



BRIEFING TO THE INCOMING MINISTER

MAY 2023



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PART 1: INTRODUCTION AND BACKGROUND

Introduction from the Comptroller

For 183 years the New Zealand Customs Service (Customs) – Te Mana Ārai o Aotearoa – has played an important role serving the people and government of our country. We provide essential services and infrastructure that protect and promote New Zealand. Our core functions are providing you with policy advice; preventing risk reaching or crossing our borders – particularly drugs, illegal weapons, illicit tobacco products, and objectionable material; ensuring New Zealand's trade flows efficiently across borders; providing a streamlined experience for travellers across borders; and collecting all due Crown revenue.

Our work includes:

- providing policy advice to government ministers and other agencies on border and revenue issues
- protecting New Zealand from external risks and threats
- expediting the flow of goods across our border and collecting Crown tax revenue
- facilitating the flow of passengers and craft
- providing intelligence and risk assessment information to other government agencies, and to our frontline officers
- monitoring whether traders and travellers are complying with border requirements, and providing assurance over trade security and the border revenue system
- actively participating in the global customs community, by helping to develop international policy and engaging operationally with overseas customs and law enforcement bodies
- supporting the economic, protection and security outcomes of other agencies and the New Zealand National Security apparatus.

We look forward to helping you to implement and progress the Government's objectives. I would welcome the opportunity to meet with you, as soon as it suits you, to discuss how we can deliver on your priorities and ensure that we provide you with the best possible support. My team and I look forward very much to working with you.

Nāku noa, nā

Christine Stevenson
Comptroller of Customs

Customs 2022/23 financial year at a glance: July 2022 – March 2023

Protection	Trade	Revenue
Prevented \$4.84 billion in potential harm by seizing drugs offshore and at our border	Processed over 14.3 million import transactions, with most items risk assessed and cleared before they reached New Zealand	We are the second largest Crown revenue collector after the Inland Revenue Department and have collected \$14.52 billion in revenue on behalf of the Crown so far this financial year
Processed 205 cruise ships and 595 small craft following the reopening of the maritime border on 31 July 2022	Supported 142 Secure Export Scheme partners to gain faster and more efficient access to international markets	Intercepted 3,560 kilograms of loose tobacco and 7.58 million cigarettes and cigars, preventing significant revenue evasion
Travel	Te Pou Tokomanawa – The Foundations	Work with others
Processed almost 8 million air passengers at the New Zealand border. A 948% increase in passenger volumes from the same period in 2021/22	Developed our Iwi Māori Engagement Plan, establishing guiding principles for engagement with iwi, hapū and Māori communities	Helped lead the cross-government programme targeting trans-national organised crime
Began trials of the New Zealand Traveller Declaration system	Began work to understand the principles and implications of Māori data sovereignty on the data we manage	Worked with the Border Five and took part in operations such as operation Tin Can which was run by the World Customs Organisation to address threats from trusted insiders.

Supporting Government priorities at the border

Customs is delivering our functions at the border in a complex, rapidly changing operating environment. Our kaitiakitanga (guardianship) role is focused on protecting New Zealand's border and reducing social harm to our communities from illegal and restricted goods, while ensuring that legitimate trade and travel is facilitated and supported.

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This approach aligns with the overarching objective set by the Prime Minister's Statement to focus on the basics.

In addition to the general overview provided in this document, we are preparing a suite of secondary briefings for you on existing actions we taking to support the Government's objectives and specific issues we are currently facing. These secondary briefings will be provided to you shortly and will cover the following areas:

- › trans-national organised crime
- › financial sustainability (including Budget 2023, goods fees, and current cost pressures)
- › the Customs and Excise (Arrival Information) Amendment Bill and the New Zealand Traveller Declaration – Whakapuakanga Tangata Haere ki Aotearoa.

A summary of each of these issues is set out in Part 3.

Work programme prioritisation

The previous Minister agreed with the Prime Minister that we will prioritise the following programmes: We will deliver this by focusing on these key areas:

- › **Combatting Trans-national Organised Crime:** Continuing to enhance our targeting of serious trans-national organised crime. This includes a focus on New Zealand's maritime border, including proposed capability enhancement to mitigate the growing threats in the maritime environment, and on preventing corruption and exploitation within the supply chain.
- › **New Zealand Traveller Declaration (NZTD):** Delivering a digital arrival card, NZTD, including supporting legislation. This will help travellers move through the border more efficiently and enable earlier risk management of air and maritime domains by border agencies.
- › **Supporting international trade:** Signing Mutual Recognition Arrangements with key trading partners Thailand and Malaysia, and negotiation of the Trade Facilitation Chapter in the Indo-Pacific Economic Partnership Agreement. Supporting the implementation of the European Union and United Kingdom FTAs, and the recently concluded AANZFTA Upgrade. Customs will also continue work with key trading partners to deliver more seamless and secure approaches to border clearance for trade.
- › **Pacific development:** Continuing to build on the valuable development work in the Pacific primarily with the Cook Islands, Fiji, Samoa, and Vanuatu, to deliver Customs capability enhancements focused on trade and revenue, border management and leadership development.
- › **Extreme weather relief:** Providing support to traders impacted from the early 2023 weather events. This includes refund processes and debt payment relief for excise clients who are unable to meet payment requirements, and a range of other assistance options for importers and exporters. The implementation of regulations that declare Cyclone Gabrielle as an emergency event for the purposes of the Customs and Excise Act 2018,

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will enable interest and penalties to be remitted on duty/excise payments that are late because of the cyclone.

Our statutory framework and your responsibilities

Your responsibilities as the Minister of Customs

Your main responsibility as the Minister for Customs is ensuring Customs meets its protection, trade, travel, and revenue outcomes while contributing to Government priorities in accordance with the requirements of the Public Service Act 2020.

