

# BRIEFING TO THE INCOMING MINISTER

## NOVEMBER 2023

IN CONFIDENCE



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

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## PART 1: INTRODUCTION AND BACKGROUND

### Introduction from the Comptroller

Please accept my congratulations on your appointment as Minister of Customs. For 183 years, the New Zealand Customs Service (Customs) – Te Mana Ārai o Aotearoa – has played an important role enforcing New Zealand’s sovereignty at the border and asserting the right to control the movement of people, goods, and craft into, and out of New Zealand. We protect and promote New Zealand’s interests at the border through a range of measures including:

- serving at the frontline to protect New Zealand’s border from external risks and threats – particularly drugs, illegal weapons, illicit tobacco products, and objectionable material
- collecting Crown tax revenue (\$18.6 billion for 2022/23)
- ensuring the efficient flow of goods across the border
- facilitating the flow of passengers and craft through the border
- providing intelligence and risk assessment information to other government agencies, and to our frontline officers
- providing policy advice to Government ministers and other agencies on border and revenue issues
- connecting our traders across borders by helping them through our international posts when they encounter customs issues overseas
- collecting national statistics on trade that are fundamental to understanding and managing New Zealand’s economy
- supporting New Zealand’s National Security objectives.

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, and again may I congratulate you on your appointment as Minister of Customs.

Nāku noa, nā



Christine Stevenson  
**Comptroller of Customs**

## Customs' briefing for the incoming Minister

We want to ensure that we are supporting you in the best way that we can. We have prepared this briefing to cover Customs' responsibilities (including main Crown assets and liabilities) and the decision-making that has been delegated to the Chief Executive (Comptroller) of Customs.

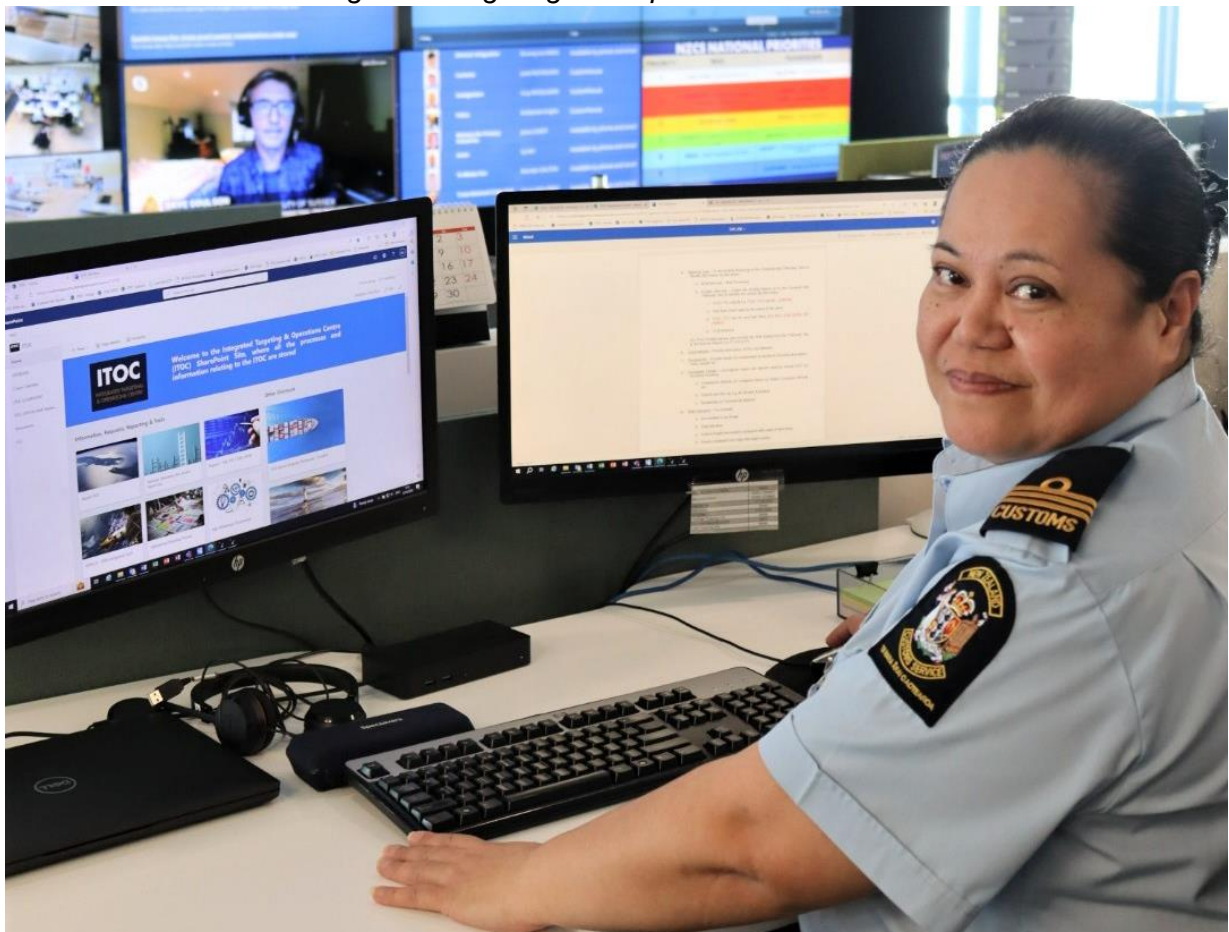
This briefing also covers:

- › Customs' primary and secondary legislation that we administer and that we are responsible for
- › top policy issues and implementation of current programmes
- › any decisions or actions that you will be required to action, which may include recommendations for draft legislation
- › terms of reference, membership, and terms of office for all boards, commissions and tribunals you may be a part of.

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

We propose that Customs will meet with you weekly to discuss your priorities if this meets your requirements. We also propose to brief you with a weekly update of Customs' activities in a separate written report.

*Customs officer at the Integrated Targeting and Operations Centre*



## We will work with you on our work programme prioritisation

We will work with you to establish a set of priorities for the portfolio that matches the Government's direction and Prime Minister's expectations for Ministers. We anticipate that, at this stage, we should continue to focus on combatting transnational organised crime, collection of due Crown revenue, and making a significant contribution to the economy through trade and travel initiatives.

For your information, our work programme for the previous Government included the following priorities:

- ▶ **Combatting Transnational Organised Crime (TNOG):** continuing to enhance our targeting of TNOG. This includes a focus on New Zealand's maritime border, including capability and capacity enhancement to mitigate the growing threats in the maritime environment, and on preventing corruption and exploitation within the supply chain. TNOG is made up of gangs and major criminal syndicates. Importing, manufacturing and distributing methamphetamine is currently the predominant TNOG activity, but other drugs, such as cocaine and illicit tobacco, also generate significant returns for criminals. It has significant impact on our communities.
- ▶ **New Zealand Traveller Declaration (NZTD):** continuing to digitise the arrival card through the implementation of the NZTD. The NZTD is an important tool to support border agencies protecting New Zealand. The declaration helps travellers understand and get ready for New Zealand border entry requirements before they arrive.
- ▶ **Supporting international trade:** negotiating Mutual Recognition Arrangements **s 9(2)(j) OIA** and negotiation of the Trade Facilitation Chapter in the Indo-Pacific Economic Partnership Agreement (IPEF). Customs is also supporting the implementation of the European Union and United Kingdom Free Trade Agreements, and the recently concluded ASEAN-Australia-New Zealand Free Trade Area (AANZFTA) Upgrade. Customs will continue work with key trading partners to deliver more seamless and secure approaches to border clearance for trade.
- ▶ **Pacific development:** continuing to build on valuable development work in the Pacific. This development work is focused on our key Pacific partners of the Cook Islands, Fiji, Samoa and Vanuatu. The areas identified by our Pacific partners for the development work are trade and revenue, border management, and leadership. This item is funded through a partnership programme with the Ministry of Foreign Affairs and Trade (MFAT).

## PART 2: BACKGROUND ON CUSTOMS

*Customs officer processing an international traveller at Auckland International Airport*



## Customs is an operational agency with a large frontline presence

As an operational agency, Customs has a large frontline presence with the majority of our people working in operational areas at the border. Our non-frontline staff work in other vital areas such as intelligence, technology, and policy development. As the Minister of Customs, your primary interaction will be in the development of policy to ensure the efficient delivery of services and functioning of the frontline.

### Customs is the oldest government agency

As the oldest government agency our role has evolved with different focuses over time, however, our core roles of protecting the border and collecting Crown revenue has not changed and is likely to remain important in the future. For example, with the opening of the Mahia Peninsula space port launch site, Customs is responsible for ensuring clearance for the departure of the rocket and export entries are lodged for the cargo (eg. satellites). This is an entirely new frontier of travel, but the customs function is not significantly different to how the traditional maritime border operates.

Customs has three focus areas at the border. These are:

- › **Protection** – to ensure that New Zealand controls goods and travellers as they pass through the border and that goods and travellers of interest are stopped and interacted with, and enforcement responses taken where appropriate
- › **Trade and Revenue** – to connect traders across borders, ensure trade flows freely, support New Zealand exporters, and to collect Crown revenue
- › **Travel** – to efficiently process millions of people through our border in a safe, smart, and welcoming way.

