



Biosecurity New Zealand
Ministry for Primary Industries
Manatū Ahu Matua



NEW ZEALAND
CUSTOMS SERVICE
TE MANA ĀRAI O AOTEAROA

Border Clearance Levy

Performance report for the year to 30 June 2020

Prepared by the New Zealand Customs Service and Biosecurity New Zealand

Prepared December 2020

New Zealand Government

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1 OVERVIEW

The Border Processing Levy, also known as the Border Clearance Levy (the Levy),¹ came into force on 1 January 2016. The purpose of the Levy is to ensure that the New Zealand Customs Service (Customs) and Biosecurity New Zealand (Biosecurity NZ) are resourced to manage risks at the border effectively.

Prior to the outbreak of COVID-19, the Levy enabled border agencies to clear increasing numbers of travellers and to improve border services through investment in technology and staff capability.

The COVID-19 pandemic has significantly disrupted the free flow of people across international borders. Border measures restricting entry into New Zealand began on 3 February 2020 (relating to foreign nationals travelling to New Zealand from, or transiting through, mainland China). Additional border measures further restricting entry to New Zealand followed, until entry was prohibited (subject to exceptions) from 19 March 2020 for all but New Zealand residents and citizens (and their children and partners). Cruise ships were banned from entering New Zealand's territorial waters from 11.59pm on 14 March 2020. Consequently, there has been a severe reduction in the number of international travellers, currently at around 2% of pre-COVID-19 levels.

Before the COVID-19 pandemic, Customs and MPI received about 60 percent and 30 percent (respectively) of their total departmental revenue from third parties. The reduced number of international travellers has reduced Customs and Biosecurity NZ's third-party revenue considerably.

As a result, Customs and the Ministry for Primary Industries received capital injections of \$30 million and \$60 million (respectively) from the Crown, to provide these departments with liquidity to cover the shortfall in projected memorandum account revenue in the 2019/20 financial year.

Customs

Some Customs staff have been temporarily redeployed from passenger processing to other work while the number of travellers remain low due to COVID-19 and border restrictions, and to address COVID-19 related pressures such as implementing the Maritime Border Orders. This also ensures that Customs can retain the capacity to provide passenger processing services when traveller numbers increase. Costs of staff involved in work outside of processing passengers, including the costs of staff redeployed to other work areas, are not charged to the Levy memorandum account.

Customs levy rates will be carried over into the next levy period starting 1 July 2021

Prior to the COVID-19 border restrictions Customs' memorandum account related to the Border Clearance Levy was in deficit by \$2.7 million,² largely due to a decline in the forecast of non-cruise traveller numbers, the deployment of new technology at the border, and a prior cut in the Levy to eliminate a previous surplus.

In April 2020, in response to COVID-19, Cabinet decided to amend the Customs and Excise (Border Processing Levy) Order 2015 to carry over Customs' current border clearance levy

¹ The Border Clearance Levy is made up of four levy rates depending on the category of traveller (arriving or departing, cruise or non-cruise) as defined in the Customs and Excise (Border Processing Levy) Order 2015, and two levy rates for categories of travellers as defined in the Biosecurity (Border Processing Levy) Order 2015.

² As at 28 February 2020.

rates into the next levy period beginning on 1 July 2021. Cabinet also decided to provide for greater flexibility over the duration of the levy period.

Biosecurity NZ

In response to the decreased flow of people across the border some Biosecurity NZ staff have been temporarily redeployed into vacancies in other parts of MPI. The costs of staff redeployed to other work areas, outside of processing passengers, are not funded by the border clearance levy.

Technology development

Work has continued through the past year developing auto-detection algorithms to support 3D X-ray technology

Biosecurity NZ, in conjunction with counterparts in Australia, continued development and trials of auto-detection algorithms to support the planned roll out of 3D X-ray technology. Three new algorithms have been developed for Fruit, Meat and Seafood.

To date the project has proven that 3D X-ray technology has the power and potential to enable a seamless border experience and ensure biosecurity systems are equipped to address ever-evolving risks to keep our region free from the world's most destructive pests and diseases.

