

Chief executive's overview

We are here to protect New Zealand across borders.

Customs continued to focus on eliminating our country's border and revenue risk in the 12 months to 30 June 2019. We did this using both long-standing and established methods and more modern, innovative techniques – everything from physical searches, inspections, and audits to risk-based, intelligence-led assessments, and forensic electronic data analysis.

Customs work no longer relates to one, single, physical land border. Customs organisations must increasingly focus on their cyber borders and also work collaboratively with overseas partners to prevent risk from reaching their shores.

The change from traditional to modern border management has resulted in new legislation, and from 1 October 2018 we have operated under the Customs and Excise Act 2018. It has been more than 20 years since Customs had a new Act and, pleasingly, its implementation was a success.

The concept of multiple borders, and our role to protect New Zealand across them, is reflected in our new Customs Strategy – *Rautaki Mana Ārai*. Launched in 2018/19, the strategy identifies four strategic priorities: protection, travel, trade, and revenue. These priorities provide a focus for both our planning and reporting.

As a result of our focus on protecting New Zealand, by preventing risk reaching our border, we seized more than 1,960 kilograms of illicit drugs at our border in 2018/19, prevented \$520 million of potential social and economic harm by working with overseas partners to seize drugs overseas, and investigated more than 305,000 objectionable publications. We also detected \$8.5 million in undeclared currency in the 12 months to 30 June 2019.

Our focus on ensuring New Zealand's trade flows efficiently across borders saw Customs process 16.7 million import and export transactions in 2018/19. We also established a new London-based Customs Counsellor to help New Zealand exporters as they prepare for the United Kingdom's departure from the European Union. In June 2019 we signed Mutual Recognition Arrangements with Canada and Singapore to secure and guarantee overseas market access for New Zealand businesses.

Providing a streamlined experience for travellers across borders resulted in 14.5 million international passengers being assessed for risk and processed in 2018/19, almost all of whom complied with our country's border entry requirements. Pleasingly, 96.0% of commercial air passengers were processed within 45 minutes of their plane arriving. We also processed 58.1% of air passengers using eGates, which are available to citizens of 11 countries.

Customs has an important role in helping to collect all revenue due to the New Zealand Government. In 2018/19, we collected \$15.5 billion – about 18% of core tax revenue – and 99.5% of the revenue collected was done so electronically. Our revenue focus prevented 4.6 million cigarettes and 642 kilograms of loose tobacco from being smuggled into New Zealand in 2018/19. We also identified \$51 million in additional revenue owing to Customs through verifying data entered by importers, exporters, licensed manufacturers of excisable goods; voluntary disclosures by traders; and audit activity.

Importantly, our four strategic priorities – protection, trade, travel, and revenue – are underpinned by four key values: we do what's right – *te ara tika*; we are guardians – *kaitiakitanga*; we value people – *he tāngata*; we look forward – *pae tawhiti*. These values were selected by Customs employees because they resonate with them.

As Acting chief executive and Comptroller of Customs, I am honoured to lead a team of hard-working and committed professionals. Our people continued to exemplify the Spirit of Service for which the New Zealand public service is known. Their service is recognised annually by presenting the New Zealand Customs Service Medal and Clasps, and long service awards. In 2018/19, we recognised 235 staff in this way. The service of our Customs team was especially evident following the March 2019 attack on the Christchurch mosques, when we increased our primary border protection role and supported other government agencies.

The importance of investing in our staff saw a strong focus on leadership and governance, integrity and managing risks, and training our most important assets – our people.



Bill Perry
Acting Comptroller of Customs



The year at a glance

Protection

more than
1,960

kilograms
of illicit drugs seized
at our border

305
thousand+
objectionable
publications
investigated

\$520 million

of potential social
and economic harm
prevented by seizing
drugs overseas

Travel

14.5 million

international
passengers
assessed for risk
and processed

96%

of commercial air
passengers processed
within 45 minutes of their
plane arriving

58.1%
of air passengers
processed using
eGates

Trade

16.7 million

 import and export
 transactions
 processed

**June
 2019**
 signed Mutual
 Recognition
 Arrangements
 with Canada and
 Singapore


New Customs
 Counsellor based in




January 2019
 in preparation
 for Brexit

Revenue

\$15.5
billion
 collected on behalf
 of the Crown

4.6 million

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

99.5%

 of revenue collected
 electronically

What we do

Our functions

The New Zealand Customs Service (Customs) provides essential border services and infrastructure that protect New Zealand and advance our economy. We have three core functions:

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

Our services

The services we provide include:

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

Our legislative authority

Customs' functions and services are mandated by the Customs and Excise Act 2018. This new Act (and supporting

Regulations and Rules) came into force from 1 October 2018, replacing the Customs and Excise Act 1996. It gives Customs and our customers modern legislation that is easier to understand, and enables Customs to respond more flexibly to changing risks, technology, and business practices.

The Act also offers new services to customers that deliver time and cost savings, such as the ability to apply to store business records overseas or in the cloud, and certain importers being able to declare provisional values for their goods at the time of importation.

In the lead-up to 1 October, Customs had a comprehensive implementation programme to ensure our staff, customers, and key stakeholders knew and understood the new services, obligations, and procedures created by the Act. The programme supported our customers to make the necessary changes to enable them to comply with their new obligations, and to use the new services provided by the legislation.

As a result of the process and plans put in place to assist both staff and customers to make the transition to the new Act, the changeover was smooth and issue-free, both on 1 October 2018 and in the following months.

Contribution to Ministerial and Government priorities

In 2018/19 we progressed five priorities that had been agreed, following the 2017 general election, with the then Minister of Customs for the Customs portfolio for the current parliamentary term:

- reducing the harm to families through increased disruption to the supply of illicit drugs into New Zealand
- strengthening New Zealand's trading links to support exporters
- passage and implementation of the Customs and Excise Bill (this priority was achieved in 2018/19)

- eliminating the gender pay gap, paying the Living Wage, and increasing diversity in Customs' workforce
- co-design of future border systems.

Customs is contributing to the Government's priorities by helping to build the economy, improve wellbeing, and make New Zealand proud.

Rautaki Mana Ārai – the Customs Strategy

Rautaki Mana Ārai, the refreshed strategy Customs adopted in early 2019, is driving our planning to deliver our aspiration to eliminate border and revenue risk. The refresh builds on what we set out and achieved through our previous strategy, *Customs 2020*.

Four values underpin all that we do at Customs. They are: we do what's right – te ara tika; we are guardians – kaitiakitanga; we value people – he tāngata; we look forward – pae tawhiti.

The Treaty of Waitangi principles of partnership (kotahitanga), protection (kaitiakitanga), and participation (manaakitanga) provide the foundations for what we do – our Te Pou Tokomanawa.¹ Integrating these principles into our strategy enables us to strengthen our relationships with iwi to improve the protection of, and help foster Māori participation in, our society.

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

This annual report details our operations in the 12 months to 30 June 2019 and our progress in delivering on our strategic intentions in each of those four strategic areas.

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

Our strategic framework

Government priorities

Building an economy that is growing and working for us all

Improving the wellbeing of New Zealanders and their families

Making New Zealand proud

Ministerial priorities

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

Strengthening New Zealand's trading links to support exporters

Passage and implementation of the Customs and Excise Bill

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

Co-designing future border systems

We are here to

protect and promote New Zealand across borders

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

Our Values — Whanonga Pono

WE DO WHAT'S RIGHT
Te Ara Tika

WE ARE GUARDIANS
Kaitiakitanga

WE VALUE PEOPLE
He Tāngata

WE LOOK FORWARD
Pae Tawhiti

We aspire to

eliminate border and revenue risk

Te whakakore tūraru rohe me ngā mahi kohinga tāka

We aim to achieve

Protection
Prevent risk reaching our borders
Whakahaumarū

Trade
New Zealand's trade flows efficiently across borders
Hokohoko

Travel
A streamlined experience for travellers across borders
Tāroi

Revenue
Collect all due revenue
Kohinga tāka

Te Pou Tokomanawa — The Foundations

Kotahitanga
Partnership

Kaitiakitanga
Protection

Manaakitanga
Participation

Output classes

Clearance and enforcement services related to passengers and crew

Clearance and enforcement services related to goods

Clearance and enforcement services related to craft

Information and intelligence services

Revenue collection

Policy advice

International services and ministerial servicing