



NEW ZEALAND
CUSTOMS SERVICE
TE MANA ĀRAI O AOTEAROA

B.24 AR (2025)
B.14 (Vote Customs)
B.42 AR (2025)

ANNUAL REPORT

2025

Incorporating the
Border Executive Board
Annual Report 2025



Introduction

This document contains three reports that collectively provide information on the performance of the New Zealand Customs Service, the non-departmental appropriations administered through Vote Customs, and the Border Executive Board.

The Border Executive Board is an inter-departmental executive board established to help coordinate the management of New Zealand's border. The New Zealand Customs Service is the servicing department for the Board and provides administrative, financial and corporate support.

The financial statements and non-financial performance information for the Border Executive Board are included in the New Zealand Customs Service Annual Report.

New Zealand Customs Service Annual Report 2025

This report provides an overview of the operations and performance of the New Zealand Customs Service for the 2024/25 financial year, including financial statements and non-financial performance information.

This report is presented to the House of Representatives pursuant to section 44 of the Public Finance Act 1989 and commences on page 1.

Minister's report in relation to Vote Customs non-departmental appropriations 2025

This report provides performance information relating to non-departmental expenditure within Vote Customs that is administered on behalf of the Minister of Customs. Although it is presented in the same document, it does not form part of the New Zealand Customs Service Annual Report.

This report is presented to the House of Representatives pursuant to section 19B of the Public Finance Act 1989 and commences on page 163.

Border Executive Board Annual Report 2024–25

This report provides an overview of the operation and activities of the Border Executive Board for the 2024/25 financial year. The Board's Annual Report has been appended to the New Zealand Customs Service Annual Report and is included in this document for the purposes of presentation to Parliament and for publication.

This report is presented to the House of Representatives pursuant to section 44 of the Public Finance Act 1989 and commences on page 169.



NEW ZEALAND
CUSTOMS SERVICE
TE MANA ĀRAI O AOTEAROA

B.24 AR (2025)

NEW ZEALAND CUSTOMS SERVICE ANNUAL REPORT

2025

This document is presented to the House of Representatives pursuant to section 44 of the Public Finance Act 1989



Our purpose

We are here to protect and promote
New Zealand across borders

Our vision

We aspire to eliminate
border and revenue risk

Our principles

We deliver our services guided by the principles and focus of
Te Pou Tokomanawa – meeting our obligations as a government
agency and partner in the Māori-Crown relationship

Partnership

Protection

Participation

Our values

Our values reflect these principles

They were chosen by our people as representative of the way we
work and how we engage with the people we support

We do
what’s right

We are
guardians

We value
people

We look
forward

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Comptroller's overview

Christine Stevenson // Chief Executive and Comptroller of Customs 

I am proud to lead the dedicated Customs team, who work 24 hours a day, seven days a week, protecting our border and promoting New Zealand's interests overseas. Their hard work and achievements are highlighted throughout this Annual Report.

The level of transnational, serious and organised crime (TSOC) continues to escalate

TSOC groups are a significant threat to New Zealand through their efforts to smuggle drugs and other illicit goods across our border, and their involvement in money laundering, fraud, and cyber crime.

This year there has been a sharp increase in TSOC groups attempting to smuggle illicit drugs by using passengers as drug couriers, through unaccompanied baggage, or adding items containing drugs to legitimate shipping containers that are designed to be retrieved before the items reach Customs screening areas.

This is not unique to New Zealand. Countries around the world are facing similar challenges as TSOC groups expand their reach in pursuit of profit.

But we are making a difference.

During 2024/25, we increased the number of staff based at our maritime ports, established a new team at Auckland International Airport specifically focused on security risks, and increased targeted checks on maritime shipping containers.

We prevented 9.3 tonnes of drugs reaching our communities, including nearly two tonnes seized as a result of work by, or with, our overseas partners.

Making sure we have the right tools to combat TSOC groups

A new Border Security Bill is being drafted to strengthen our ability to counter TSOC activity. The legislation is being shaped by insights from the independent Ministerial Advisory Group on Transnational, Serious and Organised Crime, and updates to the multi-agency transnational and organised crime strategy.

TSOC groups are investing in new technology to monitor their shipments and avoid detection. We are also investing in new technology to counter this threat. During 2024/25, we partnered with the New Zealand Defence Force to acquire two new uncrewed surface vessels. We are also looking at how we can use other new technology to help protect New Zealand's border.

Through Budget 2025, the Government invested nearly \$35 million to increase our operational capacity to respond to drug smuggling. This investment will fund an additional 60 staff, in a range of roles, over the next four years.

We respond to a wide range of border threats

As well as responding to the increase in illicit drug smuggling, our staff have seen positive results from their work targeting financial crime and money laundering, the smuggling of illicit tobacco products, and the possession and distribution of objectionable and child sexual exploitation material. This includes a record 18 arrests of individuals for cross-border offences relating to child exploitation material.

Keeping our people safe

The increased willingness of TSOC groups to use violence and coercion to retrieve smuggled goods has increased the health and safety risks to our staff. We provide staff with Officer Safety Training programmes that focus on de-escalation, advanced safety tactics, and training on safety when arresting suspects.

We have also reviewed our recruitment and training processes to make sure we support our people with the right skills to operate safely and competently in the new environment.

New trade and customs agreements will make it easier for exporters to access key markets

In January 2025, New Zealand and the United Arab Emirates (UAE) signed a Comprehensive Economic Partnership Agreement. The Agreement, once fully implemented, will mean almost all of New Zealand export goods can access UAE markets duty-free.

Statement of Responsibility

As Comptroller of Customs, I am responsible for:

- the preparation of the financial statements for the New Zealand Customs Service, the statements of expenses and capital expenditure, and for the judgements expressed in them
- having in place a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting
- ensuring that end-of-year performance information on each appropriation administered by the New Zealand Customs Service is provided in accordance with sections 19A to 19C of the Public Finance Act 1989, whether or not that information is included in this annual report
- the accuracy of end-of-year performance information prepared by the New Zealand Customs Service, whether or not that information is included in this annual report.

In my opinion:

- the annual report fairly represents the operations, progress, and organisational health and capability of the New Zealand Customs Service
- the financial statements fairly reflect the financial position of the New Zealand Customs Service as at 30 June 2025 and its operations for the financial year ended on that date
- the forecast financial statements fairly reflect the forecast financial position of the New Zealand Customs Service as at 30 June 2025 and its operations for the 2025/26 financial year.



Christine Stevenson

Comptroller of Customs

30 September 2025

The UAE is one of New Zealand's largest markets in the Middle East. Customs worked alongside the Ministry of Foreign Affairs and Trade on the negotiations, which were concluded in only four months – the fastest ever time for a New Zealand Free Trade Agreement.

Negotiations are also underway to establish a Free Trade Agreement with India, a key strategic partner and growing export market.

Streamlining customs clearance processes

During 2024/25, we signed new agreements with customs administrations in India and China to provide easier and faster clearance processes for exporters who meet best practice security standards. This includes the signing of a Mutual Recognition Arrangement with India Customs and a new perishable goods clearance trial with China.

Supporting the return of international flights at Hamilton and Dunedin Airports

In June 2025, international flights began operating from Hamilton and Dunedin airports. We worked with the airport companies and other agencies to make sure border screening systems were in place and fully tested before the first flights.

The use of digital New Zealand Traveller Declarations has increased, reaching 67% on 30 June 2025. The declaration is easy to complete and improves our ability to manage risks at the border.

Looking ahead

We work in an environment that is impacted by international events and trends. The year ahead will bring new challenges, but also opportunities, such as the benefits that AI and other new technology can bring to how we deliver our services.

I am confident that the resilience and adaptability of our staff means we will continue to deliver high quality and efficient services, whatever challenges the year may bring.

Who we are and what we do

Established in 1840, the New Zealand Customs Service (Customs), is the oldest government department in New Zealand. We provide essential services that protect New Zealand's border, support economic growth through the facilitation of trade and travel, promote New Zealand's interests in international forums, and provide policy advice on border-related issues. We also collect tax revenue on behalf of the Government (\$17.8 billion in 2024/25).

Our functions and services

We have three core functions:



Protection

Making our country safer and more secure by managing the risks associated with the international movement of goods and people



Trade and Revenue

Supporting the efficient flow of trade and revenue collection as goods cross our border and the collection of excise duty on goods produced in New Zealand



Travel

Providing secure border processes that facilitate legitimate international travel and reduce associated threats.

Through these functions we are responsible for:

- targeting the activities of transnational, serious and organised crime groups in partnership with national and international law enforcement and customs agencies
- supporting economic growth through the efficient processing of trade goods crossing the border and strong relationships with trading partners
- collecting tax revenue on behalf of government on dutiable goods crossing the border and on the manufacture of alcohol, tobacco, and fuel products within New Zealand
- facilitating the flow of passengers, crew, and craft arriving and departing New Zealand while making sure travellers and vessels do not bring goods with them that could cause harm to our communities

- providing policy advice to government ministers and other agencies on border and revenue issues
- providing intelligence and risk assessment information to inform border activities
- investigating the trade of child sexual exploitation and other objectionable material across our cyber and physical borders
- actively participating in the global customs community, helping to develop international policy and best practice
- providing stewardship of our regulatory systems to ensure they are fit for purpose
- providing administrative and corporate support to the Border Executive Board.

The people we support

We interact with a broad range of New Zealanders and people from the rest of the world in many ways by:

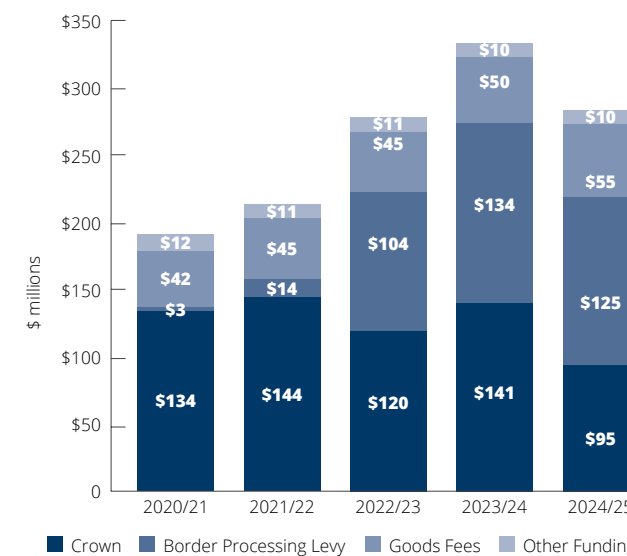
- processing arriving and departing international passengers and crew across the border
- supporting importers and exporters through the efficient clearance of goods
- advising exporters, brokers, and freight forwarders on trade and clearance issues, including in New Zealand's key export markets
- sharing information and intelligence and supporting joint operations with national and international partner agencies
- supporting the development of international trade agreements and global customs standards
- making our communities safer by stopping illicit and prohibited goods from crossing our border.

How we are funded

Approximately 67% of our funding in 2024/25 came from third-party funding – primarily from the fees and levies we charge to cover the cost of screening and processing passengers (Border Processing Levy) and goods (Goods and Cargo Fees) as they cross the border. Around 4% of this funding was provided by other agencies to contribute to the cost of shared services or programmes.

The remaining 33% of our funding came from the Crown.

Figure 1: Customs funding sources (\$m)



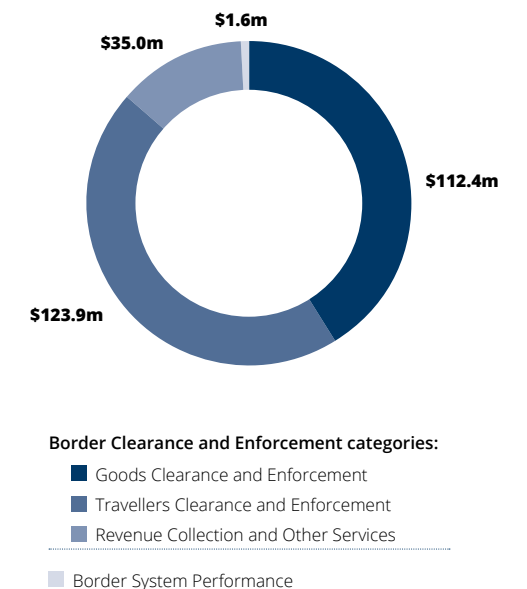
Between 2020 and 2023, we received a higher proportion of funding from the Crown because of the additional work we did during the COVID-19 pandemic. This included temporary funding to offset reduced funding through the Border Processing Levy while border restrictions were in place.

Overall, funding decreased in 2024/25. This is largely due to the completion of the New Zealand Traveller Declaration (NZTD) programme. A small amount of remaining funding for the NZTD programme was transferred to 2025/26 to fund system enhancements.

What we spend our funding on

Most of our operating expenditure is for risk assessing, clearing, and processing passengers and goods as they cross the border and the collection of Crown tax revenue. These services are funded through the Border Clearance and Enforcement multi-category appropriation.

Figure 2: Customs expenditure in 2024/25 (\$m) by appropriation



See page 98 for more information on our financial performance.

Collective accountability for the border system

The Border Executive Board provides oversight and coordination of activity across the border system. It is made up of the chief executives of the six government departments with responsibility for border functions – New Zealand Customs Service, Ministry for Primary Industries (Biosecurity New Zealand), Ministry of Business, Innovation and Employment (Immigration New Zealand), Ministry of Health, Ministry of Transport, and Ministry of Foreign Affairs and Trade.

The Board is chaired by the Comptroller of Customs and reports to the Minister of Customs. Customs provides administrative, financial, and corporate support to the Board and contributes to the Border Sector Strategy. The Border Executive Board Annual Report is attached to the Customs Annual Report (page 169).

We contribute to national security objectives

Customs works closely with partner agencies to make sure New Zealand has a sector-wide view of potential threats and identify areas for improvement.

Customs is part of the national security community in New Zealand and a member of the **National Security Board**.

The National Security Strategy outlines 12 core areas of focus (known as core issues). We are the coordinating agency for Border Security, and we co-lead the transnational, serious and organised crime (TSOC) core issue with the New Zealand Police.

Customs and the New Zealand Police co-lead the Secretariat that supports operational and strategic coordination in the response to the threat posed by TSOC groups.

The **Maritime Security Oversight Committee**, led by the Ministry of Transport, is responsible for the protection, collaboration, and management of New Zealand's maritime interests.

Working with international partners

We are part of international forums targeting shared threats and security issues, improving global customs standards and practices, and supporting trade agreements (page 48):

- the **Border Five** group, bringing together customs and border protection agencies from Australia, Canada, New Zealand, the United Kingdom, and the United States
- the **World Customs Organization**, representing 186 customs administrations around the world
- the **Oceania Customs Organisation**, supporting best practice border security and trade across the South Pacific
- the **Asia-Pacific Economic Cooperation (APEC) Forum**, promoting trade facilitation and best practice across 21 member nations.

Interagency collaboration at the New Zealand border





We work to protect

New Zealand's border and promote New Zealand's interests overseas.

Our longer-term strategic objectives help us monitor the impact our services have.

PROGRESS ON STRATEGIC INTENTIONS

Customs Performance Framework 2024 – 2028



We are here to **protect and promote New Zealand across borders**



We support Government priorities

Protecting New Zealand communities from harm

Promoting economic growth

Delivering efficient and fiscally sustainable public services

Through the efficient and effective delivery of our core functions and services guided by the principles and focus of Te Pou Tokomanawa



Protection

Prevent threats reaching New Zealand



Trade and Revenue

Support the efficient flow of trade and revenue collection



Travel

Provide a streamlined experience for passengers and crew across borders



Our objectives

Make our country safer and more secure by managing the risks associated with the international movement of goods and people

Support the efficient flow of trade and revenue collection as goods cross our border and the collection of excise duty on goods produced in New Zealand

Provide secure border processes that facilitate legitimate international travel and reduce associated threats

Reducing the ability of TSOC groups to operate in our region (page 28)

Reducing social harm to our communities (page 35)

Facilitating the flow of international trade (page 44)

Easy to use systems and processes (page 50)

Identifying and appropriately addressing non-compliance (page 51)

Border screening processes manage risks and threats (page 58)

Processing services are efficient, smart, and easy to use (page 63)



Our output measures monitor how well we deliver the activities that support our services

Border Clearance and Enforcement (page 103)

Goods clearance and enforcement

Travellers clearance and enforcement

Revenue collection and other services

Border system performance (page 106)



Our strategic priorities support us to effectively deliver our services and activities

People

We have an adaptable and diverse workforce that can respond to changing environments (page 15)

Partnerships

We strengthen our partnerships with the people, agencies, stakeholders, and communities we work with (page 16)

Innovation

We foster a culture of innovation, generating new ideas and approaches to border and risk management (page 16)

Technology and Data

We get the best value from our data and systems, while making sure that data is protected (page 17)

We monitor our **stewardship responsibilities** to ensure we have the right people, systems, and processes in place to achieve our purpose

We actively manage our risks and assets (pages 89 and 92)

We are effective stewards of our regulatory systems (page 91)

We promote safe work practices and support the holistic wellbeing of our people (page 81)

We have an inclusive and diverse workforce and are working to reduce our pay gaps (page 79)

We are reducing our carbon emissions (page 95)

We take a long-term financial view and proactively manage cost pressures (page 92)

How we monitor performance

Our performance framework helps us to tell a clear story about the work we do and why it is important. It provides an overview of how we measure, track, and report our performance and the delivery of our services.

We monitor our performance in five areas:

- progress towards the **longer-term strategic objectives** set out in our Statement of Intent across our three core functions – Protection, Trade and Revenue, and Travel
- the **services and activities we deliver** to help us meet our strategic objectives
- **what we delivered with the funding we received** during the financial year (our output performance measures)
- how we are tracking towards our **internal priority areas** that support the effective and efficient delivery of our services
- ensuring we meet our **stewardship responsibilities** and have the right people, systems, and processes in place to operate effectively as an organisation.

This multi-layered approach provides a comprehensive overview of the impact our work has on the protection and promotion of New Zealand across borders. Progress is monitored using a mix of qualitative, quantitative, and narrative information.

Our Performance Framework is used to structure our internal and external performance reporting

We report:

- annually to Parliament and the people of New Zealand through our Annual Report
- quarterly to the Minister of Customs on progress towards our strategic objectives, our output performance measures, and financial position
- monthly to the Customs Executive Board on our output performance measures, operational performance, and financial position.

What we aim to achieve

We have three primary functions:

- protect New Zealand’s border (Protection)
- support the efficient flow of trade and revenue collection (Trade and Revenue)
- facilitate international travel while managing risks and threats to New Zealand (Travel).

Strategic objectives and services

Each functional area has an overarching outcome we aim to deliver, and a set of strategic objectives that outline the focus of our work. Our outcomes and objectives are agreed with the Minister of Customs and are set out in our Statement of Intent.

We monitor how well we are tracking towards our strategic objectives over time. We use progress indicators to show key trends, supported by qualitative and quantitative reporting on the services and activities that help us to achieve our objectives.

Detailed reporting on our strategic objectives, services, and activities is set out in the *Assessment of operations* section (pages 18–69). A summary of our progress towards our strategic objectives is set out on the following page.



Read more about our strategic objectives in our Statement of Intent
<https://www.customs.govt.nz/media/zxeoj13j/statement-of-intent-2024-2028.pdf>

Summary of performance – strategic objectives

Our progress indicators show how we are tracking towards the objectives set out in our [Statement of Intent 2024–2028](#) and our Performance Framework.

Our assessment of our progress is based on the five-year trend. As at 30 June 2025, we are on track to meet all our strategic objectives.

Outcome	Objectives	Progress Indicators	On track
 Protection Prevent threats reaching our border	Reducing the ability of TSOC groups to operate in our region	Preventing harm reaching New Zealand through strong international partnerships	✓ (page 30)
	Reducing social harm to our communities	Increasing the amount of potential harm avoided through illicit drug seizures	✓ (page 35)
 Trade and Revenue Support the efficient flow of trade and revenue collection	Facilitating the flow of international trade	Increasing the proportion of trade conducted through the Authorised Economic Operators Programme: – Export trade through Customs' AEO Secure Exports Scheme – Import trade from international AEO partners	✓ (page 46) ✓
	Easy to use systems and processes	Customer satisfaction with services delivered through business connect (digital service platform)	✓ (page 50)
	Identifying and appropriately addressing non-compliance	– Reducing non-compliance rates of traders through Customs' Trade Assurance Audit programme (monitoring rates of negligent and deliberate non-compliance) – Maintain low levels of non-compliance of randomly selected import trade entries	✓ (page 52) ✓
 Travel Provide a streamlined experience for passengers and crew	Border screening processes manage risks and threats	Risk assessment of arriving passengers and crew	✓ (page 61)
	Processing services are efficient, smart, and easy to use	Increased uptake of digital services – eGate usage – Digital New Zealand Traveller Declaration usage	✓ (page 65) ✓

Key: ✓ On-track ✗ Off-track

Adapting our activities to respond to emerging threats and issues

We deliver our services in an environment that is impacted by international trends and events. This means we need to be adaptable and establish new responses to emerging or escalating threats. While we are on-track to meet all of our strategic objectives, we know that there are challenges ahead.

The escalation in transnational, serious and organised crime activity, particularly large-scale smuggling attempts and money laundering/financial crime, is a challenge border and law enforcement agencies around the world are facing. We need to maintain strong relationships, nationally and internationally, to support operational activity to disrupt these groups, and respond to changes in the ways they attempt to smuggle their goods.

We also need to invest in relationships with our key trading partners to streamline customs processes and provide on-the-ground support and advice for exporters as they navigate increased trade protectionism and barriers.

Output performance measures

Our output performance measures provide an annual assessment of how well we have delivered our services – what we did with the funding we received.

Output measures are set each year through the government's Budget process. The measures are set out in the Estimates of Appropriations 2024/25 and the Supplementary Estimates of Appropriations 2024/25.

We met 33 of the 36 output performance measures for 2024/25. Most measures relate to the delivery of services in our functional areas and are set out in the *Assessment of operations* section.

The costs of delivering our services are set out in the *Appropriation Statements* (pages 102–110).



Read more

[Vote Customs - External Sector - Estimates of Appropriations 2024/25 | The Treasury New Zealand](#)

[Vote Customs - Supplementary Estimates of Appropriations 2024/25 | The Treasury New Zealand](#)

Internal priority areas

The Customs Strategy was launched in 2023

It is a five-year strategy that focuses on the shifts we need to make as an organisation to ensure we are well positioned to meet current and future challenges and opportunities. The strategy informs the way we prioritise our resources and assets to achieve our objectives.

Each priority area is sponsored by a member of the Customs Executive Board, with regular reporting on progress towards our objectives.



People

We have an adaptable and diverse workforce that can respond to changing environments

To achieve our objectives, we need to have the right people, with the right skills, in the right places. The increased aggression many of our people now face as they carry out their day-to-day activities, means we need to make sure that our recruitment and training processes give our people the skills they need to operate safely and competently.

We also enhanced our recruitment programme to fill new roles created through the 2024 organisational change process and the expansion of our capability to target threats at New Zealand's maritime ports. This increased capacity is improving our ability to respond to new threats (page 77).



Partnerships

We strengthen our partnerships with the people, agencies, stakeholders, and communities we work with

We work closely with customs, border, and law enforcement agencies around the world, sharing information and participating in joint operations targeting and disrupting criminal groups (page 30).

We also work with industry, including freight and logistics companies, courier services, and storage facilities to raise awareness of the signs of criminal activity within New Zealand's supply chain, and how to report concerns. These relationships provide vital intelligence and information to help manage border risks (page 29).

Strong relationships with our trading partners help to streamline access for export goods into key markets. This year, we have signed agreements with the customs administrations in India and China that will make customs clearance processes easier and faster (page 45). We have also worked alongside the Ministry of Foreign Affairs and Trade on the development of a Free Trade Agreement between New Zealand and the United Arab Emirates, and ongoing negotiations towards an agreement with India (page 44).



Innovation

We foster a culture of innovation, generating new ideas and approaches to border and risk management

Innovation adds value to how we interact and engage with travellers, traders, our people, and our communities. We need to think critically about the way we work and find new ways to deal with current and future risks and challenges.

In 2025, we established an Innovation Community of Practice. This includes staff from across Customs and is focused on building a shared understanding of innovation and best practice tools.

We are working with the New Zealand Defence Force to identify and purchase new technology that will enhance our operational activities. This includes the joint purchase of new uncrewed surface vessels during 2024/25 (page 33).

Our staff also developed a new, innovative camera system to allow Customs Officers to search a wider range of spaces in and on maritime vessels where illicit drugs and other illegal goods can be stored.

In September 2024, we established a new team at Auckland International Airport to identify and mitigate border security threats. We invested in additional training, allowing the team to operate in a broader range of areas on the tarmac and with direct access to arriving aircraft. This new team had an immediate impact, including making one of the largest ever seizures of illicit drugs at any New Zealand airport in February 2025 (page 59).



Technology and Data

We get the best value from our systems and information, while making sure that data is protected

Data analytics and risk targeting systems play an important role in managing risk and improving border security processes. We constantly work to improve our data and intelligence systems, learning from others and sharing our expertise.

In October 2024, we hosted a forum of data analytics experts from across the Asia Pacific region to share information on best practice and build stronger relationships between agencies. We also hosted the Maritime Domain Awareness Partnership 2025 Plenary, focused on increasing the visibility and sharing of maritime data across agencies.

Artificial Intelligence (AI) technology offers opportunities to lift productivity and improve organisational processes. It can lead to new ways of working that make our services more efficient and effective. In September 2024, we began a targeted pilot of Microsoft Copilot (page 90). The pilot is informing how we can expand the safe and effective use of AI tools across Customs.



Read more about Customs Strategy at <https://www.customs.govt.nz/globalassets/documents/misc/customs-strategy.pdf>

Stewardship of our people, information, and resources

Alongside our outcomes and strategic objectives, we also actively monitor our stewardship responsibilities as a public service organisation.

The Public Service Act 2020 defines five areas where agencies are expected to have a specific focus on their stewardship responsibilities. We monitor and report our performance in these areas through our quarterly and annual reporting.

Our stewardship responsibilities include:

- long-term organisational capability and skills (page 77 – *Building a capable and adaptable workforce*)
- effective and efficient systems and processes (page 89 – *Managing our risks*)
- maintaining institutional knowledge and information (page 89 – *Maintaining a safe and secure environment*)
- managing agency assets and financial sustainability (page 92 – *We take a long-term financial view of our resources*)
- the legislation the agency administers (page 91 – *Regulatory stewardship*).

In addition to these areas, we also ensure that our workforce is diverse so it can meet the needs of our communities (page 79), monitor our health, safety, and wellbeing responsibilities (page 81), and report on our obligations to reduce carbon emissions (page 95).



We deliver

our services 24 hours a day, seven days a week.

This section provides an overview of our work and the difference it made.