Crown Payment of Border Clearance Levies

As part of the Government's COVID-19 Aviation Relief Package, the Government paid all passenger border fees and charges including the passenger Border Clearance Levy for the period from March 2019 ending 1 September 2020. This payment was by means of reimbursement to airlines.

2 INTRODUCTION

Customs and Biosecurity NZ are the border agencies with the primary responsibility for processing individuals (both travellers and crew) arriving and departing New Zealand. The two agencies work together, along with other border agencies, to manage risk at the border.

Border clearance activities are primarily funded through the Levy. The Levy was first implemented on 1 January 2016 and is paid by all travellers entering or departing New Zealand not subject to specific exemptions.

Customs and Biosecurity NZ report annually on the performance of the Levy to support transparency and accountability.

The process for resetting the levy is legislated

The Levy is authorised by section 413 of the Customs and Excise Act 2018 and section 140AA of the Biosecurity Act 1993.

The Levy is given effect by the:

- Biosecurity (Border Processing Levy) Order 2015
- Customs and Excise (Border Processing Levy) Order 2015

The Levy Orders set out a number of exemptions to paying the Levy. There are two classes of exempt travellers:

- Levy funded exempt travellers – the costs of these travellers are met through the Levy.
- Non-levy funded travellers – the costs of these travellers are met by the Crown.

Definitions of exempt travellers in both categories are provided at Appendix 2.

Traveller numbers used in levy calculations are for levied travellers only. All other travellers (eg, travellers under two years old and other non-levy funded travellers) are excluded from the calculations.

Customs reset its components of the levy rates effective 1 July 2018, for a period of three years ending 30 June 2021. As outlined above, Cabinet has agreed to carry over Customs' levy rates that were effective from 1 July 2018, into the next levy period which starts on 1 July 2021.

Biosecurity NZ last reset its components of the levy rates effective 1 July 2019.

Rates will be reset when the long-term impacts of Covid-19 are clearer.

The Levy is designed to fund border activities only

The Levy provides funding for a range of activities carried out by Customs and Biosecurity NZ for the purpose of clearing travellers. The specific activities that the Levy funding is used for are detailed in Appendix 1.

Customs and Biosecurity NZ both use memorandum accounts to transparently record expenditure and revenue associated with the Levy. Revenue and expenditure are monitored on a monthly basis, and reported annually via this report, but also in the Annual Reports that public sector agencies are required to table in Parliament in accordance with the requirements of the Public Finance Act 1989.

A requirement of the Levy is that any surpluses or deficits remain tied to the specific service. Levy memorandum accounts prohibit surpluses being used to fund non-border processing activities, instead requiring they be returned through lower rates or re-invested in border related services.

Following border restrictions being put in place, Customs staff that were previously processing passengers have in some cases been redeployed. Customs staff have been redeployed (in some cases on short-term deployments) to support national contact tracing efforts, oversee the maritime border and support managed isolation and quarantine facilities. The Levy is not intended to fund the costs of staff redeployed to work areas outside of passenger processing.

Customs’ Cost Recovery Framework and Activity Based Costing methodology

Customs has undertaken a significant piece of work to review its cost recovery methodology. Customs is using a robust cost recovery framework consistent with guidance published by The Treasury³ and the Office of the Auditor-General.⁴ The framework is being used to determine which activities are to be funded by which fees. A key principle of this framework is that the cost of services is met by the users who create the need for those services. This will inform the next review of the Levy.

Customs also developed a new Activity-Based Costing (ABC) methodology. The ABC methodology has given Customs a better understanding of the actual cost of its activities. This methodology involves:

- assigning Customs’ costs to three broad categories: directly attributable costs, corporate services costs, and business sustaining costs
- applying a two-step methodology to attribute resources firstly to activities, and then to services on a casual basis
- allocating the cost of corporate services (for example finance and people and capability) to the operational users of the services they provide
- assigning business sustaining costs (such as statutory reporting costs) to services proportionately based on cost.

Customs began using the ABC methodology to allocate its costs from 2019/20.

Current levy rates are specified in Levy Orders and are detailed below. These levies are included in ticket prices and are paid by passengers.

