEL and hourly-rate fee activities are separately monitored.

**Table 10 - Biosecurity New Zealand Memorandum Account Balance**

Memorandum account balance	2021/22 Actual (\$m)	2022/23 Actual (\$m)	2023/24 Estimated (\$m)	2024/25 Estimated (\$m)	2025/26 Estimated (\$m)
<b>Opening balance</b>	-	(2.160)	(9.928)	1.563	9.671
<b>Border System Entry Level</b>	40.402	39.898	69.463	69.666	70.594
<b>Hourly-rate fee activities</b>	13.672	13.566	19.398	19.728	20.034
<b>Total Revenue</b>	54.074	53.464	88.861	89.394	90.628
<b>Border System Entry Level</b>	40.321	47.306	60.480	63.347	65.967
<b>Hourly-rate fee activities</b>	15.913	16.086	16.890	17.939	18.721
<b>Total Expenditure</b>	56.234	63.392	77.370	81.286	84.688
<b>Surplus/(Deficit)</b>	(2.160)	(9.928)	11.491	8.108	5.940
<b>Write-Off accumulated operating deficits</b>		2.160	-	-	-
<b>Closing balance</b>	(2.160)	(9.928)	1.563	9.671	15.611

## 8 Non-Financial Performance

### Customs' Non-Financial Performance

Customs monitors the performance of good clearance and enforcement services against nine output measures. More detail on this performance is set out in Customs' Annual Report 2022/23 for the appropriation, *Goods clearance and enforcement*.

**Table 11 – Customs' non-financial performance measures related to goods**

2021/22 Actual	Measure	2022/23		2023/24 Standard
		Standard	Actual	
<b>Service provision and trade promotion</b>				
99.5%	Minimum percentage of trade transactions (other than those referred for compliance checks) processed (including assessment against business rules and intelligence alerts) within 30 minutes	98%	<b>99.3%</b>	98%
	<i>The processing time has been reduced for 2023/24, from 30 minutes to 5 minutes, reflecting the improvement in the timeliness of our trade transaction processing.</i>			
11	Minimum number of new companies that have formally entered Customs' Authorised Economic Operator (Secure Exports Scheme) programme	12	<b>10</b>	12
	<b>Not achieved</b> – Customs signed up two fewer Authorised Economic Operator Secure Exports Scheme partners than our 2022/23 standard. Throughout 2022/23 we worked to expand the scheme and make the application process more streamlined. This included the launch of a new online application portal that has made the application process easier and quicker for new partners looking to join the scheme. As a result, some potential applicants chose to wait until the digital portal was live before applying. The extreme weather events this year also impacted progress and caused delays, or pauses, to the validation process for some applicants in regions that were severely affected. Two companies joined the programme in the first few weeks of July 2023, just outside the 2022/23 reporting period.			
<b>Clearance, compliance and risk management</b>				
99.4%	Minimum percentage of import transactions not requiring intervention after risk assessment	98%	<b>99.4%</b>	98%
99.8%	Minimum percentage of export transactions not requiring intervention after risk assessment	99%	<b>99.8%</b>	99%
	<i>Custom has been able to refine our reporting to provide more detailed information on import and export transactions requiring intervention. This has resulted in minor adjustments (0.1% change for each measure) to the 2021/22 results published in the 2022 Annual Report.</i>			
8,703	Number of import mail items subject to risk-based physical examination	8,000 – 12,000	<b>9,388</b>	8,000 – 12,000
	While most import mail items are processed without intervention or significant delay, a proportion are selected for physical examination following a risk assessment. This measure provides an indication of the activity undertaken to address risk in the mail stream.			
52.2%	Minimum result rate of physically examined mail items	30%	<b>48.9%</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</i>			