ASSESSMENT OF OPERATIONS

Year at a glance – 2024/25

Protection



Prevented almost 9.3 tonnes of illicit drugs reaching our communities through seizures at our border and by overseas partners



Invested in new technology to strengthen the security of maritime supply chains



Intercepted more than 9 tonnes of illicit tobacco, representing \$17.7 million in foregone revenue



Responded to 973 reports of cross-border online child exploitation offending, resulting in the arrest of 18 people

Trade and Revenue



Processed over 31.8 million import transactions and 4 million export transactions, with 98.1% of goods risk assessed and cleared within five minutes



Collected \$17.8 billion in revenue on behalf of the Crown



Supported the development of a Free Trade Agreement between New Zealand and the United Arab Emirates



Signed agreements with customs administrations in India and China to make it easier and faster for export goods to reach key trade markets

Travel



8.4% of risk-based baggage searches of passengers and crew resulted in the identification of prohibited or restricted items, or items requiring duty payments



Processed over 13.4 million arriving and departing passengers



Reached 67% uptake of digital declarations through the New Zealand Traveller Declaration on 30 June 2025



Doubled the number of countries that are eligible to use eGates, making it simpler and easier for passengers to move through Customs screening areas

What we did and the difference it made

This section gives an overview of our key activities during the 2024/25 financial year, structured around our core functions – Protection, Trade and Revenue, Travel, as well as policy advice and other ministerial servicing.

Our performance is assessed under four areas:

- **progress indicators** that provide an overview of how we are tracking towards our longer-term strategic objectives
- a **summary of the services we have delivered** during the year to support our strategic objectives
- examples of **the impact our services are having**
- **output performance measures**, which outline the activities we carried out with the funding we received.

This multi-layered approach gives an overview of the impact of our work and the outcomes we achieved. Our progress indicators and output performance measures are externally audited.

Our core functional areas overlap as we balance our objectives of protecting the border and our communities from harm, with the efficient and effective facilitation of people and goods as they cross the border.

We are tracking well towards our strategic objectives

Our progress indicators are on-track in 2024/25 to achieve the strategic objectives in our Performance Framework (page 12).

Our strategic objectives are set to cover a four-year period. While the objectives remain the same, our services and activities can and do change in response to new and emerging threats or opportunities.

During 2024/25, we worked on a refresh of the multi-agency Transnational Organised Crime Strategy 2020 – 2025, increased our capacity to target criminal activity around maritime ports, provided advice and guidance for traders facing higher tariffs and other trade barriers, and continued work on our Trade Assurance Audit Programme to make sure trade-related activities comply with government regulations and revenue requirements.

We met 33 of the 36 output performance measures for 2024/25

Our output performance measures help monitor our activities as we deliver our services. These measures and the expected standards are set out in the dark blue boxes in this section.

We provide policy advice and ministerial servicing to support the delivery of our services across our three core functions. We monitor our performance of these services through output performance measures.

Across our output performance measures:

- We did not meet the 100% external alerts standard. We action alerts from other government agencies about people or goods that are of interest to them.

This year we actioned 1,877 alerts. Two of these alerts were not actioned according to the alert instructions (page 62). We regularly review our processes and training to minimise the possibility of alerts not being actioned in accordance with the agency's instructions.

- We did not achieve the standard 70% of arriving passengers completing their New Zealand Traveller Declaration online (year end result 67%). We are working with industry organisations and travellers to increase awareness and uptake of the digital declaration (page 63).
- We missed the measure about timeliness of draft responses to parliamentary questions due to a high number of questions over two weeks in June (standard 100%, year end result 86.4%, page 69).

Disclosure of Judgements

Our performance information is prepared in accordance with Tier 1 Public Benefit Entity (PBE) accounting standards, which have been applied consistently throughout the 2024/25 financial year.

This includes compliance with the PBE FRS 48 Service Performance Reporting standard. The standard sets principle-based requirements around the selection and presentation of performance information that is appropriate and meaningful to readers.

Measuring our performance

Our Performance Framework (page 12) sets out how we measure, track, and report on our outcomes, services, and outputs across our core functions.

Most of our services and activities are funded through a multi-category appropriation – Border Clearance and Enforcement that includes:

- Goods Clearance and Enforcement
- Travellers Clearance and Enforcement
- Revenue Collection and Other Services.

The multi-category appropriation allows us to move funding across the delivery of traveller, goods, and revenue services as resourcing demands change due to volumes of work or increased risk management activities.

We have two other departmental appropriations:

- Border System Performance – which funds the work of the Border Executive Board Secretariat
- New Zealand Customs Service Capital Expenditure – which funds the purchase or replacement of our assets.

Our progress indicators show how well we performed against our Statement of Intent

Our Statement of Intent describes our key focus areas and longer term objectives. Each objective is supported by a set of progress indicators reflecting the impact of our services and activities. These indicators are set out in the teal boxes throughout the Annual Report.

Our output measures show how well we performed against the services we deliver

Our appropriations describe the services we provide. Each appropriation contains a group of output performance measures and standards to assess how well we deliver our services and activities. These performance measures are set out in the dark blue boxes throughout the Annual Report.

Our output performance measures reflect the information included in the Estimates of Appropriations and as amended by the Supplementary Estimates of Appropriations for the year ending 30 June 2025. The 2024/25 actual results are audited.

Critical reporting judgements, estimates, and assumptions

Our progress indicators and output performance measures and standards for 2024/25 meet the requirements of PBE FRS 48. They provide a mix of quantitative and qualitative indicators.

We regularly review our key strategic progress indicators to make sure they are relevant and meaningful ways of tracking our progress towards our strategic outcomes. Where possible, we include five years of data to show trends.

Our output measures are reviewed twice a year to make sure they accurately reflect the services we deliver and are relevant and material ways of assessing our performance.

Our measures include activities for facilitation, risk assessment, interventions, and compliance. Performance standards are set based on an analysis and assessment of trends, risk-based sampling, and assurance modelling as set out in the table below. The fit for purpose measures and standards provide a valid representation of the services delivered.

Basis for measurement	Measures
Random sampling (including assurance modelling)	OC1.09, OC2.04, OC3.05
Risk based sampling	OC1.01, OC1.02, OC1.05, OC1.06, OC1.07, OC1.08, OC2.01, OC2.02, OC2.03, OC2.05, OC2.06, OC2.07
Surveys	OC3.08, OC3.09
Trends (activities completed)	OC1.04, OC1.10, OC2.11, OC3.01, OC3.02, OC3.04, OC3.06, OC3.12, OC3.13
Trends (assessments)	OC3.07a, OC3.07b
Trends (proportion of population)	OC2.08, OC 2.10, OC3.03
Trends (timeliness)	OC1.03, OC2.09, OC3.10, OC3.11

Contextual information for our output performance measures

We have included comparison of our performance measure results between 2024/25 and 2023/24. Additional information has been included to explain where we have not met our standards.

Where the measures or standards have changed for 2025/26, we have set out the reason for the change. This information is unaudited.

Satisfaction surveys

Feedback from those who use or receive a service provides a way to confirm we are doing well or identify opportunities for improvement. Customs uses experience and satisfaction surveys to gather the opinions of businesses and our Minister.

Five of our services are delivered through the whole-of-government Business Connect platform. After completing an application relating to these services, users are asked for feedback on the likelihood they would recommend the service to a friend or colleague. This provides an indication of the extent customers and clients find our services easy to use (page 50).

We also survey our portfolio Minister each year to assess their satisfaction with our policy advice and ministerial servicing (page 68 and 69).

Linkages between non-financial and financial performance information

Information on how well we performed against our output performance measures and the indicators we use to measure our progress towards our strategic objectives needs to be read along with our appropriation and financial statements (beginning on page 102 and 112).

Together this information provides a broader assessment of how effectively we used our funding to achieve our objectives.

Implementing the Government's priorities

Customs' core services – protecting New Zealand at the border, supporting economic growth through the facilitation of trade and travel, and promoting New Zealand's interests in international forums – align with the Government's focus areas of law and order, and economic growth.

While Customs does not directly contribute to the nine Government targets, our work supports the Government's priorities to:

- protect New Zealand communities from harm
- promote economic growth
- deliver efficient and fiscally sustainable public services.

Our primary way of supporting these priorities is through our response to the sustained increase in activity by transnational, serious and organised crime (TSOC) groups at the border (page 28).

To promote economic growth, we work with the Ministry of Foreign Affairs and Trade and other agencies to develop Free Trade Agreements and Customs Cooperation Agreements to improve access for export goods into key overseas markets. This includes the Comprehensive Economic Partnership Agreement with the United Arab Emirates, signed in January 2025, and ongoing work on a Free Trade Agreement with India (page 44 and 45).

Significant Budget initiatives

Budget 2025: Combatting Transnational, Serious and Organised Crime at the Border

Through Budget 2025, we received nearly \$35 million over the next four years to increase our capacity to respond to the threat posed by TSOC groups.

The initiative has three focus areas:

- targeting the threat posed by people who can use their access to restricted areas to remove illicit goods before they reach Customs screening areas
- increasing capacity to investigate low volume/high frequency drug smuggling
- funding to establish another overseas-based post from 2026/27, increasing our ability to intercept drugs before they reach New Zealand.

The initiative will be implemented in stages, starting in the 2025/26 financial year. See pages 28 and 58 for more information on our current work in these areas.

Budget 2023: Transfer of Capital Funding to Address Transnational Organised Crime in Maritime Supply Chains

During 2024/25, we implemented the second stage of this initiative, increasing our intelligence and investigative capacity and operational activity at maritime ports. This funding means we can more effectively target TSOC groups using legitimate supply chains to smuggle drugs and other prohibited goods (page 32).

Baseline savings

In August 2023, we set up a fiscal sustainability programme to review our expenditure to make sure we can continue to deliver our services within existing funding levels.

Customs' baseline was reduced by \$1.2 million in 2024/25 because of the Budget 2024 Initial Baseline Exercise. We achieved these savings by reviewing discretionary expenditure, and reducing contractors and consultants, travel, and training expenses. We also identified other operating costs where savings could be made.

During 2024, we reviewed our organisational structure to make sure we had the right capabilities in the right place and that our structure was financially sustainable. Our organisational change process resulted in a net reduction of 79 positions or 4.9% of full-time equivalent (FTE) roles.

We continue to actively monitor our expenses and cost pressures through our fiscal sustainability programme (page 92).

Non-departmental expenditure was not affected by the Initial Baseline Exercise.

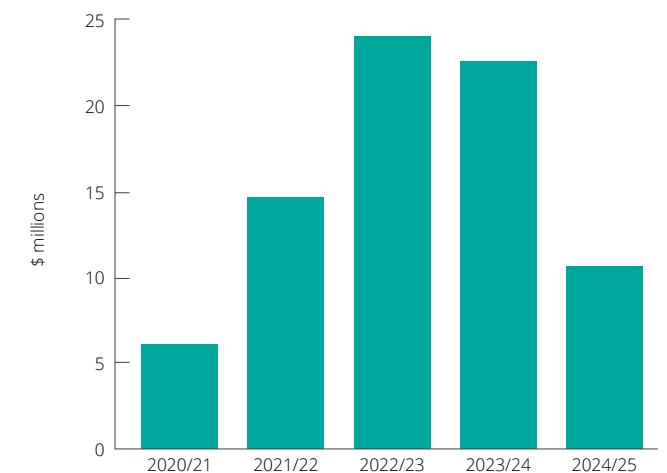
Reduction in expenditure on contractors and consultants

We use contractors and consultants when specialised expertise is required that cannot be met by existing staff. This largely involves contractors and consultants working on specific projects. Where possible, fixed-term contracts are offered for project work.

In 2024/25, Customs achieved a reduction in spending on contractors and consultants of \$12.0 million. We spent \$10.6 million on contractors and consultants in 2024/25, which represents 6.7% of the total workforce expenditure in 2024/25.

This compares with expenditure of \$24.0 million and \$22.6 million in 2022/23 and 2023/24 respectively, which represents 14.7% and 13.4% of total workforce expenditure in these years.

Figure 3: Contractor and consultant spend



Between the 2021/22 and 2023/24 financial years, our expenditure on contractors and consultants increased significantly due to the work required to design and implement the New Zealand Traveller Declaration (NZTD) system.

The NZTD programme was completed in December 2023, with ongoing delivery of the NZTD system moving to operational areas within border agencies.

PROTECTION

Prevent threats reaching
New Zealand



Our objective:

Make our country safer and more secure by managing the risks associated with the international movement of goods and people

There are a broad range of threats to New Zealand's border, including illicit drugs and tobacco, weapons, cyber crime, the possession and trade of objectionable material, money laundering and other financial crimes, and goods used to commit crimes involving dishonesty and intellectual property breaches.

Border and law enforcement agencies around the world are facing a sharp rise in activity by transnational, serious and organised crime (TSOC) groups. This includes large-scale smuggling attempts of illicit goods, involvement in money laundering, fraud, and cyber crime.

We work in partnership with national and international customs and law enforcement agencies to target and disrupt the activities of TSOC groups and other criminal activity.

We achieve our objective by:

- reducing the ability of TSOC groups to operate across our border and in our region
- reducing social harm to our communities by identifying and seizing illicit and prohibited goods.

Key achievements

During 2024/25 we:

- prevented almost 9.3 tonnes of illicit drugs reaching our communities through seizures at our border and by overseas partners
- invested with the New Zealand Defence Force in new technology to strengthen the security of maritime supply chains
- intercepted more than 9 tonnes of illicit tobacco, representing \$17.7 million in foregone revenue
- responded to 973 reports of cross-border online child exploitation offending, resulting in the arrest of 18 people
- implemented 'Data for Mail', improving the risk assessment and screening of mail.

Performance against our Protection measures

Progress indicators



■ On-track ■ Off-track

Our progress indicators track the longer-term trends that will help us achieve our strategic objectives (page 30 and 35).

Output measures



■ Achieved ■ Not achieved

Our output measures (what we did with the funding we received) relating to our Protection services are clearly identified throughout this section.

See the Appropriation statements (pages 102–110) for more information.

Reducing the ability of transnational, serious and organised crime groups to operate across our border and in our region

Transnational, serious and organised crime (TSOC) groups pose a significant threat to New Zealand through escalating attempts to smuggle large amounts of illicit drugs, weapons, and other prohibited goods. We work closely with national and international partners to share information and intelligence to target, disrupt, and dismantle TSOC groups.

Key trends

New Zealand's high prices and demand for drugs, particularly methamphetamine and cocaine, make us an attractive target for TSOC groups.

Over the last five years we have seen a sustained escalation in the volume of illicit drugs seized at our border (page 35). Wastewater testing by PHF Science (formally ESR) and reporting by the National Drug Intelligence Bureau indicates a considerable growth in methamphetamine use in the community between July and October 2024, with this being largely sustained throughout 2024/25.

Reports also show there has been a rise in the use of cocaine. Increased production of cocaine in South America has led to a surplus supply and attempts to increase imports to new and existing markets.

TSOC groups are targeting New Zealand's supply chains to transport their products. They insert people in key roles at ports and airports, or compromise people already in those roles, who can bypass security measures and divert goods before they reach Customs screening areas.

These groups are using highly sophisticated smuggling methods and communications technology, as well as smuggling attempts with limited or no effort to conceal the goods.

Partnerships with national and international law enforcement, customs agencies, and industry partners, mean we have been successful targeting TSOC groups but there is more work to be done.



Read more about the Ministerial Advisory Group on Transnational, Serious and Organised Crime: <https://www.customs.govt.nz/about-us/ministerial-advisory-group-on-transnational-serious-and-organised-crime>

Collaboration is essential to respond to TSOC activity

The threat of TSOC groups and their links with domestic gangs and criminal groups is recognised in New Zealand's [National Security Strategy](#). Customs is jointly responsible, with the New Zealand Police, for coordinating the strategic response to this threat.

The initial Transnational Organised Crime (TNOC) Strategy 2020 – 2025 brought together 19 New Zealand agencies to improve coordination of intelligence and operational activity targeting these groups and promoting a system-level response.

In late 2024, work began to refresh the strategy to reflect the increased scale of transnational and domestic organised crime groups in New Zealand and the Pacific. The new strategy is expected to be released in late 2025. It will draw on the work of the TSOC Ministerial Advisory Group and the Justice sector-led work on responding to the increase in methamphetamine use in the community, addressing both supply and demand.

Independent advice on efforts to combat TSOC activity

In November 2024, Cabinet approved the establishment of a Ministerial Advisory Group on Transnational, Serious and Organised Crime, reporting to the Minister of Customs and the Associate Minister of Police. Customs is hosting the small secretariat group supporting this work.

The advisory group had its first meeting in February 2025. It publishes monthly reports with advice and recommendations on combatting TSOC groups through more effective use of regulatory and enforcement levers, investigations, and prosecutions.

A final report is due at the end of September 2025.

Working with industry partners to target criminal activity

Industry partners, such as airport and freight companies, courier services, storage facilities, and other businesses involved in the handling, clearing, and delivery of imported and exported goods, play an important role in identifying and reporting suspicious behaviour.

During the 2024/25 financial year, the Border Protect Supply Chain Team made more than 1,180 visits to industry partners throughout the country to build relationships and educate businesses on the impact and signs of criminal activity.

As a result, we received 381 pieces of information from industry partners, including 255 referrals of suspicious imports. These referrals led to 99 positive results and seizures (a 39% success rate from referrals).

The referrals led to 46 drug seizures, including 18 seizures of methamphetamine totalling 227kg. We also made 44 tobacco seizures totalling more than 1.1 million cigarettes and over 87kg of loose tobacco products.

Collaboration with industry partners led to the arrest of three Auckland Airport cargo handlers in March 2025 for alleged involvement in a drug smuggling syndicate. The workers were seen acting suspiciously while moving an item that was later found to contain 54kg of methamphetamine.

Following the success of industry engagement through Border Protect, we are extending our engagement with businesses in the maritime environment and maritime-based community groups.

Engagement with international industry groups leads to greater information sharing

International industry groups such as global shipping companies and the World Shipping Council are also key information and intelligence sources on suspicious activity.

Formal and informal engagement and partnerships with global bodies adds another layer of intelligence data that helps to identify and respond to threats within shipping supply chains.

A coordinated approach to international TSOC threats

Countries around the world are facing similar challenges with the rise in TSOC activity and large-scale smuggling attempts.

The Border Five (B5) group plays an important role in coordinating intelligence and operational activity to respond to strategic border threats. B5 is made up of customs agencies from Australia, Canada, New Zealand, the United Kingdom, and the United States.

During the 2025 calendar year, New Zealand representatives from Customs and the Ministry of Business, Innovation, and Employment, are co-chairing the B5 Heads of Intelligence group which provides advice and support to the Border Five and the aligned Migration Five group. The focus includes targeting the smuggling of illicit and novel drugs (such as synthetic opioids) and the trade in child sexual exploitation material. The group will also target visa and migration fraud via professional immigration facilitators, as people trafficking is often connected to TSOC activity.

Progress indicator:

Preventing harm reaching New Zealand

Desired trend: International partnerships support intelligence sharing and joint operations targeting TSOC activity

Actual trend: On-track

Customs works with international partners to share intelligence and insights into regional threats and jointly target the activities of TSOC groups. In 2024/25, engagement with international partners stopped almost two tonnes of illicit drugs before they reached New Zealand.

Most joint operational activity is for a specific purpose and is time-limited. However, some operations lead to lasting collaboration.

Project Rattler began in 2016 as a two-year project targeting the supply chain pathways of illicit drugs (particularly methamphetamine and cocaine) coming from the Americas to Australia and New Zealand.

Project Rattler established strong information sharing and operational connections across customs and border agencies in the United States, Australia, and New Zealand. It proved so successful in seizing drugs and identifying the networks behind the shipments, that even though it officially ended in 2023, the work continues today.

Intelligence from Project Rattler contributed to a recent investigation of low volume/high frequency drug smuggling through mail shipments. These shipments originated in the United States, and near real-time notifications from partner agencies assisted Customs Officers in collating vital overseas data.

Building shared knowledge and skills

Regular engagement with international law enforcement and customs agencies provides opportunities to discuss trends and challenges at a regional and global level.

During 2024/25, we hosted, or participated in, a range of workshops and forums with our international partners. This included forums on the use of data analytics to improve risk management and border security processes, financial crime and money laundering, and increased sharing and awareness of maritime data to support strategic cooperation on regional security threats.

In September 2024, Customs Officers attended a week-long training programme with the Australian Border Force, the Canadian Border Services Agency, and United States Customs and Border Protection. The programme focused on trade craft and capability building to target the security challenges and vulnerabilities in the aviation environment. This training supported the establishment of a dedicated team at Auckland International Airport targeting risks within secure areas (page 58).

International collaboration and the disruption of TSOC groups in the Pacific

During May and June 2025, a multi-national operation, led by the Australian Border Force, stopped more than 500kg of cocaine from reaching the Pacific. The operation targeted a smuggling network that was using shipments of legitimate cargo to move supplies of cocaine between America and Australia, with Pacific island nations used as transit points.

While no drugs were detected by the time the vessels reached New Zealand (the last stop in the shipping route), the combined intelligence and targeting capabilities of the agencies helped to keep track of suspicious containers as they moved through international shipping routes. This operation led to significant seizures in French Polynesia, New Caledonia, and Australia.

Overseas drug interceptions

Figure 4: Potential harm to New Zealand avoided by overseas illicit drug interceptions by region

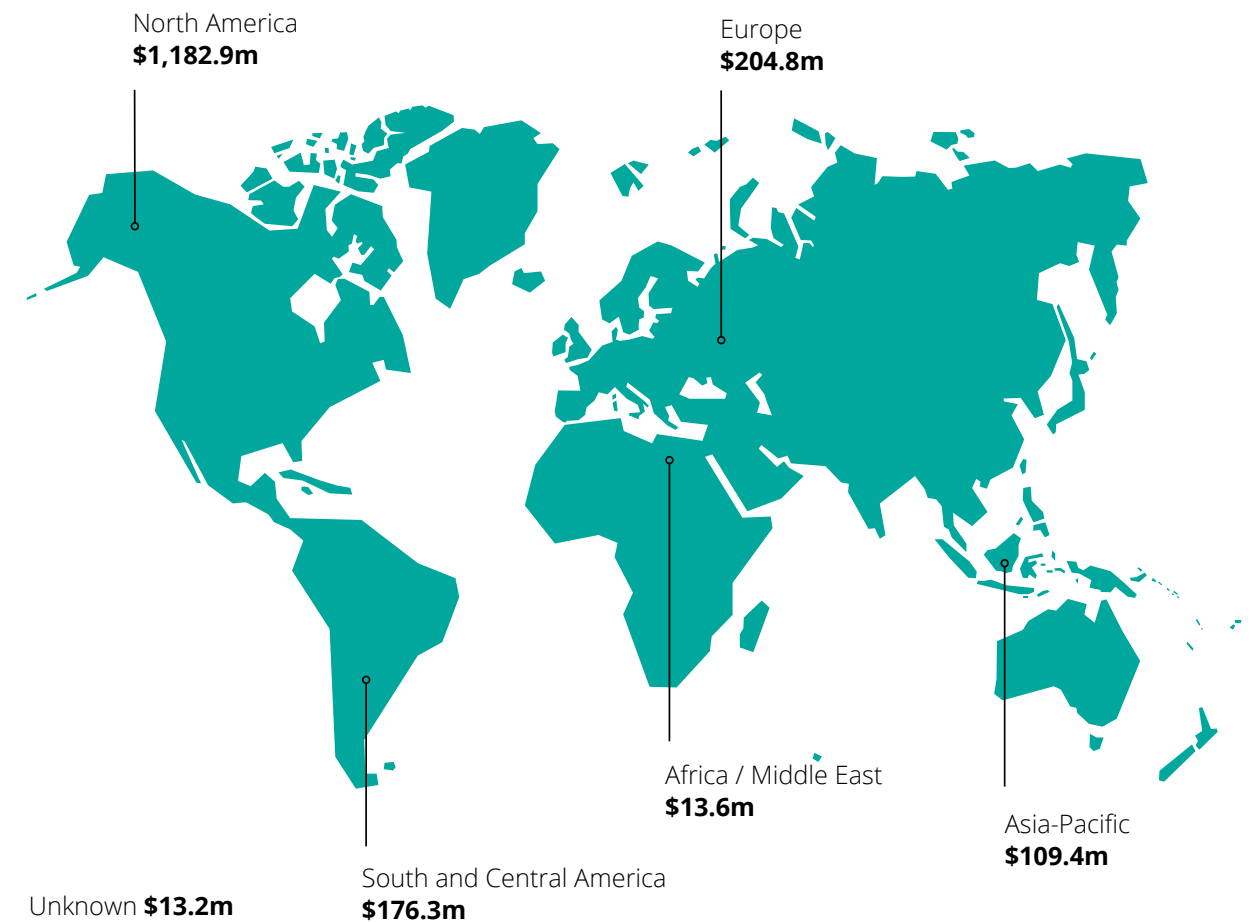
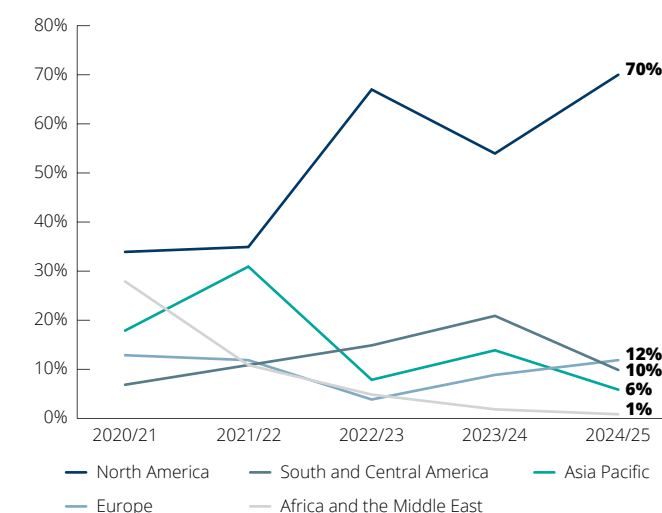


Figure 5: Overseas illicit drug harm prevented by area as a percent of total overseas seizures



Combatting maritime-based TSOC activity

Through Budget 2023, we received \$20 million over two years to increase our capacity to combat TSOC activity in the maritime supply chain and at New Zealand ports. During 2024/25, we implemented phase two of this initiative, continuing to increase our operational, intelligence, and investigation capability at maritime ports. From the 2025/26 financial year, this work will be funded through border management fees and levies (page 67).

Over the last two years there has been an international increase in large seizures of drugs found in sea cargo containers or concealed in or on shipping vessels.

Most of these smuggling attempts use the ‘rip-on/rip-off’ method where suitcases or duffle bags packed with drugs are added to legitimate shipping containers and removed on arrival at the port before the containers reach Customs screening areas.

Notable seizures during 2024/25 include:

- June 2025: 150kg of cocaine in duffel bags in a container on a ship arriving from Jamaica
- May 2025: 130kg of cocaine found packed in duffel bags in a shipping container, from Italy via Panama, loaded with machinery
- July 2024: 100kg of methamphetamine found in suitcases inside a container of fertiliser from Peru.

The largest seizure of the year was 450kg of methamphetamine hidden inside steel beams imported from the United States in September 2024.



1 'Secondary interaction' means any interaction undertaken over and above the initial boarding and clearance function and may range from talking to the crew to a full rummage.

Output performance measures

OC2.05: Percentage of arriving commercial marine craft assessed as high risk that are subject to planned interaction while in a New Zealand port (Standard: 100%)

Actual Performance	2023/24	2024/25
	100%	100%

For 2024/25, this measure was amended to be limited to planned interactions with high risk maritime vessels to reflect the mandate and focus of Customs' Maritime Group – to develop a deeper understanding of the threats and vulnerabilities within New Zealand's maritime supply chain, increase intelligence and investigative capability, and provide new operational capacity at major ports.