Table 1: Levy rates from 1 July 2019 (excl. GST)

	Customs	Biosecurity NZ	Total
For travellers other than a cruise ship traveller			
- Arrivals	\$6.43	\$8.50	\$14.93
- Departures	\$2.56	-	\$2.56
For cruise ship travellers			
- Arrivals	\$10.40	\$3.81	\$14.21
- Departures	\$4.10	-	\$4.10

³ New Zealand Treasury (2017) *Guidelines for Setting Charges in the Public Sector*. Retrieved from: <http://www.treasury.govt.nz/publications/guidance/planning/charges>.

⁴ New Zealand Controller and Auditor-General (2008) *Good Practice Guide: Charging Fees for Public Sector Goods and Services*. Retrieved from: <https://www.oag.govt.nz/2008/charging-fees/docs/charging-fees.pdf/view>

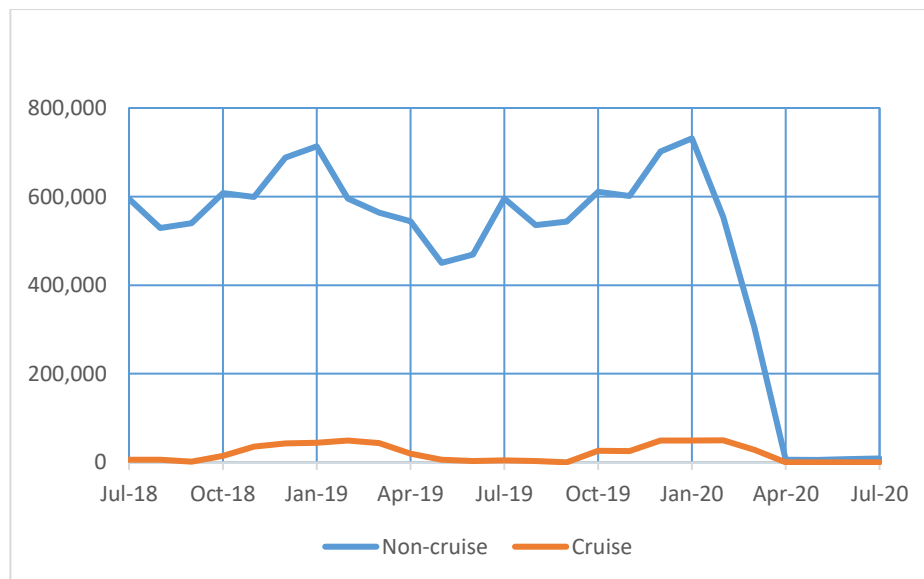
3 TRAVELLER NUMBERS

The total number of travellers in 2019/20 was 10.8 million, most of these were prior to the border closure in March 2020. The total number of travellers was 4.1 million (27.6%) less than forecast in last year's report.

Table 2: Number of 2019/20 travellers – actual v forecast per last year's report

	2018/19 Actual (000's)	2019/20 Forecast (000's)	2019/20 Actual (000's)	2019/20 Variance (000's)
Arrivals				
- Levied passengers	6,902	7,136	5,202	(1,934)
- < two years old	85	88	62	(26)
Total non-cruise arrivals	6,987	7,224	5,264	(1,960)
Departures				
- Levied passengers	6,855	7,088	5,046	(2,042)
- < two years old	85	88	60	(28)
Total non-cruise departures	6,940	7,176	5,106	(2,070)
Arrivals				
- Levied passengers	275	284	236	(48)
- < two years old	1	1	1	-
Total cruise arrivals	276	285	237	(48)
Departures				
- Levied passengers	275	284	230	(54)
- < two years old	1	1	1	-
Total cruise departures	276	285	231	(54)
Total arrivals	7,263	7,509	5,502	(2,007)
Total departures	7,216	7,461	5,337	(2,124)
Total travellers	14,479	14,970	10,839	(4,131)

International non-cruise and cruise travellers by month (July 2018 – July 2020)



In the Border Clearance Levy Performance Report 2019, the forecast growth in non-cruise travellers was calculated using tourism projections by the Ministry of Business, Innovation and Employment.

Previous performance reports prepared by Customs and the Ministry for Primary Industries provided forecasts of expenditure and revenue from border clearance levies. However, as a result of the ongoing impact of COVID-19 traveller numbers remain uncertain. Therefore, updated forecasts for traveller numbers in 2020/21 and 2021/22 have not been included in this report.