You are also the 'Vote Minister' for Vote Customs, which funds part of our operations. Therefore, Parliament authorises you to incur the operating expenses or capital expenditure outlined in the appropriations within Vote Customs.

As the 'Responsible Minister' under the Public Finance Act 1989¹, you are responsible to Parliament and for protecting the Crown's interest in the financial performance of Customs.

The public service has an annual financial management cycle that will require your action at various stages; from the planning of outputs (and appropriated funding) through to the measurement of delivery against those outputs to determine departmental performance.

You are also the Minister for the Border Executive Board. Customs chairs this inter-agency executive board made up of six chief executives from border related agencies. A separate briefing is being prepared for you on the work of the Border Executive Board.

Over the next few weeks, we will work with you to establish your priorities for the Customs portfolio. This will inform Customs' focus and investment planning. You will be briefed separately on several upcoming information and decision papers, site visits, and other specific responsibilities.

The Customs and Excise Act 2018 is our primary legislation

Customs' functions and services are largely mandated by the Customs and Excise Act 2018 (the C&E Act), related regulations, and Customs' rules.

Our key purposes are set out under the C&E Act which provides the authority to:

- levy excise and excise-equivalent duty, taxes, and levies
- set the obligations of persons crossing the border (such as providing information to a Customs officer)
- set the obligations of persons involved in goods, persons or craft crossing the border (such as seeking clearance from Customs for imported goods)
- set the powers of Customs officers (such as examining or seizing goods).

¹ The Public Finance Act provides the core legislative framework within which the Government can borrow money or spend public money.

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A substantial review of the Customs and Excise Act 1996 was completed in 2018, when a revised and modernised Act came into force. Customs has now commenced work on a review of all secondary legislation that Customs administers, including a review of the Customs Regulations 1996 in totality.

The Regulatory Review Policy team is completing the full review which is a large and complex task and is expected to take at least two years. The review has started with focus on high priority matters identified during an initial scoping exercise conducted in 2022. The review will also consider how we can keep our secondary legislation fit for purpose in the future. Having legislation that is fit for purpose is key to Customs' day-to-day operations and for those who interact with that legislation. It also helps us to meet our regulatory stewardship obligations.

The review has started with analysis of concessions under Part II of the Tariff. Work is also currently underway analysing Customs regulations relating to imported goods and Customs-controlled areas.

Under Customs' legislation, the Comptroller of Customs is responsible for exercising most statutory powers. As Minister, you do not have a role in Customs' day-to-day business. However, you do have a statutory role under the Act in relation to prohibitions, levies, and excise duties. This means that when Cabinet approves a related policy decision (such as prohibiting the import of a particular commodity), it is your role as Minister to then seek Cabinet approval to authorise the relevant Order in Council to the Executive Council for signing by the Governor General. For example, an Order in Council was recently authorised for the indexation of tobacco which resulted in an increase of 7.23 per cent on excise and excise-equivalent duty payable to the Crown. You also have statutory authority to approve Customs entering into information disclosure agreements with other Government agencies.

In addition to the C&E Act, Customs enforces or is subject to over 80 other enactments at the border on behalf of other agencies. These include enactments such as the Outer Space and High-altitude Activities Act 2017, the Ngai Tahu (Pounamu Vesting) Act 1997, and the Tariff Act 1988.

Customs officers have a wide range of powers at the border

The C&E Act provides Customs with the powers to operate its border management functions. The C&E Act provides Customs with the authority to collect, and risk assess information about people, goods, and craft crossing New Zealand's border, and intervene where appropriate to address any identified risks. Prescribed information is collected from travellers, airlines, shipping companies, cruise operators, cargo operators, and freight companies.

Examples of some of the powers a Customs officer may use when considering intervention include:

- **section 205: questioning persons about goods and debt** – This power allows Customs to question specific persons about whether they have (or had) any dutiable, prohibited, uncustomed, or forfeited goods in their possession; the nature, value, ownership or intended destination of such goods; and debt due.

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- **section 210: search of persons** – This power allows Customs Officers to conduct a preliminary or full personal search.
- **section 226: use of dogs and other aids** – Customs Officers may use a Customs dog, chemical testing, x-ray, or imaging equipment when using search powers.
- **section 227: examination of goods subject to control of Customs** – This power allows Customs Officers to examine, weigh, analyse, and test goods, and dismantle and drill goods where necessary to establish risk.
- **section 228: data in electronic devices that are subject to control of Customs** – This power allows Customs Officers to search the data on an electronic device.

Customs officers also have powers to gather evidence and investigate offences under the C&E Act, and other legislation such as the Search and Surveillance Act 2012, Misuse of Drugs Act 1975, and the Immigration Act 2009. Together with the C&E Act, these Acts give Customs officers the power to execute search warrants, detain or arrest suspects and prosecute offenders for offences such as drug or tobacco smuggling or evasion of Customs revenue.

Customs decisions can be reviewed or appealed

There is a well-developed system in place for independently addressing complaints from travellers or traders, including administrative reviews, the Customs complaints process, and the Customs Appeal Authority. The Customs Appeal Authority is an independent judicial body administered by the Ministry of Justice. The Customs Appeal Authority can respond to specific appeals under our Act relating to seizures of goods or duty payments. Hearings are held throughout New Zealand and decisions can be appealed to a higher court by either the appellant or the Crown. Some key decisions have been made by a higher court in recent years.

The Authority consists of one person appointed by the Governor-General on the recommendation of the Minister of Customs and the Minister of Justice. This position is currently held by Mr Grant Pearson, whose appointment is until 2025. Mr Pearson has held appointment as a Customs Appeal Authority since 2014. He also chairs the Social Security Appeal Authority. He has worked extensively for large law firms and for the Crown Law Office as Crown Counsel primarily dealing with tax matters. Previous decisions have included a decision in favour of Customs following the seizure of a vehicle with an inaccurate odometer reading, and a decision against Customs following a move to seek a correct duty amount from an importer rather than the agent who defrauded both the trader and Customs. The decision against Customs was successfully appealed by Customs on the basis that importers are liable for import duties when others act on their behalf.