OC2.06: Percentage of all arriving commercial marine craft that are not assessed as high risk that will be subject to Customs secondary interaction¹ (Standard: 5%)

Actual Performance	2023/24	2024/25
	6.6%	13.2%

To align with the focus on the security of the maritime supply chain, Customs reviewed its processes and expectations of interactions with maritime vessels. As a result, the standard for this measure was increased to 10% from 2025/26.

OC2.07: Percentage of all arriving small craft subject to Customs secondary interaction¹ (Standard: 20%)

Actual Performance	2023/24	2024/25
	34.9%	54.3%

The review of interactions with maritime vessels as discussed above also resulted in an increase to the standard for this measure; 50% from 2025/26.

200kg of methamphetamine seized following a break-in at Port of Tauranga

When criminal groups are unable to directly access shipping containers to retrieve their goods as the containers arrive in port, some attempt to break into secure areas within the port or Customs screening areas to retrieve them.

In December 2024, a suspicious container was identified at the Port of Tauranga. Just before the container was to be transported for inspection by Customs Officers, two men unlawfully entered the Port and accessed the container, removing five suitcases. Quick action by Customs Officers meant the Police were able to identify the vehicle and apprehend the men. The suitcases were found to contain 200kg of methamphetamine.

The subsequent investigation identified two other suspects, all of whom were members of New Zealand gangs. All four men were charged with importing a Class A drug.

New technology strengthens maritime security

Criminal groups use the profits from their crimes to invest in the latest technology and communication tools to help monitor their shipments and avoid detection. We, too, must invest in new technology to counter this threat and improve our surveillance capabilities.

During 2024/25, we jointly acquired two new uncrewed surface vessels with the New Zealand Defence Force. These vessels are designed to operate at sea for extended periods, providing real-time intelligence and monitoring of vessels on the open ocean.

This live monitoring will help Customs, Defence, and other agencies better understand developing situations, enabling faster decision-making, and a wider range of operational activity in New Zealand waters and with our partners in the Pacific.



The new uncrewed surface vessels purchased jointly with the Defence Force expand real-time intelligence capabilities.

Monitoring threats in the wider maritime environment

The National Maritime Coordination Centre (NMCC) is New Zealand's central hub for civil maritime patrol and surveillance coordination. The NMCC plays a critical role in improving awareness over the maritime environment, coordinating surveillance and patrol assets, and supporting inter-agency efforts to protect New Zealand's maritime interests.

The Ministry of Transport leads the development of maritime security policies, while Customs leads operational activity. Following a 2024 review, the NMCC now reports to Customs as part of our Maritime Group.

In March 2025, the NMCC hosted the Maritime Domain Awareness Partnership 2025 Plenary (meeting), bringing together officials from civil maritime, national security, and law enforcement agencies in Australia, Canada, New Zealand, the United Kingdom, and the United States. This provided a valuable opportunity to understand key threats and challenges and improve strategic cooperation.

Output performance measures			
OC3.13: Percentage of requests accepted by the National Maritime Coordination Centre which are assigned within 31 days (Standard: 95%)			
Actual Performance	2023/24	2024/25	
	100%	100%	

Readiness to respond to significant events

Customs is a member of the National Security Board. We are responsible for coordinating the response to national security threats at the border.

We work with other agencies to protect New Zealand from threats relating to transnational crime, smuggling of illicit drugs and firearms, people smuggling, human traffickers, espionage agents, terrorists, and violent extremists. We also work with the Ministry for Primary Industries and Ministry of Health NZ to maintain an awareness of biosecurity and health-related threats that need to be managed at the border.

This role is much broader than Customs' functional responsibilities, and we work closely with a range of agencies to address and mitigate these threats.

Supporting the National Resilience System

Our national security and border responsibilities mean we need to be ready to respond to a wide range of national disasters and other significant events.

We regularly participate in the National Exercise Programme, led by the Department of the Prime Minister and Cabinet, which tests how agencies would respond to both national disasters and strategic crises.

This includes participating in Exercise MAIKUKU, centred on the response to multiple wildfires, and work with the Ministry of Business, Innovation and Employment on the refresh of the Mass Arrivals Response Plan. We have tested our internal processes for a mass arrivals event (such as a vessel arriving with asylum seekers) in preparation for interagency exercises scheduled to take place during 2025/26.



Read more about the National Resilience System at: <https://www.dpmc.govt.nz/publications/national-resilience-system-handbook>

Improving border agency collaboration

The Border System Readiness Group was established in February 2025 to make it easier for border agencies to collaborate and coordinate their response plans for a range of events.

The Readiness Group is a forum for agencies to share sector-wide insights and lessons learned from debriefs on exercises run through the National Exercise Programme.

Increased collaboration before and after an event will strengthen response capabilities and process improvements. The group updates the Border Executive Board as part of the Board's responsibilities for the wider border sector.

Exercise NOMOS tests multi-agency response to mass harm event

In May 2025, the Transnational Organised Crime Secretariat ran Exercise NOMOS – a scenario where many people had taken illicit drugs with a harmful synthetic opioid, sold through an online platform facilitated by TSOC groups.

The exercise focused on the investigation into the financial crime elements as agencies came together to find the source of the drugs and prevent further harm. It tested how agencies would and could respond under legislation, agency capabilities, and the roles and responsibilities of the private sector, particularly the Financial Crime Prevention Network.

The aim of exercises like NOMOS is to build relationships between agencies and the private sector, and to strengthen understanding about the role and mandate each agency has. The exercise tested how this would operate in a rapidly moving situation to help prepare for an actual event.

Illicit and prohibited goods are identified and seized

We use intelligence, data analytics, and risk management to target the people, goods, and craft most likely to be a threat to New Zealand's border. Customs Officers screen passengers, scan mail items and goods shipments, and physically examine suspect items. We also carry out joint operations with national and international partners.

Progress Indicator:

Prevent harm through illicit drug seizures

Desired Trend: Increase the amount of potential social harm prevented through onshore and overseas illicit drug seizures

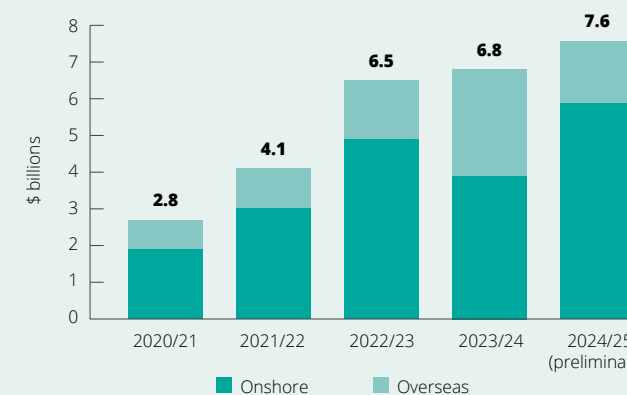
Actual Trend: On-track

We prevent harm by stopping illicit drugs at the border (onshore) or working with partner agencies to seize drugs before they reach New Zealand. Social harm is measured using the National Drug Intelligence Bureau Harm Index, which gives a cost to the harm experienced by individuals and communities.

We prevented \$7.6 billion in potential social harm during 2024/25. This is a 12% increase from the harm prevented in 2023/24 and a 173% increase over five years.

Almost \$5.9 billion in prevented harm was from onshore seizures; a 52% increase from last year.

Figure 6: Potential harm avoided through illicit drug seizures²



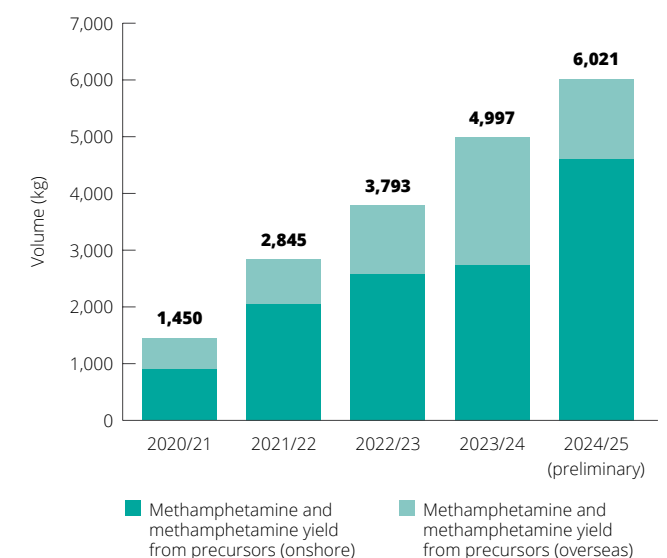
Methamphetamine continues to have a profound impact on New Zealand

Over the last five years there has been an escalation in illicit drug smuggling and seizures in New Zealand.

Methamphetamine made up approximately 65% of the illicit drugs seized during 2024/25 (50.5% methamphetamine and 14.5% methamphetamine yield from precursors – drugs used to create methamphetamine).

Methamphetamine has one of the highest social harm values. Over six tonnes of methamphetamine and the potential methamphetamine yield from precursors was seized at our border or on its way to us in 2024/25. This prevented \$6.3 billion in potential social harm or 83% of the total \$7.6 billion harm prevented for the year.

Figure 7: Methamphetamine seizures by Customs and overseas partners



² All of the 2024/25 drug totals in this report and the associated drug harm values based on those totals are preliminary figures based on our initial weighting and recording of interceptions. These figures may change. Previous year totals are different from those reported in the New Zealand Customs Service Annual Report 2024 as those were provisional figures that have now been finalised.

Disrupting low volume but high frequency smuggling attempts

Alongside attempts to import large volumes of illicit drugs (see pages 32 and 58), we have seen an increase in cases involving regular but smaller amounts of illicit drugs being imported (low volume/ high frequency smuggling). These attempts often use smaller packages sent via international mail.

The quantity of drugs seized in these individual shipments is often low. However, several small shipments can quickly add up to a measurable impact on harm in our communities. Disrupting low volume/high frequency smuggling helps us stop smaller distribution networks before they become further established.

An investigation began in March 2024 following seizures of methamphetamine at the international mail centre. Customs investigators tracked the smuggling attempts and in June 2025 arrested a 26-year-old Christchurch man on four charges of importing methamphetamine. The drugs were found hidden in a chess set, an e-bike battery, and air-fryers.

The four seizures linked to this investigation came to 1.64kg of methamphetamine, with an estimated social harm value of \$1.73 million.

Intercepts of illicit drugs

The most commonly seized drugs during 2024/25 were methamphetamine, cocaine, MDMA (ecstasy), GBL (fantasy), and ketamine.

Ketamine seizures have increased by 824% over the last five years. In 2020/21, we seized 34.8kg of ketamine, compared with 321.9kg in 2024/25.

Depending on how illicit drugs are processed, they can be measured by weight (kg), number of items seized, or by volume (litres).

Table 1: Other commonly seized illicit drugs



2023/24 (confirmed)		
Drug type	Onshore	Overseas
Cocaine	631 kg	512 kg
	29 items	25 items
	2.3 litres	
MDMA	631 kg	178 kg
	12,106 items	2 litres
	55 litres	
GBL	14 kg	589 litres
	913 litres	
Ketamine	203 kg	44 kg
	8 items	
	18 litres	
2024/25 (preliminary)		
Drug type	Onshore	Overseas
Cocaine	757 kg	172 kg
	102 items	3.1 litres
	1.3 litres	
MDMA	316 kg	153 kg
	47,750 items	7,642 items
	115 litres	10 litres
GBL	324 items	5 kg
	1,228 litres	
Ketamine	217 kg	95 kgs
	3 litres	7 litres

High tobacco prices create a lucrative market

New Zealand has one of the world’s highest retail prices for tobacco products. This makes tobacco smuggling lucrative.

We have seen a sustained increase in the attempts to smuggle and sell illicit tobacco products. It is hard to accurately quantify the full size of the problem, as illicit markets are difficult to measure. Most illicit tobacco is smuggled from overseas, not locally manufactured.

Preventing large-scale tobacco smuggling by organised crime groups is challenging. Identifying and dismantling the groups behind the smuggling requires the same approach that we use to disrupt illicit drug smuggling.

Additional Budget funding to increase our capacity to target tobacco smuggling in 2022 has proved successful. Notable investigations and seizures during 2024/25 include:

- May 2025: approximately 390,000 illicit cigarettes were seized from two dairies and the home of one of the dairy owners after a joint investigation involving officials from Inland Revenue, the Ministry of Health, and the Police.
 - October 2024: 51kg of loose tobacco, more than 3,500 cigarettes, 2.7kg of cannabis, and 35 LSD tabs were seized in Auckland, along with machinery for manufacturing cigarettes, after an anonymous report was made through Crime Stoppers.
- The subsequent investigation identified a suspect who had been arrested in 2016 for tobacco smuggling.
- September 2024: more than 2 million cigarettes in two separate shipments were seized following intelligence from partner agencies in Japan and China resulting in the arrest of a limited-liability company director.

See page 53 for more information on the impact of tobacco smuggling on revenue evasion.

Disrupting access to the profits of illicit tobacco

In addition to seizing illicit cigarettes, manufacturing equipment, and any other illicit goods identified during the investigation, we also aim to recover Crown debt that would have been paid if the tobacco had been imported legally. We work closely with the Police Asset Recovery Unit to restrain assets.

In April 2025, four people charged with smuggling and selling illicit cigarettes were sentenced in the Gisborne District Court. Sentences ranged from fines to home detention.

The Police Asset Recovery Unit restrained over \$2.5 million of assets, including \$116,000 in cash. These assets will now be up for forfeiture.

Targeting financial crime and money laundering

Targeting the financial profits from criminal activity is an important part of our work to disrupt and dismantle TSOC groups.

Our financial crime unit investigates and prosecutes offences involving trade based money laundering and cash smuggling (including gems and precious metals).

We work with the Financial Crime Prevention Network, a public/private mixed forum including Customs, the Police, Immigration New Zealand, Inland Revenue, and the major New Zealand banks. It supports information sharing on financial crime trends and the sophistication of money laundering networks around the world.

During 2024/25, we concluded a long-running investigation into a trade based money laundering case using profits from the importation and distribution of drugs.

The primary suspect allegedly exported vehicles and vehicle parts through their New Zealand company to an overseas company, undervaluing the goods in export documentation to increase the profits at the other end. These profits were then passed on to the syndicate behind the drug smuggling. The suspects have been charged with money laundering and other offences.

Monitoring cash movement to target money laundering

Under the Anti-Money Laundering and Countering Financing of Terrorism Act 2009, we have a responsibility to monitor and report the movement of large sums of cash across the border. Passengers are required to complete a Border Cash Report if they are carrying more than NZ\$10,000.

During 2024/25, we identified over

\$9.4 million

in undeclared cash at the border (compared with nearly \$10.9 million in 2023/24).

Preventing the spread of child exploitation and objectionable material

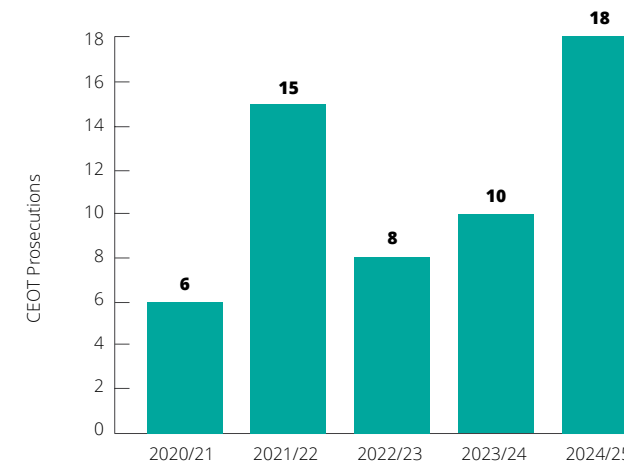
Since the early 2000s, the internet has created a rapidly expanding means of sharing imagery and videos of child sexual abuse. This has changed both the method and quantities of such material crossing our physical and digital border.

In 2022, many online platforms began implementing end-to-end encryption, which increases privacy for users but also reduces visibility of offending. Generative Artificial Intelligence (AI) is a tool that is creating a new type of offending, as the platforms can be used to generate abuse material from text prompts or use innocent imagery of children to create fictional content. This is a threat with distinct and disturbing harm for victims and communities.

Customs, the Police, and Department of Internal Affairs work to identify and prosecute the possession and distribution of objectionable and child sexual exploitation material.

During 2024/25, our Child Exploitation Operations Team (CEOT) received, reviewed, or acted on 973 reports of cross-border online child exploitation offending by New Zealanders. This included the arrest of 18 people.

Figure 8: Arrests and prosecutions relating to child exploitation material



Customs investigation helps identify international offenders

In August 2024, an Auckland man was arrested by Customs following an investigation into the importation of objectionable publications. During subsequent forensic investigations, the man was linked to an online child sexual abuse network.

Two high-risk recidivist offenders in the United Kingdom and the United States were identified by Customs and referred to overseas partner agencies. A fourth suspect, a Canadian-New Zealander, was arrested on arrival in Canada.

The original suspect has been charged with further offences, including participation in an organised crime group.

Intercepting illegal firearms, weapons, and other prohibited items

We are responsible for monitoring the importation of lawful and restricted firearms and firearm parts under approved permits. Where the permit requirements are not met, we seize the item.

During 2024/25 we intercepted:

494

restricted firearms

17,581

firearm parts/ammunition

623

other controlled weapons

(compared with 229 restricted firearms, 1,331 firearm parts or ammunition, and 472 other controlled weapons in 2023/24).

The increase in firearm parts and ammunition intercepted in 2024/25 relates to several large intercepts of ammunition that were later released following receipt of correct documentation.

We are increasingly finding weapons alongside drugs and cash when carrying out search warrants. This factor is carefully considered when applying our operations authorisation framework which is designed to keep our people safe.

Customs also plays a role in preventing trade in intellectual property and endangered species. In 2024/25:

58

incidents of stolen intellectual property rights resulted in the interceptions of 1,850 items

184

incidents breaching the Convention on International Trade in Endangered Species (CITES) intercepted 18,544 items.

Enhancing border security through data and intelligence

We use data-driven insights, intelligence, and advanced risk management tools to identify and target the individuals, goods, and craft most likely to threaten border security. This approach ensures that our resources are focused where they are most needed.

Output performance measures		
OC1.07: Number of import trade entries that are subject to risk-based physical examination (Standard: 18,000-22,000)		
Actual Performance	2023/24 19,767	2024/25 18,759
Physical searches of imported goods are selected based on risk assessment against business rules and intelligence. The standard from 2024/25 has been adjusted to reflect an expected decrease in trade volumes and the impact of improved targeting.		
OC1.08: Result rate of physically examined import trade entries³ (Standard: 5-10%)		
Actual Performance	2023/24 7.9%	2024/25 9.4%

We are part of the Joint Border Analytics (JBA) group, which includes the Ministry for Primary Industries, and the Ministry of Business, Innovation and Employment. JBA draws on the combined expertise and capabilities of staff from these agencies to deliver actionable insights that support both operational and strategic decision-making.

During 2024/25, JBA supported the first Regulatory Airport Spatial Undertakings (RASU) by developing and reviewing models to assess space and growth requirements at international airports across New Zealand. JBA also contributed to the New Zealand Traveller Declaration (NZTD) digital uptake strategy by providing data-driven insights into usage patterns, helping to inform and guide digital uptake initiatives.

New automated screening processes improve the risk assessment of mail

We work closely with the Ministry for Primary Industries and New Zealand Post to screen international mail for risk items. On 24 March 2025, the New Zealand Post Auckland Processing Centre reached its final major milestone, with all international mail items now being processed through the new high-tech facility.

Over the last three years we have developed new systems within the processing centre to improve risk assessment and screening of mail.

The ‘Data for Mail’ project results in automated screening of around 80% of international mail to identify risk items for inspection and more effectively identify items that require duty payments. Low risk items are cleared before they arrive in New Zealand, ensuring faster processing times.

The first seizure of illicit drugs using this new method was in February 2025, during the transition to the new centre. Automated screening identified an item for further investigation, and the conveyer belt system transferred it to Customs. An inspection of the package revealed 16.8 grams of amphetamine.

Output performance measures		
OC1.05: Number of import mail items subject to risk-based physical examination (Standard: 8,000-12,000)		
Actual Performance	2023/24 9,608	2024/25 11,627
OC1.06: Result rate of physically examined mail items³ (Standard: 30%)		
Actual Performance	2023/24 49.5%	2024/25 32.8%
There have been significant changes to the way we risk assess and process mail. Searches have increased through a staged implementation of our data for mail targeting. This automatically selects mail items based on rules and is not dependant on having Customs Officers physically screening and selecting mail items from a belt. These increased searches look for prohibited, restricted, and dutiable goods and as well as those of interest to other agencies, such as MedSafe. The current measure only captures instances of when we find prohibited or restricted goods. We are considering options for more meaningful mail measures.		

3 Result rate relates to the successful identification of prohibited or restricted goods.

Random sampling provides assurance our risk targeting methods are effective

Our Assurance Programme randomly samples legitimate goods (arriving by both air and sea), mail, and people crossing the border, with a focus on compliance.

This sampling is based on robust and statistically significant modelling. This may identify a previously unidentified threat which can improve risk-based methods or validate that existing risk-based methods are effective.

Table 2 : Compliance across assurance streams

Assurance stream	2023/24	2024/25
Mail	96.2%	97.3%
Fast freight	96.6%	96.3%
Air cargo	93.8%	87.5%
Sea cargo	96.1%	93.9%
Air passengers	99.4%	99.3%
Sea passengers	100%	100%

4 This is a minimum standard to be a statistically significant sample of the measured population.

During 2024/25 compliance rates from our random sampling generally remained high. Compliance levels fluctuate. There was a decrease in compliance in the air cargo stream, the majority of which was minor non-compliance. Longer-term patterns demonstrate consistent high compliance rates, providing assurance we are targeting the right areas to mitigate border threats.

Output performance measures		
OC1.09: Number of import transactions selected for random interventions (under Customs' Assurance programme)⁴ (Standard: 6,750)		
Actual Performance	2023/24 8,902	2024/25 7,090
OC2.04: Number of arriving air and sea passengers selected for random interventions (under Customs' Assurance programme)⁴ (Standard: 2,150)		
Actual Performance	2023/24 2,458	2024/25 2,378

TRADE AND REVENUE

Support the efficient flow of trade and revenue collection



Our objective:

Support the efficient flow of trade and revenue collection as goods cross our border, and the collection of excise duty on goods produced in New Zealand

New Zealand's economy is reliant on international trade. The efficient movement of legitimate trade goods across the New Zealand border and streamlining access for export goods into overseas markets are important components in achieving economic growth.

As well as ensuring our trade clearance processes are efficient, we need to make sure they are effective in identifying and preventing illicit and prohibited goods crossing the border. We also make sure that all required tax revenue is collected on behalf of the government.

We achieve our objective by:

- facilitating international trade through strong relationships with trading partners
- making sure our systems and processes are easy to use
- ensuring non-compliance is identified and appropriately addressed.

Key achievements

During 2024/25 we:

- processed 31.8 million import and 4 million export transactions, with 98.1% cleared within five minutes
- contributed to the negotiations of trade agreements with the United Arab Emirates and India
- signed agreements with customs administrations in India and China to make it easier and faster for export goods to reach key trade markets
- represented New Zealand in leadership roles on two World Customs Organization committees
- collected \$17.8 billion in Crown revenue on behalf of the Government.

Performance against our Trade and Revenue measures

Progress indicators



■ On-track ■ Off-track

Our progress indicators track the longer-term trends that will help us achieve our strategic objectives (page 46, 50, and 52).

Output measures



■ Achieved ■ Not achieved

Our output measures (what we did with the funding we received) relating to our Trade and Revenue services are clearly identified throughout this section.

See the Appropriation statements (pages 102–110) for more information.

Facilitating international trade through strong relationships with trading partners

New Zealand has a reputation as a trusted trading partner. This provides opportunities to influence global customs standards for trade and advocate for the continuation of the rules-based trading system. Investing in relationships with our trading partners helps to streamline the movement of trade goods into global markets and resolve customs issues for traders, saving them time and money.

Key trade trends

During 2024/25, we processed 15.5% more import transactions than in 2023/24. This was primarily driven by the continued increase in low value airfreight – smaller items, usually from online shopping.

The volume of imported goods valued over \$1,000 (high-value imports where we collect GST) was consistent with 2023/24, but the value of the duty payments on these imports increased by 3.6%.

Export transaction volumes were consistent with 2023/24.

Figure 9: Trade transactions for low (less than \$1,000) and high (more than \$1,000) value goods



Supporting economic growth through trade

New Zealand exporters and importers benefit from the relationships and agreements we have with our major trading partners.

Free Trade Agreements provide preferential access for New Zealand exports into overseas markets, reducing tariffs and non-tariff trade barriers for exporters and importers. **Customs Cooperation Agreements** increase information sharing and joint operations between customs administrations, and **Mutual Recognition Arrangements** (MRA) reduce customs clearance times and costs for exporters who meet best practice security standards.

Increasing export access to the United Arab Emirates

On 14 January 2025, New Zealand and the United Arab Emirates (UAE) signed a Free Trade Agreement, known as the Comprehensive Economic Partnership Agreement. The UAE is one of New Zealand's largest markets in the Middle East.

The Ministry of Foreign Affairs and Trade led the negotiation on behalf of the Government, with Customs negotiating Rules of Origin and Customs Procedures and Trade Facilitation chapters. The negotiations were concluded in September 2024, after only four months, making this New Zealand's fastest ever Free Trade Agreement.

Once fully implemented, 99% of New Zealand export goods will be able to access UAE markets duty-free.

Negotiations began on a Free Trade Agreement with India

India is a key strategic partner for New Zealand and a growing export market.

We are working alongside the Ministry of Foreign Affairs and Trade, and other agencies, in the negotiations for a Free Trade Agreement between New Zealand and India.

The first round of in-person negotiations were held in Delhi in May 2025. Virtual meetings occurred in June 2025, before a second round of in-person negotiations in July 2025. Negotiations are expected to be finished during the 2025/26 financial year.

Enhancing trade and information sharing with India

During 2024/25, we strengthened operational and information sharing arrangements with the Central Board of Indirect Taxes and Customs of India to make customs clearance processes easier and faster.

In March 2025, we signed a MRA with India Customs. This agreement allows authorised exporters who meet best practice supply chain security standards to access fast-track processing at the border.

The MRA built on the joint Customs Cooperation Arrangement we signed in August 2024. The Cooperation Arrangement enables enhanced information sharing to identify, prevent, and investigate customs offences, and conduct joint operational activity targeting transnational, serious and organised crime (TSOC) groups.

To support our growing relationship, during 2025/26 we will create a new Customs Counsellor position in New Delhi, subject to agreement by the Indian Government. This role will provide on-the-ground support to New Zealand exporters, promote trade, and enhance collaboration on operational activities.

Faster and easier access into China

China is a significant market for New Zealand exporters. During the 2024/25 financial year, over NZ\$220 million worth of fresh food was airfreighted to Shanghai.

In June 2025, we signed an agreement to begin a new pilot programme with the General Administration of China Customs (China Customs) to expedite border clearance for airfreighted perishable goods arriving at Auckland International and Shanghai Pudong International airports. The pilot will reduce the need for documentation checks, meaning goods will be processed faster and will arrive in Chinese restaurants and supermarkets the day they arrive.

We also signed an agreement to explore improvements to the Trade Single Window system used to submit information about import/export cargo. This aims to make border clearance processes simpler and faster, supporting economic growth.

On-the-ground support for traders

Our network of Customs Counsellors and Liaison Officers can provide assistance to New Zealand exporters facing customs-related issues with a trade partner.