In the Pre-election Economic and Fiscal Update (PREFU) 2020, the Treasury's working assumption was that border restrictions will partially ease on 1 July 2021 and be fully removed on 1 January 2022. Further details including alternative scenarios canvassed in the PREFU, including extended border controls or resurgence in community transmission, can be found at: <https://www.treasury.govt.nz/system/files/2020-09/prefu20.pdf>

4 CUSTOMS

4.1 Work Programme

Customs continued in 2019/20 to focus on streamlining the process for compliant travellers to improve the customer experience, while managing risk and maintaining border security.

However, the border restrictions introduced from early 2020 due to the COVID-19 pandemic has substantially reduced the number of international travellers.

This shifted Customs' emphasis in the latter half of 2019/20 from facilitating passengers to managing border risk as part of the broader all-of-government response to COVID-19.

Customs is also supporting New Zealand's economic recovery from COVID-19.

Expansion of eGate eligibility

Self-processing through eGates provides a streamlined experience and lower cost for air travellers while enabling Customs to focus on those travellers who present a higher risk. Customs continued to work with the Ministry of Business, Immigration and Employment (Immigration NZ) in 2019/20 on making eGate available to more nationalities. Eligibility was formally extended to Japanese ePassport holders in September 2019 and South Korean ePassport holders in October 2019, increasing the number of nationalities able to use eGates to 13. Due to COVID-19, eGates were closed to all air travellers in March 2020 so work on extending eligibility to additional nationalities was put on hold.

Safe travel zones

Customs has been working with other relevant agencies and private sector organisations on establishing Safe Travel Zones (where travellers would be able to enter New Zealand without being required to stay in managed isolation or quarantine), including developing advice and identifying potential solutions. This work commenced in 2019/20 after international and New Zealand border restrictions were introduced due to COVID-19, and is continuing during 2020/21. A Safe Travel Zone will only be put in place once necessary border, health, transport, and other protocols have been developed and met.

Developing the world's smartest and safest border

In April 2020, the Prime Minister expressed a vision for New Zealand to have 'the smartest border in the world'. This vision includes a robust, science-led border response to protect New Zealanders from the 'new normal' of offshore health risks. The Government also wanted to look at how we organise ourselves at the border to ensure an appropriate balance of the need to keep threats out and the need to facilitate the flow of people and goods.

Customs is leading the Border Sector's World's Safest Smartest Border work programme to look at the overall coherence and effectiveness of the border. This programme will define future border settings for travel and identify opportunities to deliver better results and enable agencies to be more responsive to traditional risks, COVID-19, and any new risks.

Assurance programme

Customs' Assurance programme informs and refines intelligence through randomised sampling across various import streams. Over time it will enable Customs to refine its targeting and increase its success rate with fewer interventions. During 2019/20 Customs continued to further develop and embed the Assurance programme. This included developing a sampling engine for the air passenger stream, and progressing to a trial phase in the sea passenger stream.

From the sampling undertaken in 2019/20, the indicative compliance level for air passengers was 97 percent.

Mobility/app

Customs is investing in new initiatives to increase efficiency and risk prevention at the border. This includes the frontline mobility application (Customs On Line – COLIN): COLIN enables frontline officers to access information and complete activity reports away from the office via an app on their mobile phone. COLIN was implemented for the air passenger stream in 2019/20, meaning Customs Officers are able to complete their passenger interactions and the reporting of those on the spot. This results in a faster and more consistent experience for passengers who are subject to additional interaction. Overall it will result in more structured and consistent data collection, which is very important for risk targeting.

4.2 Financial Performance

4.2.1 Expenditure on border clearance services

Table 3: Customs 2019/20 cost breakdown (excl. GST) – actual v forecast

	2018/19 Actual (\$m)	2019/20 Forecast (\$m)	2019/20 Actual (\$m)	2019/20 Variance (\$m)
Non-cruise	75.76	79.19	74.03	5.16
Cruise	2.44	2.61	2.58	0.03
Total expenditure*	78.20	81.80	76.61	5.19

* excludes Crown funded services, such as the border clearance of travellers arriving on non-cruise commercial marine craft and military craft.