Our strategy, Rautaki Mana Ārai, is being updated

Rautaki Mana Ārai reflects Customs' core functions

Customs introduced its current strategy, Rautaki Mana Ārai, in 2018. Our strategy outlines the core functions of our business that will help us achieve our purpose of protecting and

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promoting New Zealand across borders and our aspiration to eliminate border and revenue threats.

For each core function, we have a dedicated plan that details outcomes we want to achieve, how we intend to achieve them, and what success looks like over the next 12-18 months.

Protection/Whakahaumarū – We work to reduce social and economic harm to our communities through effective risk management and targeted interventions. Our high-level objective is to prevent threats reaching our borders.

In recent years, while we still actively manage risks at the border, where possible, we have a stronger focus on stopping illicit drugs, weapons, and objectionable material from reaching our border in the first place. This involves using information and intelligence to identify and target threats within an increasingly complex and challenging environment. A key component is working with international partners to identify and address potential threats before they reach New Zealand.

The success of our work to reduce harm to our communities is illustrated in the potential harm avoided through drug seizures offshore and at the border. In 2021/22, Customs' seizures included:

- 1.9 tonnes of methamphetamine
- 808 kilograms of cocaine
- 296 kilograms, 9,436 tablets, and 0.5 litres of MDMA.

By seizing these illicit drugs offshore and at our border, we prevented almost \$4.8 billion in potential harm. Social harm is measured using the New Zealand Drug Harm Index, which creates a monetary value for the economic and social costs of illicit drugs.

Potential harm avoided through drug seizures over the last five years



Trade and Revenue/Tauhokohoko me te pūtea – We play an important role in facilitating and promoting international trade, while ensuring that goods comply with national and international legislation and requirements.

Customs work in trade is a significant contributor to the economy. Through our Trade Single Window system, we manage the cross-border movement of all New Zealand's \$150 billion

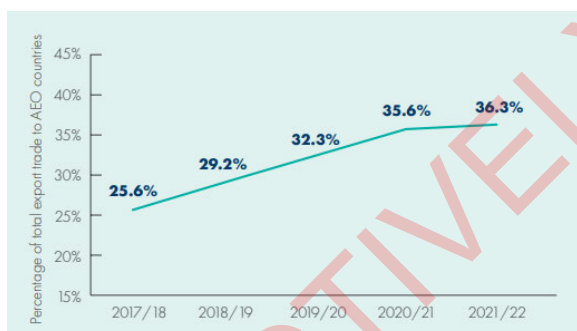
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worth of international trade. Over the last year, Customs processed over 20 million import transactions and over 5 million export transactions. This includes low value consumer goods, imports for retail and manufacture, and all New Zealand's major export commodities.

Together with other relevant agencies, we work closely with the import and export sectors to support the free flow of trade and ensure efficient supply chain approaches. For example, our Trade Single Window² system allows for the same information set to be used by Customs and the Ministry for Primary Industries for import clearance. Our active participation in international forums and negotiations on standards, such as the World Customs Organization and free trade agreements, enables us to use our reputation as a trusted partner to influence the global customs standards for trade.

An example of a major trade initiative we operate is our Authorised Economic Operator (AEO) programme. AEO programmes have been established internationally to recognise businesses that meet best practice security requirements and data integrity when exporting and importing goods. Businesses that are part of these programmes are considered low security risks and therefore face fewer compliance checks, receive priority clearance at international borders during times of trade disruptions, and may have lower export transaction fees. The Secure Exports Scheme (SES) is New Zealand's AEO programme and has 142 partner businesses. The New Zealand Institute of Economic Research estimates that the SES increases New Zealand GDP by USD\$310 million per year.

The following graph shows the percentage of export trade covered by the SES programme.



Customs contributes to the Government's accounts by collecting around 16 per cent of core Crown tax revenue each year. We aim to collect all due revenue for the Crown including:

- tariff duty
- Goods and Services Tax (GST) on imports
- excise duty on domestically manufactured alcohol, tobacco, and motor spirits
- excise equivalent duty on alcohol, tobacco and motor spirits imported into New Zealand.

Customs also collects a range of levies at the border on behalf of other agencies.

² Trade Single Window is an electronic channel for traders, and manufacturers of excisable goods, to submit information to, and receive responses from, border agencies.

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Our focus is on enabling New Zealand's legitimate trade to flow efficiently across borders. We aim 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.

We are supporting businesses affected by cyclone Gabrielle

Customs recently submitted a Cabinet paper that proposed regulations as part of the Cyclone Recovery response that will allow Customs to write off interest on unpaid duty for those affected by the cyclone. The duty payers will enter into an arrangement, and Customs will use the power in this regulation and our other existing powers to achieve an equitable resolution for the duty owed.

Travel/Tāroi – We help grow our economy by supporting international travel and making it easy for travellers to cross our border. We do this by overseeing, and risk managing, international travellers as they enter and leave New Zealand. This includes air passengers and those arriving by sea by cruise ship or small craft. Investment in e-gates³ over the last decade has streamlined customs processing at airports, with more than 60% of passengers processed through e-gates.

Our Customs Officers are also warranted under the Immigration Act 2009 to carry out primary immigration functions and process travellers through passport control. Customs is investing in the development of a digital arrival card through the NZTD programme which will provide a single digital point for passengers to complete their travel declarations and remove the need for a physical arrival card (it will still be available for those unable to complete an electronic declaration). This will further streamline the traveller experience.