In July 2024, our Beijing-based Counsellor helped resolve a documentation issue that was delaying a shipment of perishable goods into China worth \$8.5 million. The delay was affecting the quality and viability of the goods.

Our Counsellor worked with the exporter and China Customs officials to rapidly resolve the issue. They were also able to clarify what was needed for future exports, preventing similar delays.

Progress indicator:

Streamlining trade through Authorised Economic Operator Programmes (AEO)

Desired trend: Increase trade conducted through AEO programmes

New Zealand traders benefit from international trading agreements, such as Mutual Recognition Arrangements (MRAs) which reduce customs clearance times and costs for businesses that meet best practice security requirements in their supply chains when exporting and importing goods.

Businesses that are recognised under AEO programmes, such as New Zealand’s Secure Exports Scheme, are considered low-security risks, enabling them to access fast-track processing. These schemes also allow customs agencies to focus on higher-risk items. As at 30 June 2025, there were 155 approved exporters in the Secure Exports Scheme.

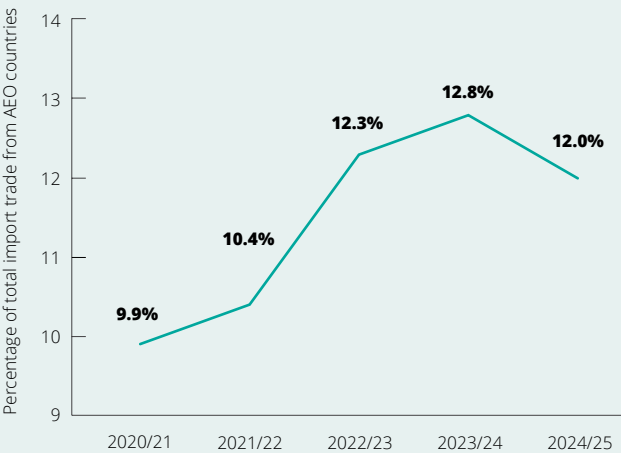
New Zealand currently has MRAs in place with 12 trade partners – Australia, Canada, China, Hong Kong, India, Japan, Republic of Korea, Singapore, Taiwan, Thailand, the United Kingdom, and the United States.

Actual trend (Imports to New Zealand): On-track

The percentage of import trade from overseas businesses in AEO programmes run by MRA partners, decreased slightly in 2024/25. The longer-term trend, since 2020/21, shows a 13.3% increase (or 2.1 percentage points) in trade through these programmes.

Over the last three years the value of import trade through the AEO has been around \$7.4 billion. This is a significant increase to the \$4.2 and \$5.4 billion for 2020/21 and 2021/22, respectively.

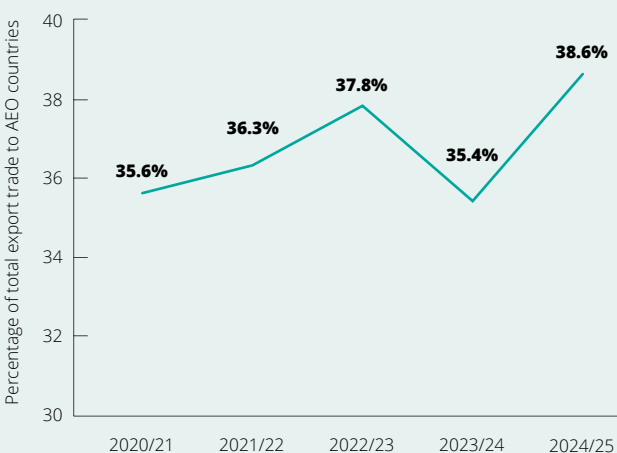
Figure 10: Percentage of import trade covered by the AEO programme



Actual trend (New Zealand AEO Exports): On-track

The percentage of New Zealand export trade through Customs’ AEO Secure Exports Scheme continues to grow, despite the reduction in trade in 2023/24 because of the economic downturn. Customs promotes the Scheme, approves new partners, strengthens relationships with key trading partners, and makes sure best practice security requirements are maintained.

Figure 11: Percentage of export trade covered by the Secure Exports Scheme



Output performance measures

OC1.04: Number of companies that have joined or been revalidated through Customs’ Authorised Economic Operator (Secure Exports Scheme) programme (Standard: 100-120)

Actual Performance	2023/24	2024/25
	82	121

The Secure Exports Scheme is designed to make business easier by helping New Zealand’s exporters clear customs both here and overseas. Exporters, transport operators, and secure load sites joining the scheme need to ensure their goods are packed, stored, and transported in a way that meets global customs standards. This measure and standard have been amended for 2024/25 to better reflect the breadth of work Customs undertakes to support the scheme, including both onboarding and re-validation of members to ensure the integrity of the scheme.

The rise of trade protectionism creates uncertainty for New Zealand exporters

Over the last few years there has been a rise in the use of trade protection mechanisms and barriers impacting international trade. This includes new tariffs on specific goods, and other non-tariff trade barriers such as import quotas, complex customs procedures, and subsidies to domestic industries. These barriers make imported New Zealand goods more expensive and potentially less competitive than domestically produced goods.

In April 2025, a minimum 10% tariff rate on all goods imported into the United States was introduced for New Zealand. While the tariff is paid by the importer, exporters can face requests to reduce their prices to offset the cost of the tariff, or see lower demand for their goods as price increases are passed on to consumers.

On 7 August 2025, the tariff increased to 15%. We are working closely with the Ministry of Foreign Affairs and Trade to support exporters with clear information and advice.

Intervening early to reduce debt

We support businesses that have been impacted by supply chain issues, adverse weather events, or economic factors that impact on their cashflow and ability to meet revenue payments.

Our debt-management system automatically emails reminders to clients where they fail to make payment by the due date. Where needed, we work with clients to set up payment plans, so they can pay their debts over time. Payment plans can support businesses to keep trading and avoid defaulting on their debts, which has a flow-on effect on the level of revenue we can collect on behalf of the Government (page 51). Payment plans are monitored to make sure clients comply with their plans.

By intervening early, we can help clients avoid accruing large amounts of debt and reduce the time we need to spend on manual follow-ups.

Engagement helps client trade their way out of financial difficulties

In 2023, an excise client began missing their monthly excise duty payments due to cashflow difficulties. By March 2024, the debt had grown to just over \$4 million in overdue duty, late payment penalties, and compensatory interest.

We worked with the business to help address their debt, balancing our obligation to recover the debt while making sure the client could continue to trade as that would see a greater amount of revenue collected over time. Following a due diligence process to assess the client’s financial stability, we agreed a payment plan that would have the debt paid off within twelve months, while the client continued to pay monthly excise duties.

This approach was successful. The business repaid all their debt and continues to successfully trade.

Output performance measures				
OC3.01: Percentage of revenue that is collected by the due date (Standard: 98%)				
Actual Performance	2023/24	2024/25		
	98.2%	98.9%		
OC3.02: Percentage of substantial outstanding debts that are reviewed each month (Standard: 98%)				
Actual Performance	2023/24	2024/25		
	100%	99.9%		
This measure reflects Customs’ work to regularly review any significant debts of \$20,000 or more outstanding for over 60 days. The standard has been increased to 99% from 2025/26 to reflect Customs’ debt management strategy focus on early identification and management of debt to reduce the risk of due debt becoming unrecoverable.				
OC3.03: Debt write-offs related to legitimate trade as a maximum percentage of total Crown revenue collected (Standard: 0.06% or less)				
Actual Performance	2023/24	2024/25		
	0.013%	0.012%		
This measure is an indication of the small proportion of Crown revenue that Customs accepts it will not be able to collect. This measure focuses on the work Customs does to follow up on outstanding debt to recover all due Crown tax revenue from import, export, and excise activity. The Minister of Finance authorised Customs to write-off \$15.8 million in bad debt; \$13.7 million of this was as a result of the work to disrupt tobacco smuggling. (See page 54 for tobacco related debt.)				
In 2024/25 the scope of this measure has been limited to the import or export of legitimate goods. Debt from illicit or illegal trade does not provide an accurate reflection of Customs’ performance related to the collection of Crown tax revenue.				

Influencing global customs policy and standards

Our involvement in international forums gives us opportunities to influence the development of international customs strategy, policy, and best practice. The forums also provide opportunities to collaborate on global or regional threats and promote New Zealand’s interests.

Addressing strategic threats through Border Five

The Border Five (B5) group (page 29) is one of our most significant international relationships.

B5 was set up in 2007 as a multi-lateral forum for collaboration and information sharing, focusing on business risks, operational threats, and strategic engagement. The focus this year has been on the ongoing threats posed by TSOC groups, particularly through the supply and movement of illicit drugs.

Leading the development of best practice

The World Customs Organization (WCO) is the global standard-setting body for customs matters. New Zealand has been a WCO member since 1963. Together, the 186 member customs administrations manage more than 98% of world trade.

During 2024/25, we held leadership roles on two committees.

Enforcement Committee: combatting TSOC and money laundering

From April 2024 to March 2025, our Customs Counsellor in Brussels represented New Zealand as the Vice-Chair of the Enforcement Committee. This committee focuses on compliance, control, and intelligence activities, including cooperation to combat illicit drug trafficking, money laundering, and transnational criminal activity.

In March 2025, we chaired the annual five-day meeting. The meeting focused on regional efforts to combat trade-based money laundering, extending partnerships with industry representatives to target the threat posed by TSOC groups operating in supply chains, and new training standards to improve detector dog capability. New Zealand was elected as Chair of the Committee for the next term (April 2025 – March 2026).

Audit Committee: promoting good governance

New Zealand was also the Vice-Chair of the WCO Audit Committee, represented by Customs’ Director Risk, Security, and Assurance. The Committee is one of four working bodies that promote good governance and management in trade practices.

Several of our policy and training models were presented at the February 2025 Committee meeting as examples of how governance risks can be managed. This includes modules on insider threats, countering fraud and corruption, and declarations of interest systems and processes.

Stronger relationships across the Pacific

We are also a member of the Oceania Customs Organisation, and the Asia-Pacific Economic Cooperation (APEC) Forum. Both organisations support trade facilitation and best practice standards across the Asia Pacific region.

Building capability in the Pacific

The Pacific Capability Building Programme is a partnership between Customs and the Ministry of Foreign Affairs and Trade. The programme supports Pacific island customs administrations to strengthen border management and improve leadership and organisational development, trade facilitation, and revenue collection.

In October 2024, Samoa became the first Pacific island state to host the Commonwealth Heads of Government Meeting. We worked closely with the Samoan Ministry of Customs and Revenue to contribute to a safe and successful event. This included the provision of radio equipment, technical support, training across a range of airport entry and departure processes, and assistance with risk assessing and management of arriving passengers. We deployed eight of our Customs Officers to Samoa during the event.

Through the Pacific Capability Building Programme we also support Pacific Leadership Programmes to build leadership and capability across border and law enforcement agencies.

In 2024, 15 participants successfully completed the first Solomon Islands leadership programme, and 17 completed the Tonga Ministry of Revenue and Customs leadership programme. So far during the 2025 calendar year, 32 people are involved in leadership programmes in Nadi and Suva.

Increasing the focus on transnational, serious and organised crime

In 2025/26, we will deepen our existing relationships with Customs administrations in Fiji, Samoa, and Tonga to support them as they disrupt and reduce the ability of TSOC groups to operate in the Pacific.

Making sure our systems and processes are easy to use

As international trade processes are becoming digital by default, we need to ensure our systems are user-friendly and support a high level of voluntary compliance. Easy to use systems support effective risk assessment and rapid clearance of trade goods.

Electronic documentation leads to rapid clearance processes

The risk management and clearance of trade goods as they cross the border is one of Customs' core functions.

All items entering and leaving New Zealand go through a risk assessment and screening process. Items valued over \$1,000 need import or export documentation that allows the item to be risk assessed. Our use of electronic import entries to clear goods, and the ability of traders and brokers to lodge these entries before the goods have arrived in New Zealand, contributes to our rapid clearance processes.

Most trade items are cleared for shipment within five minutes of the documents being lodged in our system.

Output performance measures

OC1.01: Percentage of import transactions not requiring intervention⁵ after risk assessment (Standard: 98%)

Actual Performance	2023/24	2024/25
	99.6%	99.6%

OC1.02: Percentage of export transactions not requiring intervention after risk assessment (Standard: 99%)

Actual Performance	2023/24	2024/25
	99.8%	99.9%

OC1.03: Percentage of trade transactions (other than those referred for compliance checks) processed (including assessment against business rules and intelligence) within five minutes (Standard: 98%)

Actual Performance	2023/24	2024/25
	98.7%	98.1%

Making it easier for businesses to interact with government

Business Connect is a digital service platform, run by the Ministry of Business, Innovation and Employment. It allows businesses to interact with government in one place, such as when submitting applications, licences, and registrations.

In September 2024, agencies were encouraged to use Business Connect to support the Government's ambition for a digitised public service. Customs continues to assess what additional services can be added in Business Connect.

Progress indicator:

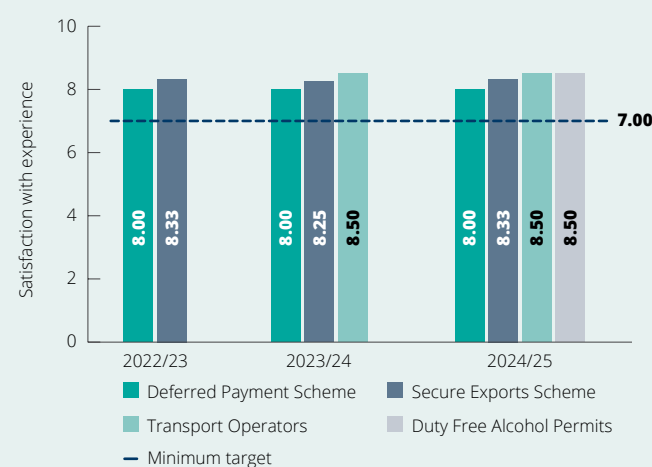
Customer satisfaction

Desired trend: Customs' services maintain a favourable or above net promoter score for each service (average 7 out of 10 or higher)

After applying in Business Connect, customers are asked to rate and provide feedback on their experience of the process.

Actual trend: On-track

Figure 12: Average satisfaction rating



⁵ 'Intervention' means action by Customs to carry out further risk assessment. For import/export transactions this may include, but is not limited to, document inspection, screening, or search.

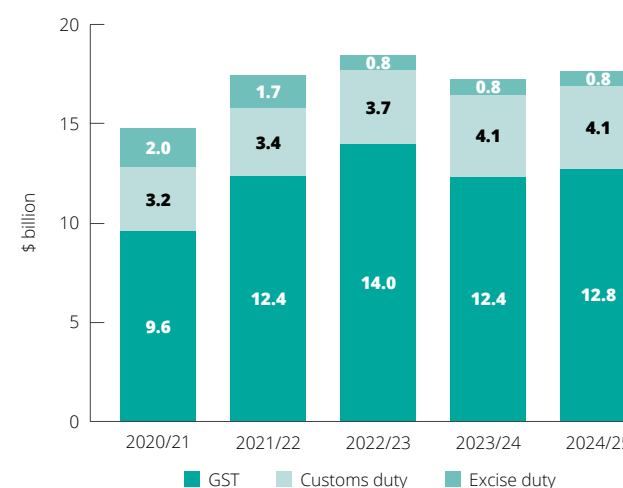
Non-compliance is identified and appropriately addressed

One of Customs' main functions throughout our long history has been to collect revenue on behalf of the Government on goods crossing our border and excise duty on the manufacture of alcohol, tobacco, and fuel products within New Zealand. We work with clients and industry partners to enable them to do the right thing, supported by an audit programme and penalties for non-compliance.

We collected \$17.8 billion of Crown revenue

This revenue comes from customs and excise duties, tariff charges, and GST on imported products over \$1,000⁶. We also collect fees and levies on behalf of other agencies. This revenue is not used by Customs.

Figure 13: Main sources of Crown revenue collected by Customs



The total revenue collected during 2024/25 increased by 2.6% compared with the \$17.4 billion collected in 2023/24. The increase was largely due to higher GST revenue because of the increased value of goods imported that required duty payments.

The amount of excise duty paid has reduced over the last five years as there is no longer any fuel, and very limited numbers of tobacco products, manufactured within New Zealand (except for small scale fuel mixing). Revenue generated from imported fuel and tobacco is collected through excise-equivalent duty and GST.

⁶ GST on imported items under \$1,000 is collected by Inland Revenue through the Offshore Registration Scheme.

Making sure our clients pay the right amounts

We require accurate information about all goods crossing the border for risk assessment and processing of goods, and to make sure the right duty payments are made.

We work with clients and industry partners to encourage them to tell us about errors or omissions in documentation or under-reporting the value of goods. By proactively alerting us, clients can avoid penalty payments and compensatory interest is generally applied at a lower rate (if errors are inadvertent) than if errors are found through our audits. We will work with clients to set up payment plans if needed (page 47).

During the 2024/25 financial year, over \$78.4 million of additional revenue has been identified through audit activity, entry data verification, voluntary disclosures, and the Provisional Values Scheme. The Provisional Values Scheme allows clients to adjust their payments where extra costs, such as royalties, were not known at the time of import.

Output performance measures

OC3.05: Percentage of a random sample of import entries that are found to be accurate through the transactional verification process (Standard: 90%)

Actual Performance	2023/24	2024/25
	94.1%	96.8%

The stakeholder (declarants and industry bodies) engagement through the revised Trade Assurance Audit Programme has improved the accuracy of importation documentation. The standard has been increased to 95% from 2025/26.

Progress indicator:

Compliance rate of traders

The Trade Assurance programme within Customs ensures that export, import, excise, and trade-related activities in New Zealand comply with government regulations and revenue requirements.

Trade Assurance Audit Programme

Desired trend: Fewer than 11% of audits identify negligent non-compliance, and fewer than 1% of audits identify deliberate non-compliance

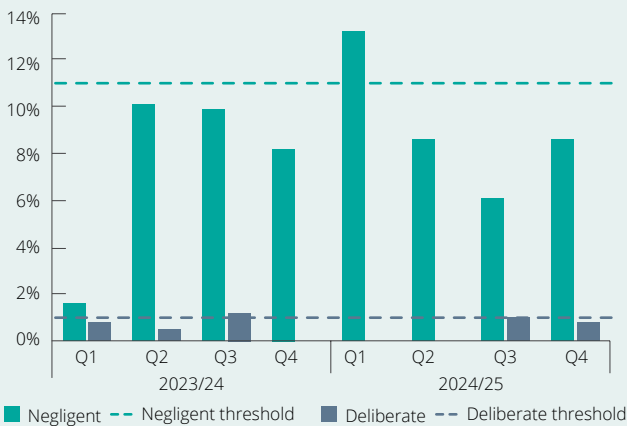
Our revised Trade Assurance Audit programme began in July 2023 and covers higher risk companies and trading activity, verification of Secure Export Scheme members, all Custom Controlled Areas regardless of real or perceived risk, and trade entities that make regular declarations. The guiding principles are to support and facilitate legitimate trade, promote voluntary compliance, and encourage voluntary disclosure.

Audit based activities address the diverse nature of international trade, including supply chain security and excise risks, and minimise necessary Customs interventions. Levels of non-compliance range across:

- **Accidental:** unintentional due to human error, misunderstanding of requirements, administrative oversights, or software/system error
- **Negligent:** failure to take reasonable care or attention to obligations
- **Deliberate:** intentional disregard for legal obligations or attempts to circumvent requirements for personal or business gain.

Actual trend: On-track - Negligent non-compliance: 9.3% and Deliberate non-compliance: 0.4%

Figure 14: High and medium non-compliance found in audits



Randomly sampled import entries

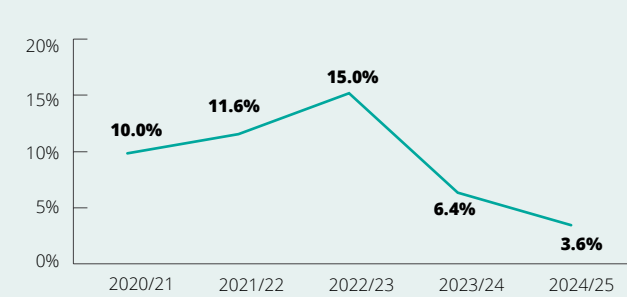
Desired trend: Maintain low levels of non-compliance

Customs engages with industry bodies, such as the Customs Brokers and Freight Forwarders Federation, the Conference of Asia Pacific Express Carriers, large accounting firms, and other industry bodies to highlight common compliance issues and to encourage proactive intervention to improve quality through training and awareness. Industry partners work with their members to further reduce errors through awareness and training.

Customs randomly assesses the accuracy of documentation for goods entering the country. Errors in documentation may cause delays in the release of the goods or result in penalties due to a mis-declaration. These assessments also confirm the effectiveness of business rules and intelligence and help to identify gaps.

Actual trend: On-track

Figure 15: Non-compliance in randomly sampled import entries



Output performance measures

OC3.04: Number of risk-based trade compliance audit activities undertaken (Standard: 750-850)

Actual Performance	2023/24	2024/25
	721	904

Through the revised Trade Assurance Audit Programme we engage with a larger number of entities each year. From 2024/25, the standard has been increased to reflect the current work programme.

Prosecuting deliberate revenue evasion

Businesses which under-report their duty or do not pay on time, not only reduce the amount of tax revenue that is available to be spent on services that support all New Zealanders, they also gain an unfair market advantage over their competitors.

Tobacco smuggling remains the largest source of revenue evasion

Customs collects Crown revenue via duty payments (excise-equivalent duties) on the import of tobacco products. Since July 2020, importers need a permit to bring tobacco into the country and passengers need to pay duty on arrival in New Zealand if they have more than 50 cigarettes in their possession.

Tobacco products are smuggled into New Zealand by people trying to avoid paying import duty. These illicit cigarettes and loose tobacco can be on-sold at greatly reduced prices from legal tobacco products. The profits are often linked to organised crime groups.

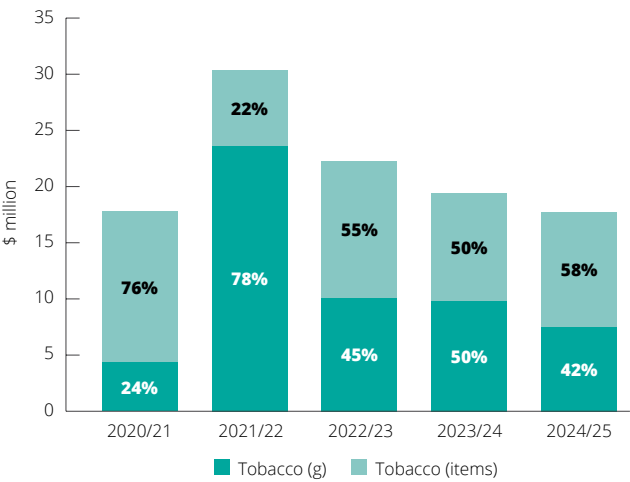
Many tobacco products are abandoned at the border by people who attempt to bring in more tobacco than they are allowed and choose not to pay the duty, as well as through interceptions at the mail centre.

Dedicated tobacco team proves successful

In 2022, we set up a tobacco team to investigate and prosecute the illicit import or distribution of tobacco products and to counter tax evasion from tobacco smuggling.

During 2024/25, Customs Officers arrested 10 people on 66 charges related to the manufacture, possession, and distribution of illicit tobacco, including revenue evasion and other criminal acts. See page 37 for more details on tobacco seizures and investigations.

Figure 16: Excise-equivalent revenue foregone from illicit tobacco interceptions



Output performance measures

OC1.10: Percentage of investigations, related to import or export of prohibited or restricted goods, where a punitive or harm reduction⁷ action is achieved (Standard: 75%)

Actual Performance	2023/24	2024/25
	92%	80.6%

Customs' 2024/25 annual review of measures concluded that assessment of investigative performance is appropriately determined through achieving punitive or harm reduction action. The standards for each of the three types of investigations were considered according to Customs' ability to identify the offence and offender which is necessary to achieve these outcomes. The standard for this measure will be increased to 80% from 2025/26.

OC3.06: Percentage of investigations, related to fraud, financial crime, or tax evasion, where a punitive or harm reduction⁷ action is achieved (Standard: 75%)

Actual Performance	2023/24	2024/25
	100%	83.3%

⁷ A punitive action is when a penalty is applied in response to activity that is found to be noncompliant or illegal. It includes, but is not limited to, issuing warnings, fines or assessment notices, seizure of goods or assets, and/or initiating prosecution. Harm reduction actions refer to wider positive societal outcomes and includes, but is not limited to, disruption of criminal activity, community education or prevention of harm.

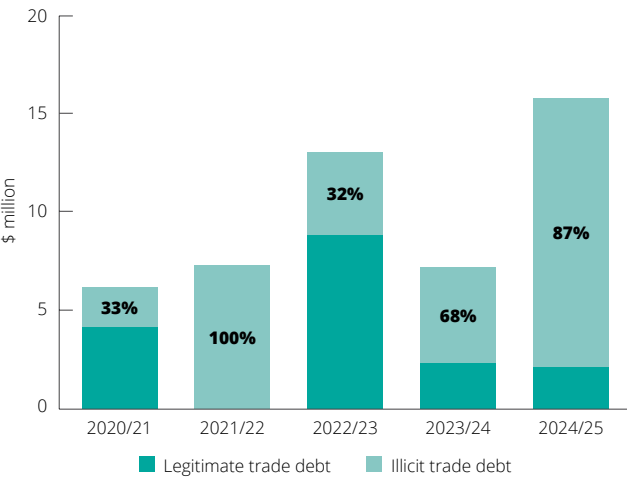
Tobacco smuggling makes up the majority of Crown revenue debt written off each year

We take all practical steps to recover outstanding or overdue Crown debt. However, a small proportion of debt needs to be written off each year when it is deemed unrecoverable.

When illicit tobacco is seized, we need to calculate the duty and GST that would have been due if the products were imported legally, despite it being unlikely the debt will ever be repaid. This debt accounts for two thirds of the debt written off in the past six years.

In 2024/25, the Minister of Finance approved the write off of \$13.7 million in tobacco-related debt. While Customs is unable to recover this duty, we are still able to take action against this loss of revenue. Charges have been filed against importers responsible for \$13.3 million of this debt.

Figure 17: Types of debt written off



Large-scale manufacture of illicit tobacco products sees man jailed for revenue evasion and other crimes

In April 2025, a 42-year-old Christchurch man received a jail sentence of two years and eight months for his involvement in illicit tobacco importing and manufacturing.

The man was arrested in June 2024, following a joint Customs and Police investigation into a burglary at a Customs Controlled Area. The man was seen on CCTV removing boxes described as tea from China, but which were suspected to contain loose tobacco. A search of his business address discovered a large-scale unlicensed tobacco manufacturing site.

Customs Officers seized 423kg of loose tobacco, nearly 16,500 cigarettes, manufacturing equipment, branded labels, and boxes of cigarettes. An estimated 740kg of illicit tobacco was seized, representing at least \$1.6 million in revenue evasion.

The size of the manufacturing operation, the level of sophistication, and the amount of tobacco involved, made this one of the most significant seizures in the South Island.



Items seized by Customs Officers relating to the illegal manufacturing operation in Christchurch

Making sure our clients understand what we collect and why

Approximately 67% of our operating funding in 2024/25 came from the fees and levies we collect to cover the costs of screening and processing passengers and goods as they cross the border. These fees are primarily collected through the Border Processing Levy (for passengers) and Goods and Cargo fees (for import and export goods).