*Customs officer at a port following a container inspection*

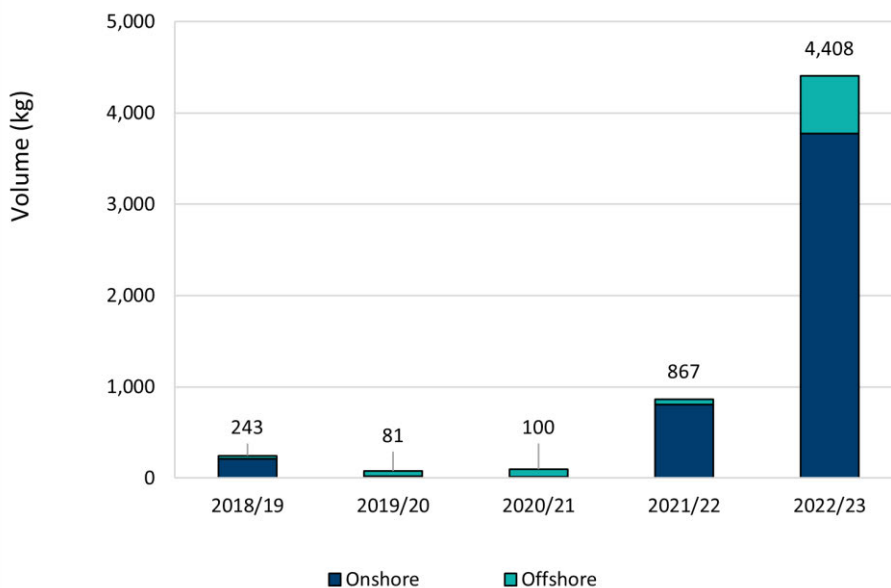


## Protection

We work to reduce social and economic harm to our communities through effective risk management and targeted interventions. During 2022/23 Customs prevented \$6.2 billion in potential harm by seizing drugs offshore and at our border (refer to chart below). Our high-level objective is to prevent threats reaching our border. These threats include the illegal operation of TNOG groups, the electronic distribution of objectionable material, fraud and money laundering and specific health threats such as COVID-19. Some of the trends we are seeing in the protection space are:

- larger drug interceptions and increasing amounts of cocaine and methamphetamine being seized (see below)
- increasing amounts of illicit tobacco are being intercepted
- increasing amounts of restricted firearms being seized
- a global increase in the amount of child sexual exploitation, particularly online material.

*Cocaine seizures by Customs and offshore partners have massively increased, largely due to the record 3.3 tonnes seized during Operation Hydros in February 2023.*

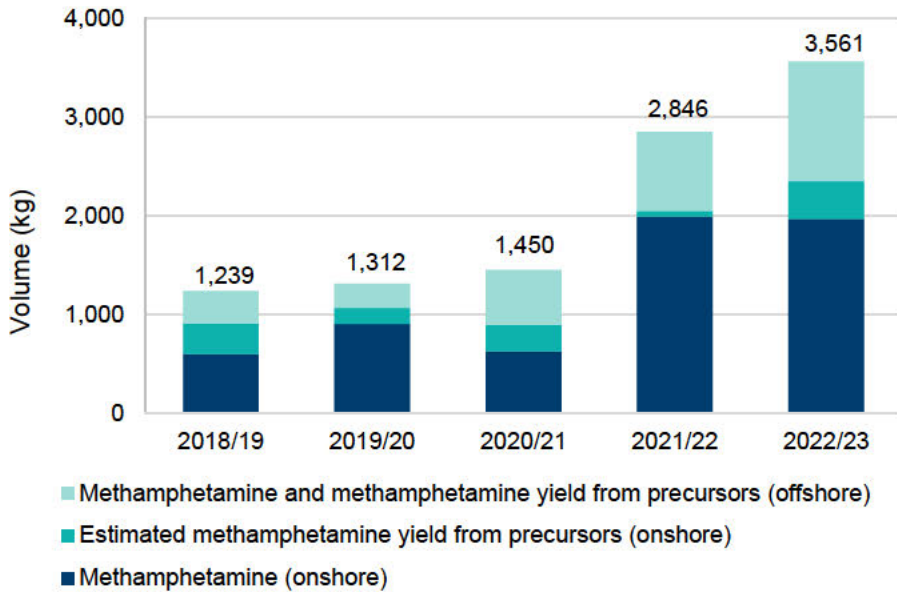


*Cocaine seized as part of Operation Hydros*

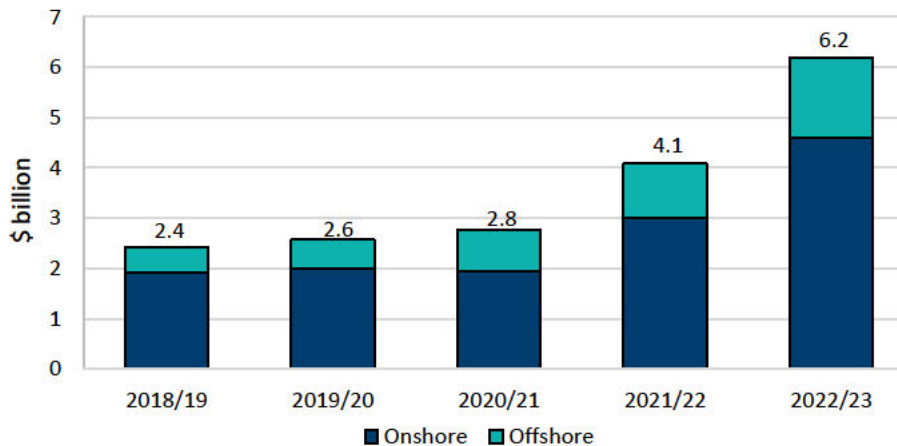


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The volume of methamphetamine seized by Customs and offshore partners continues to increase



Social harm avoided through illicit drug seizures (onshore and offshore)



We aim to identify risk through intelligence, data analytics, and rules-based targeting that effectively identify cargo or persons of interest without disrupting legitimate trade and travel.

In recent years, while we still actively manage risks at the border, we also have a strong 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 our international partners to identify and address potential threats before they reach New Zealand. We also work closely with other domestic agencies, particularly the New Zealand Police (Police), to investigate and prosecute offending such as smuggling of illicit drugs.

### **Operation Regis – Record seizures of methamphetamine**

In January 2023, a joint operation with border agencies and police in Canada and Australia resulted in Customs seizing 713 kilograms of methamphetamine in a shipment of maple syrup from Canada. This was the largest ever single seizure of methamphetamine in New Zealand, significantly more than the record 613 kilograms seized in February 2022. The seizure prevented around \$790 million worth of social harm to our communities.

*Methamphetamine seized as part of Operation Regis*



### **Operation Hydros – Record seizures of cocaine**

A joint operation between Customs, Police and Defence resulted in the seizure of more than three tonnes of cocaine, estimated to be worth over half a billion dollars. This is New Zealand's largest ever seizure of controlled drugs. This illustrates what lengths organised crime will go to with their global drug trafficking operations and shows that New Zealand is not exempt from major organised criminal drug smuggling efforts. The cocaine was intercepted on the high-seas and then brought back to New Zealand onboard the HMNZS Manawanui.

*Cocaine seized as part of Operation Hydros*



## IN CONFIDENCE

The success of our work to reduce harm to our communities is illustrated in the billions of dollars of social harm prevented through drug seizures offshore and at the border. 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.

### **The public can play an important role in encouraging friends and whānau to report potential suspicious activity through the Border Protect initiative**

The Border Protect initiative is an information campaign to encourage people to recognise and report potential signs of crime around our coastlines at freight arrival, and storage points including Customs-controlled Areas (CCA), air and maritime ports, and other businesses in the supply chain.

The initiative contributes to Customs' protection role, with the aim of building our intelligence picture by receiving useful information from people in key places. Border Protect face-to-face outreach work is currently done by our CCA teams. They visit local communities and businesses to build relationships, share Border Protect information and seek intelligence from these community and industry networks. This work provides valuable intelligence and can help disrupt organised crime activities. For example, one of the country's largest methamphetamine seizures, from a private vessel abandoned at Ninety-Mile Beach, was a result of suspicious activity reported by locals.

*Customs patrol vessel, the Hawk V*



## Trade and Revenue

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. Our Trade Single Window<sup>1</sup> system processes nearly 20 million import transactions and over four million export transactions a year with the majority of compliant trade cleared within five minutes, and most within seconds.

### Customs completed a Time Release Study

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

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

A total of 12,112 import entries and 5,267 export entries were assessed over a week-long period.

The 2022 Time Release Study found:

- 91.5 percent of goods imported by sea were cleared before the arrival of the ship into New Zealand
- 91.3 percent of full container loads of goods for export by sea were cleared 48 hours before departure
- 67 percent of air cargo was cleared before arrival, while 99.1 percent of air cargo was cleared before departing New Zealand.

The lower percentage of air cargo cleared before arrival reflects the much shorter time traders or their brokers have to provide their documentation to Customs once the goods leave an international airport.

The next Time Release Study is due to be published at the end of 2023 after which Customs will undertake a Time Release Study every two years.

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<sup>1</sup> Trade Single Window (TSW) is the system hosted by Customs and used by MPI and Customs to clear (or approve) imports for entry into New Zealand. It is also used by Customs to clear exports for departure, craft for arrival or departure, and for lodgement of excise returns. Traders (importers, exporters, and freight companies) lodge prescribed electronic returns in TSW and if no issues are identified, a release message is sent by Customs to the trader. TSW is supported by a risk and intelligence engine which enables Customs to target risk shipments. TSW is connected to our revenue system for recording of duty owed by traders.

## IN CONFIDENCE

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 Window system allows for the same information set to be used by Customs and the Ministry for Primary Industries (MPI)<sup>2</sup> for import clearance. Our active participation in international forums and negotiations on standards, such as the World Customs Organization (WCO) and free trade agreements, enables us to use our reputation as a trusted partner to influence the global customs standards for trade.

### **Our Secure Exports Scheme (SES) provides benefits to over 148 exporters, transport operators and secure load sites and are formally recognised by 11 trade partners**

The countries and regions that have recognised the SES through Mutual Recognition Arrangements (MRAs) are;

- Australia
- Canada
- China
- Hong Kong
- Japan
- Republic of Korea
- Singapore
- Taiwan
- Thailand
- United Kingdom
- United States of America

Benefits of the SES include less chance of border delays and greater certainty at international borders. It is an internationally recognised programme that certifies New Zealand exporters who meet Customs' secure supply chain expectations. SES exporters are 3.5 times less likely than other traders to have their goods examined for security purposes by United States Customs and Border Protection, and seven times less likely to be examined when entering China. These benefits result in an annual increase of \$530<sup>3</sup> million to New Zealand's gross domestic product (GDP).