Te Pou Tokomanawa/Central Pou: Te Pou Tokomanawa is the foundation of what we do and how we do it. Our focus is on creating the foundations for effective and targeted engagement with iwi, hapū, and Māo i communities in priority areas. We are in the early stages of our iwi engagement journey and there is more work to be done. We have started work on strengthening our relationships with iwi and hapū in key marine and border areas with a number of initial hui to introduce and discuss topics of mutual benefit between iwi and Customs. Further to this, building our Māori Crown relations capability is an internally focused effort to empower staff through greater knowledge and understanding of Te Tiriti o Waitangi, and increase our skills in, and use of, te reo me ōna tikanga Māori.

Our values represent us

We have four values that underpin all that we do at Customs. These values were selected by Customs' employees because they resonate with them. They are:

- te ara tika – we do what's right
- kaitiakitanga – we are guardians
- he tāngata – we value people
- pae tawhiti – we look forward.

³ eGates are an automated way to move through passport control.

We are re-focusing our strategy

Customs is developing a more future focused strategy that will explore the key trends and drivers of change that we are likely to see in the future and help us to prioritise our response.

The intended outcome of the updated strategy is to set our future direction, to ensure Customs is best placed to deliver our functions, respond to challenges that may impact these functions, and to ensure our people understand where we are going and can see their contribution to this journey. We anticipate the new strategy document will be completed by June 2023.

Our people are our foundation

Our staff are located around the globe to protect New Zealand

As at 31 December 2022, Customs employed 1,397 people (1357.9 full-time equivalents) in a broad range of roles across New Zealand. While we have staff based around the world, most staff work domestically in operational areas of 13 marine ports⁴ and four international airports. We also have staff at several international and inter-agency bodies including the:

- International Mail Centre
- International Targeting Centre in Washington
- National Drug Intelligence Bureau
- National Maritime Co-ordination Centre
- Gang Intelligence Centre
- Australia Border Operations Centre in Canberra.

⁴ Our staff work at 13 main marine ports. We service other marine ports as required, but much less frequently.

Domestic locations

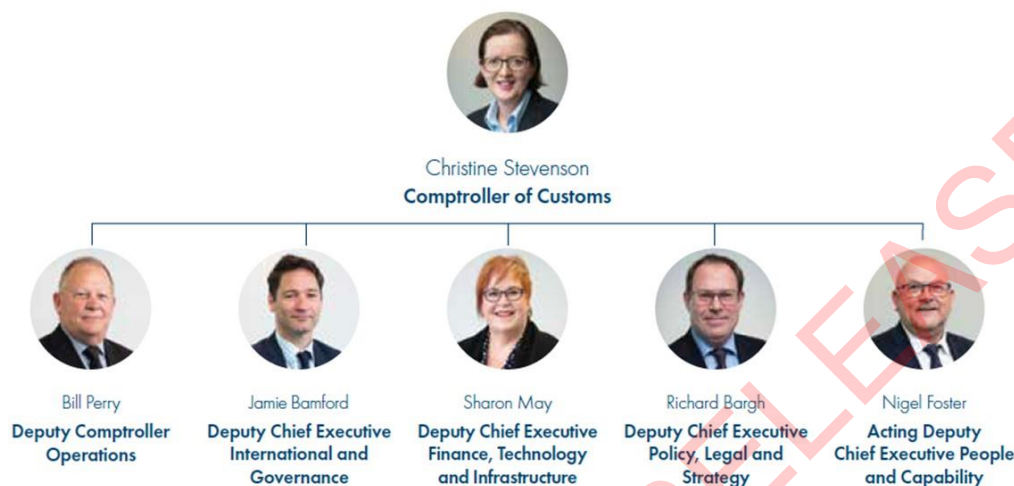


Overseas locations



Who we are

The Customs Executive Board sets the strategic direction for Customs and ensures we have the skills, resources, and focus to deliver our services and plan for the future.



We are funded by a mixture of Crown and third-party revenue

Customs' expenditure is set by appropriations at the Budget

Appropriations provide a Minister with the authority from Parliament to spend public money and incur expenses or liabilities on behalf of the Crown. Most of Customs' expenditure is for activities related to clearing passengers and goods. There are significant specific systems and depreciation costs allocated to these two activities – for example, e-gates and the Trade Single Window. Other corporate support costs are allocated across our three core service appropriations.

Customs' core service appropriations are:

- goods clearance and enforcement
- traveller clearance and enforcement
- revenue collection and other services.

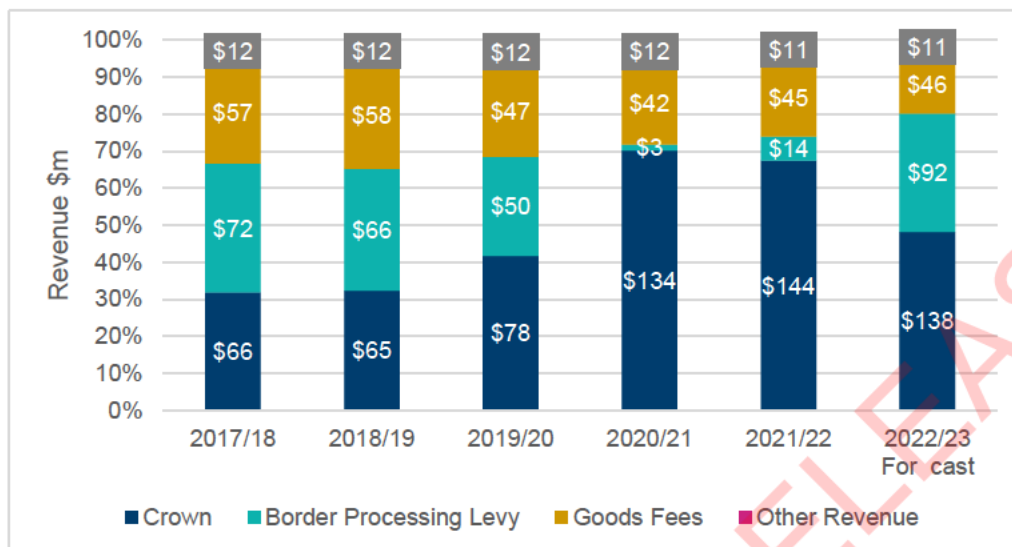
Customs' funding is partially Crown funded, partially cost recovered

Customs operates a mixed revenue funding model. Approximately 63 per cent of our services and operating costs are funded by revenue generated from fees and levies charged to cover the cost of screening and processing passengers and goods as they cross the border. The remaining 37 per cent of our costs are covered by Crown funding.