Expenditure in 2019/20 was below that forecast in last year's report, mainly due to the following:

- redeployment of staff to work in areas outside of passenger processing (costs of these staff are not charged to the Border Clearance Levy memorandum account)
- a hold on vacancies and the cancellation of a new cohort of staff due to the impact of COVID-19
- less expenditure on staff travel due to COVID-19 travel restrictions
- lower repair costs.

Forecast costs for 2020/21 have not been provided due to the uncertainty around traveller numbers at this time.

4.2.2 Revenue

Revenue in 2019/20 was much less than forecast in last year's report, with a substantial decline in traveller numbers from March 2020.

Table 4: Customs revenue (excl. GST)

	2018/19 Actual (\$m)	2019/20 Forecast (\$m)	2019/20 Actual (\$m)
Non-cruise	62.56	64.03	47.09
Cruise	3.98	4.13	3.39
Total revenue	66.54	68.16	50.48

4.2.3 Memorandum account position

The memorandum account allows for the fact that revenue and expenses may not necessarily equate in any given financial year, with balances expected to trend to zero over a reasonable period of time.

The current levy rates, effective from 1 July 2018, were set based on forecast traveller processing costs, forecast traveller numbers, and reducing the surplus that existed in the memorandum account in June 2018 over the term of the three-year levy period.

Prior to March 2020, the number of international travellers were less than expected, resulting in a reduction in Levy revenue. This led to a deficit in the account as at 28 February 2020.

The substantial reduction in traveller numbers from March 2020 has further contributed to the deficit in the memorandum account.

Table 5: Customs memorandum account movement (excl. GST)

	Opening balance (\$m)	Revenue (\$m)	Expenditure (\$m)	Surplus/ (deficit) (\$m)	Closing balance (\$m)
2019/20					
Non-cruise	4.36	47.09	74.03	(26.94)	(22.58)
Cruise	1.33	3.39	2.58	0.81	2.14
Total account	5.69	50.48	76.61	(26.13)	(20.44)

Note: As above, forecast figures have not been provided in this report due to uncertainty around traveller numbers.

4.3 Financial Key Performance Indicators (KPIs)

Customs has the following measures for traveller costs:

Table 6: Customs financial KPIs

Performance Measure	2018/19 Actual	2019/20 Actual
Expenditure per traveller		
- Cruise – arriving	\$6.31	\$7.57
- Cruise - departing	\$2.57	\$3.41
- Non-cruise – arriving	\$8.74	\$11.19
- Non-cruise - departing	\$2.27	\$2.96

Customs financial KPIs include expenditure per traveller up to 30 June 2020. Despite the significant reduction in passenger numbers, most costs are ongoing including costs related to investigations, electronic risk assessment, and some passenger processing costs.

4.4 Projected fee calculations

As outlined above, in April 2020 Cabinet decided to carry over Customs' current border clearance levy rates into the next levy period, which begins on 1 July 2021. Cabinet also decided to provide for flexibility around setting the duration of the levy period.

4.5 Non-Financial Performance

Customs and Biosecurity NZ have developed non-financial performance measures for the Levy. The results against these measures for the 2019/20 financial year are shown in Table 7 below.⁵

Table 7: Customs performance measures

Performance Measure	Target	2018/19 Actual	2019/20 Actual
Minimum percentage of arriving international air passengers satisfied or very satisfied that Customs processes passengers quickly and conveniently (as measured by Customs' stakeholder survey)	85%	89.8%	Not measured
Minimum percentage of arriving international air passengers and crew who are deemed compliant based on risk assessment and facilitated without further intervention	98%	99.5%	99.5%
Minimum percentage of arriving international air passengers who exit Customs primary processing points within 45 minutes of arrival	90%	96% ⁶	94.4%
Percentage of arriving international air passengers and crew who are selected for further risk assessment at Customs' secondary areas	0.6%-1.0%	0.5%	0.5%
Percentage of arriving international air passengers and crew who are selected for further risk assessment who were subsequently subject to a full or partial baggage examination	50%-60%	57.9%	51.6%

Explanation for standards not measured

Arriving international air passengers satisfied or very satisfied that Customs processes passengers quickly and conveniently

Customs' survey of international air passengers was not conducted in 2019/20. The survey was originally planned to be undertaken in March 2020 based on a sample of passengers arriving in January 2020. This was deferred due to the unfolding COVID-19 situation. Customs subsequently decided in late May 2020 to cancel the 2020 survey as the original sample was too dated and, due to international travel restrictions, there were insufficient numbers of passengers for a viable new sample.