#### **Export trade covered by SES:**

- this quarter \$13.5 billion of export trade went to MRA partners; 31% was through SES
- on average since 2021/22, SES accounts for 36% of quarterly export trade to MRA partners
- while the proportions of trade remain consistent, the annual value of trade to MRA countries and through SES partners continues to steadily increase.

From August 2023, exporters, transport operators, and secure loading sites can apply to become SES members through Business Connect. This is a cross-agency digital platform that allows business to access a range of government services through a single website. The new digital service makes it easier and more accessible for small to medium-sized exporters to join and benefit from the scheme.

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<sup>2</sup> Customs primarily works with the Biosecurity New Zealand department from MPI.

<sup>3</sup> Source: NZIER (2020) Economic benefits of MRA-AEOs – Part 4: Focus on SES exports and time saving for fruit and electronics. (Converted from USD\$1 to NZ\$1.71)

## IN CONFIDENCE

Customs contributes to the Government's accounts by collecting around 17 percent of core Crown tax revenue each year. This year we collected \$18.6 billion in tax revenue on behalf of the Crown. This is up from \$17.5 billion in 2021/22. We aim to collect Crown revenue 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. 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. Customs is implementing several new compliance programmes including:

- › increased industry outreach and education programmes providing advice on Customs' requirements and the common errors we see
- › a new declarant performance programme that will focus on individuals and organisations that regularly provide the documentation for imported goods. The programme aims to improve the accuracy of the information submitted and to support clients to improve their quality assurance processes
- › working with clients and industry partners to encourage voluntary disclosures through the Provisional Values Scheme where errors in entries, clearance documentation or under-reporting of the value of goods have been identified by them
- › a new early alert system to alert clients quickly if they miss a payment (generally related to excise, duty or GST payments). These automated alerts replace the existing manual system where clients were not contacted until payments were at least 60 days overdue. By intervening early the level of debt they accrue is reduced because clients are reminded of their obligations and payments before late payment penalties apply.

### **Customs is seeing results from the Provisional Values Scheme introduced in 2018**

During the 2022/23 financial year, almost \$97 million in additional revenue payments were identified through voluntary disclosures or additional payments through the Provisional Values Scheme (which allows clients to adjust their payments where additional costs such as royalties were not known at the time of import). Voluntary disclosures made up approximately 81 percent of revenue identified during audit or assurance work during the year. A further \$23 million in additional revenue payments required to be made by traders were identified through our assurance and audit reviews.

## Travel

### *Customs officers at Auckland Airport*



During 2022/23, Customs processed over 10 million passengers at the border. This is around 70 percent of 2019 volumes before travel was largely stopped due to the COVID-19 pandemic. In summer 2023/24, we expect air passengers to return to between 90 percent and 95 percent of pre-COVID-19 levels.

Customs processed 866 port visits by cruise ships following the re-opening of the maritime border on 31 July 2022. For the 2023/24 cruise season, passenger volumes are expected to reach 95 percent of 2019 volumes.

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. Investment in eGates<sup>4</sup> over the last decade has streamlined Customs processing at airports, with more than 60 percent of passengers processed through eGates.

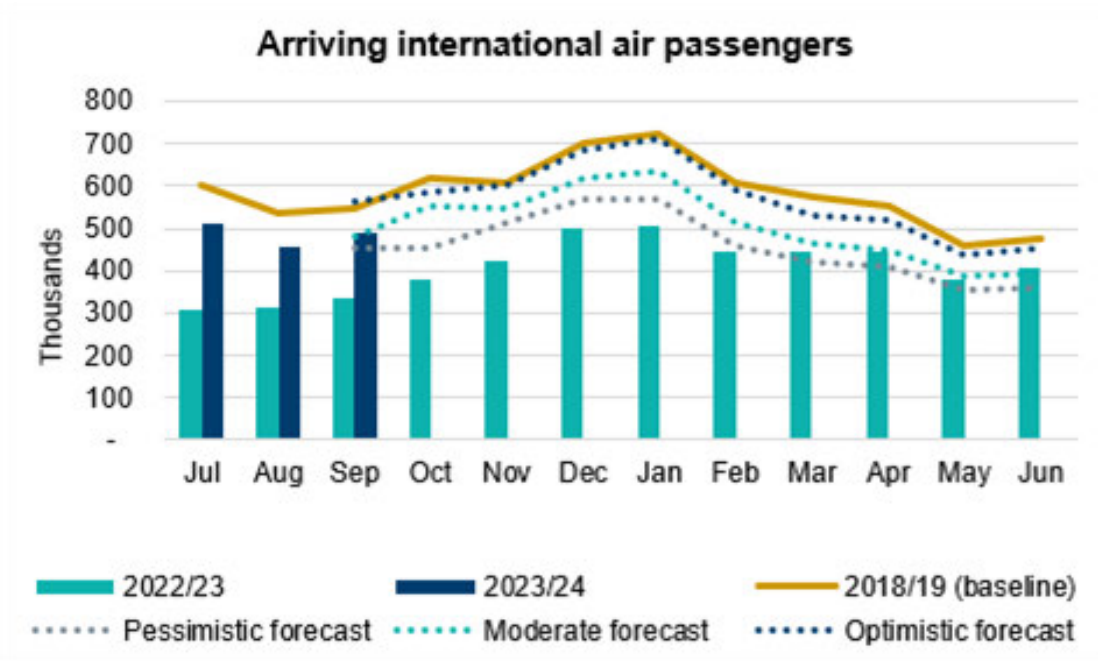
The Border Sector Forecasting Team provides regular border scenarios for passenger and cargo volumes. These scenarios form the basis for planning assumptions to inform performance and planning activities of border and transport agencies by providing passenger and goods volume ranges agreed by the BEB.

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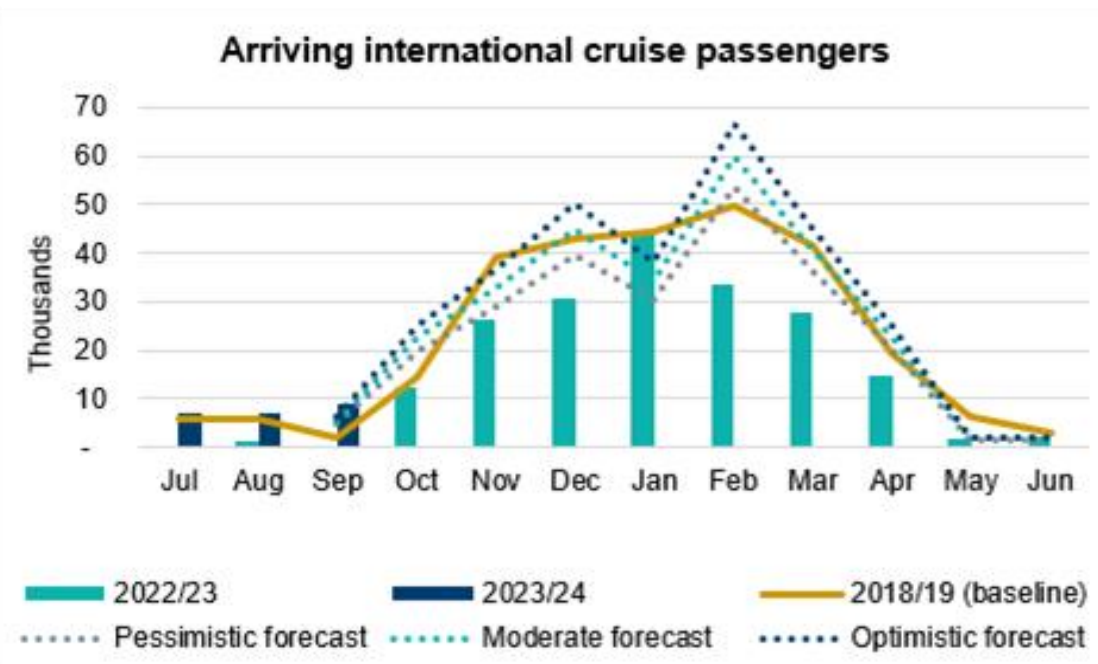
<sup>4</sup> eGates are an automated way to move through passport control.

IN CONFIDENCE

Commercial air passengers with Border Sector Forecasting Team September forecasts



International cruise passengers with Border Sector Forecasting Team September forecasts



Customs officers are warranted under the Immigration Act 2009 to carry out primary immigration functions, including processing travellers through passport control. Customs has led the development of the digital arrival card through the NZTD programme which provides a single digital point for passengers to complete their New Zealand Travel Declarations and removes the need for a physical arrival card (the physical card will still be available for those unable to complete an electronic declaration). This further streamlines the traveller experience.

### Implementation of the NZTD has progressed in four stages

The design and implementation of the NZTD is one of the biggest changes to how we manage passenger risk at our border in many years and involves multiple agencies. While Customs is the lead agency, we have developed and delivered the NZTD system in partnership with the Ministry of Business, Innovation and Employment (MBIE)<sup>5</sup>, MPI, the Manatū Hauora Ministry of Health and Te Whatu Ora (Health New Zealand). The NZTD has been developed and trialled in stages:

- from April to October 2022, the first iteration of the NZTD supported the resumption of international travel by enabling COVID-19 risk assessments of individual travellers
- from October 2022 agencies worked to design the next iteration with a focus on addressing wider border risks and updating legislation
- from March to June 2023, the NZTD system was trialled at Wellington, Christchurch and Queenstown airports. The NZTD system was trialled at Auckland Airport in August 2023
- a phased go-live has been implemented across our international airports, from July 2023.