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For activities relating to clearing passengers and goods we operate two primary cost recovery mechanisms – the Border Processing Levy (BPL) for passengers, and goods fees for other items.

Customs revenue sources



During 2020/21 and 2021/22, Crown funding to Customs temporarily increased due to COVID-19 related funding used to off-set the decline in revenue from the BPL due to border restrictions, and to implement the Maritime Border Order and the NZTD system.

We use memorandum accounts to balance funding across the years

Our cost recovery model means that we need to operate memorandum accounts, as revenue and expenses do not always match in each financial year. This is because volumes and costs will often vary from forecasts. Customs has two memorandum accounts that record the accumulated surplus or deficit arising from the provision of passenger and goods clearance services. They 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, fees can be reduced to absorb the surplus, whereas if the memorandum account is in deficit, fees will need to be increased. This model allows Customs to fund border and goods clearance services, while ensuring that we do not benefit by using levy income to fund activities unrelated to clearance services.

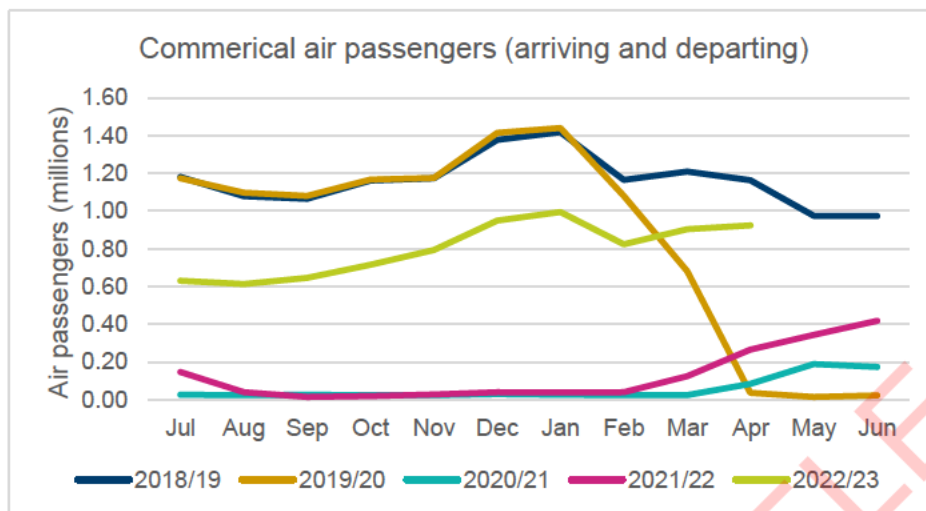
Traveller volume reductions in response to COVID-19 increased our reliance on Crown revenue

During the COVID-19 pandemic, additional Crown funding was needed due to the significant reduction in revenue being earned through the BPL as a result of lower passenger volumes. This increase in Crown funding was to offset the loss of third-party revenue when New Zealand's border closed as part of the response to COVID-19. The Crown fully funded these activities through to 30 June 2021. From 1 July 2021 onwards, the Crown provided Customs with a loan (in the form of a capital injection). On 1 December 2021, the BPL rate was increased to a level sufficient to repay the loan and return to fully recovering costs by

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December 2024. As at 31 March 2023 the BPL memorandum account had a deficit balance of \$44.1 million. This is down from \$55.5 million as at 31 December 2022 and \$61.0 million as at 30 June 2022.

Air passenger volumes decreased following the closure of the border in response to COVID-19



The goods memorandum account deficit is continuing to grow and is expected to reach \$28.7 million by June 2025 if fees are not adjusted

The current fee structure for goods was agreed by Cabinet in 2019. Since then, COVID-19 has affected trade patterns, with the current volume of goods tracking below what was forecast at the time. Wage and price inflation are also affecting the cost of processing goods across the border. As a result, the current fee structure is no longer sufficient to recover the costs.

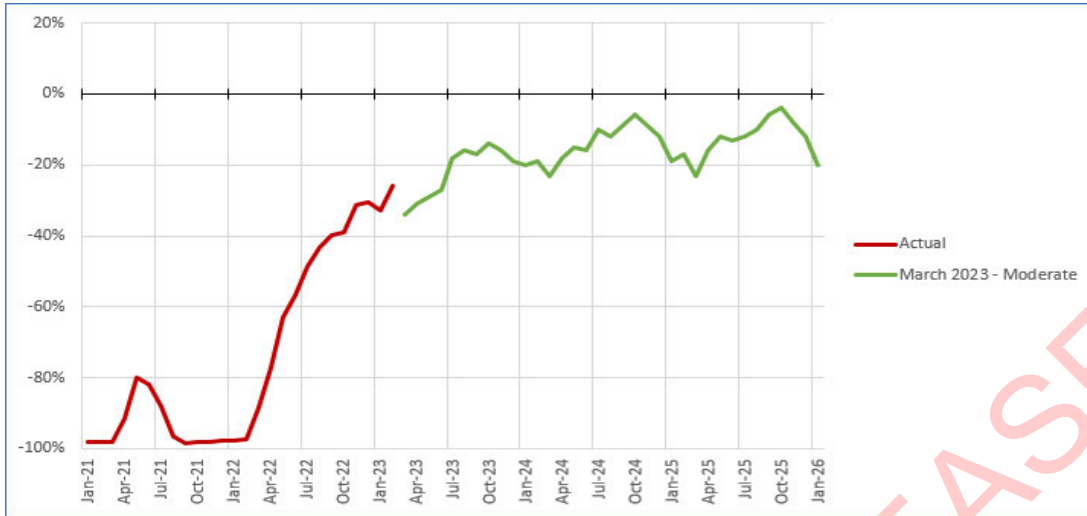
We have begun work on a comprehensive review of goods fees. This is intended to address long-term issues around cost recovery and an apparent mismatch between the fees paid by some fee-payers and the services their fees are funding. It is expected that any changes to the fees proposed through this review will not take effect before 1 July 2025 at the earliest. In the interim, public consultation has concluded on the proposal for an interim fee increase in line with changes to the consumer price index. A paper on the outcome of this consultation is due to be provided to you by the end of May 2023.