Annual performance reports on the Border Processing Levy and Goods and Cargo fees provide transparency and accountability over what we collect and how it is used. Customs and Biosecurity New Zealand (Ministry for Primary Industries) jointly produce these reports.

The reports set out the legislation that authorises collection of the fees and levies, what services the fees cover, the volumes of passengers and goods, the revenue collected through the fees, and the costs of delivering the services. The reports also describe the work programmes both agencies have in place to mitigate border risks.



Read our performance reports for the year to June 2024 at

Border Processing Levy:
<https://www.customs.govt.nz/media/wrdlk5np/border-processing-levy-report-2023-24.pdf>

Goods and Cargo Fees:
<https://www.customs.govt.nz/media/r02c3v2z/2023-2024-goods-and-cargo-fees-performance-report.pdf>

TRAVEL

Provide a streamlined experience for passengers and crew across borders



Our objective:

Provide secure border processes that facilitate legitimate international travel and reduce associated risks and threats

With around 13 million passengers and crew arriving and departing New Zealand each year, we have a dual role in making sure our passenger processing services are streamlined and efficient, while protecting New Zealand from threats and harm. Our risk assessment and border screening processes are crucial in protecting our communities.

International travel processes are increasingly automated and are moving to digital by default. We aim to make sure our systems and processes are both efficient and effective.

We achieve our objective by ensuring:

- effective border screening processes manage risks to New Zealand
- border processing services are efficient, smart, and easy to use.

Key achievements

During 2024/25 we:

- processed over 13.4 million air and sea passengers
- began border screening services for international flights operating from Hamilton and Dunedin airports
- reached 67% uptake of digital declarations through the New Zealand Traveller Declaration on 30 June 2025
- doubled the number of countries eligible to use eGates making it easier and faster for passengers to clear Customs screening areas
- collaborated with the Police in a joint investigation that led to the arrest of 15 current and former baggage handlers for allegedly attempting to smuggle illicit drugs through Auckland International Airport.

Performance against our Travel measures

Progress indicators



■ On-track ■ Off-track

Our progress indicators track the longer-term trends that will help us achieve our strategic objectives (page 61 and 65).

Output measures



■ Achieved ■ Not achieved

Our output measures (what we did with the funding we received) relating to our Travel services are clearly identified throughout this section.

See the Appropriation statements (pages 102–110) for more information on the costs of delivering our services.

Effective border screening processes manage risks and threats to New Zealand

As passenger volumes rise, so do attempts to smuggle illicit drugs and other prohibited goods, making Customs' screening efforts crucial to protecting our communities from harmful goods. Over the last two years there has been a marked increase in attempts to smuggle large amounts of illicit drugs through unaccompanied baggage, as well as more passengers being used as drug couriers.

Key travel trends

Commercial air passenger numbers continue to increase. During 2024/25, we processed over 12.9 million commercial air passengers, a 5% increase on 2023/24 volumes.

We also increased our capacity to provide border screening services at Hamilton and Dunedin airports when international flights began in June 2025.

Figure 18: Commercial air passengers (arriving and departing)

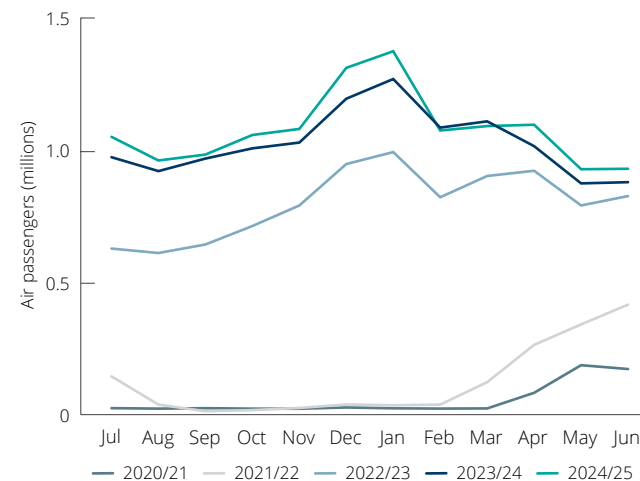
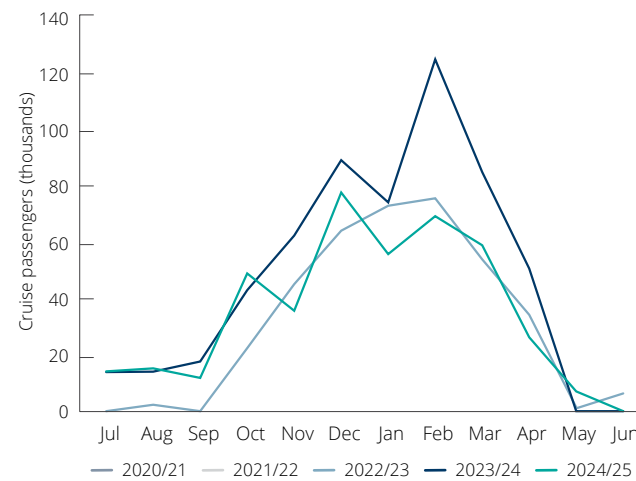


Figure 19: Cruise passengers (arriving and departing)



There were no port visits from cruise ships during the 2020/21 and 2021/22 financial years due to pandemic travel restrictions.

During the 2024/25 summer cruise ship season, there were 845 port visits by cruise ships, with the arrival and departure of just over 420,000 passengers. This is a decrease of 27% from the higher than usual 2023/24 season, which was the first full cruise season after the pandemic.

Addressing border threats at our biggest international airport

Most passengers arriving in New Zealand come through Auckland International Airport, and the airlines operating out of Auckland serve a wide range of destinations. This means Auckland airport has specific border security challenges.

During the 2024/25 financial year, Customs Officers seized over 700kg of illicit drugs at Auckland International Airport, a 145% increase from 2023/24.

Output performance measures

OC2.01: Percentage of arriving international air passengers and crew not requiring intervention after risk assessment (Standard: 98%)

Actual Performance	2023/24	2024/25
	99.6%	98.0%

Facilitation is an outcome of well targeted and considered enforcement. This measure has been removed for 2025/26 as it does not provide additional performance information than the measure related to the percentage of passengers selected for further risk assessment (page 60).

Targeting security risks

In September 2024, we established a small team focused on identifying and mitigating security risks at Auckland International Airport. This team is particularly focused on the threat posed by people working at or around the airport, such as baggage handlers and ground crews, who are able to use their access to restricted areas to bypass Customs border screening systems.

The team received specialised training, including health and safety training that lets them operate in more areas on the tarmac and have direct access to arriving aircraft. The team works closely with their counterparts in Canada, Australia, and the United States to share information and insights into managing these risks.

In June 2025, we ran a training programme for staff working at other international airports focused on understanding how airports can be targeted by transnational, serious and organised crime (TSOC) groups.

Output performance measures

OC2.11: Percentage of investigations, related to travellers and their possessions, where a punitive or harm reduction⁸ action is achieved (Standard: 75%)

Actual Performance	2023/24	2024/25
	95.0%	91.7%

Customs' 2024/25 annual review of measures concluded that assessment of investigative performance is appropriately determined through achieving punitive or harm reduction action. The standards for each of the three types of investigations were considered according to Customs' ability to identify the offence and offender which is necessary to achieve these outcomes. The standard for this measure will be increased to 80% from 2025/26.

Raising awareness of the signs of suspicious activity

We partner with agencies and businesses operating within Auckland International Airport to identify and address potential security risks (including access to restricted areas) and the signs of suspicious behaviour.

This builds on the success the Border Protect Supply Chain Team has had in working with industry partners to raise awareness of suspicious behaviour.

Rise in unaccompanied baggage containing significant amounts of methamphetamine and cocaine

TSOC groups target airport workers and people involved in the movement of goods around the world to add or remove baggage before it enters customs screening areas, known as the 'rip-on/rip-off' method (page 32).

During 2024/25, there has been a sharp increase in drug seizures from unaccompanied baggage. This includes:

- May 2025: 68kg of methamphetamine and 1kg of cocaine seized from two unaccompanied bags
- April 2025: 90kg of methamphetamine identified in four abandoned bags across two flights in under 12 hours
- March 2025: 36kg of methamphetamine seized after an airline worker notified us that that the baggage did not look right
- December 2024: 28.5kg of methamphetamine seized as a result of proactive patrols in the arrivals area.

In February 2025, Customs Officers found 101kg of cocaine in five unaccompanied bags arriving on a Hawaiian Airlines flight. This is one of the largest seizures of illicit drugs at any New Zealand airport.



⁸ A punitive action is when a penalty is applied in response to activity that is found to be noncompliant or illegal. It includes, but is not limited to, issuing warnings, fines or assessment notices, seizure of goods or assets, and/or initiating prosecution. Harm reduction actions refer to wider positive societal outcomes and includes, but is not limited to, disruption of criminal activity, community education or prevention of harm.

Investigation leads to the arrest of 15 current and former baggage handlers

A joint investigation with the New Zealand Police, begun in March 2025, identified a criminal syndicate allegedly working to smuggle illicit drugs through Auckland International Airport.

In the first phase of the investigation 18 people believed to be part of the syndicate were arrested in June 2025. This included nine people employed by airline baggage handling companies and another person working at the airport. They were able to access restricted areas to retrieve the bags containing the drugs before the bags reached Customs screening areas.

In July 2025, another nine people were arrested after Customs and the Police executed 19 search warrants across Auckland.

So far in this investigation, we have seized 631kg of methamphetamine and 112kg of cocaine at our border or through our partnership with customs and law enforcement agencies in the United States.

Passenger screening – a critical role in protecting our communities

All passengers to New Zealand are risk assessed before they arrive, whether by air or sea. On arrival, passengers and their luggage are screened using a range of methods, including detector dogs, x-rays, questioning by Customs Officers, and baggage searches. This helps us to identify and stop illicit drugs and other prohibited items before they enter our communities, as well as identifying goods that require duty payments.

There has been a sustained increase in the number of passengers being used as drug couriers. This includes blatant attempts to bring large quantities of illicit drugs in their luggage. TSOC groups, in particular, use young and vulnerable people who can face a lengthy prison sentence when caught.

Notable cases include:

- June 2025: a 19-year-old New Zealand man was arrested after 13kg of methamphetamine and 2kg of cocaine was found in his luggage
- January 2025: a 24-year-old United States national was arrested after 31kg of methamphetamine was found in vacuum-sealed plastic packages inside wet towels packed amongst her clothing
- December 2024: a 29-year-old Canadian woman was arrested after a baggage search found 10kg of methamphetamine wrapped as a Christmas present.



15kg of methamphetamine and cocaine found in the luggage of a 19-year-old New Zealander

Output performance measures

OC2.02: Percentage of arriving international air passengers and crew who are selected for further risk assessment at Customs' secondary areas (Standard: 1-3%)

Actual Performance	2023/24	2024/25
	0.4%	2.0%

In 2023/24, Customs reviewed data and processes related to passenger referral data. As a result of this review, we implemented changes to ensure that we captured and reported all referrals for further risk assessment which required an adjustment from the previous standard range of 0.4-0.7%

Drug couriers also use sophisticated methods to conceal drugs

In January 2025, Customs Officers arrested a 59-year-old woman after a baggage search found clothing that was stiff to the touch. Initial testing indicated the presence of methamphetamine which had been soaked into the fabric.

In October 2024, two Canadian nationals were arrested following intelligence-based risk assessment and interactions with Customs Officers on arrival. Officers found approximately 10.5kg of methamphetamine concealed within the lining of two suitcases connected to the passengers.

In August 2024, another Canadian national was arrested for attempting to smuggle 9.9kg of methamphetamine in travel cubes in his luggage.

The continued use of drug couriers by TSOC groups indicates they are having some success in this method of smuggling drugs. We continue to review and improve our screening processes and training for staff on the signs of suspicious behaviour.

Output performance measures

OC2.03: Result rate of secondary searches of arriving international air passengers and crew (Standard: 6-10%)

Actual Performance	2023/24	2024/25
	8.4%	8.4%

See below progress indicator for full range of risk assessment and intervention with air travellers.

Progress indicator:

Risk assessment of arriving passengers and crew

Desired trend: Maintain consistent and appropriate levels of intervention aligned with targeting methodology

Customs' risk management processes minimise threats and harm to New Zealand's communities through a range of risk targeting methods. Some travellers selected for further risk assessment are subject to a secondary search. A positive result is any outcome of a secondary search that supports the person/item being risk profiled, including, but not limited to, finding dutiable, prohibited, or undeclared items; or referral to another border control agency.

Actual trend: On-track

Table 3: Intervention and result rate of arriving air travellers

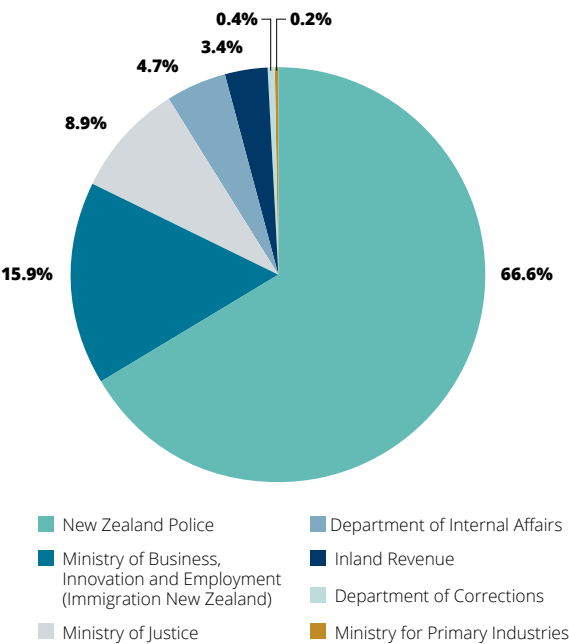
	2020/21	2021/22	2022/23	2023/24	2024/25
Arriving passengers and crew (millions)	0.4	0.8	5.1	6.5	6.8
Number selected for further risk assessment	3,961	10,463	23,089	24,881*	132,943*
Percent selected for further risk assessment	1.0%	1.3%	0.5%	0.4%	2.0%
Number of baggage searches conducted after further risk assessment	1,149	1,634	8,618	10,703	10,662
Positive result rate of baggage searches	7.6%	6.5%	10.5%	8.4%	8.4%

*See commentary related to output performance measure OC2.02.

Responding to alerts

As part of our border protection role, New Zealand agencies provide us with information about people or goods that are of interest to them. Our border management system electronically screens data for matches, helping us to process an alert in accordance with the alert instructions (for example, notify the other agency if the person or goods arrive at the border).

Figure 20: Alerts processed on behalf of other agencies



Output performance measures

OC3.12: Percentage of external alerts processed in accordance with alert instructions (Standard: 100%)

Actual Performance	2023/24	2024/25
	100%	99.9%

In 2024/25, we processed 1,877 alerts on behalf of other agencies, two of which were not actioned in accordance with alert instructions.

The first alert related to a dual Police and Customs alert that required the monitoring and search of the traveller. The Customs Officer did not follow the necessary procedure to indicate the traveller should be escorted to the Customs search area. The Police Officer engaged with, and subsequently released, the traveller without a search.

The second alert required Customs to immediately notify the Police of traveller details and flight information. Police were not notified until two days later.

Our border processing services are efficient, smart, and easy to use

Most of the systems and processes passengers use to travel internationally are digital. New initiatives, such as the introduction of the digital New Zealand Traveller Declaration, and established systems like eGates, let us assess passenger and crew information earlier in their journeys helping to identify potential threats and reduce processing times on arrival.

Increasing digital declarations

The New Zealand Traveller Declaration (NZTD) was introduced in July 2023, replacing paper arrival cards. This has been one of the biggest changes to the way we manage risk relating to passengers and crew crossing the border.

The NZTD is quicker and easier for passengers to fill in online, and can be completed up to 24 hours prior to arrival in New Zealand. This allows us to complete risk assessments earlier in a traveller’s journey. For travellers, completing a digital declaration helps them to be aware of New Zealand’s border and biosecurity requirements before they depart, and reduces processing times on arrival.

The NZTD was developed in partnership with Biosecurity New Zealand (part of the Ministry for Primary Industries), Immigration New Zealand (part of the Ministry of Business, Innovation and Employment), the Ministry of Health, and Health New Zealand Te Whatu Ora.

Increasing uptake through education

The Digital Uptake Strategy is boosting the use of digital declarations through education campaigns and domestic promotions.

During 2024/25, this included:

- global education and information campaigns
- engagement with the top six airlines to improve communications direct to travellers
- airport-based promotion of NZTD in all New Zealand airports.

Output performance measures

OC2.08: Percentage of arriving travellers who complete their arrival declaration online (Standard: 70%)

Actual Performance	30 June 2024	30 June 2025
	43.6%	67.0%

Uptake of digital declarations continues to increase since the roll out of NZTD in July 2023. We did not quite reach and maintain the target over the course of the financial year. On Tuesday, 31 December 2024 we reached 58.1% uptake. Then on Monday, 30 June 2025 we reached 67.0%, falling short by 547 passengers. See previous section for promotion initiatives.

OC2.09: Percentage of arriving travellers who completed their digital arrival declaration in under 30 minutes (Standard: 90%)

Actual Performance	2023/24	2024/25
	–	98.2%

In 2024/25, Customs made significant improvements to collection and analysis of data from the New Zealand Traveller Declaration. This assisted in the development of a measure for 2025/26 that is more meaningful to the public about the quality-of-service, ensuring the NZTD does not place undue time burden on travellers – the average time taken to complete a digital arrival declaration is 10 minutes or less.

OC2.10: Percentage of arriving travellers who need to seek help from the contact centre in order to complete their arrival declaration (Standard: 3% or less)

Actual Performance	2023/24	2024/25
	0.7%	0.4%

Digital declarations help identify high risk passengers arriving on cruise ships

The 2024/25 summer cruise ship season was the first full test of the NZTD in the maritime space. Over 90% of cruise passengers made digital declarations, with some ships arriving with all passengers having completed their declaration online.

Across the cruise season, eight cruise ship passengers were refused entry into New Zealand (compared with none in 2023/24). These passengers were mostly Australian nationals who had been convicted of serious crimes. As they were not permanently disembarking in New Zealand, they were only able to be identified through their declarations.

Extending eGate use

eGates are simple to use, reducing the time it takes people to move through passport screening areas, improving the travel experience for passengers.

During 2024/25, we extended the ability for ePassport holders from an additional 26 countries and territories to use eGates when arriving or departing. ePassport holders from 48 countries and territories over the age of 10 are now able to be processed by eGates. This expansion occurred in two tranches.

On 23 September 2024, we expanded eGate eligibility to 15 countries, completing the expansion of eligibility to all European Union states – Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Greece, Hungary, Italy, Latvia, Lithuania, Malta, Poland, Portugal, Slovakia, and Slovenia.

From 26 May 2025, eligible ePassport holders from 11 additional visa waiver countries and territories are able to use eGates: Andorra, Bahrain, Iceland, Kuwait, Liechtenstein, Monaco, Norway, Oman, United Arab Emirates, Vatican City, and Macau (a Special Administrative Region of China).

While these countries represent only 0.2% of passengers, the expansion is part of ongoing work with Immigration New Zealand for ePassport holders from all visa waiver countries to be able to use eGates.

eGates replacement project

During 2024/25, we worked with the Ministry for Primary Industries on a procurement process to replace the current eGates (introduced in 2015), which are coming to the end of their useful life. A contract was signed with IDEMIA in July 2025 and the new eGates will be installed from 2026.

Progress indicator:

Increasing use of digital services at the border

Desired trend: Increased uptake of digital systems

Since they were first introduced in 2009, eGates have been a significant part of how Customs processes passengers. With the deployment of the next generation of eGates from 2015, they became our primary method and tool to process passengers quickly and efficiently.

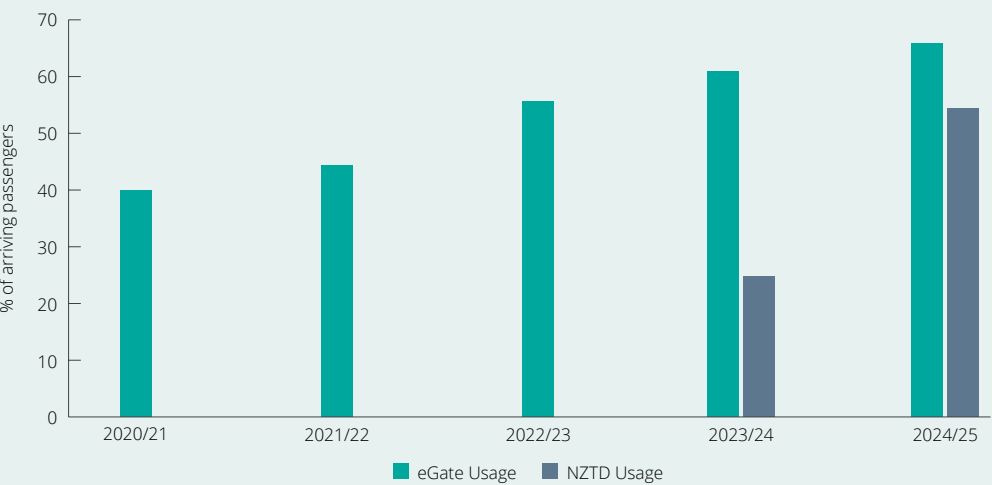
Development and roll out of the NZTD from 2023 was the next step towards making the border digital by default.

Actual trend: On-track

Customs processed 6.7 million international passengers who arrived by air and cruise vessels. More and more passengers are choosing to shift toward the digital systems for passenger processing.

In the two years of NZTD, including during the staged rollout, the total use of the digital declaration more than doubled – a 117% increase. Use of the longer running eGate system continues to grow, but at a slower rate, up 9% in the last year and 63% over the last five years.

Figure 21: Arriving passenger use of digital services



These figures reflect each service’s use over the full year. This differs from the NZTD uptake output measure (page 63) which reflects the uptake reached on the last day of the 2024/25 financial year, Monday, 30 June 2025.

POLICY ADVICE AND MINISTERIAL SERVICES



We responded to 2,667 requests for information under the Official Information Act 1982.

We provide policy advice to the Minister of Customs, other government ministers, and agencies on a wide range of border management, revenue, trade, and regulatory reform matters supporting the delivery of our services. We also provide advice and services to support ministers with their portfolio responsibilities relating to Customs.

Providing effective policy advice

Each year we provide a range of policy advice to the Minister of Customs. This year, two of the largest pieces of work relate to a review of our third-party fees and levies, and changes to our legislation to make sure we have the tools and mechanisms needed to respond to increased threats to the border.

Making Goods and Cargo Fees fairer and sustainable

Over the last three years, Customs and the Ministry for Primary Industries have been reviewing the structure and nature of the fees charged to cover the cost of services to mitigate biosecurity and customs risks from imported and exported goods and commercial vessels.

Both agencies operate cost recovery models to recover all, or part, of the costs of providing border management services. This includes responding to the increased attempts by criminal groups to use legitimate cargo to move prohibited goods.

The fees and levies charged to recover the cost of these services are periodically reviewed. This is more than just simply re-setting fee rates. We must also make sure our cost recovery processes continue to meet the objectives of efficiency, transparency, equity, and justifiability.

Goods and cargo fees were last reviewed in 2019. Since then, both agencies have faced rising cost pressures, and growth in the volume of goods crossing the border. Low-value imports from online shopping have tripled over the last five years. There has also been an increase in the volume and sophistication of attempts to smuggle goods across the border.

Performance against our Policy advice and ministerial servicing measures

Output measures



■ Achieved ■ Not achieved

Our output measures (what we did with the funding we received) relating to our policy advice and ministerial services are clearly identified throughout this section.

See the Appropriation statements (page 102–110) for more information.

The revenue collected through goods fees is not enough to cover the cost of these services. Interim Consumer Price Index (CPI) adjustments in 2023 and 2024 helped to reduce the shortfall, providing time for a more thorough review of all charges.

The review focused on three key areas:

- ensuring that the revenue from the fees and levies is sufficient to cover the cost of our services
- improving fairness for fee payers by aligning charges with costs and removing cross-subsidies
- improving fairness for taxpayers by removing subsidies so that taxpayers no longer pay to manage risks that they do not create.

A stakeholder reference group and an industry-led Low Value Goods Technical Advisory Group were set up to provide input into the review and inform the development of the consultation document. Public consultation occurred in 2024.

In March 2025, Cabinet approved two sets of changes to Customs’ fees. The first change was an interim increase across all existing fees which took effect on 1 July 2025. The second set of changes involves structural and rate changes. These changes will replace the existing fee structure with a new levy scheme, ensuring greater fairness and equity across the new charges.

This two-stage process was put in place following consultation with industry to make sure they had enough time to update their systems, contracts, and business processes. The new levies will come into effect on 1 April 2026.

The changes are designed to provide a broader range of charging options through the Customs and Excise Act 2018 to meet current and future needs.



Read more about the changes to the goods and cargo fees:
<https://www.customs.govt.nz/customs-information-and-legislation/goods-clearance-fees/goods-clearance-fees-review>

Enhancing legislative settings to improve border security

The nature and scale of activity by transnational, serious and organised crime (TSOC) groups has led to a sharp and sustained increase in the risks we need to manage.

TSOC groups are increasingly willing to use intimidation, violence, or coercion to achieve their outcomes. The increased use of people involved in the shipment or movement of goods to facilitate illicit drug smuggling has added another layer of complexity to border management. Customs’ current border control legislation is no longer adequate to meet these new challenges.

During 2024/25, we began developing a new Border Security Bill to improve and increase our response to rising TSOC activity. Agency and ministerial consultation processes on the package of policy proposals for the new Bill have been completed. Subject to Cabinet agreement, the new Bill is expected to be introduced to the House for consideration in late 2025 or early 2026.

Assessing the quality of our policy advice

This year we provided policy advice to the Minister of Customs on a range of topics, including:

- Border Processing Levy
- Budget 2025: Combatting Transnational, Serious and Organised Crime at the border
- Customs (Levies and Other Matters) mendment Bill 2024
- Customs and Excise (Border Security) Amendment Bill
- Excise and Excise-equivalent Duties
- Goods Fees Review
- Ministerial Advisory Group on Transnational, Serious and Organised Crime
- New and restarting international airports
- Proceeds of Crime funding
- Review of Customs' secondary legislation
- Regulating vaping products at the border.

In addition to our internal quality assurance processes, we also get the New Zealand Institute of Economic Research (NZIER) to provide an annual external review of our policy papers to enable us to monitor the quality of our policy advice.

This review uses the Policy Quality Framework (PQR) and assessed a sample of 20 papers prepared during the year. NZIER gave our sample of papers an average score of 3.5 out of 5. Customs’ strengths included papers on complex technical matters that were easy to read, expertise in government processes, seamless joint agency papers, and good use of data to support recommendations.

Output performance measures		
OC3.07: Assessment of the quality of a sample of the agency's policy advice papers:		
a) Minimum average score of papers (Standard: 3.5 out of 5)		
Actual Performance	2023/24 3.7	2024/25 3.5
b) Minimum score of papers (Standard: 100% 3 or above, 25% 4 or above)		
Actual Performance	2023/24 100% 3 or above 53% 4 or above	2024/25 100% 3 or above 25% 4 or above
OC3.08: Satisfaction of the portfolio Minister with the policy advice service (Standard: 3.75 out of 5)		
Actual Performance	2023/24 4.9	2024/25 4.8

Ministerial servicing

The services and support we give to the Minister of Customs also include preparing draft replies to ministerial correspondence and parliamentary questions.