The complexity of the design and development of the NZTD meant that a cross-agency programme team was created to implement the work programme. At the end of the 2023 calendar year, the programme will be closed, with the ongoing delivery, support, and monitoring of the NZTD being incorporated into operational areas across the border agencies. In addition, a small NZTD Maritime deployment team will be required to complete the phased implementation of the NZTD Maritime Cruise solution until April 2024.

*NZTD promotional material*

## New Zealand Traveller Declaration (NZTD)

The New Zealand Traveller Declaration lets travellers know what they need to declare when they travel to New Zealand, helps them move through our airports more efficiently, and improves the safety and security of New Zealand.



Scan here to watch a video on how to complete a digital declaration.



*Providing travellers with a better experience of government services*

**[travellerdeclaration.govt.nz/about](https://travellerdeclaration.govt.nz/about)**

<sup>5</sup> Customs primarily works with Immigration New Zealand department of MBIE.

## 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, eGates and the Trade Single Window system. Other corporate support costs are allocated across our three core service appropriations.

Customs' core service appropriations are:

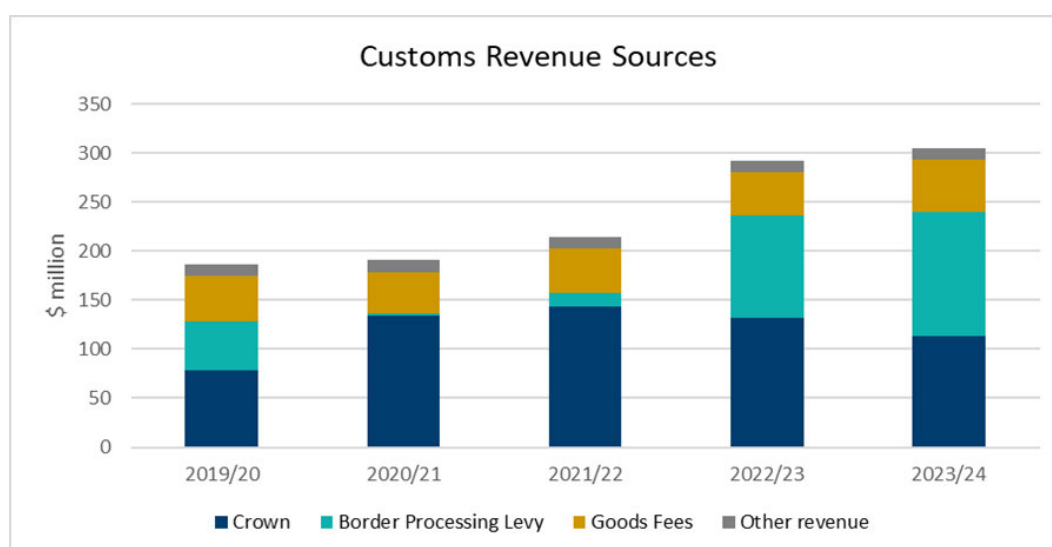
- goods clearance and enforcement
- traveller clearance and enforcement
- revenue collection and other services.

### Customs' funding is partially Crown funded, partially cost recovered

Customs operates a mixed revenue funding model. Currently, 63 percent 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 percent of our costs are covered by Crown funding. The exact split varies and has been different over the last few years due to capital injections (some of which will be repaid) to offset lower third-party revenue. By 2024/25 we expect that approximately 70 percent of Customs' operating costs will be funded by third party revenue and the remainder by the Crown, as we fully recover from the effects of COVID-19.

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 imports and exports.

#### *Customs' revenue sources*



## IN CONFIDENCE

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 in relation to services that are funded through fees and levies, 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, one that records the accumulated surplus or deficit arising from the provision of passenger services, and the other for goods clearance services.

These accounts are managed to trend to zero over the levy period (usually three to five years). If, at the end of the levy period, the memorandum account is in surplus, future fees are reduced to absorb the surplus. If the memorandum account is in deficit, fees will need to be increased. This model allows Customs to fund passenger and goods clearance services, while ensuring that we do not benefit by using levy income to fund activities unrelated to clearance services.

Customs and the MPI use cost recovery frameworks that are consistent with guidance published by Treasury and the Office of the Auditor-General. The four key principles that guide Customs' and MPI's approach to cost recovery are:

- equity
- efficiency
- transparency
- justifiability.

The key principle is equity – those who create the need for a service should fund that service.

Customs has a robust cost recovery methodology that has been externally reviewed. This methodology is a bespoke Activity-Based Costing (ABC) methodology that gives Customs a detailed understanding of the actual cost of our activities.

Customs began using the ABC methodology to allocate its costs from 2019/20. This 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 demand basis (for example, because investigation costs vary over time, the ABC methodology uses volume of effort drivers to proportionately allocate the costs such as investigating financial crimes to services such as the BPL and the Import Entry Transaction Fee)
- allocating the costs of corporate services (for example finance and human resources) to the operational users of the services they provide
- assigning business-sustaining costs (such as statutory reporting costs) to services proportionately based on cost.

## IN CONFIDENCE

Customs applies our cost recovery principles of equity and transparency by breaking our costs down through the ABC methodology and consulting fee payers to ensure that they understand what the revenue is being used for. Customs works hard to keep its costs as low as possible. Investing in technology and digital solutions such as e-gates and TSW have greatly assisted us to reduce costs. An Annual Report is published each year on the performance of the levies.

### **Customs engages with industry representative groups to increase transparency**

Our Border Processing Levy Stakeholder Reference Group involves industries affected by the BPL including airlines, airports, cruise, tourism, and travel agents. This reference group meets two or three times a year. These meetings provide an opportunity to discuss the performance of the BPL on a confidential basis.

Each year Customs and MPI publish a performance report that provides transparency on the operation of the BPL memorandum account. The reference group receives an early copy of this report before it is published online. Customs and MPI depend on industry to collect the BPL in an efficient manner and the transparency provided by this process is important to maintaining the relationship between industry and border agencies.

## PART 3: OUR FRAMEWORK AND YOUR RESPONSIBILITIES AS THE MINISTER OF CUSTOMS

*Customs officers at the Air Cargo Inspection Facility inspecting a shipment of goods*



## The Customs and Excise Act 2018 is our primary legislation

Customs' functions and services are largely mandated by the Customs and Excise Act 2018 (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 on domestically produced taxable goods, such as alcohol, and excise-equivalent on imported taxable goods, such as tobacco or fuel duty
- › 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).

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 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. Customs is authorised to collect and assess prescribed information about people, goods and craft crossing the border, as well as intervene in different ways to address risk. Under the C&E Act prescribed information is collected from travellers, airlines, shipping companies, cruise operators, cargo operators, importers, exporters, excise manufacturers 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.
- › **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 detector 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 assess risk
- › **section 228: data in electronic devices that are subject to control of Customs** – this power allows Customs officers to search the data in 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.

## 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. 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 1989<sup>6</sup> you are responsible to Parliament. You are also responsible 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.

The Government's budget process culminates in the presentation of the Budget, including the Estimates of Appropriations. The Estimates request authority from Parliament to incur operating expenses and capital expenditure in specific Votes. The relevant Select Committee will ask you and Customs to attend the Select Committee for a hearing and respond to written questions (June 2024) before they report to the House.

We will provide you with a copy of the Customs 2022/23 Annual Report and seek your agreement to present the Annual Report to Parliament as the Responsible Minister. The Annual Report is usually required to be presented within 15 working days of it being approved by Audit New Zealand (which occurred on 29 September 2023). However, as the House was not in session at that time, the Public Finance Act 1989 requires it to be submitted as soon as possible after Parliament resumes. Appended to the Annual Report is the Minister of Customs' report on the performance information for Vote Customs non-departmental appropriations, which has been approved by your predecessor.

In November, you will receive the quarterly performance report for the first quarter of the 2022/23 financial year. This is for your information and does not require further action on your part. However, we would welcome the opportunity to discuss the report with you to ensure it provides a useful update on key areas of interest.

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 has been prepared for you on the work of the Border Executive Board.

We would also like to discuss with you the opportunity to brief you on Customs' role through site visits and engagement opportunities and have provided a suggested list of possible visits and engagements for discussion in appendix one.

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<sup>6</sup> The Public Finance Act provides the core legislative framework within which the Government can borrow money or spend public money.

## IN CONFIDENCE

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, however, for reference a list of expected key papers requiring decisions is included in appendix two.

### **Statutory role as Minister of Customs**

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 C&E 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 or applying annual inflation adjustments to excise rates), 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.

In late 2023 Customs will seek your agreement to progress the annual indexation adjustment for tobacco, to apply from 1 January 2024. We will provide you with details on the statutory requirements and policy background when we seek your approval to progress the adjustment.

You also have statutory authority to sign agreements with other Ministers allowing Customs to disclose information to other Government agencies. Under a recently signed agreement, Customs is now able to provide import information to the Ministry for the Environment (MfE) which enables MfE to collect a product stewardship fee on imported loose tyres.

Several of Customs' statutory powers are set out in the Customs and Excise Regulations 1996. Amendments to these regulations and the prescribing of new regulations are made on your recommendation to Cabinet and the Governor General.

### **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 (CAA). The CAA is an independent judicial body administered by the Ministry of Justice.

The CAA 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. In recent years, higher courts have made significant decisions on matters such as liability for fuel excise; importer liability in a case of fraud and valuation of imported goods. The High Court is currently considering a significant case relating to valuation of imported goods.

## IN CONFIDENCE

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 CAA decision examples**

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.

*Customs staff at the Customhouse Wellington*



## Customs is a regulatory steward

### **Regulatory stewardship is the governance, care, and monitoring of regulatory systems**

Like other Government agencies, Customs has an obligation to be stewards of the regulatory systems that we have oversight of. This is a statutory obligation set out in the Public Services Act 2020 to proactively promote stewardship of the public service.