Forecast trends for passenger and goods volumes

The Border Sector Forecasting team has modelled expected changes in traveller and goods numbers over the coming years. These are updated approximately every six months and provide a consistent platform for border agencies to use in planning. The current moderate forecast expects traveller volumes to recover to close to 2019 levels by mid-2025.

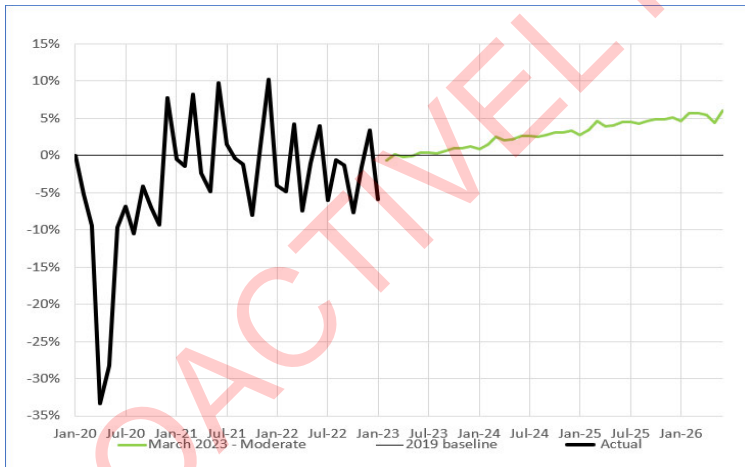
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March 2023 moderate forecast for passenger numbers



Goods volumes and fee-based revenue were also affected by the response to COVID-19, as air cargo traditionally depended on the space available within the holds of passenger aircraft, which was in short supply as airlines adjusted to border restrictions. Sea cargo has also been affected by supply chain issues and international port closures during the pandemic. Although goods volumes are also expected to recover to 2019 levels in the coming year, we expect the good memorandum account deficits to increase over the next three years due to rising costs.

March 2023 moderate forecast for goods volumes



PART 2: CUSTOMS STAKEHOLDERS, PARTNERSHIPS, AND INTEREST GROUPS

New Zealand's border system is a 'system of systems' with other agencies that have operational and/or policy interests working together to provide an integrated and responsive border management system that facilitates trade and travel while managing risk. Inter-agency collaboration and a network of information sharing agreements provides for more control, easier information flows, and greater efficiency at, and beyond, the border.

We have strong domestic partnerships

We work closely across the border sector and with other agencies

Customs works closely with other border agencies – the Ministry for Primary Industries (Biosecurity New Zealand), the Ministry of Business, Innovation and Employment (Immigration New Zealand) and the Ministry of Transport. Our collective border management is among the best in the world and has contributed to New Zealand's reputation as a trustworthy country for trading with and travelling to. We also work with other agencies to identify and target risk and share intelligence.

We host the Joint Border Analytics (JBA) team, which comprises of staff from the Ministry for Primary Industries, the Ministry of Business, Innovation and Employment (primarily Immigration New Zealand) and Customs. This enables the three agencies to combine data, expertise, and tools.

Customs also hosts the multi-agency Integrated Targeting and Operations Centre (ITOC). This is staffed by Customs, Ministry for Primary Industries, Immigration New Zealand, Aviation Security, Te Whatu Ora (Health New Zealand), and New Zealand Police. ITOC identifies and targets risks to our border and provides national coordination of operational activities.

Joint operations include our work with New Zealand Police to proactively target criminal networks involved in the illicit drug trade and work with the Department of Internal Affairs on child exploitation material.

We chair the Border Executive Board

In December 2020, Cabinet agreed to establish the Border Executive Board (BEB), an inter-departmental executive board under the Public Service Act 2020; the Order in Council came into force on 11 January 2021. Customs is the servicing department for the BEB, and hosts a secretariat to support the BEB, funded through this appropriation.

The current members of the BEB are the chief executives of Customs, the Ministry for Primary Industries, the Ministry of Business, Innovation and Employment, the Ministry of Transport, the Ministry of Foreign Affairs and Trade, and the Ministry of Health. The Chair is the Comptroller of Customs.

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

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incoming and outgoing people, goods, and craft. The BEB is directing and driving performance of a safe, smarter, and more coherent border that will integrate health risk management and strategic border systems improvements.

We engage with partners around the world

Geopolitics and global trade are rapidly changing:

- likeminded partnerships are increasingly important
- it is more challenging for New Zealand's small and medium enterprises to succeed in global markets
- stability in the Pacific is taking on an increasing level of importance
- criminal relationships and behaviours are evolving with trans-national organised crime groups becoming increasingly sophisticated
- health is becoming a greater part of border management.

We are already working on initiatives to help address these challenges which are emerging and evolving. These include:

- implementing MRAs for SES members to ease access into the markets of our key trading partners
- supporting the trade recovery strategy, specifically by working with MFAT to negotiate and implement free trade agreements
- upholding the rules-based trading system
- disrupting crime offshore through intelligence sharing and joint operations
- embedding New Zealand Customs in regional and global architecture (such as the World Customs Organization) to influence change consistent with our strategic objectives
- targeting our engagement and capacity development with partners in the Pacific to reduce border and revenue risk to support a stable and prosperous region.