⁵ Four measures reported on in the 2019 report are not in this year's report as they were not output performance measures for 2019/20. Three of the retired measures relating to the stakeholder survey were connected to the replaced (from 2019) Customs strategy and/or Customs considered the remaining survey measure provides a summary measure on customer experience. The measure 'minimum percentage of commercial air passengers using SmartGate' was retired as eGate use and measurement is not part of business as usual operation.

⁶ We have identified, however, that this result was those processed in less than or equal to 45 minutes (so less than 46 minutes). The adjusted 2018/19 result based on those processed in under 45 minutes is 95.6%. The 2019/20 result is slightly lower than 2018/19 due to the effect of COVID-19. The border restrictions due to COVID-19 included closing eGates to all arriving air travellers in March 2020. This resulted in more travellers being processed through manual screening and a significant increase in the average processing time for arriving passengers. In the eight months from 1 July 2019 to 29 February 2020, 95.5% of arriving air passengers were processed within 45 minutes. From 1 March to 30 June 2020, this figure was only 86.1%; this had a minimal impact on the overall 2019/20 result due to the drastic drop in overall passenger numbers during the same period.

Explanation of variances for Customs standards not achieved

Arriving international air passengers and crew who are selected for further risk assessment at Customs' secondary areas

In recent years, enhanced risk assessment and better targeting of interventions, along with increasing passenger numbers has resulted in lower levels of interaction with compliant passengers. The travel restrictions imposed due to COVID-19 also resulted in a different travelling population whose reasons for travel did not meet traditional risk assessment criteria, leading to a drop in the proportion subject to further interaction with Customs. While below the standard, all passengers were subject to a risk assessment process and those identified for further intervention were interacted with in the secondary area.

5 Biosecurity NZ

5.1 Work Programme

Our objective is to improve the overall efficiency of traveller clearance and effectiveness of our compliance efforts.

Despite the short-term impact on passenger numbers Biosecurity NZ continues to target effort and investment on three key performance areas:

- Risk - measured by compliance with biosecurity requirements
- Cost - measured by cost per passenger
- Customer experience - measured by average processing time

5.2 Financial Performance

5.2.1 Expenditure on border clearance services

Table 8: Biosecurity NZ 2019/20 cost breakdown (excl. GST) – actual v forecast

	2019/20 Forecast (\$m)	2019/20 Actual (\$m)	2019/20 Variance (\$m)
Non-cruise	65.92	66.48	0.56
Cruise	1.54	1.28	(0.26)
Crown	0.00	0.59	0.59
Total expenditure	67.46	68.35	0.89

Investment in the biosecurity system related to border clearance services was \$0.9 million (1.3%) higher than forecast, largely due to the cost of exiting frontline staff who chose early retirement.

Table 9: Biosecurity NZ cost breakdown (excl. GST)

	2017/18 Actual (\$m)	2018/19 Actual (\$m)	2019/20 Actual (\$m)
Non-cruise	57.90	63.34	66.48
Cruise	2.15	1.30	1.28
Crown	0.61	0.59	0.59
Total expenditure	60.66	65.23	68.35

Around the start of 2019/20 there was significant investment in additional frontline border staff – the first significant increase despite several years of strong growth in traveller volumes.

In response to the sharp decline in travellers due to COVID-19, Biosecurity NZ took urgent action to reduce border resources and costs. The actions taken include:

- Early retirement accepted by approximately 20 staff
- More than 100 staff temporarily re-deployed into vacancies in other parts of the Ministry for Primary Industries

- Cancellation of the OCS (baggage handling) contractors in Auckland, Wellington, Christchurch and Queenstown airports

5.2.2 Revenue

Border restrictions for COVID-19 significantly impact the account's revenue.