The Government Expectations for Good Regulatory Practice 2017 outlines government's expectations for regulatory stewardship on government agencies, setting out responsibilities in three broad areas:

- monitoring, reviewing, and reporting on existing regulatory systems
- robust analysis and implementation support for changes to regulatory systems
- good regulatory practice.

Customs as an agency has multiple regulatory functions and plays a significant role in four systems. Our work also contributes to other systems that rely on border systems or processes, such as, the environment, child protection, health and consumer protection.

### **Customs has identified a set of steps to fulfil our regulatory stewardship obligations**

- **Customs' Regulatory Stewardship Implementation Plan** – to ensure we are meeting our stewardship obligations, Customs has established a Regulatory Stewardship Implementation Plan to map out key focus areas for improved regulatory stewardship of the systems that we contribute to. As part of the Implementation Plan, Customs is developing its regulatory charters for the four systems (Trade, Revenue, National Security, and Border) that our work contributes to. The Implementation Plan will require undertaking system maturity assessments to assess the overall health of Customs' regulatory systems.
- **Update of Customs' Operational Policies and Procedures** – we are updating Customs' Operational Policies and Procedures to ensure they are fit for purpose and are a single source of truth for the organisation. These documents are in plain English and are easy to use, meaning officers on the ground know how legislation and regulations are relevant to the tasks they complete. Having guidance that is up to date, legally sound, and easily accessible helps us to meet our regulatory stewardship obligations.
- **Regulatory review of Customs' secondary legislation** – Customs administers the C&E Act and secondary legislation through the Customs and Excise Regulations 1996 and approximately 50 other instruments<sup>7</sup>. In February 2023, we commenced a regulatory review of secondary legislation that Customs administers. The regulatory review will be crucial to ensuring that Customs' regulatory systems are modern and fit for purpose, and support Customs' regulatory stewardship obligations. Due to the size and complexity of the task, we expect to progress this review over time, and your approval will be sought for key policy decisions.

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<sup>7</sup> Some of the other instruments include Customs rules such as the Import Entry rules, the Advance Notice of Arrival rules, and Arriving Passenger and Crew Declarations rules.

## PART 4: WHO WE ARE AND WHERE WE ARE LOCATED

*Customs officers at Auckland International Airport*

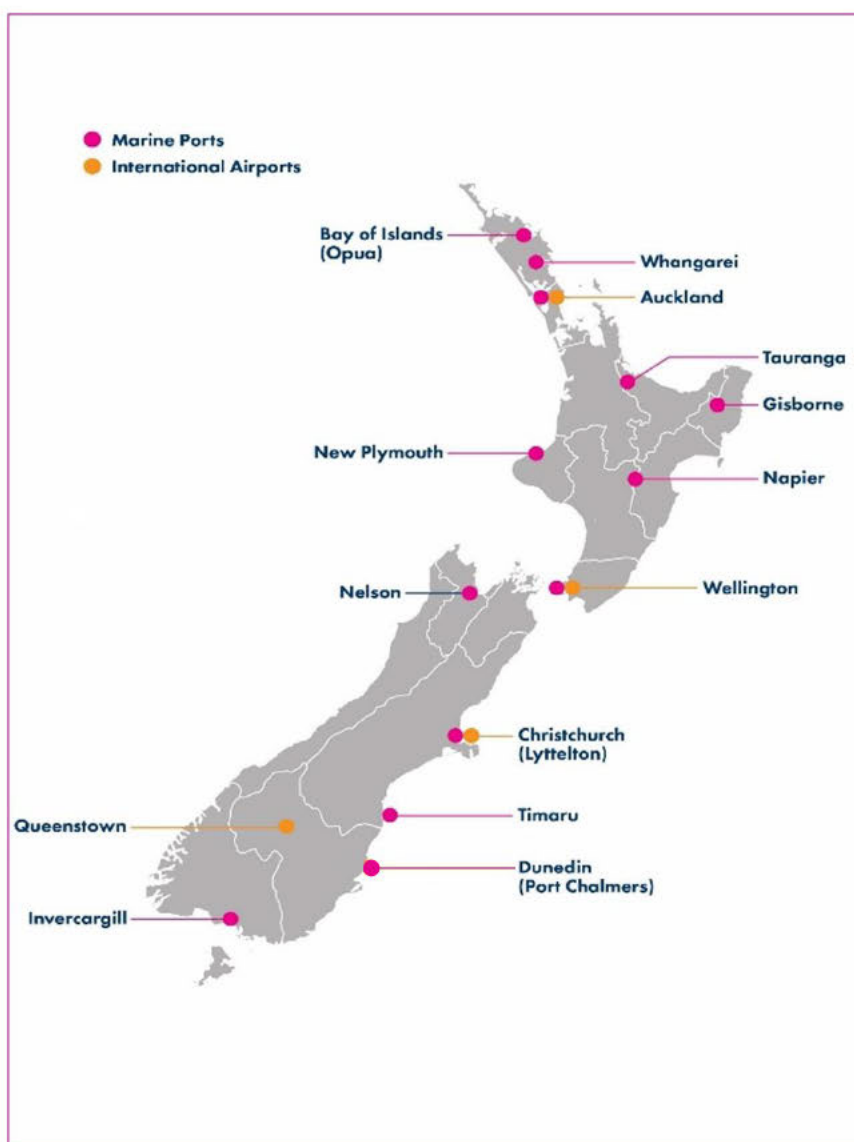


## Our people are our foundation

### Our staff are located around New Zealand and the globe

As of 30 September 2023, Customs had 1,340 full-time equivalent staff 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 ports<sup>8</sup> and four international airports. We also have staff at several international and inter-agency bodies such as the International Mail Centre in Auckland and the International Targeting Centre in Washington.

#### *Domestic locations*



<sup>8</sup> Our staff service 16 marine ports in total but only have a permanent presence in 13 marine ports.

*Overseas locations*



**Our overseas network of staff work to strengthen relationships with partner agencies and facilitate trade**

Customs works with our trade partners to reinforce best practices and enable the efficient movement of trade. For example, Customs found that the benefits from our Free Trade Agreement with China were being diluted due to issues with some paper-based documents.

Customs worked with China to create the Joint Electronic Verification system (JEVs). This system allowed China to easily check and verify a document for goods imported from New Zealand. JEVs has worked well and was recently expanded with additional functionality, however, in some instances Customs is still asked to assist with more difficult issues. For example, in June 2023, a shipment of dairy produce was held by Chinese border officials due to issues with the Certificate of Origin document. Our Customs Counsellor (Beijing) was able to work with the exporter and China Customs to resolve the issue. The goods were released within a few hours.

**Resolution of data discrepancy issue for New Zealand's meat exports**

Customs, along with other New Zealand Government officials, resolved a data issue **s 6(a) OIA** of New Zealand meat exports to the United Kingdom, which risked additional and unnecessary costs for New Zealand exporters.

New Zealand's meat exports to the United Kingdom, as agreed under the New Zealand-United Kingdom Free Trade Agreement, are duty free up to an agreed annual quota per type of export. Once New Zealand meat exports exceed 90 percent of their respective annual quota, a trigger point is activated, and these exports become subject to duties.

**s 6(a) OIA**

The resolution of this data issue highlights the valuable role that our offshore counsellors play in supporting and advocating for New Zealand exporters through direct engagement with overseas customs administrations.

### **Our overseas staff play a key role in preventing risk reaching our border**

Our overseas staff play a key role in protecting New Zealand by helping prevent external risks reaching our border. Disrupting criminal networks offshore, known in Customs as Source to Shore, is vital to keep illicit drugs out of New Zealand.

Under the Source to Shore initiative we deployed additional staff to the United States, specifically Los Angeles and Washington DC, to work with US agencies on New Zealand linked operations to target the transit supply chain and seize illicit drugs destined for New Zealand. To date, the total amount seized has surpassed 1.5 tonnes and prevented NZ\$1.6 billion of social harm reaching New Zealand.

### **Customs supports New Zealand's traders to address non-tariff barriers**

Since 2020, s 6(a) OIA had been valuing New Zealand beef tripe exports using a 'fair price' methodology. This resulted in a higher price for the tripe and a reduction in exports to a market worth approximately \$4m per year. New Zealand Customs had determined that the valuation was not consistent with the principles of the World Trade Organization's Customs Valuation Agreement, and we had made interventions to the European Commission in relation to this.

In September, the Commission's Directorate-General Taxation and Customs Union advised that the valuation issue has been resolved in New Zealand's favour. Our Customs Counsellor in Brussels will continue to monitor the situation to ensure the correct valuation is placed on these goods going forward.

### **Māori-Crown relations are central to our ideals**

As part of our fundamental work to protect New Zealand's border and our aspirations for stronger and enduring relationships with iwi, we aim to improve our Māori-Crown capability through:

- building awareness and understanding of tikanga Māori and te reo Māori capability amongst all Customs staff
- supporting Māori staff within Customs to achieve their aspirations
- strengthening our relationship with iwi/hapū in key marine and border areas.