2021/22 Actual	Measure	2022/23		2023/24 Standard
		Standard	Actual	
	<i>conducting a physical exam such as generation of intelligence, and identification of information mistakes or other forms of non-compliance.</i>			
19,761	Minimum number of import trade entries that are subject to risk-based physical examination	20,000 – 30,000	<b>21,016</b>	20,000 – 30,000
	<i>Customs aims to facilitate compliant trade while effectively targeting and addressing non-compliance. Most trade is facilitated across the border with limited Customs interaction (which can include, but is not limited to, document inspection, screening, or search).</i>			
	<i>For 2023/24 we have added a new measure, relating to the result rate of physically examined import trade entries, to provide a more complete overview of trade clearance and compliance. This will provide a suite of measures relating to the number of both mail items and import trade entries that require physical examination after risk assessment, and the result rate of these interventions.</i>			
8,144	Minimum number of import transactions selected for random intervention (under Customs' Assurance programme)	6,750	<b>10,646</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 our accuracy and conduct more granular analysis of compliance across import streams.</i>			
<b>Investigations and enforcement</b>				
88.2%	Minimum percentage of investigations, related to import or export of prohibited or restricted goods, where prosecution is initiated	75%	<b>90%</b>	75%
	<i>The measure has been adjusted for 2023/24 from initiating a prosecution to achieving a punitive or harm reduction action. Prosecution is one of a range of potential outcomes Customs might seek when conducting enforcement outcomes. Expanding the scope of this measure, to include other forms of punitive action or harm reduction outcomes, provides a more comprehensive reflection of our investigative outcomes.</i>			

## Customs completed a Time Release Study

During September 2022, Customs carried out a Time Release Study to assess how efficiently goods are processed at the border. The study measured the time taken for goods to pass through different stages of assessment, starting from when the goods first arrive in the country or are ready for export, through to clearance or release.

The Time Release Study is important because clearance of imports before arrival creates efficiencies for New Zealand's economy. It shows that if Customs accurately identifies goods for potential interventions, delays will be reduced for legitimate shipments and Customs will not slow down trade.

A total of 12,112 import entries and 5,267 export entries were assessed over a week-long period. The 2022 Time Release Study found:

- 91.5 percent of goods imported by sea were cleared before the arrival of the ship into New Zealand
- 91.3 percent of full container loads of goods for export by sea were cleared 48 hours before departure



- 67 percent of air cargo was cleared before arrival, while 99.1 percent 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.

### **Biosecurity New Zealand’s Non-Financial Performance**

In June 2023 Biosecurity New Zealand reviewed non-financial performance measures related to goods (Service Performance Measures) to ensure they were fit for purpose.

The following Service Performance Measure 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 complexity when assessing goods against Import Health Standards. Biosecurity New Zealand has addressed the shift in demand by increasing resource and system capability to maintain effective biosecurity standards and performance.

**Table 12 - Biosecurity New Zealand non-financial performance measures related to goods**

Measure		2020/21	2021/22	2022/23
	Standard	Actual	Actual	Actual
The requirements of Biosecurity Import Health Standards are met when clearing import entries.	95%	98.4%	97.5%	97.3%

## Appendix 1: Customs' Goods Fee Memorandum Account

Memorandum account balance	2021/22 Actual (\$m)	2022/23 Actual (\$m)	2023/24 Estimated (\$m)	2024/25 Estimated (\$m)	2025/26 Estimated (\$m)
Import Entry	(0.072)	(1.431)	(4.106)	(5.854)	(8.932)
Inward Cargo Report (sea)	0.367	0.680	0.598	(0.017)	(0.374)
Export Entry – Secure Export Scheme (SES)	(0.113)	(0.173)	(0.247)	(0.305)	(0.388)
Export Entry – Non SES	(0.725)	(1.145)	(0.727)	(0.256)	0.250
Outward Cargo Report – Air	(1.791)	(3.667)	(6.415)	(9.271)	(12.143)
Cargo Report Export – Sea	(0.081)	(0.150)	(0.339)	(0.554)	(0.765)
Outward Cargo Report - Sea	(0.173)	(0.607)	(2.009)	(4.441)	(6.928)
<b>Closing balance surplus/(deficit)</b>	<b>(2.588)</b>	<b>(6.493)</b>	<b>(13.245)</b>	<b>(20.698)</b>	<b>(29.280)</b>