In 2024/25, we provided 33 draft replies to ministerial correspondence and 419 draft responses to written parliamentary questions to the Minister. This is a significant increase from the 151 written parliamentary questions drafted in 2023/24.

We survey the Minister of Customs on her satisfaction with Customs policy advice and ministerial servicing twice a year. The Minister rated our services as exceeding expectations for July to December 2024 and met and sometimes exceeded expectations for January to June 2025.

Timely provision of information

Making sure official information is available in a timely way promotes accountability and public trust and supports good governance. We are committed to making sure we comply with the principles and requirements of the Official Information Act 1982 (OIA) and guidance from the Ombudsman.

During 2024/25, we responded to 2,667 requests for information under the OIA. Between January and June 2025, 100% of responses were provided within legislated timeframes – as soon as reasonably practicable, no later than 20 working days.

Output performance measures

OC3.09: Satisfaction of the portfolio Minister with ministerial servicing (Standard: Meets Expectations)

Actual Performance	2023/24 Exceeds expectations	2024/25 Meets and sometimes exceeds expectations
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OC3.10: Minimum percentage of draft replies to ministerial correspondence that are provided within 20 working days or as agreed with the Minister (Standard: 95%)

Actual Performance	2023/24 100%	2024/25 100%
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OC3.11: Percentage of draft responses to parliamentary questions that are provided to the Minister's office so that answers can meet the timeframe set in Parliamentary Standing Orders (Standard: 100%)

Actual Performance	2023/24 100%	2024/25 86.4%
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Between 4 -13 June 2025, the Minister received 229 Written Parliamentary Questions related to the Vote Customs Estimates hearing and the release of the TSOC Ministerial Advisory Group report ‘Corruption in New Zealand and the Pacific’. The volume and complex nature of the questions within a very short timeframe impacted Customs ability to provide draft replies to the Minister’s office to meet the timeframe set in the Parliamentary Standing Orders. The late replies were submitted between two and nine days after the due date; more than half were answered within one additional week.



Making sure
the right people,
systems, and
processes
are in place to deliver our services.

ORGANISATIONAL
HEALTH AND
CAPABILITY

OUR PEOPLE

We have a capable, adaptable, and diverse workforce that can respond to changing environments



We have
1,439 staff
who work across 11 locations
in New Zealand and in
11 overseas locations.

Our people



1,439

people work
at Customs

1,406.2

full-time
equivalent staff



49.4%

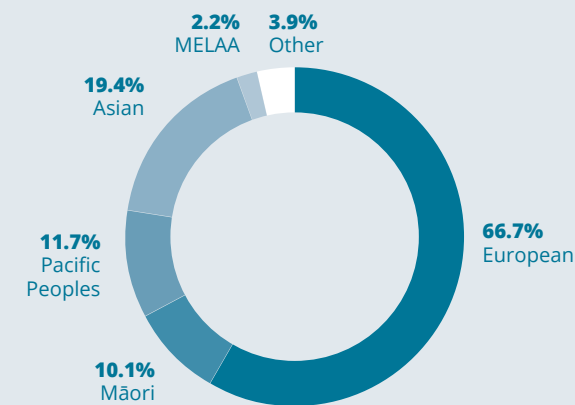
Male

50.5%

Female

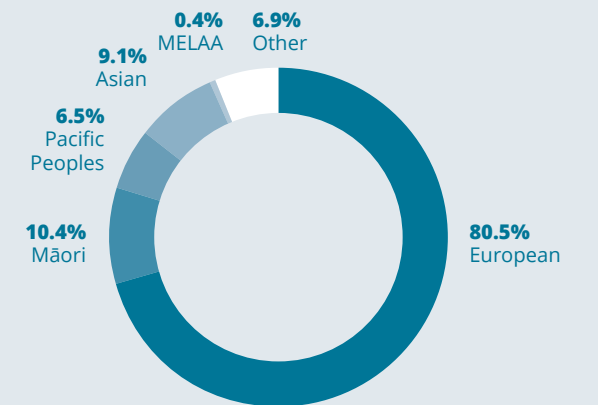
0.1% Prefer not to say

Ethnicity of our workforce



MELAA - Middle Eastern, Latin American, African

Ethnicity of people leaders

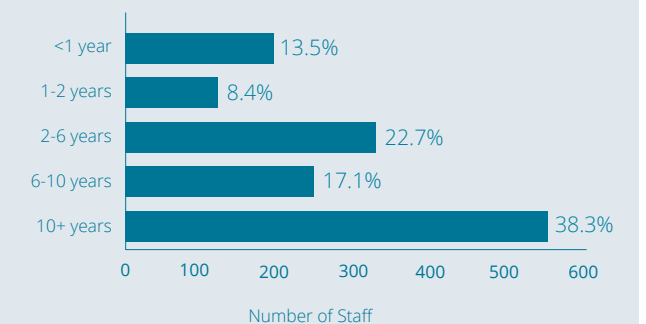


MELAA - Middle Eastern, Latin American, African

11 years
average length
of service

56.3 years
longest length
of service
(as at 30 June 2025)

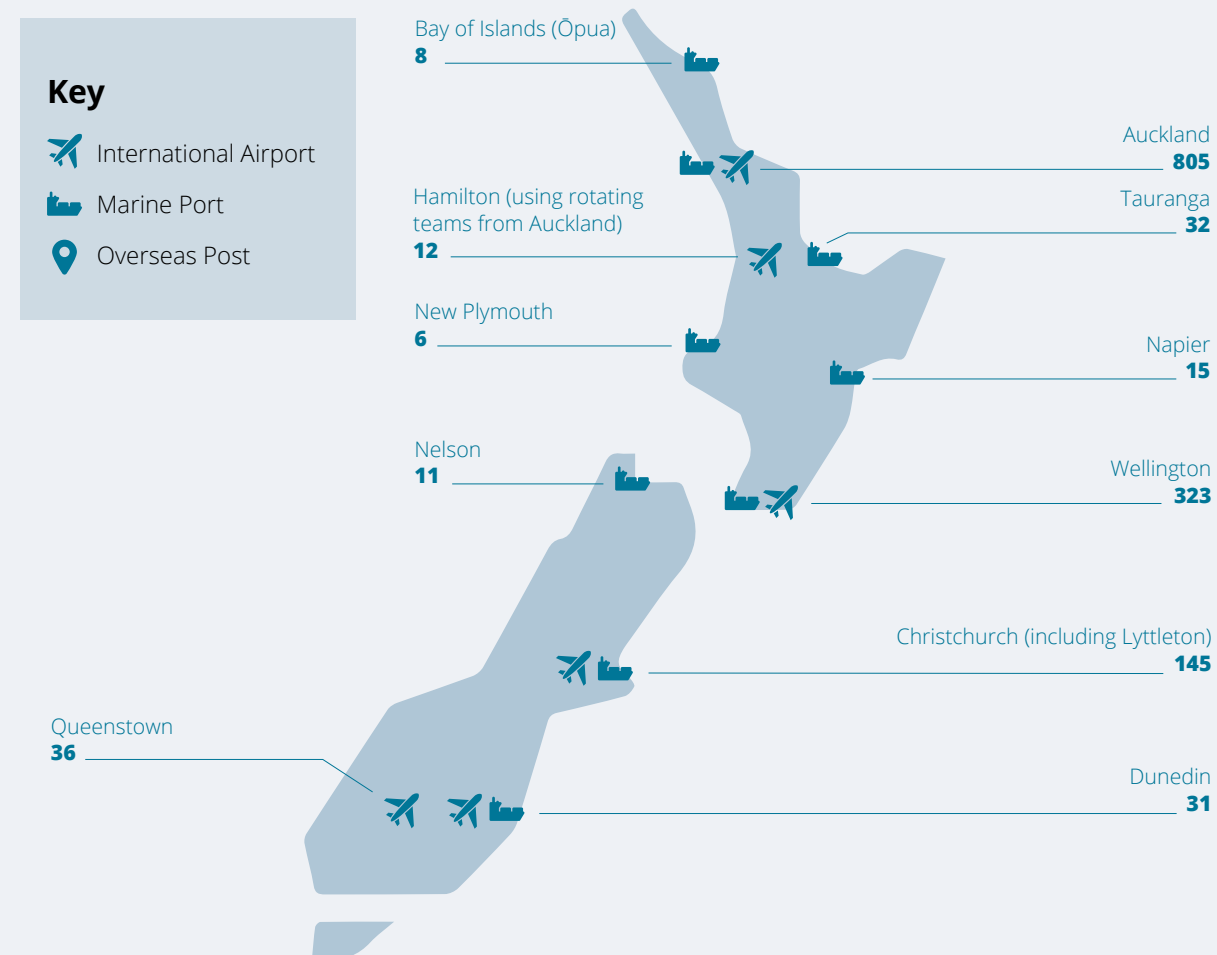
Length of Service



Where we are based

We work in 11 locations across New Zealand and in 11 international posts.

Figure 22: Staff numbers by location as at 30 June 2025



International Posts



We have a network of our people based overseas, supporting effective relationships with our international partners. As at 30 June 2025, we had 15 staff based overseas in these posts.

Our central pillar – Te Pou Tokomanawa

In a marae, pou are the pillars supporting the structure of the building, and Te Pou Tokomanawa is the central pillar supporting the ridge pole or backbone. For Customs, Te Pou Tokomanawa is the central pillar that guides our actions and core values.

Te Pou Tokomanawa draws from the principles of the Treaty of Waitangi (Te Tiriti o Waitangi) and provides the overarching principles and focus to make sure we meet our obligations as a government agency and partner in the Māori-Crown relationship.

Te Pou Tokomanawa is embedded in our three principles:

Partnership | Kotahitanga – we will act reasonably, honourably, and in good faith with Māori in partnership for the mutual benefit of both parties

Protection | Kaitiakitanga – we will strengthen our role as a protector of taonga (treasure), both in its physical form, and in language and traditions

Participation | Manaakitanga – we will enable active and equitable participation by Māori at all levels within Customs, to the benefit of both Māori and the wider community.

Our values reflect these principles. They were chosen by our people as representative of the way we work and how we engage with the people we support:

We do what's right – Te ara tika

We are guardians – Kaitiakitanga

We value people – He tāngata

We look forward – Pae tawhiti.

Te Pou Tokomanawa in practice

Building the awareness and understanding of tikanga Māori and te reo Māori capability

During 2024/25, we ran two programmes to build the knowledge and capability of our staff. The first programme began in June 2024, coinciding with Matariki – a time of new beginnings. This 10-week programme had 20 participants from our operational staff in Auckland.

A second programme involved 21 staff in Wellington. The programme offered beginner and intermediate-level classes with a focus on structured te reo learning, basic cultural concepts, traditions, practice (tikanga/

kawa), and marae protocol. Building competence and confidence in engaging with Māori is a key part of our ongoing work to enhance our policy capability and our business outreach programmes.

“This [programme] has continued our understanding of the Māori language and world view, and we are so much more confident in delivering karakia, mihimihi, and pepeha.”

We held events in our main offices to celebrate Te Wiki o Te Reo Māori in September 2024 and Matariki in June 2025. In late December 2024, around 100 staff and visitors attended a dawn blessing for our new Customhouse in Auckland hosted by the building owners, Ngāti Whātua. The blessing started the transition process as teams prepared for the move to the new office in January 2025.

Strengthening our relationships with iwi/hapū in key marine and border areas

In August 2024, a delegation of Customs staff attended Koroneihana – the annual celebration of the coronation of the Māori King. This was the first time in several years that Customs was represented at Koroneihana.

Sadly, just a few weeks later, a group of Customs staff returned to Tūrangawaewae to attend the tangi of Kiingi Tuuheitia and acknowledge his leadership during the 18 years he served.

In February 2025, Ngāpuhi welcomed a Customs delegation to Waitangi. We had a booth at the public celebrations, sharing information about our border role and how everyone can help protect our communities from harm.

Our small business outreach role supports Māori businesses to access export programmes such as the Secure Exports Scheme (page 46) to reduce costs and save time for businesses.

Return of intercepted pounamu to Poutini Ngāi Tahu

On 1 November 2024, a special ceremony was held in Hokitika to return 60kg pounamu, seized as part of Customs’ investigations, to Poutini Ngāi Tahu. This is part of an ongoing joint commitment to stop the illegal trade of pounamu.

Under the Customs Export Prohibition Order (2021) it is illegal to export raw, unprocessed pounamu weighing more than 5kg without the consent of the Minister of Customs. The pounamu returned in November included 14 pieces intercepted through two separate illegal export attempts.

Supporting Māori staff within Customs to achieve their aspirations

Every year we offer one staff member the opportunity to take part in a full or part-time te reo Māori programme to start or continue their individual language journey. In the 2025 calendar year, one of our Senior Customs Officers is working towards a Diploma of Māori Language Fluency.

Our Māori Network is the longest established and most active of our staff networks.

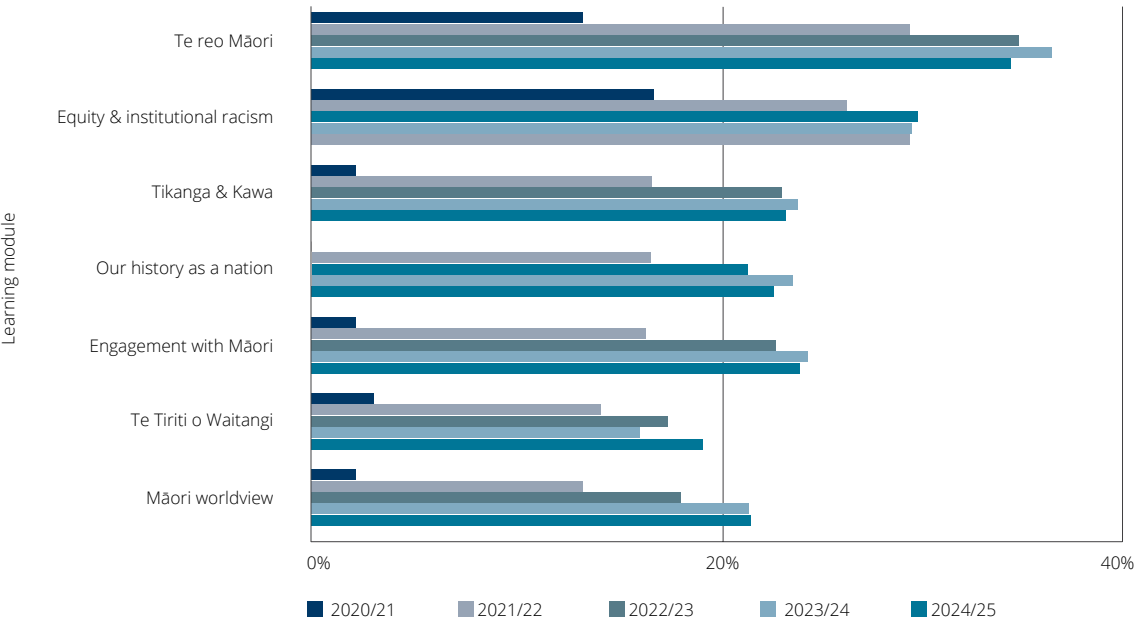
Network members have been involved in providing formal welcomes (pōwhiri and mihi whakatau) for international delegations hosted by Customs. For many of the delegations this is their first introduction to te ao Māori. Visiting officials have commented on the warmth of this unique welcome.

Lifting Māori-Crown relations capability

Whāinga Amorangi is a multi-year cross agency work programme designed to lift the Māori-Crown relations capability of the public service as set out in the Public Service Act 2020. It aims to make sure that all staff have a basic understanding of New Zealand history, the Treaty of Waitangi (Te Tiriti o Waitangi), and the importance of effective Māori-Crown relations.

The seven Whāinga Amorangi focus areas are included in our eLearning programme. We monitor and report on the completion rates for these modules.

Figure 23: Percentage of workforce who have completed our Whāinga Amorangi eLearning modules



Building a capable and adaptable workforce

We deliver our services in an environment that is impacted by national and international events and trends. Our people need to be able to adapt and respond to new threats, new technology, and the increased levels of aggression they may face.

Review of recruitment and training

The speed and scale at which transnational, serious and organised crime (TSOC) activity has grown, and the threat it poses, has created a higher-risk environment for our people.

Our staff are more frequently having to respond to uncooperative, aggressive, or intimidating people as they carry out their duties. This places our people in a position of heightened risk which must be balanced with our statutory border protection obligations. We need to adapt to this environment and make sure we support our people with the right training and skills to operate safely and competently.

In March 2025, we reviewed our recruitment and training processes to identify where our existing approach may need to change to reflect the new environment.

The review identified areas for improvement, including the need for longer training programmes for new Customs Officers, with more practical training elements. We are also looking at a more targeted recruitment programme for specialist roles to make sure we have the right mix of skills and experience to respond to challenging and unpredictable environments.

Table 4: Workforce profile as at 30 June each year

	2020/21	2021/22	2022/23	2023/24	2024/25
Headcount	1,571	1,569	1,359	1,355	1,439
Full-time equivalents (FTEs)	1,514.8	1,515.3	1,322.1	1,319.3	1,406.2
Average age (years)	45.1	45.2	45.5	45.2	45.3
Unplanned turnover	5.1%	10.8%	11.9%	7.9%	6.5%
Total Turnover	9.6%	18.5%	24.9%	11.9%	8.0%
Average length of service (years)	10.9	10.9	12.1	11.5	11.0

Workforce changes

We ran a focused recruitment and training programme during 2024/25, with a priority on roles that had been held vacant in the lead up to, and during our organisational change process in 2024.

We recruited for 31 positions established through the organisational change process and 48 new positions funded through the second year of the Budget 2023 initiative *addressing transnational organised crime in maritime supply chains*. These roles have provided extra capacity to address key border threats.

Planning is underway to support the introduction of a further 60 staff over the next four years funded through the Budget 2025 initiative *combatting transnational, serious and organised crime at the border*.

A new multi-union collective agreement was ratified in 2025

Approximately 58% of Customs staff are represented by three unions – the Customs Officers Association, the Public Services Association, and E Tū. In May 2025, we negotiated a new two-year multi-union collective agreement, which was ratified by union members. The new agreement runs from 1 May 2025 to 30 April 2027.

Public Service Census confirms our key strengths

The Census, held in March 2025, highlighted our organisational strengths, including high staff engagement, a strong sense that our work contributes positively to our communities, high levels of integrity, and an inclusive culture.

An action plan has been developed to address two key areas for improvement – workload pressure and how we manage change.

Flexible working arrangements

As at 30 June 2025, 36% of our staff have a flexible working agreement. These agreements are reviewed every year and can involve working from home and/or flexible hours. Most of these agreements involve working remotely one or two days a week.

Building the capability of our people to support career progression

We are committed to supporting our people to keep learning, developing, and upskilling as their careers progress, so they are well prepared to achieve their aspirations. This includes formal learning to ensure new Customs Officers understand the powers and legislation they operate under, mentoring programmes supporting staff to understand their strengths and build skills, and programmes to grow the next generation of leaders.

In February 2025, we rolled out a new Maritime Learning Framework to meet the specific training needs of our staff working in and around New Zealand’s ports, including responding to the threats posed by TSOC groups in the maritime environment.

Supporting ongoing growth and development

Our employee-led mentoring programmes match staff with experienced leaders to support their development.

The Customs Northern Women’s Network runs a mentoring programme each year, with 18 people currently engaged in the 2025 programme. Building on the success of this programme, a new mentoring programme pilot is being run in 2025 supporting staff in our Māori, Pasifika, Rainbow, and Enable Networks.

Developing future leaders

We support our people to develop their leadership skills through annual programmes for those who aspire to, or are taking on, people leadership roles. We also provide a Specialist Leaders course for people who lead projects and work that requires engagement across the organisation, but who do not have direct people leadership roles.

Reflecting the community we serve

We work with, and support, a diverse range of people in the delivery of our services. It is important that our workforce reflects the community we serve. We are committed to building the capability we need to achieve the objectives of Te Pou Tokomanawa and maintaining our focus on making sure our people feel safe, supported, and included.

Implementing our Diversity, Equity, and Inclusion Action Plan

A respectful, inclusive, equitable, and diverse workforce helps create a positive and safe work environment where everyone feels supported and valued. This leads to better leadership, problem solving, and decision-making. It enables us to deliver services that meet the needs of all New Zealanders.

As part of our 2024/25 Action Plan, we reviewed and refreshed our Equal Employment Opportunity Policy and Cultural Diversity Policy. These policies have been combined into a new draft Inclusion, Equity, and Diversity Policy. The new policy reflects current legislation, public service requirements, and how Customs operates.

Supporting employee-led networks

Employee-led networks create opportunities to help people build connections and have their voices heard.

Our networks add valuable advice to the development of policies and resources, organise events to promote awareness of cultural celebrations and language weeks, and support mentoring and development programmes.

We have six employee-led networks:

- Māori Network
- Women’s Network
- Pasifika Network
- Rainbow Network
- Asian Network
- Enable@Customs.

The Enable@Customs network was launched in December 2024 and aims to represent the interests and needs of staff and their families living with mobility issues, neurodiversity, and other situations.



Read more about our Diversity, Equity, and Inclusion Action Plan:
<https://www.customs.govt.nz/media/2sgkvghc/diversity-equity-inclusion-action-plan-2024-25.pdf>

Table 5: Demographic profile of our workforce as at 30 June

	2021	2022	2023	2024	2025
Gender					
Male	52.1%	52.9%	50.2%	49.7%	49.4%
Female	47.9%	47.0%	49.7%	50.2%	50.5%
Prefer not to say	–	0.1%	0.1%	0.1%	0.1%
Ethnicity					
European	76.1%	69.9%	67.3%	66.2%	66.7%
Māori	11.6%	10.7%	10.3%	10.8%	10.1%
Pacific Peoples	9.9%	10.1%	11.8%	12.0%	11.7%
Asian	15.9%	16.7%	18.7%	19.0%	19.4%
MELAA (Middle Eastern/ Latin American/African)	1.1%	1.3%	1.3%	1.7%	2.2%
Other	4.2%	4.2%	4.4%	4.0%	3.9%

Note: Customs does not currently capture data on other genders. Staff can self-identify up to three ethnicities, so data may not total to 100%.

Addressing pay gaps

To create an equitable and fair workforce, we need to continue to reduce pay gaps across our workforce in line with the objectives of the Public Service Pay Gaps Action Plan – Kia Toipoto.

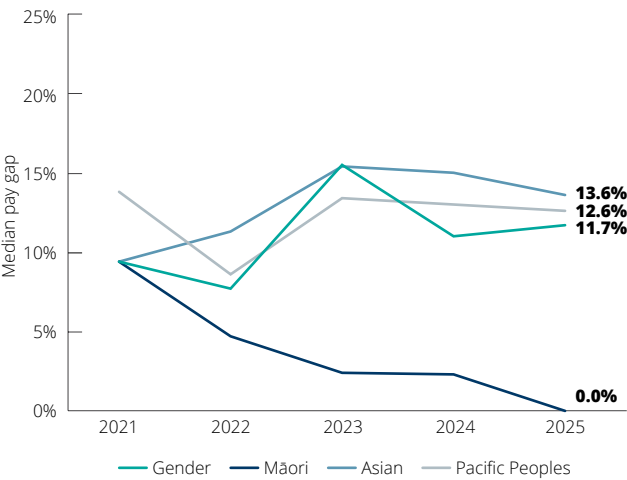
We monitor and regularly report on both our mean (average) and median (middle) pay gaps. Median pay better reflects the pay a typical staff member receives, while mean pay gaps reflect employees with very high or low pay.

Mean pay gaps reflect the fact that women, Māori, Pacific, and Asian people are generally under-represented in higher-paid roles.

Figure 24: Mean pay gap trends over time as at 30 June



Figure 25: Median pay gap trends over time as at 30 June



Mean (average) pay gaps decreased during 2024/25 for all groups except women (representing the gender pay gap), which increased slightly from 10.2% to 10.4%.

The median pay gap also decreased for Māori, Asian, and Pacific staff members, with a significant drop for Māori staff. This reflects an increase in the pay range for some of our Māori staff that was greater than for other groups.

While our pay gaps have decreased, there is more work to do to reduce these gaps.

Table 6: Demographic profile of our people leaders as at 30 June

	2021	2022	2023	2024	2025
Gender					
Male	67.9%	65.7%	66.8%	64.0%	65.3%
Female	32.1%	34.3%	33.2%	36.0%	34.7%
Ethnicity					
European	87.1%	81.3%	79.2%	79.5%	80.5%
Māori	10.8%	10.0%	8.4%	9.5%	10.4%
Pacific Peoples	5.8%	6.6%	8.0%	8.6%	6.5%
Asian	5.4%	5.0%	7.1%	8.6%	9.1%
MELAA (Middle Eastern/ Latin American/African)	–	–	1.3%	1.4%	0.4%
Other	6.3%	7.1%	7.1%	6.4%	6.9%

Note: Customs does not currently capture data on other genders. Staff can self-identify up to three ethnicities, so data may not total to 100%.

Ensuring the wellbeing and safety of our staff

We are committed to making sure our workplace and culture promotes safe work practices and supports the holistic wellbeing of our people. Our wellbeing and safety strategy is designed to make health, safety, and wellbeing a central part of everything we do.

Keeping our staff well and safe

Our Wellbeing and Safety strategy is based around three pillars:

- Protect – minimising harm at work
- Build – building an organisational culture that embeds health, safety, and wellbeing
- Support – supporting personal holistic health.

These pillars are underpinned by a risk strategy focused on steps that can be taken to prevent known risks and identifying potential and emerging risks.

Managing safety in high-risk environments

Many of our people work in high-risk places and roles, including at maritime ports and in investigation and enforcement positions (such as the executing of search warrants where weapons may be present). This requires us to work closely with other agencies to support day-to-day routine activities, and with the Police in the planning of operational activity.

We have an established operations authorisation framework that applies to investigation activities. The framework supports threat assessments and mitigation actions that are specifically designed to keep our people safe.

Training supports our people to manage their safety

To prepare and support our people, we provide Officer Safety Training programmes for staff. These programmes train staff in verbal de-escalation, advanced safety tactics, and training for staff on safety when arresting suspects, either through Customs-led investigations or joint operational activity with the Police.

In 2024/25, 537 staff completed one or more of these courses. We also offer firearms safety awareness training, with 256 staff completing the training in 2024/25.

The increased volume and frequency of illicit drug seizures creates specific hazards for staff testing for, and storing, these substances. We have rolled out a new respiratory management system that includes additional fit-testing for masks to make sure staff have the most appropriate protection.

Setting the strategic direction for wellbeing and safety practices

The Comptroller and Customs Executive Board (CEB) are designated officers under the Health and Safety at Work Act 2015. This means they set the strategic direction for wellbeing and safety practices and provide governance and oversight of our key risks.

Our Health, Safety and Wellbeing (HSW) Governance Committee meets every two months. It is chaired by the Comptroller and is supported by an external expert in HSW governance. The Committee focuses on understanding our critical and emerging risks, engaging with partner agencies where we work in shared spaces, and our assurance programme.

HSW is also discussed as a formal agenda item at the start of every CEB meeting. This consistent focus makes sure that we have a clear picture of the emerging risks to our people and can implement changes to our HSW systems and processes as required.