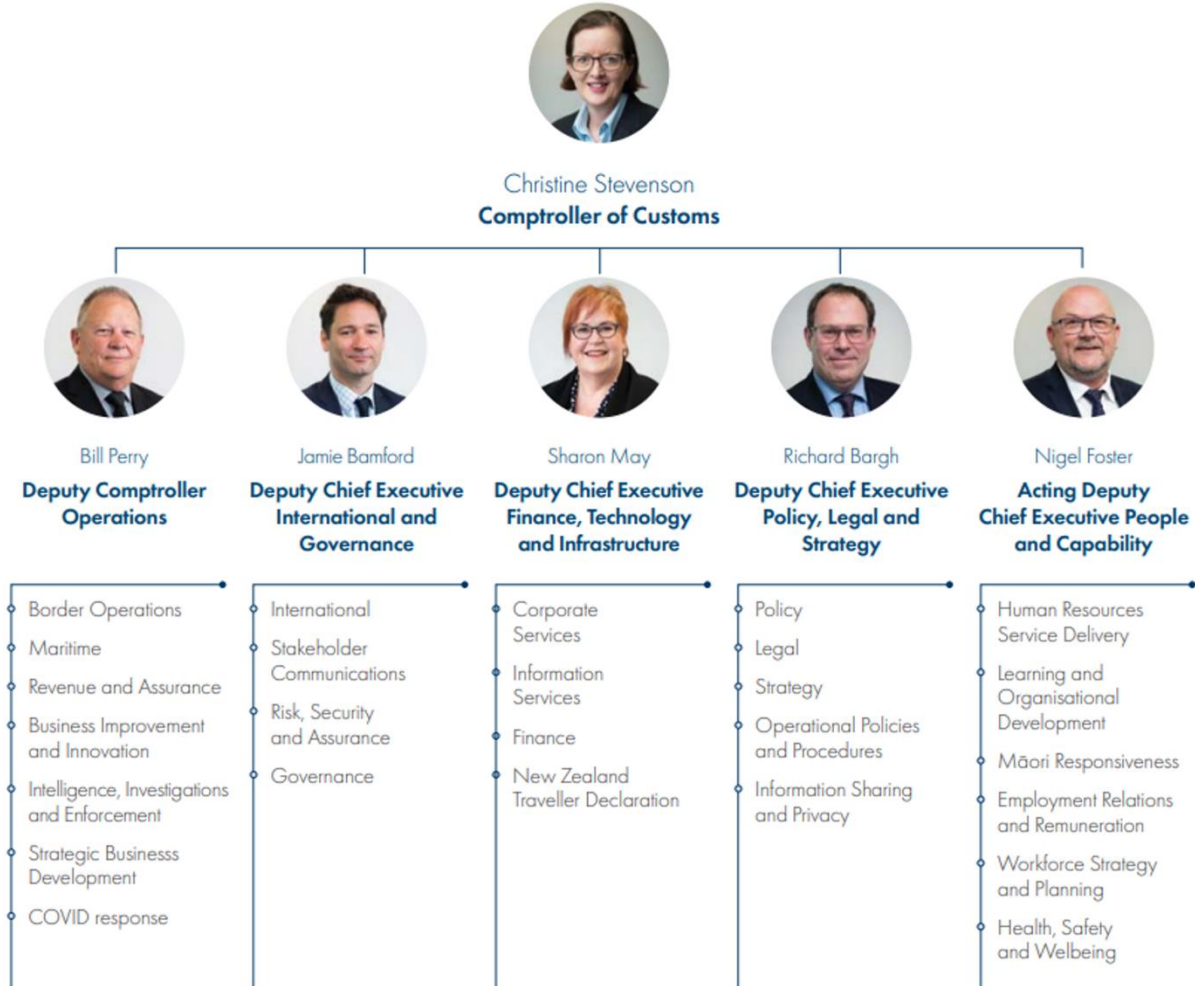
Over the last year we have focused our engagement on developing relationships with iwi/hapū in areas with key air or maritime ports, trialled new te reo classes for our staff and ensured Māori perspectives and interests were identified in the development of the NZTD system.

*Customs officers preparing to welcome an international delegation to the Marae*



## 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.



## PART 5: CUSTOMS STAKEHOLDERS, PARTNERSHIPS, AND INTEREST GROUPS

*Customs officer raising the New Zealand flag outside the Customhouse in Wellington*



## We have strong domestic partnerships

New Zealand's border system is a 'system of systems' with other agencies and organisations that have operational or policy interests, working together to provide an easy trade and travel system while managing risk. An efficient border is possible because agencies work together and share information at the border.

### **We work closely across the border sector and with other agencies**

Customs works closely with other border agencies – MPI, MBIE, and Te Manatū Waka Ministry of Transport. Our collective border management is amongst 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 (under appropriate privacy protections).

We host the Joint Border Analytics team, which comprises of staff from MPI, MBIE, and Customs. This enables the three agencies to combine expertise, and tools. Customs also hosts the multi-agency Integrated Targeting and Operations Centre (ITOC). This is staffed by Customs, MPI, MBIE, Aviation Security, Te Whatu Ora (Health New Zealand), and Police. ITOC identifies and targets risks to our border and provides national coordination of operational activities on a 24/7 basis. Joint operations include our work with 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**

The Border Executive Board (BEB) is an interdepartmental executive board that has six member agencies – Customs (chair), MPI, MBIE, MFAT, Manatū Hauora Ministry of Health, and Te Manatū Waka Ministry of Transport. The BEB provides joint accountability for New Zealand's border system and acts as a single point of contact for issues and opportunities that can only be progressed by working across more than one agency. Inter-agency collaboration provides for greater efficiency, better risk management and improved customer experience at the border and beyond.

A small secretariat services and advises the board and its associated working groups, with agencies providing project resources for prioritised initiatives. The Border System Performance appropriation (\$1.7m in 2023/24) is contained within Vote Customs and is included in Customs' consolidated financial statements. From 1 July 2022, the appropriation was funded by contributions from the six border agencies.

Cabinet has set five accountabilities for the BEB and approved the first BEB Border Sector Strategy in May 2023. The BEB has four priorities for 2023/24: implement the digital arrival card; progress trans-Tasman seamless travel; respond to the resumption of demand for air travel; and coordinate maritime activity. The work programme is reviewed on a six-monthly basis and includes a mix of stewardship, coordination, and improvement activity. A separate briefing on the BEB has been prepared for you, as the Minister responsible for the Board.

## We engage with partners around the world

Geopolitics and global trade are rapidly changing:

- like-minded 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 TNOC groups becoming increasingly sophisticated.

We are already working on initiatives to help address these challenges which are emerging and evolving. In the protection space this includes:

- disrupting crime offshore through intelligence sharing and joint operations
- targeting our engagement and capacity development with partners in the Pacific to reduce border risk to support a stable and prosperous region.

In the trade space, this includes:

- supporting traders in overseas markets when they encounter trade barriers
- implementing mutual recognition arrangements for SES members to simplify access into the markets of our key trading partners
- working with the MFAT to support trade by contributing our expertise on rules of origin and the operation of the Tariff
- supporting the rules-based trading system.

### **We are helping to build capacity in the Pacific**

Customs, with funding from MFAT, is delivering the Customs Sector Development Programme in the Pacific. The programme is currently in its third phase and focuses on the core workstreams of border management, trade and revenue, and leadership development. These are areas that were identified by our Pacific partners. Workplans have been developed in consultation with Pacific partners. Customs will deliver the programme over a five-year period with a focus on four key partners: the Cook Islands, Fiji, Samoa, and Vanuatu. There is also a regional component which provides support to the Oceania Customs Organisation (OCO), the Pacific Agreement on Closer Economic Relations (PACER Plus) Implementation Unit, Niue, Tonga and the Solomon Islands.

## IN CONFIDENCE

### **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:

***World Customs Organization (WCO)*** – the WCO is the global standard-setting body for customs matters across trade, travel, protection, and revenue. New Zealand has been a WCO member since 1963. Collectively, the 185 customs administrations represented on the WCO manage more than 98 percent of world trade. Customs also Chairs the Secure and Facilitate Global Trade (SAFE) group and is on the WCO Audit Committee.

In December 2022, we began a two-year term on the WCO Policy Commission. The Policy Commission provides a platform to influence international policy and customs processes within the WCO. Our position WCO Policy Commission allows Customs to ensure our interests are considered during negotiations on international standards and frameworks.

***Border Five (B5)*** – the B5 group, which brings together customs and border protection agencies from New Zealand, Australia, the United Kingdom, the United States, and Canada is one of our most significant international relationships. 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 23 customs administrations within the Pacific. Customs contributes expertise, advice and funding particularly in relation to information sharing, border management practices, and the implementation of the PACER Plus. New Zealand is a permanent member of the Steering Committee, which allows us to support the rotating Chair and provide governance assistance to the organisation.

***Asia-Pacific Economic Cooperation (APEC) Forum*** – APEC is the leading economic and trade forum in the Asia-Pacific region, supporting trade facilitation and best practice policies and guidelines across the 21 members. During 2022, APEC funded Customs to lead a project to address gender disparities within customs organisations around the world. The project report has generated significant interest.

## We engage with a diverse range of private sector interests

### Private sector stakeholders have an interest in how we operate

The efficient and effective operation of the border system is reliant on an ecosystem of private sector service providers. This includes:

- port companies
- airport companies
- space port companies
- transport operators (both domestic and international)
- freight forwarders and customs brokers.

Key industry stakeholders include:

- Auckland International Airport Limited (AIAL)
- Board of Airline Representatives of New Zealand (BARNZ)
- New Zealand Post
- Conference of Asia Pacific Express Carriers (CAPEC)
- Customs Brokers and Freight Forwarders Federation (CBAFF)
- major exporters.

While there is always a need for continuous improvement, today's border system is working well. This is because Customs and other border agencies have a proactive relationship with many of our private sector stakeholders. For example, Customs has been participating in a multi-agency sprint team that AIAL is leading to address congestion issues at AIAL. This sprint team brings together airlines, airport ground handlers, Aviation Security, MPI, and Customs. Collaboration between industry and border agencies is key to the efficient functioning of the border.

*Customs staff as part of engagement with CBAFF*



## PART 6: OUR PORTFOLIO PRIORITIES

*Customs officer inspecting a package at the Air Cargo Inspection Facility*



## There are several key issues that we will brief you on

There are several key issues that we would appreciate the opportunity to discuss with you. We will seek to provide a briefing for you on these matters as soon as practicable.