We are helping to build capacity in the Pacific

Customs is delivering a border-management development programme funded by MFAT, that supports customs administrations in the Pacific to build capacity and develop effective border management. This enhances the Pacific region's ability to detect and disrupt organised crime, while allowing legitimate trade and travel. The programme is delivered in partnership with the customs administrations of Samoa, Fiji, and Cook Islands. We have initiated discussions with Vanuatu and Tonga to understand where they could benefit from capacity building assistance.

We actively participate in international forums and groupings

Customs plays an active role in ensuring the representation of New Zealand's interests in international customs policy and trade. These include:

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World Customs Organization (WCO) – Based in Brussels, the WCO is an independent multilateral body whose mission is to enhance the effectiveness and efficiency of customs administrations. The WCO represents 183 customs administrations across the globe that collectively process approximately 98 per cent of world trade. In December 2022, Customs began a two-year term on the Policy Commission representing the Asia-Pacific region. This is a key organisational committee in the WCO, leading the development of policies, practices, and procedures.

Border Five (B5) – Customs is a member of the B5 alliance of border agencies from Australia, Canada, New Zealand, the United Kingdom, and the United States of America. The B5 share information and intelligence for the purpose of border security. Customs was Chair of the B5 in 2022 and has been succeeded by the United Kingdom in 2023.

Oceania Customs Organisation (OCO) – The OCO is a grouping of customs administrations in the Pacific. Customs contributes expertise, advice, and funding particularly in relation to information sharing, border management practices, and the implementation of the Pacific Agreement on Closer Economic Relations (PACER Plus).

We engage with a diverse range of private sector interests

Private sector stakeholders have an interest in how we operate

We work closely with our stakeholders to ensure that their views are heard and considered when we are analysing issues. An example of this is our Border Clearance Levy Stakeholder Reference Group which involves industries affected by the BPL including airlines, airports, cruise, tourism, and travel agents. In the trade and revenue space, we proactively work with, and consult the relevant industry associations and businesses on issues.

PART 3: KEY ISSUES

There are several key issues that we will brief you on immediately:

Issue	Comment
Trans-national organised crime	Customs continues to experience pressures with transnational organised crime, primarily from increasingly large-scale importations of illicit drugs and the frequency of them. We are also intercepting greater volumes of illicit tobacco, and online child exploitation offending remains a priority. Customs has recently increased its focus on strengthening its maritime response capability and is working across government, and with private sector partners, to better protect the border from criminal infiltration.
Budget 2023 bids	The Minister of Customs submitted bids for consideration through Budget 2023 relating to rising salary and wage pressures addressing the impact of transnational organised crime on maritime supply chain security, and technical initiatives to transfer funding to meet cost pressures in future years. A sector bid was also submitted by the Ministry of Transport that will see additional funding provided to Customs to support the work of the National Maritime Coordination Centre. We will provide a separate briefing to you on Budget 2023 decisions.
Goods Cost Recovery consultation	Customs is updating our goods cost recovery fees to address inflationary pressures. Consultation on these changes were recently completed with industry and will be proposing fee changes to Cabinet soon.
Customs and Excise (Arrival Information) Amendment Bill	<p>The Customs and Excise (Arrival Information) Amendment Bill was introduced in late 2022 and had its second reading on 2 May 2023.</p> <p>The Bill amends the Customs and Excise Act to support the implementation of New Zealand Traveller Declaration. We will provide you with a background brief on the Bill and material to support you through the remaining stages of the Parliamentary process.</p>
Deployment of the New Zealand Traveller Declaration	Customs is developing a digital replacement for the paper arrival card, with the New Zealand Traveller Declaration due to be in place from the first quarter of the 2023/24 financial year for air travellers. We will provide you with a detailed briefing on the new system and implementation approach.

There are several emerging topics

We have identified several emerging topics that you may need to engage with as Minister of Customs in the next few months. These topics are from our focus areas or from developments

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in other portfolios. We can provide you with an introductory briefing for each topic over the next few weeks or as a relevant matter emerges that requires your consideration. These topics are:

- current international and pacific issues
- maritime border programme
- trader assistance (Customs support for economic, trade, and supply chain initiatives)
- goods fees framework review
- green customs
- regulated goods.

These are key issues for Customs which we will be talking with you about these over coming weeks.

PROACTIVELY RELEASED

APPENDIX ONE VISITS AND ENGAGEMENT

We can arrange a programme of visits and engagement

The Minister for Customs is warmly invited to attend visits to Customs work areas.

This proposed visit programme will provide an understanding of Customs work and key insights into Customs' daily operations. The programme also offers the Minister opportunities to engage with Customs staff.

Pōneke – Wellington Customhouse

Opportunity	Group	Description
Briefings on priorities, policy, and objectives	Policy, Legal and Strategy	Briefings on Customs' key policy initiatives and objectives, and Customs strategy.
New Zealand Traveller Declaration	New Zealand Traveller Declaration Programme	<p>The NZTD is the online system that will allow passengers to complete a declaration for travel to New Zealand. Customs is working with the border agencies to replace paper passenger arrival cards with the NZTD by first quarter 2023/24 financial year.</p> <p>The Minister will have an opportunity to see a demonstration of the system in Wellington Customhouse.</p>