Table 10: Biosecurity NZ revenue (excl. GST)

	2017/18 Actual (\$m)	2018/19 Actual (\$m)	2019/20 Actual (\$m)
Non-cruise	55.94	50.38	44.30
Cruise	2.74	1.24	0.90
Crown	1.76	0.59	0.59
Total revenue	60.44	52.21	45.79

5.2.3 Memorandum account position

The memorandum account worsened by \$22.6m to a deficit of \$28.1m.

Table 11: Biosecurity NZ memorandum account movement (excl. GST)

	Opening balance (\$m)	Revenue (\$m)	Expenditure (\$m)	Surplus/ (deficit) (\$m)	Closing balance (\$m)
2018/19					
Non-cruise	4.04	50.38	63.34	(12.96)	(8.92)
Cruise	0.94	1.24	1.30	(0.06)	0.88
Crown	2.54	0.59	0.59	-	2.54
Total account	7.52	52.21	65.23	(13.02)	(5.50)
2019/20					
Non-cruise	(8.92)	44.30	66.48	(22.18)	(31.10)
Cruise	0.88	0.90	1.28	(0.38)	0.50
Crown	2.54	0.59	0.59	(0.00)	2.54
Total account	(5.50)	45.79	68.35	(22.56)	(28.06)

5.3 Financial KPIs

Biosecurity NZ has developed financial performance measures for the Levy:

Table 12: Biosecurity NZ financial KPIs

Performance Measure	2017/18 Actual	2018/19 Actual	2019/20 Actual
<i>Expenditure per arriving traveller:</i>			
- Cruise	\$9.60	\$4.73	\$5.41
- Non-cruise	\$8.67	\$9.18	\$12.69
<i>Corporate overheads as % of total expenditure:</i>			
	18%	18%	21%

5.4 Non-Financial Performance

Biosecurity NZ have developed non-financial performance measures for the Levy. The results against these measures for the 2019/20 financial year are shown in Table 13 below.

Table 13: Biosecurity NZ performance measures:

Performance Measure	Target	2017/18 Actual	2018/19 Actual	2019/20 Actual
Complaints relating to biosecurity clearance service	< 0.01%	0.001%	0.001%	0.000%
Percent of airlines participating in a NZ biosecurity awareness programme	100%	100%	100%	100%
% of international air travellers that comply with biosecurity requirements on leaving the airport	> 98.5%	98.7%	99.0%	n/a
Average processing time at Auckland Airport for compliant passengers	< 10:00 mins	7:31	6:55	5:09
Cruise line accreditation scheme	100%			
- cruise lines accredited		27%	21%	25%
- port visits by accredited vessels		84%	86%	n/a
Number of passengers with seizures per 1,000 cruise ship travellers	< 10 per 1,000	1.0	1.1	6.8
- accredited vessels		0.9	1.4	1.0
- non-accredited vessels		1.3	0.6	n/a

COVID-19 and the associated border restrictions have seriously affected passenger numbers. As a result, the annual compliance monitoring survey planned for delivery in April and May 2020 has been suspended, and some of the measures were not assessed.