These include:

- ▶ **Customs' contribution to the incoming Government's 100 day plan** – we will prepare a background briefing for you on our proposed contribution to the incoming Government's direction to government departments on reducing public sector expenditure. Because Customs relies on a mix of third party and Crown funding, we will include an overview of our funding sources for activities. We began an internal baseline review in early 2023 to review and confirm insights into our cost drivers and upcoming financial cost pressures. We have developed a model that will allow us to test the impact of changes in our operating environment on our financial sustainability, and ensure resources are being used efficiently and are focused on the delivery of the highest priority initiatives and services.
- ▶ **Goods Cost Recovery: Fees Review** – Customs recovers the costs of activities for processing goods and travellers at the border by charging travellers, importers and exporters fees and levies. The previous Government approved that Customs undertake a comprehensive review of Goods Fees, and we have commenced work on that review. We will provide you with background information on goods fees and seek your approval to continue with the review. If you agree, we would be intending to set up a stakeholder reference group to inform options development as soon as practicable, and would be working to provide you with options to discuss with Cabinet in mid-2024, prior to formal consultation. Our briefing will also cover key risks and considerations from a comprehensive review and the implications for options for the financial sustainability work.
- ▶ **Transnational Organised Crime (TNOC)** – we expect that disrupting the efforts of transnational criminal organised gangs will be a key priority for the incoming Government. TNOC is recognised by the National Security Strategy as a core issue with strategic coordination being co-led by Police and Customs. The current TNOC strategy aims to strengthen coordination and operational activity to prevent, detect and dismantle TNOC activity through two complementary cross-government work programmes. This includes work to raise awareness of the threat TNOC activity poses to our communities and sharing best practice in detecting and preventing TNOC crime and emerging trends as TNOC groups look to diversify. We would welcome the opportunity to provide you with an overview of our contribution to this strategy and the practical ways that we contribute. You will also receive a briefing through the Minister of Police outlining operation and governance of the New Zealand Transnational Organised Crime Strategy.
- ▶ **New Zealand Traveller Declaration (NZTD)** – we are currently progressing implementation of the NZTD, a digital replacement for the paper arrival card. We have successfully implemented the NZTD for air travellers and we have recently commenced trialling this in the maritime environment. We will be able to provide you with an immediate update on implementation and background on the NZTD development.

## IN CONFIDENCE

- ▶ **Facilitation of International Travellers** – we anticipate that your Government will make tourism an important part of the Government’s economy strategy. With other border agencies we are currently working on a range of matters associated with traveller processing and we will update you on these developments. This includes scoping work on trans-Tasman travel enhancements, improving arrival processes at Auckland International Airport and responding to proposals for international processing from regional airports.
- ▶ **Maritime Border** – as a result of Budget 2023, Customs was able to increase the capability and resourcing in our Maritime Group and the National Maritime Coordination Centre (NMCC). An expanded Maritime Group and NMCC will strengthen our presence at seaports to mitigate risks we identified in the maritime environment, enhance our contribution to multi-agency initiatives aimed at protecting New Zealand’s sea borders, and provide more assurance with our processing of cruise passengers and maritime crew. We can provide you with an update on implementation of this programme.
- ▶ **International Trade** – we consider we are well placed to support your Government’s trade objectives. We can provide you with a briefing covering our role in international trade and support for New Zealand’s free trade agreements, our Secure Export Scheme, and trade facilitation. This briefing would also describe options for supporting the Government’s focus on particular relationships, including India. Officials from trade agencies, including Customs, also consider that it is timely to redevelop New Zealand’s trade strategy. An updated trade strategy, led by MFAT, should cover our future approach to free trade agreements and other opportunities to support exporters and importers and promote growth.
- ▶ **Other Portfolio developments** – as the Minister of Customs, we expect you will be consulted by other Ministers on policy matters that impact on Customs. We are available to discuss these matters with you, and will provide you with background on the impacts for Customs and our views on the proposal. Some topics that may require initial consideration by the Government include:
  - Review of the Intelligence and Security Act 2017: the Department of the Prime Minister and Cabinet will lead advice to Government on the response to the report; ‘Taumaruru: Protecting Aotearoa New Zealand as a Free, Open and Democratic Society’ which was tabled in Parliament in January 2023. This report was commissioned because the Intelligence and Security Act 2017 requires that it is reviewed every five to seven years. Proposals for changes to this Act will have implications for Customs as a security agency with an intelligence function.
  - Regulated Goods: Customs works closely with other agencies who seek to prohibit or restrict harmful goods at the border, or use levies or taxes to minimise the harm caused by the commodity. We expect other agencies to provide advice in the near term on:
    - Product Stewardship (MfE): this includes considering applying a levy at the border for the costs of disposal of products such as tyres

## IN CONFIDENCE

- waste (MfE): significant policy changes were approved by the previous Government which were aimed at strengthening all policies related to waste – including the export or import of restricted or prohibited waste products. Legislation will need to be progressed for these changes to be implemented
- vapes (Ministry of Health): this will include considering further limitations or restrictions for vapes, which may include considering restrictions at the border.

We are also able to provide you with topic specific briefings on relevant Customs matters at your request. These briefings could include for example:

- an overview of our approach to protection, including key areas of focus and background on our approach to preventing harm from illicit drugs, tobacco smuggling, objectionable material, and financial crime. This would also include areas of potential policy changes
- collection of revenue, including our compliance approach, and background on systems and initiatives
- Regulated Goods, including our role working with other agencies, and examples of the range of regulated commodities
- international, including background on the role of our overseas posts, our contribution to bodies such as the WCO, and our programme of support to the Pacific.

A list of other key reports with possible timings is set out in appendix three.

### *Signing of the New Zealand Thailand Mutual Recognition Agreement*



## APPENDIX ONE: VISITS AND ENGAGEMENT

*Customs hosts Netherlands delegation with Director General Nanette van Schelven*



### We can arrange a programme of visits and engagement

You are 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 you opportunities to engage with Customs staff.

## Auckland – Frontline operations and facilities

Opportunity	Description
<p>Auckland International Airport</p> <p>Group: Border Operations</p>	<ul style="list-style-type: none"> <li>➤ This is New Zealand’s largest airport. You will be taken through the arrivals and departures processes and briefed on key matters.</li> </ul>
<p>Air Cargo Inspection Facility</p> <p>Group: Border Operations</p>	<ul style="list-style-type: none"> <li>➤ The Air Cargo Inspection Facility (ACIF) is central to detection of risk commodities in the airfreight pathway.</li> <li>➤ You can see demonstrations of detection tools, as well as the joint Customs ESR lab, and view the examination suite and procedures used to assess cargo.</li> </ul>
<p>International Mail Centre</p> <p>Group: Border Operations</p>	<ul style="list-style-type: none"> <li>➤ The IMC, operated by New Zealand Post processes all international letters and parcels sent through the mail pathway. 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 and detector dogs are also used to assist in interceptions.</li> <li>➤ You are invited to view demonstrations of technology used while inspecting goods.</li> <li>➤ 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. It will bring improvements in facilities for Government agencies, and enable a shared and collaborative approach between agencies.</li> </ul>
<p>Sea Cargo Inspection Facility</p> <p>Group: Border Operations</p>	<ul style="list-style-type: none"> <li>➤ Assessing sea cargo risk to the border while ensuring the effective facilitation of legitimate trade is a large part of Customs’ border operations work.</li> <li>➤ You can visit the Sea Cargo Inspection Facility (SCIF) and see equipment used to detect commodities in cargo such as illicit drugs and smuggled tobacco in action.</li> </ul>

IN CONFIDENCE

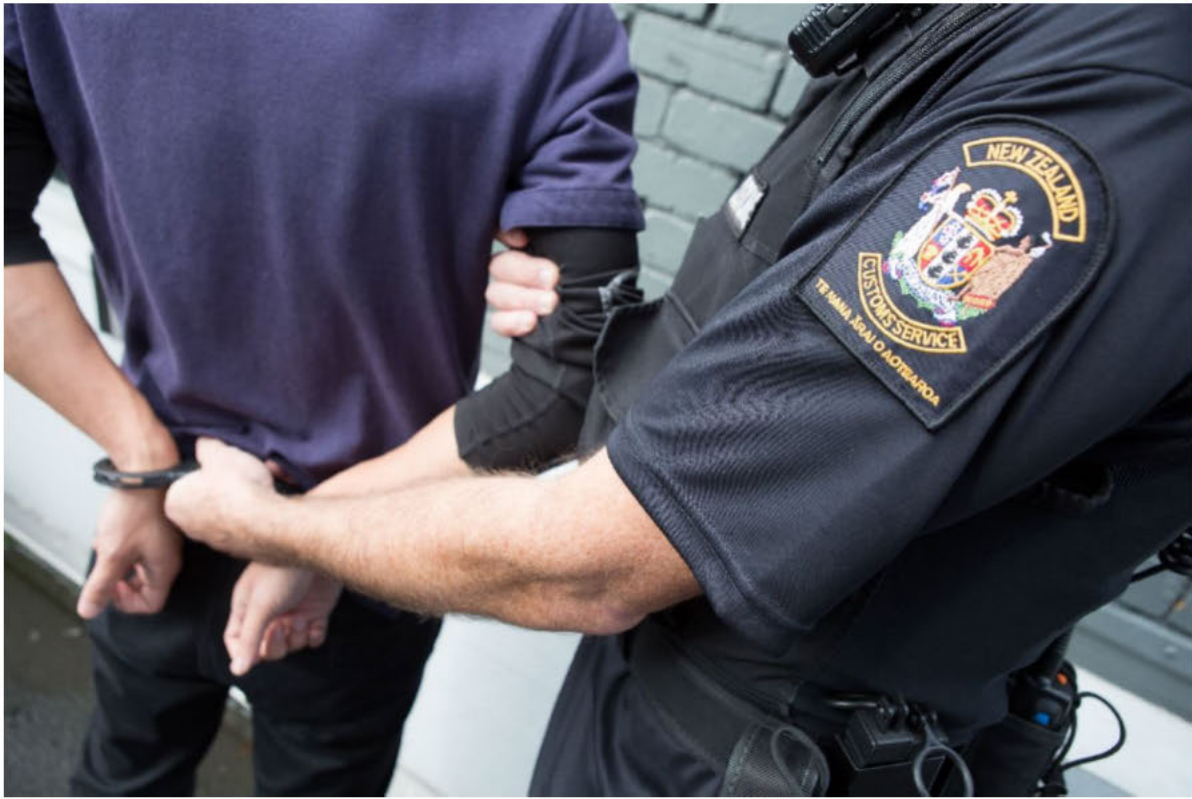
Opportunity	Description
Customs-controlled Area team  Group: Border Operations	<ul style="list-style-type: none"><li>➤ The Customs-controlled Area (CCA) team engages with industry to help them understand the risk of criminal infiltration by 'trusted insiders'. This is a complex issue and the CCA team plays an important role by educating businesses about the signs to be alert to, and undertaking a range of operational and engagement activities.</li><li>➤ You can meet this team and understand how they work with industry to protect New Zealand's borders.</li></ul>
Maritime operations  Group: Maritime	<ul style="list-style-type: none"><li>➤ The Maritime Group manages cruise ships, cargo vessels, and small craft arriving at and departing from New Zealand. The group works closely with partners to detect and manage threats to our maritime border.</li><li>➤ You will have opportunities to view maritime port operations and visit Customs' patrol vessels.</li></ul>