Tāmaki Makaurau – Frontline operations and goods-focused facilities

Opportunity	Group	Description
Auckland International Airport	Border Operations	<p>Auckland Airport is New Zealand’s largest airport and is Custom’s largest operational footprint.</p> <p>The Minister will be taken through the arrivals and departures processes and briefed on key matters.</p>
Air Cargo Inspection Facility (ACIF)	Border Operations	<p>Located at Tāmaki Makaurau Airport, ACIF is central to detection of risk commodities in the airfreight pathway.</p> <p>At ACIF, the Minister can see demonstrations of advanced 3D x-ray technology and other detection tools, as well as the joint Customs ESR lab, and view the examination suite and procedures used to assess cargo.</p>
International Mail Centre (IMC)	Border Operations	<p>The IMC, located at Tāmaki Makaurau Airport, is where all international letters and parcels sent through the mail pathway are processed. For this reason, targeting and intercepting the supply of illicit drugs and goods remains a critical priority for Customs staff at the International Mail Centre. X-ray capabilities are also used to assist in interceptions as well as drug detector dogs.</p> <p>The Minister is invited to view demonstrations of technology used while inspecting goods. There is also an opportunity to visit the new Auckland Processing Centre currently under development. The new centre will move from the current manual mail sorting process to an automated process and bring improvements in facilities for Government agencies. It will also enable agencies to work in a more shared and collaborative fashion.</p>

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Sea Cargo Inspection Facility (SCIF)	Border Operations	<p>Assessing sea cargo risk to the border while ensuring the effective the facilitation of legitimate trade is a large part of Customs' border operations work.</p> <p>The Minister can visit the SCIF, and view equipment and tools used to detect commodities in cargo, such as illicit drugs and smuggled tobacco.</p>
Customs Controlled Areas (CCA) team	Border Operations	<p>The CCA team engages with industry to help them understand the risk of criminal infiltration by 'trusted insiders'. This is a complex issue and the CCA team plays an important role by educating businesses about the signs to be alert to, and undertaking a range of operational and engagement activities.</p> <p>The Minister can meet this team and understand how they work with industry to protect New Zealand's borders.</p>
Maritime Operations	Maritime	<p>The Maritime Operations group manage cruise ships, cargo vessels, and small craft arriving at and departing from New Zealand</p> <p>The Minister will have opportunities to review maritime port operations and visit Customs patrol vessels.</p>

Tāmaki Makaurau– Auckland Customhouse

Opportunity	Group	Description
Intelligence, Investigations and Enforcement visit and Trans-national Organised Crime briefing	Intelligence, Investigations and Enforcement	<p>The Intelligence, Investigation and Enforcement (II&E) group is responsible for increasing Customs' ability to identify risk, detect non-compliance, and carry out enforcement activity.</p> <p>The Minister is invited to visit II&E teams and receive briefings on how Customs manage a range of risks including smuggling of drugs and tobacco, and the trans-national organised crime threat to New Zealand's border. The Minister will also be able to see how we use a range of technical capabilities in risk identification and enforcement work.</p>
Integrated Targeting and Operations Centre (ITOC)	Intelligence, Investigations and Enforcement	<p>ITOC supports the coordination of border sector operations. Data required to determine the risk presented by specific goods, people, or craft crossing New Zealand's border, is brought together at the ITOC, and operations can be initiated, planned, and coordinated from there.</p>

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		<p>The Minister is invited to tour the ITOC facilities in the Auckland Customhouse and receive a briefing on the collaborative work of the six agencies based there.</p>
<p>Child Exploitation Operations Team (CEOT)</p>	<p>Intelligence, Investigations and Enforcement</p>	<p>Customs has been responsible for policing our borders for indecent or objectionable material since the mid-1800s. Most trading of child exploitation material now happens over our cyber border, with people accessing and uploading images and videos online. Customs is mandated (by legislation) to investigate and prosecute illicit trading across the border (including the cyber border) and therefore plays a crucial role in combatting this type of crime</p> <p>The Minister can visit the CEOT and hear from staff on current operations, advanced technology and procedures to minimise exposure to material.</p>
<p>Revenue and Assurance group and Secure Exports Scheme briefing</p>	<p>Revenue and Assurance</p>	<p>The Revenue and Assurance group operates to assure the New Zealand Government that imports, and exports are legitimate and comply with public policy and New Zealand's obligations under international agreements.</p> <p>Customs also works with New Zealand businesses to join New Zealand's Authorised Economic Operator programme, the SES, which supports compliance on packing, storing and transporting goods to global standards.</p> <p>The Minister will be invited to sign new businesses to the scheme on a regular basis.</p>
<p>Customs officer recruitment and training</p>	<p>People and Capability</p>	<p>Customs recruits, and trains cohorts of frontline officers in policy and procedure at regular intervals throughout the year. Training provides the foundational knowledge and experience required to become a Customs officer.</p> <p>The Minister can observe aspects of Customs officer training, as well as an open invitation to attend cohort graduations, when they are scheduled throughout the year.</p>

Nationwide opportunities

Opportunity	Group	Description
Recognition of staff	Stakeholder Communications	<p>Customs prioritises its people, where everyone feels a sense of achievement and takes pride in what they do. Recognition of employees who have made a significant contribution to Customs is a key aspect of our culture.</p> <p>The Minister is invited to attend Medals, Long Service Awards and Comptroller's Commendations ceremonies, which are usually held in August and September. In addition, the Minister is welcome to attend recognition and award services, including Customs Anzac Day service.</p>
Inclusion and Diversity initiatives	People and Capability	<p><i>Customs is inclusive, equitable and diverse: every voice is valued and respected.</i></p> <p><i>Kotahi te kōhao o te ngira e kuhuna ai te miro mā, te miro whero, me te miro mangu.</i></p> <p><i>We reflect the community we serve, and together we protect and promote New Zealand across borders.</i></p> <p><i>Ko tā ou te matapuna o te hāpori whānui, kei runga i a tātou katoa te mahi ki te whakahaumarū me te whakatairanga i a Aotearoa ki ngā rohe</i></p> <p>To support Customs' 2023-2026 Inclusion and Diversity focus areas (inclusion; and Gender, Māori and Ethnic Equity), the Minister is invited to attend initiatives curated by staff-led Network events, and Customs-led events, such as Matariki celebrations, and the Inclusion and Diversity Council's annual symposium.</p>