Appendix 1: Activities funded through the Levy

Stage of the process	Customs	Biosecurity NZ
Pre-border activities	<p>Passenger processing including:</p> <ul style="list-style-type: none"> • Inputting data into CusMod, processing of relevant data • Providing advice to travellers • Processing electronic and hardcopy documents containing advance data <p>Supporting activities:</p> <ul style="list-style-type: none"> • Liaising with industry, including planning and trouble-shooting relating to passenger processing. • Liaising with government agencies, protecting against border risks related to passengers. <p>Risk assessment:</p> <ul style="list-style-type: none"> • Targeting and alerts • Data modelling • National Maritime Coordination Centre, providing intelligence on incoming marine travellers. 	<ul style="list-style-type: none"> • Screening for targeted interventions - identifying travellers of biosecurity interest • Co-ordination of resourcing and tasking of border activities • En-route biosecurity clearance - where possible • Management of craft applications for arrival at non-approved Places Of First Arrival
At border activities	<p>Clearance of travellers:</p> <ul style="list-style-type: none"> • Primary-line processing (manual and via eGate): validation of identity, completion of immigration processes, identification of persons of interest • Secondary activities and processes i.e. interaction with persons of interest, questioning and search activities • Alongside processing of cruise passengers • On-site support to secondary and verification activities and processes (i.e. more involved questioning and intervention with persons of interest, assistance around examination of electronic devices) • Customer service functions • Processing arrival cards • Patrolling, including coordination of air and sea patrols 	<ul style="list-style-type: none"> • Assessment of arrival documentation against biosecurity requirements • Verification of compliance to biosecurity requirements of travellers • Application of intervention tools e.g. communications, searches, detector dogs, x-ray • Collection of information relating to pathways and effectiveness of interventions
Post-border activities	<ul style="list-style-type: none"> • Investigative activity (including surveillance and monitoring of persons of interest once they move beyond the border process) • Processing of the reporting that is completed (i.e. activity and information reports) including review and management of entities/alerts/profiles • Post-seizure analysis (including supporting frontline briefing processes) • Debriefing processes for significant operations/events 	<ul style="list-style-type: none"> • Review and management of high-risk travellers • Verification of the process for the disposal of risk goods seized from travellers • Investigations into non-compliance • Compliance monitoring and analysis to measure performance of pathways

Appendix 2: Exemptions

The table below describes the travellers who are exempt from paying the Levy. These exemptions are provided for by the Biosecurity (Border Processing Levy) Order 2015 and the Customs and Excise (Border Processing Levy) Order 2015.

Levy funded travellers
(a) a traveller under the age of 2 years:
(b) a traveller who arrives in, or departs, New Zealand on an international aircraft otherwise than as a passenger:
(c) a traveller who arrives in, or departs, New Zealand on a cruise ship otherwise than as a passenger:
(d) a traveller who— (i) arrives in New Zealand on an aircraft; and (ii) is not required to report to a Customs officer at an arrival hall because the traveller is in transit to a place outside New Zealand:
(e) a traveller who, having arrived in New Zealand as referred to in paragraph (d), departs New Zealand on an aircraft for the place outside New Zealand without having been required to enter a departure hall:
Non-levy funded travellers
(f) a traveller who arrives in, or departs, New Zealand on any of the following: (i) a craft being operated by the New Zealand Defence Force or the defence forces of any Government other than that of New Zealand; (ii) a craft being used wholly for diplomatic or ceremonial purposes of any Government; (iii) a craft being used wholly for the purposes of a mission being carried out or organised by any Government that is a humanitarian mission or a mission in response to an emergency or a crisis; (iv) a craft being used for the purposes of an official expedition of a Contracting Party ⁷ ; (v) a non-passenger commercial craft;
(g) a traveller who arrives in New Zealand after having been rescued at sea:
(h) a traveller who arrives in New Zealand wholly for the purpose of seeking temporary relief from stress of weather:
(i) a traveller who, having arrived in New Zealand as referred to in paragraph (h), departs New Zealand as soon as is reasonably practicable:
(j) a traveller who departs New Zealand on a craft on a journey— (i) that is not intended to go beyond the exclusive economic zone; and (ii) that is not intended to include a meeting with any craft or persons entering the exclusive economic zone from a point outside New Zealand:
(k) a traveller who arrives in New Zealand on a craft— (i) that has returned to New Zealand after a journey that did not extend beyond the exclusive economic zone; and (ii) that did not meet during that journey with any other craft or persons entering the exclusive economic zone from a point outside New Zealand:
(l) a traveller who arrives in, or departs, New Zealand before 1 January 2017 on an international aircraft as a passenger being carried on a ticket that was purchased, and fully paid for, before 1 January 2016:
(m) a traveller who arrives in, or departs, New Zealand before 1 January 2017 on a cruise ship as a passenger on an international cruise and whose place on the cruise was purchased, and fully paid for, before 1 January 2016.

⁷ **Contracting Party** has the meaning given by section 7(1) of the Antarctica (Environmental Protection) Act 1994; **official expedition**, in relation to a Contracting Party, has the meaning given by section 7(1) of the Antarctica (Environmental Protection) Act 1994.