*Customs officers using the FirstDefender at an inspection facility to identify an illicit substance*



## Customhouse Auckland

*Customs Intelligence, Investigations, and Enforcement officer*



Opportunity	Description
<p>Intelligence, Investigations and Enforcement visit and Transnational Organised Crime briefing</p> <p>Group: Intelligence, Investigations and Enforcement</p>	<ul style="list-style-type: none"> <li>➤ The Intelligence, Investigation and Enforcement (II&amp;E) group is responsible for increasing Customs' ability to identify risk, detect non-compliance, and carry out enforcement activity.</li> <li>➤ You are invited to visit II&amp;E teams and receive briefings on how Customs manages a range of risks including smuggling of drugs and tobacco, and the transnational organised crime threat to New Zealand's border.</li> <li>➤ You will also be able to see how we use a range of technical capabilities in risk identification and enforcement work.</li> </ul>
<p>Integrated Targeting and Operations Centre</p>	<ul style="list-style-type: none"> <li>➤ The Integrated Targeting and Operations Centre (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. Operations can be initiated, planned, and coordinated from there.</li> </ul>

IN CONFIDENCE

Opportunity	Description
Group: Intelligence, Investigations and Enforcement	<ul style="list-style-type: none"> <li>➤ You are invited to tour the ITOC facilities in the Auckland Customhouse and receive a briefing on the collaborative work of the six agencies based there.</li> </ul>
Child Exploitation Operations Team (CEOT)  Group: Intelligence, Investigations and Enforcement	<ul style="list-style-type: none"> <li>➤ 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.</li> <li>➤ You can visit the CEOT and hear from staff on current operations, advanced technology, and procedures to minimise exposure to material.</li> </ul>
Revenue and Assurance group and Secure Exports Scheme briefing  Group: Revenue and Assurance	<ul style="list-style-type: none"> <li>➤ 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.</li> <li>➤ Customs also works with New Zealand businesses to join New Zealand's Authorised Economic Operator programme, the Secure Exports Scheme (SES), which supports compliance on packing, storing, and transporting goods to global standards.</li> <li>➤ You will be invited to sign new businesses to the scheme on a regular basis.</li> </ul>
Joint Border Analytics  Group: Strategic Business Development	<ul style="list-style-type: none"> <li>➤ Joint Border Analytics (JBA) is a multi-agency group, comprising data science teams from Customs, Immigration New Zealand and the Ministry for Primary Industries. JBA supports Customs and border agencies with data science solutions to support data-driven decision making.</li> <li>➤ You can visit JBA and receive a briefing on the collaborative work of the agencies based there.</li> </ul>

IN CONFIDENCE

<b>Opportunity</b>	<b>Description</b>
Customs officer recruitment and training Group: People and Capability	<ul style="list-style-type: none"><li data-bbox="584 304 1374 456">➤ 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.</li><li data-bbox="584 474 1374 584">➤ You can observe aspects of Customs officer training, as well as an open invitation to attend cohort graduations, when they are scheduled throughout the year.</li></ul>

## The Customhouse Wellington

*The Customhouse in Wellington*



Opportunity	Description
<p>Briefings on priorities, policy, and objectives</p> <p>Group: Policy, Legal and Strategy</p>	<ul style="list-style-type: none"> <li>➤ Briefings on Customs' key policy initiatives and objectives, and Customs' Strategy.</li> </ul>
<p>Briefing on Customs cyber-security and our use of data and technology</p> <p>Group: Information Services</p>	<ul style="list-style-type: none"> <li>➤ Briefing and demonstration of Cyber-security operations and capability, and Customs use of large-scale data and information management tools to enhance border processing and protection services.</li> </ul>
<p>New Zealand Traveller Declaration</p> <p>Group: New Zealand Traveller Declaration Programme</p>	<ul style="list-style-type: none"> <li>➤ The NZTD is the online system that collects travel, customs, immigration, and biosecurity information. It aims to improve the safety and security of New Zealand.</li> <li>➤ You will also have an opportunity to see a demonstration of the system at an international airport.</li> </ul>

## Nationwide opportunities

*A Customs long service medal*



Opportunity	Description
<p>Recognition of staff</p> <p>Group: Stakeholder Communications</p>	<ul style="list-style-type: none"> <li>➤ Customs prioritises its people, we want everyone to feel a sense of achievement and take pride in what they do. Recognition of employees who have made a significant contribution to Customs is a key aspect of our culture.</li> <li>➤ You are invited to attend Medals, Long Service Awards, and Comptroller’s Commendations ceremonies which are usually held in August and September. In addition, you are welcome to attend recognition services including Customs’ Anzac Day service.</li> </ul>
<p>Inclusion and Diversity initiatives</p> <p>Group: People and Capability</p>	<ul style="list-style-type: none"> <li>➤ To support Customs’ 2023-2026 Inclusion and Diversity focus areas (inclusion; and Gender, Māori, and Ethnic Equity), you are invited to visit both initiatives developed by staff-led networks, and Customs-led events, such as Matariki celebrations, and the Inclusion and Diversity Council’s annual symposium.</li> </ul>

## APPENDIX TWO: KEY DECISION PAPERS

Paper for decision	Month
➤ Presentation of the New Zealand Customs Service 2023 Annual Report to the House of Representatives	November
➤ Presentation of the Minister of Customs' report on the performance information for Vote Customs non-departmental appropriations 2022/23 to the House of Representatives	November
➤ Quarterly Performance Report	November
➤ Annual Indexation Adjustment for Tobacco	Late 2023

### *Customs' 2023 Annual Report*



## APPENDIX THREE: PRINCIPAL AND OTHER RELEVANT LEGISLATION FOR CUSTOMS

### Enactments enforced by Customs on behalf of other agencies<sup>9</sup>

- Animal Products Act 1999
- Animal Welfare Act 1999
- Anti-money Laundering and Countering Financing of Terrorism Act 2009
- Anti-Personnel Mines Prohibition Act 1998
- Arms Act 1983
- Aviation Crimes Act 1972
- Biosecurity Act 1993
- Chemical Weapons (Prohibition) Act 1996
- Oranga Tamariki Act 1989
- Civil Aviation Act 1990
- Climate Change Response Act 2002
- Cluster Munitions Prohibition Act 2009
- Commerce Act 1986
- Companies Act 1993
- Conservation Act 1987
- Consular Privileges and Immunities Act 1971
- Copyright Act 1994
- Crimes Act 1961
- Criminal Proceeds (Recovery) Act 2009
- Dairy Industry Restructuring Act 2001
- Diplomatic Privileges and Immunities Act 1968
- Dog Control Act 1996
- Dumping and Countervailing Duties Act 1988
- Evidence Act 2006
- Fair Trading Act 1986
- Films, Videos, and Publications Classification Act 1993
- Fisheries Act 1996
- Food Act 1981
- Goods and Services Tax Act 1985
- Hazardous Substances and New Organisms Act 1996
- Health Act 1956
- Heavy Engineering Research Levy Act 1978
- Human Assisted Reproductive Technology Act 2004
- Immigration Act 2009
- Imports and Exports (Restrictions) Act 1988
- International Finance Agreements Act 1961
- Kiwifruit Industry Restructuring Act 1999
- Land Transport Act 1998
- Major Events Management Act 2007
- Marine Mammals Protection Act 1978
- Maritime Security Act 2004
- Maritime Transport Act 1994
- Meat Board Act 2004
- Medicines Act 1981
- Mercantile Law Act 1908
- Misuse of Drugs Act 1975
- Motor Vehicles Sales Act 2003
- New Zealand Horticultural Export Authority Act 1987
- Ozone Layer Protection Act 1996
- Outer Space and High-altitude Activities Act 2017
- Passports Act 1992
- Psychoactive Substances Act 2013
- Postal Services Act 1998
- Protected Objects Act 1975
- Radiation Protection Act 1965
- Radiocommunications Act 1989
- Search and Surveillance Act 2012
- Ship Registration Act 1992
- Smoke-free Environments Act 1990
- Statistics Act 1975
- Summary Proceedings Act 1957
- Tariff Act 1988
- Temporary Safeguard Authorities Act 1987
- Terrorism Suppression Act 2002
- Trade in Endangered Species Act 1989
- Trade Marks Act 2002
- United Nations Act 1946
- Waste Minimisation Act 2008
- Wildlife Act 1953
- Wine Act 2003

<sup>9</sup> List is not exhaustive.

**Some of the pieces of legislation more relevant on a day-to-day basis applicable to Customs as a public sector agency**

- New Zealand Bill of Rights Act 1990
- Privacy Act 2020
- Ombudsmen Act 1975
- Official Information Act 1982
- Public Finance Act 1989
- Public Service Act 2020

*Customs officer at the International Mail Centre*