Managing our critical risks

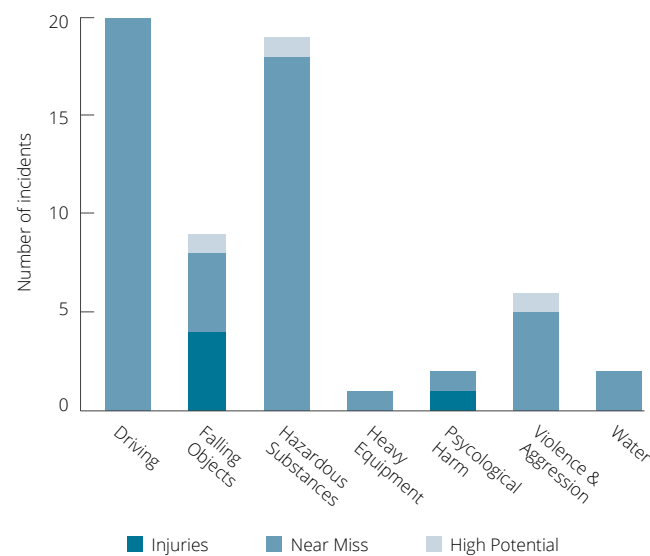
Our most common critical risk incidents involved driving, exposure to hazardous substances, and falling objects. Other risks include violence and aggression, water related risks, injury using heavy equipment, and psychological harm – particularly relating to exposure to child sexual exploitation and other objectionable material.

As part of the development of the Auckland Processing Centre for incoming mail and packages (run by New Zealand Post), a new negative pressure room was built to allow staff to extract and test illicit drugs safely.

Monitoring incidents and near miss events

We use incident reviews and monitoring of near-miss events, together with our assurance programme, to help monitor and improve the management of our risks. Staff and people leaders are encouraged to report all incidents and near-miss events. This helps us identify any additional preventative measures we can put in place.

Figure 26: 2024/25 critical risk incidents by type



In 2024/25, we had five injuries related to critical risk incidents, and 54 near-miss events.

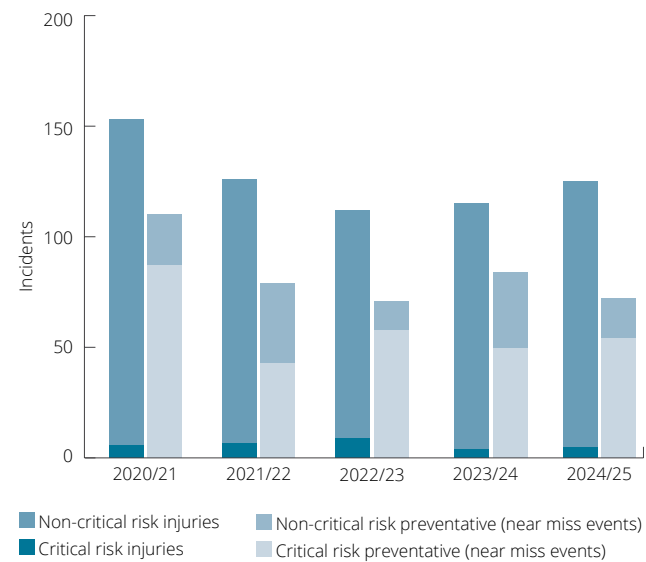
The number of injuries from critical risk incidents remains low, with the number of near miss events remaining consistent with previous years.

All incidents and near miss events are monitored to identify areas for improvement

Injuries and near miss events relating to all our risk areas have remained relatively stable over the last three years.

Most of the injuries that occurred were minor, and included injuries from physical training, strains from manual handling of heavy objects, slips and trips, and minor cuts while using equipment.

Figure 27: All incidents and near miss events



Building a culture of health, safety, and wellbeing

Our 56 HSW representatives help build a health and safety mindset across the organisation.

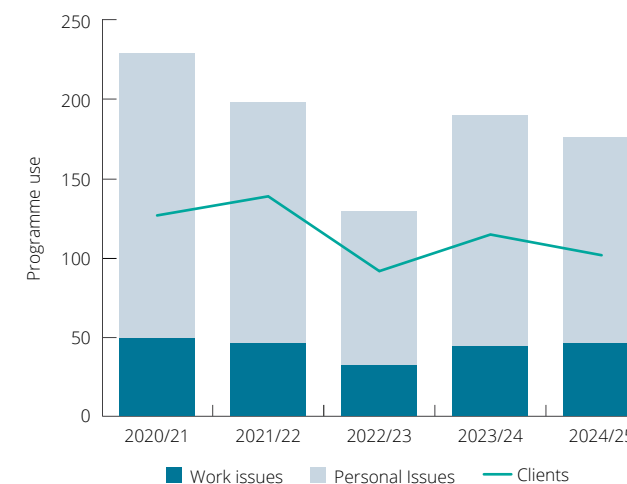
HSW representatives are appointed for three years and complete NZQA recognised training. Regular education days and virtual forums provide coaching and mentoring and help to build strong networks and relationships with other HSW leaders.

Supporting holistic health and wellbeing

The 24/7 nature of our operational work can bring challenges for our people, especially for those who work unsociable hours. Our support includes wellness checks and online material and seminars with advice on sleep and fatigue management, as well as other wellbeing issues.

Staff are also able to access the Employee Assistance Programme. The number of staff using these services remains relatively consistent with previous years.

Figure 28: Employee Assistance Programme use



Managing occupational wellbeing and return to work

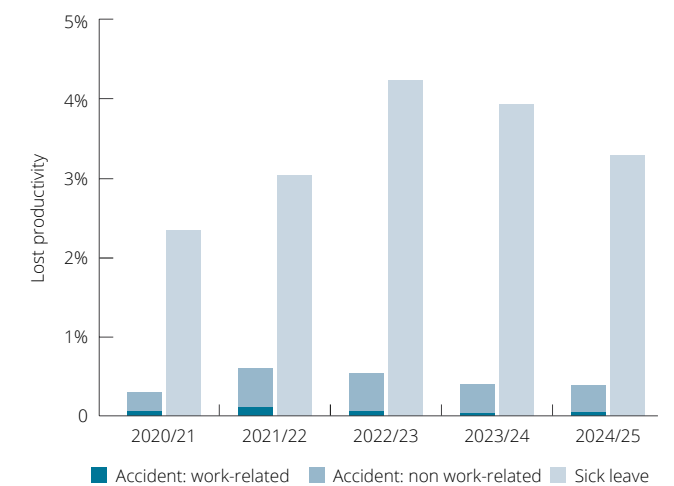
As well as monitoring critical risks and all incidents and near miss events, we also monitor lost productivity due to accidents (at work and outside of work) and sickness to support our focus on holistic health and monitor any trends.

We support staff to return to work following significant medical events or where they have experienced cumulative impacts on their work or wellbeing.

During 2024/25, most injury claims related to non-work accidents (83%). This is similar to 2023/24 (81%).

Lost productivity due to work-related incidents remains very low.

Figure 29: Lost productivity due to accidents and sickness



STEWARDSHIP

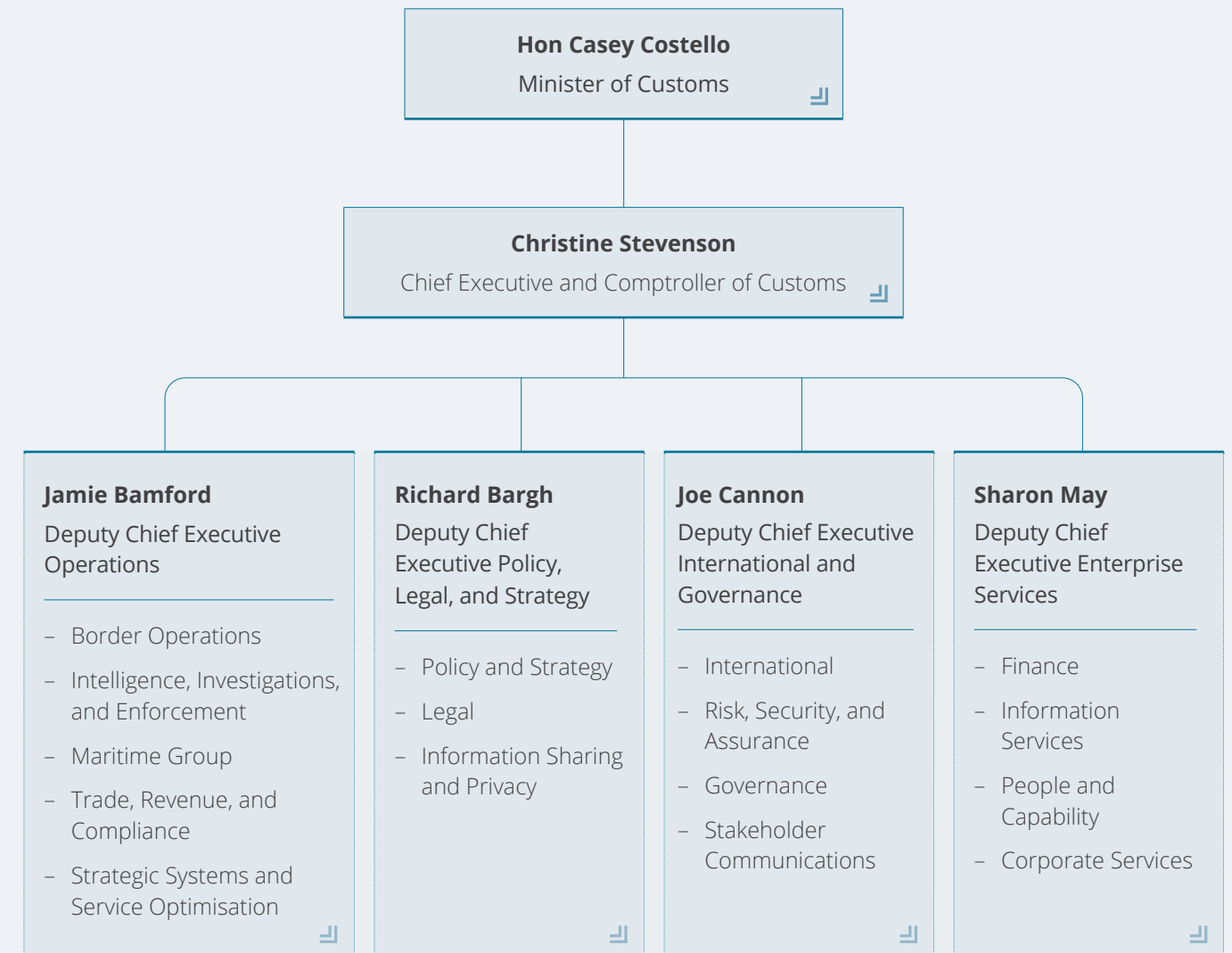
Doing the right things
in the right way



We maintained our strong reputation for public trust and confidence ranking fourth equal out of 57 agencies in the 2025 Public Sector Reputation Index, consistent with our outright fourth place in the 2024 Reputation Index.

Our structure

We are accountable to, and support, the Minister of Customs. Our services are delivered through four business groups.



Read more about the Customs Executive Board on our website:
<https://www.customs.govt.nz/about-us/customs-executive-board>

Effective governance means we do the right things in the right way

Our governance structure has been designed to support collective accountability for key strategic decisions, ensure stewardship of our people and resources, and to monitor our organisational priorities and performance.

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

There are four CEB committees:

- **Focus Committee** makes substantive decisions about the way we work and future trends we need to prepare for (*Chaired by the DCE Operations*)
- **Investment and Performance Committee** provides oversight of our financial position, our performance, and the allocation and use of resources (*Chaired by the DCE Enterprise Services, Specialist Advisor: Chief Financial Officer*)
- **Business Committee** makes decisions on key business issues to ensure we can deliver our services effectively (*Chaired by the DCE Policy, Legal, and Strategy*)
- **Health, Safety, and Wellbeing Committee** provides governance and oversight of key health and safety risks to make sure our people are safe and well (*Chaired by the Comptroller, Specialist Advisors: Chief Legal Advisor, Chief People Officer, and Manager Health, Safety, and Wellbeing*).

Each committee meets monthly, except for the Health, Safety and Wellbeing Committee which meets every second month.

Independent advice through the Assurance and Risk Committee

The Assurance and Risk Committee provides independent advice and oversight to the Comptroller and the Customs Executive Board on our audit and risk management functions and performance information. The Committee has four external members with governance and management experience across a range of organisations:

Glenn Dunbier (Chair) spent 38 years with the New Zealand Police and is now retired. He has extensive operational and leadership experience in New Zealand and Australia.

Kylee Potae is an Advisory Partner for BDO Gisborne, with a background in finance and governance and is a strong presence in the Māori business sector.

Karen Jones is Group General Manager Engagement and Partnerships at the New Zealand Transport Agency with a background in organisational development, health and safety, communications, and stakeholder engagement.

Nick Paterson is an independent member who was previously the Chief Executive of Drug Free Sport New Zealand and held roles in the Serious Fraud Office and the private sector.

See page 88 for the Committee’s report.

Providing internal assurance over our systems and processes

In addition to the external oversight of the Assurance and Risk Committee, our internal audit function carries out a range of assurance activities to make sure our systems and processes are operating as intended. This includes a mix of planned reviews, those related to issues that have occurred during the year, and risk-based assurance and compliance activities.

Regular compliance reviews occur to make sure information management provisions are adhered to in our information sharing, information matching, and direct access agreements. These agreements allow other agencies to undertake their statutory obligations, for example, making sure that student loan borrowers are charged the right amount of interest when they leave New Zealand or return from overseas.

Other internal assurance reviews this year have focused on:

- credit card use – making sure our policies and procedures are followed by the small number of staff who have access to a Customs credit card
- payroll and procurement processes – with a focus on fraud risks and controls.

An independent consultant also evaluated site security arrangements for facilities managed by other organisations, such as Customs Controlled Areas within airports and sea ports and sites that destroy seized goods. This included assessing Dunedin and Hamilton airports prior to international flights beginning in June 2025.

Findings from assurance and audit work are discussed with relevant business managers so that appropriate action can be taken, and with the Assurance and Risk Committee to provide oversight. Our internal assurance work identifies key themes to support ongoing process and practice improvement.

Maintaining public trust and confidence

Our reputation depends on the way we act and the way in which we use our legislative powers through risk targeting, investigations, and enforcement activity. Our value – *we do what’s right* – is at the centre of how we work and what we do. It is fundamental to maintaining the trust and confidence of our stakeholders, clients, and people who use our services.

When concerns are raised, we act with discretion, care, and professionalism, to make sure staff and managers have ongoing confidence in our integrity system.

An Integrity Committee, chaired by an external representative, provides an oversight and governance function. The Committee makes sure integrity matters are addressed in a transparent, fair, and timely way and that we learn from the issues raised.

Managing conflicts of interest and integrity issues

We have made it as easy as possible for staff to identify and declare actual, potential, or perceived conflicts of interest. Every staff member is required to make a declaration when they join Customs, move into a new role, or when their circumstances change. All staff are required to update their declarations at least annually. A quality assurance process is in place to make sure appropriate management plans are developed where a conflict or potential conflict has been declared.

During integrity training, teams are presented with scenarios on ethical dilemmas they might face to prompt conversations and encourage the discussion of ethical and integrity issues. This helps to promote a culture where concerns can be raised, through our *‘See something, say something’* education programme.

Setting clear behaviour standards

We take alleged breaches of integrity seriously and do not tolerate any acts of fraud or corruption. Our Code of Conduct sets out the expected behaviour standards for our people, contractors, and consultants.

The Code of Conduct reflects the principles that apply to the wider public service as set out in the Public Service Commission’s Standards of Integrity and Conduct. We must be fair, impartial, responsible, and trustworthy.

Investigations into staff conduct

The table below shows the outcomes of investigations into allegations of unacceptable behaviour by our staff, contractors or consultants that concluded in the 2024/25 financial year. In the context of a workforce of around 1,440 employees, these numbers are not statistically significant.

Table 7: 2024/25 Conduct investigation outcomes

Investigation outcomes	Number of investigations
Upheld	10
Not upheld	14
Partially upheld	1
Did not meet threshold for misconduct	–
Person left Customs before investigation was complete	–

When misconduct happens and disciplinary measures are necessary, these aim to be corrective rather than punitive. In some cases, termination is appropriate and justified.

Table 8: 2024/25 Upheld conduct investigations

Action taken	Number of upheld investigations
Formal warning ⁹	5
Letter of expectation	3
Termination (with or without notice)	2
Resignation	–
Other	–

9 A formal warning could be one or a combination of the following: referral to Employee Assistance Programme or other professional assistance, removal of delegated powers, removal of privileges, transfer, demotion, non-eligibility for merit remuneration increase or one-off payment, change of reporting time or hours of work, or another penalty decided by the Comptroller.

Customs Assurance and Risk Committee (ARC) Report

The ARC recognises the challenges and successes for Customs over the past year particularly in relation to the:

- consistent demands on the border operations functions, in relation to the volume and frequency of drug seizures and the associated organised crime complexities
- the growth of the maritime function and the use of technology to detect offending
- preparation for the return of international passenger services to Hamilton and Dunedin airports
- relocation of the Auckland office to AECOM House
- the new Auckland Processing Centre and the use of data for mail to aid processing and to facilitate detection of drugs and other prohibited items
- international relationships and forums
- cost pressure management and staffing reduction pressures.

The ARC believes there are a number of things that indicate Government's confidence in Customs to deliver its border management expectations is well placed, including the additional funding received via Budget 2025, its continued role as the host agency of the Border Executive Board, and the awards received by the NZTD work programme at the 2025 New Zealand Project Management Institute (PMI) Awards (with 5 million declarations a significant recent milestone).

This has been a stable year for the ARC with no changes in membership. My personal thanks go to my ARC colleagues Karen Jones, Kylee Potae, and Nick Paterson for their valuable contribution throughout the year, and to Christine Stevenson and the other Customs Executive Board members who regularly make themselves available to attend our quarterly ARC meetings.

I feel privileged to have this role on the Committee and I continue to be amazed at the adaptability of Customs and its people.

During ARC meetings, I have the opportunity to experience the knowledge and professionalism that exists within the Customs workforce; and it's pleasing to see that both the Public Service Commissioner and the Prime Minister have had that same experience in their recent interactions with staff in Auckland.

The ARC has provided specific advice, guidance and focus throughout the year, on a range of high-priority areas, including:

- people and capability related matters, particularly health, safety, and wellbeing and psychological and psychosocial risks
- procurement practices
- international challenges in the Pacific
- collective bargaining
- the Customs exercise programme and lessons learnt environment
- Customs' protection role, as it relates to operations, in a constantly evolving environment
- financial sustainability, and investment performance and reporting
- appropriate access of systems
- cyber security and the ongoing challenges
- the New Zealand Traveller Declaration programme and its uptake
- Customs' strategic risk profile and the assurance, security, and integrity work programmes
- Audit NZ report recommendations to the Comptroller
- managing change with changing Government expectations.

The ARC looks forward to continuing its support of Customs Executive Board into the coming year as Customs continues to navigate a challenging fiscal environment, while effectively playing its part in leading border management.



Glenn Dunbier
Chair, New Zealand Customs
Assurance and Risk Committee

Managing our risks

We are focused on building a risk-aware culture across Customs that supports our people to identify potential risks and respond to them quickly and efficiently.

Identifying and responding to risk

There is a Risk Coordinator in each work area to support risk management activities and provide advice and support. Our risk reporting schedule makes sure conversations happen, and that risk is actively managed.

Strategic Risks

Customs' strategic risks focus on the key areas that could affect the achievement of our objectives. The Customs Executive Board regularly monitor and review these risks, with a focus on:

- financial sustainability
- border management
- workforce
- trust and confidence
- stakeholders and partnerships
- shaping our future.

Organisational Risks

Organisational risks are those that affect multiple business groups and are mitigated by actions taken across Customs on a day-to-day basis. This includes risks such as critical systems failure, fraud and corruption, privacy and information management, and legislative compliance.

Members of the Customs Executive Board are responsible for providing oversight of risk management and mitigation activities for the risks within their operational responsibilities.

Maintaining a safe and secure environment

Protective Security Requirements is a policy framework that outlines the Government's expectations for security governance and for personnel, information, and physical security. We are required to annually self-assess compliance with the 20 mandatory requirements.

In 2024/25, Customs was part of a pilot group using a revised self-assessment model, meeting 15 of the 20 mandatory requirements. The five areas for improvement were:

- the management of risks within Customs' goods and supply chain
- our ability to respond to increased threat levels
- the design of information security systems and processes
- the design of personnel security systems and processes
- ensuring the ongoing suitability of staff, and security practices for managing departing staff.

Building a security-conscious culture

Recognising and escalating changes in our environment is key to maintaining a security-conscious culture. This includes:

- an increased understanding of people who may exploit their legitimate access to our information or assets
- the continued enhancement of systems and processes to manage growing digital/cyber risks
- promoting the importance of personal safety and information security.

Increased visibility of security, whether through reporting, response to incidents, preventative activity, or learning opportunities, is a key element in improving our overall security.

Protecting the data that we hold

Customs collects a significant amount of information about people and goods crossing the border. Our Information Sharing and Privacy team help to make sure we lawfully only collect, retain, use, and share the data that we need to carry out our border management services.

During 2024/25, we enhanced our procedural guidance and expectations related to data and information sharing. This includes the development of new risk assessments that must be completed as part of the implementation of any new information system, as well as updates to storage procedures and disposal authority.

We continue to refine our information access processes to make sure people have the right level of system access permission for their roles.

Making sure our business continuity plans can respond to a wide range of events

Significant events, including power outages and the impact of weather events demonstrate the importance of having well-developed business continuity plans covering all locations and functions. As each event is unique, we regularly review our responses, highlighting different gaps or oversights in our plans.

During 2024/25 we ran an internal exercise, Tara Iti, testing how we would respond to a person with access to our systems mishandling and releasing operationally sensitive and personally identifiable data on the internet.

The exercise tested our ability to manage the impact on Customs, our clients, and stakeholders, including what would happen if we took core systems offline. We are incorporating the issues identified into our ongoing response plans and processes.

Cyber Security – detect threats early, respond quickly, recover fast

Cyber threats pose risks to the confidentiality, integrity, and availability of our critical IT systems (page 94) and the data we hold. To manage these threats, we operate a dedicated 24/7 Security Operations Centre. This enables our staff to rapidly respond to incidents, helping to prevent or contain potential impacts, and ensure continuity of service.

We work closely with the National Cyber Security Centre, Government Chief Information Officer, and the Government Chief Data Officer, to assess potential threats and make sure our safeguards are robust.

We invest in cyber security tools and technology, and the people and processes that underpin them. This means we can act quickly when responding to alerts and take more effective and sophisticated action across our systems in response.

Advancing AI Capability

Artificial Intelligence (AI) technology offers opportunities to lift productivity and improve organisational processes. By using AI, we aim to find new and better ways of working that make our services more efficient and effective.

In September 2024, we began a controlled pilot of Microsoft Copilot with a small group of staff, focused on a specific range of tasks. The primary objective of the trial was to assess Copilot's practical value for Customs, identify any risks, and ensure that robust safeguards are in place before we consider wider adoption.

The next phase of testing will expand to a broader range of functions including data analysis, reporting, and other critical work tasks. Each stage of adoption is being carefully managed to make sure that AI capabilities align with our security and ethical standards and focuses on the key activities involved in protecting the border and facilitating trade and travel.

Regulatory systems, resources, and assets

We have a responsibility to take a whole-of-system approach to regulation, effectively manage and maintain our resources and assets, and to support the stewardship of New Zealand's resources through reducing our carbon emissions.

We are effective stewards of our regulatory systems

Regulatory stewardship looks at how government agencies monitor, educate, and enforce laws and regulations. When regulatory systems are not operating well, failures can occur.

Effective regulatory stewardship requires a view of the wider picture, rather than just an individual agency's part in a system. This includes understanding who the key players in the system are, their roles and responsibilities, and the processes in place to make sure the laws and regulations are being applied in the way the Government intended.

Customs has a role in four regulatory systems – trade, revenue, national security, and the border.

Over the last three years we have worked to build our regulatory capability across the organisation. This includes the development of a Regulatory Stewardship Action Plan in 2024 to raise awareness and the creation of a Regulatory Review Policy Team.

Continued capability building to embed good practice

A series of training programmes were offered to managers and staff in 2024/25. These included public sector governance training, regulatory concepts and frameworks, Policy Project training, and training focused on improving the quality of advice provided to ministers and other decision-makers.

The new Regulatory Impact Assessment templates developed by the Ministry of Regulation have become a core part of our policy processes.

Review of regulations

Customs administers a significant number of regulations, orders, rules, notices, and directions.

The Regulatory Review Policy team has been working through our legislation to make sure it is still relevant and fit for purpose. The focus for 2024/25 has been on reviewing the Customs and Excise Regulations 1996, and concessions under the Tariff Act 1998 that Customs administers.

We have worked with other agencies to test assumptions and trade-offs for regulations that need updating. In some cases, we have also shared our proposals with industry to make sure our preferred options are implementable and will not create undue compliance burdens.

Shifting our focus for 2025/26

The work we have done to build capability in regulatory stewardship has created a strong foundation. Over the next three years, we will focus on three new initiatives:

- a review of the Customs and Excise Act 2018 to ensure that legislative settings are fit for purpose and adaptable for the future
- developing an assurance programme to make sure our guidance, processes, and systems are working the way we intend
- building a regulatory practice capability framework for people who work in the regulatory area from new recruits to senior leaders.

We take a long-term financial view of resources and proactively manage costs

Through our fiscal sustainability programme, we have developed a long-term view of our financial position. This lets us identify potential cost pressures at an early stage and understand the longer-term impact of our spending and investment decisions.

The multi-year view enables the Customs Executive Board to make informed strategic decisions on managing financial pressures and the prioritisation of activities and investments.

The three main cost pressures Customs is managing are increased salary and wage costs, inflation-related supplier cost increases, and cost increases affecting the replacement or upgrade of our assets at the end of their useful lives.

Understanding financial challenges across the border sector

Customs leads the Financial Planning workstream for the Border Executive Board, alongside other border agencies (Ministry of Business, Innovation and Employment, Ministry for Primary Industries, Ministry of Health, Ministry of Transport, and the Ministry of Foreign Affairs and Trade).

The Financial Planning workstream provides a consolidated view of the total cost of border activities and the measures being taken to make sure they are financially sustainable. This includes changes to the fees and levies required to cover the cost of border management services and contributing to the Border Executive Board's six-monthly forecast of passenger and goods volumes.

This work supports the Border Executive Board to make informed decisions and monitor the impact of financial pressures across the sector.

Asset management plans support long-term planning

We manage approximately \$107 million worth of assets. These assets include the information systems and equipment required to deliver our services.

Investment in new assets and planning for upgrades or end-of-life replacement costs, is managed through a 10-year Long-Term Investment Plan. Asset management plans are reviewed each year and inform the Investment Plan. Regular reviews mean we can adjust our investment programme to reflect changes in our operating environment or strategic priorities.

All investment projects must have a supporting business case approved by the Customs Executive Board. We report to the Board monthly on the progress of investment projects, supporting effective governance and oversight throughout the design and development of each project.

Assessing our compliance with best practice investment and asset management processes

Introduced by Cabinet in September 2023, government agencies are required to complete a Chief Executive Attestation Statement each financial year that measures agency compliance with the requirements for investment and asset management.

For the 2024/25 year, Customs was compliant with all applicable requirements.

During the year we introduced new processes to make sure that all our investment projects completed the Treasury Risk Profile Assessment, regardless of size. This change has improved our assessment process and helped to make sure we were fully compliant with the requirements.

Managing business critical assets

Business critical assets are those IT systems and physical assets that, if damaged, would impact our ability to deliver core services. This includes the buildings we lease as office accommodation and the information systems we rely on for facilitating trade and travel, the collection of revenue, and managing the risks associated with people and goods crossing the border.

Asset Performance – Property Portfolio

The following measures relate to our primary office space locations, the Auckland, Wellington, and Christchurch Customhouse buildings.

We also monitor the security of sites managed by other agencies, such as Customs Controlled Areas within an airport/port or excise manufacturing area to ensure safe working environments for our people.

Table 9: Property asset measure results

Measure	Indicator	2023/24 Target	2023/24 Actual	2024/25 Target	2024/25 Actual
m² per office person	Utilisation	12m²-16m²	14.43m²	12m²-16m²	14.16m²
Percentage of building services and other infrastructural services that provide a safe and comfortable environment for staff	Functionality	100%	100%	100%	100%
We aim to provide workplaces that are comfortable and safe for our people, clients, and visitors. We assess our buildings against the safe and comfortable criteria, which includes accessibility, location, safety, security and fitness for purpose.					
Percentage of buildings not earthquake-prone	Condition	100%	100%	100%	100%
Percentage of buildings that meet the minimum required NABERSNZ energy efficiency rating	Condition	100%	0%	100%	50%

From 1 July 2021, our Auckland and Wellington Customhouse offices have been monitored against the NABERSNZ energy efficiency rating as part of our work to reduce carbon emissions through the Carbon Neutral Government Programme. The NABERSNZ system is an independent tool that rates the energy efficiency of office buildings. Since both our Auckland and Wellington Customhouses are over 2,000m², they are required to meet the standard set by the Government Property Group of a minimum of 4 out of 6 stars. As at 30 June 2025, our Wellington Customhouse is rated 3.5 stars. Auckland Customhouse was relocated to a new building early 2025. The new building has an NABERSNZ rating of 4 stars, and a Green-Star design rating of 5.

New accommodation for the Auckland Customhouse

Over 430 staff work from our central Auckland office. In January 2025, we began the process of transitioning these staff to our new office at AECOM House. This was a large undertaking as Customs had been based in the former building for more than 30 years.

The new building reduces the amount of space we need to lease, and has a more modern, energy-efficient working environment. All relocation and fitout costs were met from baseline funding, using funds set aside each year for improvements to the office space we lease (leasehold improvements).

Asset Performance – Information, Communications and Technology Portfolio

The following measures relate to our key information systems. These are the business-critical systems that allow us to identify and manage border risks and threats and monitor the processing of passengers and goods across the border. Our critical IT systems include:

- Joint Border Management System/Trade Single Window (TSW) – used to submit information about import and export cargo, allowing us to risk assess most goods before they arrive in the country
- CusMod border management system – used to risk assess and process passengers, crew, craft, and goods at the border

- Nexus – a data warehouse that is used by staff to analyse and extract data
- New Zealand Traveller Declaration (NZTD) system – the platform that manages digital declarations submitted by passengers arriving by air and sea
- eGates – passenger screening systems that reduce manual processing of passengers as they arrive at the border
- Customs Financial Management Information System (Ahumoni) – supporting day-to-day financial reporting, accounting, and forecasting of expenditure.

The Customs Executive Board receives quarterly reporting on the percentage of time these critical systems are available during the year, as well as any planned or unplanned outages. This enables early detection of any issues. We also monitor any priority one incidents (when critical systems are impacted).

Table 10: ICT asset measure results

Measure	Indicator	2023/24 Target	2023/24 Actual	2024/25 Target	2024/25 Actual
Percentage of time systems are available	Availability	99%	99.4%	99%	99.997%
Over the whole year, we only had two instances where systems were unavailable due to unplanned outages. TSW was down for 49 minutes in November 2024 and the eGate network was down for 32 minutes in April 2025. This measure excludes planned outages. We advise our customers in advance of planned outages and aim to schedule them for times that minimise disruption to business operations. If planned outages are included, availability was 99.8%.					
Percentage of priority one incidents resolved within agreed support and maintenance service levels	Functionality	100%	75%	100%	100%
Percentage of ICT assets fully supported by vendor	Condition	100%	100%	100%	100%
Alerts in border management system	Utilisation	N/A	229,582	N/A	223,485

We are working to reduce our carbon emissions

New Zealand’s emissions reduction plan contains strategies, policies, and actions for achieving our emissions budget and contributing to global efforts to limit temperature rise to 1.5 °C above pre-industrial levels. The Carbon Neutral Government Programme (CNGP) aims to accelerate the reduction of greenhouse gas emissions within the public sector.

Greenhouse Gas emissions

As a CNGP participant we measure and report emissions annually, set gross emissions reduction targets and longer-term reduction plans.

In December 2020, the government established the CNGP to accelerate the reduction of greenhouse gas emissions within the public sector. As part of CNGP, agencies are required to:

- develop emissions reduction targets consistent with New Zealand’s obligations under international agreements
- measure, verify, and report on their emissions and the steps they are taking to meet reduction targets
- report their carbon emission data and reduction plans to the Ministry for the Environment.

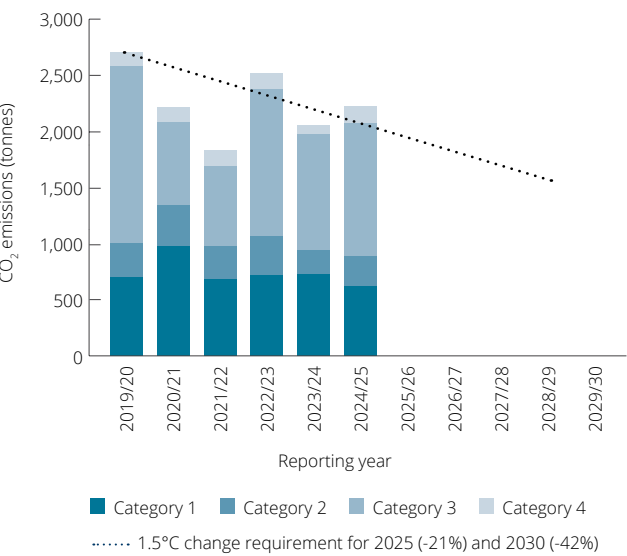
Customs has engaged Toitū Envirocare, a leading carbon management certification company, to ensure we are accurately measuring emissions in accordance with international standards set out in ISO14064-1:2018. Toitū independently audits our data to ensure we meet reporting requirements.

Customs’ emissions data for the 2019/20 financial year was reviewed and certified as the base-year for reduction comparisons. This provides a largely pre-pandemic comparison year. Data for the 2020/21 through to the 2023/24 financial years has been certified, with the 2024/25 emissions currently undergoing audit.

Progress to date

Customs’ GHG emissions for 2024/25 measured 2,230 tCO₂-e. This is a 17.6% reduction on our 2019/20 base year, but an 8.8% increase in emissions from 2023/24. Customs has had some unique challenges this year which have contributed to the overall increase.

Figure 30: Total emissions by category (measured in tCO₂-e)



Read more about the collective progress government agencies are making on dashboards available on the Ministry for the Environment’s website.
<https://environment.govt.nz/what-government-is-doing/areas-of-work/climate-change/carbon-neutral-government-programme/tracking-progress/>

Table 11: Emission categories and 2024/25 totals (tCO₂-e)

Category 1:	
Direct emissions – Fuel, LPG & natural gas distributed commercially, refrigerant gas	617
Category 2:	
Indirect emissions from imported energy – Electricity	269
Category 3:	
Indirect emissions from transportation – Air travel, accommodation, rental cars, and taxis	1,186
Category 4:	
Indirect emissions from products used by organisation – waste	158

Customs’ direct emissions (Category 1) have decreased in 2024/25. This can be partially attributed to the efforts to complete a fleet reduction programme and the shift to EV/PHEV vehicles wherever possible. We continue to progress this work to bring Customs to its 50% target petrol emissions target.

The energy efficiency (Category 2) of office buildings is rated using the National Australian Built Environmental Rating System New Zealand (NABERSNZ). Office buildings over two thousand square meters (Auckland and Wellington Customhouses) are required to achieve a minimum of 4 out of 6 stars to meet the standards set by the Government Property Group. The Wellington Customhouse building is rated at 3.5 stars.

After 30 years at the Auckland Customhouse location on ANZAC Avenue, Customs moved to a modern location; AECOM House. This new office space has a smaller carbon footprint and an improved NZBERSNZ rating of 4 stars. The previous location only received a 2.5 star rating.

The consequence of this move was an increase in energy and waste emissions (Categories 2 and 4). For two months, Customs co-located in both buildings and there was additional energy used for renovations and fitout in the new building. Waste also naturally increased as relocating is an excellent time to appropriately dispose of items no longer needed.

In 2024/25, there was less hydro-sourced electricity produced across the country than in 2023/24, requiring more electricity to be produced by coal. The general electricity emission was recalculated at a less favourable rate. This challenge was not unique to Customs and impacted the whole of New Zealand.

Several projects required direct, on-site, supervision that could not be replaced by technological alternatives. This meant that there was increased domestic and trans-Tasman travel this year (Category 3).

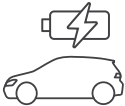
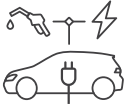
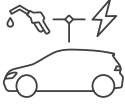
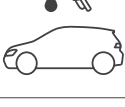
Reduction projects

Customs has reduction projects in place for each of our top three sources of emissions - fuel consumption, air travel, ground transportation.

Fuel consumption (Category 1)

Over 20% of Customs’ vehicle fleet is a combination of plug-in hybrid electric vehicles (PHEV) or electric vehicles (BEV). As additional or new vehicles are added to the fleet, PHEVs and BEVs will be purchased unless it is not practicable to do so due to operational requirements or the towing capacity/range of existing PHEVs and BEVs.

Table 12: Vehicle fleet as at 30 June 2025

Type	Total	%
 Battery Electric Vehicles (BEV)	13	7%
 Plug-In Hybrid Electric Vehicles (PHEV)	25	16%
 Hybrid Vehicles (HEV)	26	16%
 Petrol Vehicles (ICE)	37	23%
 Diesel Vehicles (ICE)	65	38%
Total	166	100%

Travel (Category 3)

Due to operational requirements, Customs has a sustained organisational need to travel both domestically and internationally.

We continue to focus on reducing air travel. We do this by using technology as an alternative to attending meetings in person, and better planning so visits can incorporate multiple tasks or visits to other locations in the area.

For ground transportation, Customs opts for eco-friendly options. Ekocab, which is an electric car, is the primary option for taxi services through Corporate Cabs. We are also transitioning to more environmentally friendly rental vehicle options, using electric cars where possible.

Meeting broader environmental objectives

We work with the Ministry for the Environment on ways in which border management can contribute to wider environmental objectives.

We are assisting with the review of the Waste Minimisation Act 2008, including the role we play in supporting the Ministry to carry out its functions under the Act.

We contributed to proposals to amend the Waste Minimisation (Tyres) Regulations 2023 to address minor issues. We provide monthly data related to tyre imports under an Information Disclosure Agreement to help the Ministry carry out its functions related to the Tyrewise Accredited Scheme.



We actively monitor

our long-term financial position to make sure we deliver our services as effectively and efficiently as possible.

ANNUAL FINANCIAL STATEMENTS

Financial overview

The financial statements and notes in the following section of the Annual Report provide an overview of our financial performance for the year ended 30 June 2025.

There are two parts to the financial statements:

- The **appropriation statements** provide an overview of how much it cost to deliver our services and the proportion of our services that are funded by the Crown and by third-party fees and levies (“Other”). These should be read in conjunction with the performance information set out in the *Assessment of operations* section (pages 18–69).
- The **financial statements and notes** provide detailed information on our financial performance at an organisational level.

Operating expenditure decreased in 2024/25 due to the end of time limited funding

Our total operating expenditure for the 2024/25 financial year was \$272.8 million. This is \$15.6 million lower than in 2023/24 and is largely due to the ending of the New Zealand Traveller Declaration programme as planned in 2023/24.

Most of our operational expenditure is for core services that cover the screening, clearance, and processing of passengers, crew, and goods, as they cross the border and the collection of revenue on behalf of the Crown.

In the 2024/25 year, a new multi-category appropriation was established, merging the funding of these services into the new Border Clearance and Enforcement appropriation.

Figure 31: Customs expenditure by appropriation (\$m)

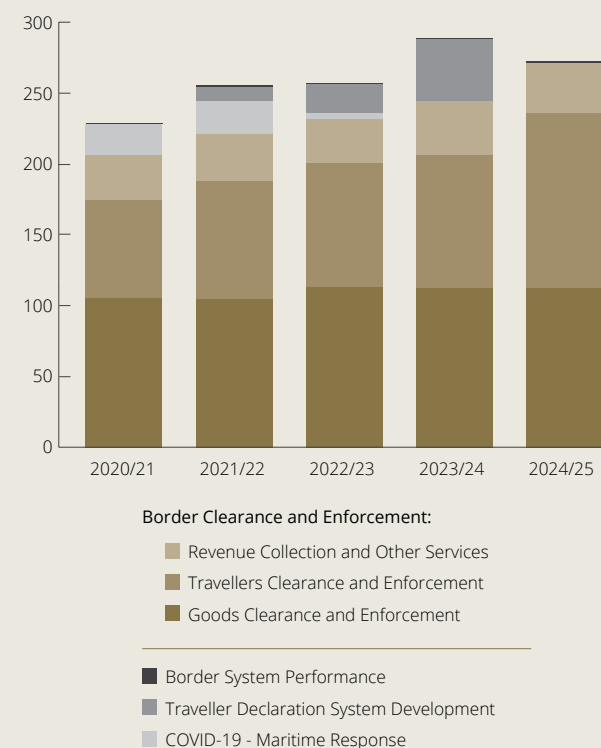
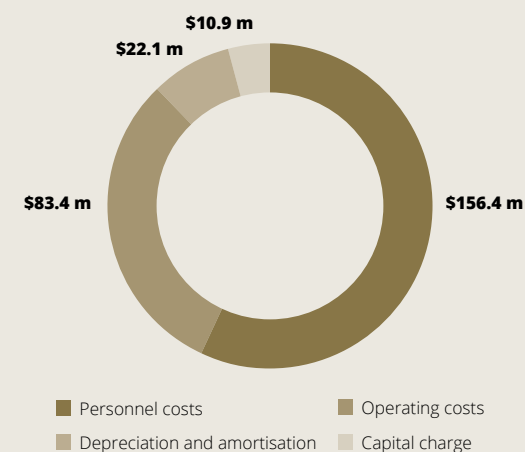


Figure 32: Departmental expenditure by major expense category 2024/25 (\$m)



The majority of our expenditure relates to personnel costs

Just over 57% of our expenditure relates to personnel costs. Personnel expenditure decreased by 6.7% compared with 2023/24. This is largely due to the organisational change process that occurred at the end of 2023/24.

Savings were also made as a number of vacant roles were filled part way through the financial year, when the role had been budgeted for the full 12 months.

Changes to third-party fees and levies

Customs collects fees and levies to recover the cost of screening and processing passengers and goods as they cross the border. These fees and levies are managed through memorandum accounts to ensure they are only spent on activities related to these services.

Memorandum accounts (page 137) are designed to trend to zero over the course of the fee or levy period (typically three years). The fees and levies are regularly reviewed, with any surplus or deficit in the memorandum account factored into future fee or levy charges. Surplus funding cannot be returned to the Crown as it can only be used for the specific activities it was collected to fund.

New levy structure to be established for Goods Clearance Fees

The Goods Clearance memorandum account remains in deficit despite two interim cost adjustments in 2023 and 2024.

In March 2025, Cabinet approved recommendations to establish a new levy structure for Goods fees, ensuring greater equity and fairness across the new charges (page 67).

These changes will occur in the 2025/26 financial year. The first stage is a cost adjustment, which came into effect on 1 July 2025. The new levy structure is designed to make sure funding for border processing services is sustainable. The new levies come into effect on 1 April 2026. We expect that the memorandum account deficit will reduce over the course of the levy period (1 April 2026 – 30 June 2028).

Border Processing Levy review results in lower rates for most travellers

The Border Processing Levy rates were also reviewed in 2024.

The return of international travellers to normal levels has seen the Border Processing Levy memorandum account maintain a surplus. As a result, the new levy rates for air passengers were reduced. We expect the memorandum account surplus to reduce during the new levy period, 1 December 2024 to 30 June 2027.

Proactively managing our cost pressures

Our fiscal sustainability programme provides a long-term view of our financial position. Regular reporting helps the Customs Executive Board make informed decisions on the prioritisation of activities and investments.

As part of this work, we made a deliberate decision to ring-fence savings made during the year from our Crown funded services and activities. These savings will be used to offset future cost pressures.

We continue to closely monitor our expenditure to ensure we operate efficiently and efficiently.

Greg Hanlen

Chief Financial Officer

APPROPRIATION STATEMENTS

Linkages between non-financial and financial performance information

The services we deliver are funded through appropriations within Vote Customs. These appropriations set out what the funding is to be used for and the output performance measures that are used to provide an objective measure on how well we delivered our services.

The *Assessment of operations* section (pages 18–69) provides an overview of what we did with the funding we received, and the impact that funding had. This information needs to be read alongside our appropriation statements, which set out what it cost to deliver our services. Together this information provides an assessment of how effectively we used our funding to achieve our goals.

This section of the report provides an overview of expenditure and revenue for each of our appropriations. Most of our expenditure relates to personnel (salary and wage costs). The Budget figures are those included in the Estimates of Appropriations 2024/25. The Revised Budget figures capture changes approved through the Supplementary Estimates of Appropriations 2024/25.



Read more:

[Vote Customs - External Sector - Estimates of Appropriations 2024/25 | The Treasury New Zealand](#)

[Vote Customs - Supplementary Estimates of Appropriations 2024/25 | The Treasury New Zealand](#)

Border Clearance and Enforcement Multi-Category Appropriation

The majority of Customs' services are funded through the Border Clearance and Enforcement Multi-Category Appropriation. This appropriation was established for the 2024/25 financial year to make it easier to move funding across the delivery of traveller and goods clearance services and revenue collection services, as resourcing demands change due to increased volumes or risk management activities.

The overarching purpose of the appropriation is to deliver services that promote the smooth two-way flow of travellers and goods across the New Zealand and international borders.

There are three categories within the appropriation:

- **Goods Clearance and Enforcement** – provision of services related to goods crossing borders, including trade compliance, and the protection of New Zealand through interventions, investigations, and enforcement
- **Travellers Clearance and Enforcement** – provision of services relating to travellers crossing borders and the protection of New Zealand through interventions, investigations, and enforcement

- **Revenue Collection and Other Services** – the collection of Crown revenue, the provision of customs-related services, support and advice to other government agencies or organisations, including international customs organisations, and the provision of advice and services to support Ministers to discharge their portfolio responsibilities relating to Customs.

These categories align to the previous appropriation structure for Vote Customs to ensure we retain the same level of financial transparency and performance accountability across our core services.

How we performed

There are four overarching output performance measures for this appropriation:

2023/24 Actual	Measure	2024/25		2025/26 Standard
		Standard	Actual	
99.6%	Percentage of import transactions considered compliant after risk assessment	98%	99.6%	98%
99.8%	Percentage of export transactions considered compliant after risk assessment	99%	99.9%	99%
98.2%	Percentage of revenue that is collected by the due date	98%	98.9%	98%
0.4%	Percentage of arriving international air passengers and crew who are selected for further risk assessment	1% - 3%	2.0%	1% - 3%

For more information on the services and activities delivered through this appropriation, including the full suite of output performance measures, see the *Assessment of operations* section (pages 18–69).

What it cost

Customs’ services are funded through a mix of Crown funding and third-party fees and levies. The fees and levies ensure that those who create the risks that come from the movement of people and goods across the border, meet the cost of the services required to manage those risks. See pages 55 and 67 for more information about our fees and levies.

Border Clearance and Enforcement: full appropriation

2023/24		2024/25		
Actual		Unaudited Budget	Unaudited Revised Budget	Actual
\$000		\$000	\$000	\$000
Revenue				
95,261	Crown	96,164	92,964	92,964
194,775	Other	202,009	181,504	190,964
290,036	Total revenue	298,173	274,468	283,928
243,195	Expenses excluding remeasurements	293,099	291,964	271,291
46,841	Surplus/(Deficit)	5,074	(17,496)	12,637

Border Clearance and Enforcement: Goods Clearance and Enforcement Category

2023/24		2024/25		
Actual		Unaudited Budget	Unaudited Revised Budget	Actual
\$000		\$000	\$000	\$000
Revenue				
55,501	Crown	55,951	55,342	55,342
58,804	Other	57,884	56,011	63,720
114,305	Total revenue	113,835	111,353	119,062
112,984	Expenses excluding remeasurements	133,161	132,552	112,431
1,321	Surplus/(Deficit)	(19,326)	(21,199)	6,631

Border Clearance and Enforcement: Travellers Clearance and Enforcement Category

2023/24		2024/25		
Actual		Unaudited Budget	Unaudited Revised Budget	Actual
\$000		\$000	\$000	\$000
Revenue				
2,797	Crown	2,095	2,235	2,235
134,332	Other	142,762	124,130	125,252
137,129	Total revenue	144,857	126,365	127,487
92,743	Expenses excluding remeasurements	120,533	122,738	123,888
44,386	Surplus/(Deficit)	24,324	3,627	3,599

Border Clearance and Enforcement: Revenue and Other Services Category

2023/24		2024/25		
Actual		Unaudited Budget	Unaudited Revised Budget	Actual
\$000		\$000	\$000	\$000
Revenue				
36,963	Crown	38,118	35,387	35,387
1,639	Other	1,363	1,363	1,992
38,602	Total revenue	39,481	36,750	37,379
37,468	Expenses excluding remeasurements	39,405	36,674	34,972
1,134	Surplus/(Deficit)	76	76	2,407

Border System Performance

This appropriation supports the Border Executive Board (BEB), which is responsible for providing policy and investment advice and the design and coordination of joint initiatives relating to the border system as a whole.

Customs is the servicing department for the BEB and is responsible for financial and non-financial reporting information. See the Border Executive Board Annual Report 2024/25 (pages 169–187) for more details on the work of the BEB.

How we performed

2023/24 Actual	Measure	2024/25		2025/26 Standard
		Standard	Actual	
Achieved	The BEB work programme has initiatives that respond to risk and drive border system improvement	Achieved	Achieved	Achieved
Meets and sometimes exceeds expectations	Satisfaction of the responsible Minister with the provision of coordination, information, and advice	Meets expectations	Meets expectations	Meets expectations

What it cost

Revenue and Output Expenses:

2023/24		2024/25		
Actual		Unaudited Budget	Unaudited Revised Budget	Actual
\$000		\$000	\$000	\$000
Revenue				
1,717	Crown	1,667	2,167	2,167
283	Other	283	283	283
2,000	Total revenue	1,950	2,450	2,450
1,111	Expenses excluding remeasurements	1,950	2,450	1,566
889	Surplus/(Deficit)	-	-	884

Capital Expenditure

This appropriation covers the purchase or development of assets by and for the use of Customs, as authorised by section 24(1) of the Public Finance Act 1989.

How we performed

2023/24 Actual	Measure	2024/25		2025/26 Standard
		Standard	Actual	
Achieved	Expenditure is in accordance with the department's intention to renew and replace computer equipment and software, furniture and fittings, leasehold improvements, motor vehicles and office equipment and plant	Achieved	Achieved	Achieved

What it cost

Budgeted and Actual Capital Expenditure

2023/24		2024/25		
Actual		Unaudited Budget	Unaudited Revised Budget	Actual
\$000		\$000	\$000	\$000
8,613	Property, plant, and equipment	9,004	14,577	10,936
6,340	Intangibles	12,050	6,477	1,641
-	Other	-	-	-
14,953	Total Appropriation	21,054	21,054	12,577

Appropriation Statements

The following statements report information about the expenses and capital expenditure incurred against each appropriation administered by Customs for the year ended 30 June 2025.

Statement of Budgeted and Actual Expenses and Capital Expenditure Incurred Against Appropriations

For the year ended 30 June 2025
Annual and permanent appropriations for Vote Customs

2023/24		2024/25			
Expenditure excluding remeasurements \$000		Total expenditure \$000	Remeasurements ¹ \$000	Expenditure excluding remeasurements \$000	Approved Appropriation 2025 ² \$000
Departmental output expenses					
112,984	Goods Clearance and Enforcement	112,414	(17)	112,431	132,552
92,743	Travellers Clearance and Enforcement	123,868	(20)	123,888	122,738
37,468	Revenue Collection and Other Services	34,966	(6)	34,972	36,674
1,111	Border System Performance	1,566	–	1,566	2,450
244,306	Total departmental output expenses	272,814	(43)	272,857	294,414
Departmental capital expenditure					
14,953	New Zealand Customs Service – capital expenditure PLA ³	12,577	–	12,577	21,054
Non-departmental output expenses					
–	Independent Advice to Ministers	285	–	285	347
–	Total non-departmental output expenses	285	–	285	347
Non-departmental other expenses					
17,889	Change in Doubtful Debt Provision	2,142	–	2,142	16,000
73	World Customs Organization	78	–	78	80
17,962	Total non-departmental other expenses	2,220	–	2,220	16,080
277,221	Total annual and permanent appropriations	287,896	(43)	287,939	331,895

1 Remeasurements are the movement brought about by the change in the discount rate applied to non-current employee entitlements (see Note 12, page 130)

2 These are the appropriations from *The Supplementary Estimates of Appropriations 2024/25*

3 Permanent Legislative Authority under section 24(1) of the Public Finance Act

Multi-year appropriation

Appropriation name: Traveller Declaration System Development

This is a multi-year appropriation to cover the provision of services relating to the development of policies, procedures, and systems to assess travellers for risk, including health risk, when crossing the New Zealand border. The appropriation started on 1 September 2021 and expires on 30 June 2026. There was no expenditure in this appropriation during the 2024/25 financial year. The remaining funding will be used in the 2025/26 financial year to fund improvements to the New Zealand Traveller Declaration (NZTD) system and improve the traveller experience.

2023/24		2024/25
\$000		\$000
Traveller Declaration System Development		
42,300	Original appropriation	42,300
37,600	Cumulative adjustments	37,600
79,900	Total adjusted approved appropriation	79,900
30,594	Cumulative actual expenditure as at 1 July	74,675
44,081	Current year actual expenditure	–
74,675	Cumulative Actual expenditure as at 30 June	74,675
5,225	Appropriation remaining as at 30 June	5,225

Operating Expenditure Appropriations Summary

For the year ended 30 June 2025

2023/24		2024/25
\$000		\$000
244,288	Annual Appropriations	272,814
44,081	Traveller Declaration System Development multi-year appropriation	–
288,369	Total Operating Expenditure	272,814

The 2024/25 performance information for each departmental appropriation administered by Customs has been reported in this annual report.

The 2024/25 performance information for each non-departmental appropriation has been reported by the Minister of Customs in a report appended to the New Zealand Customs Service Annual Report in this document.

Statement of Expenses and Capital Expenditure Incurred Without, or in Excess of, Appropriation or Other Authority

For the year ended 30 June 2025

In the 2024/25 financial year, Customs:

- did not incur any expenses or capital expenditure without appropriation or other authority or outside the scope or period of the appropriation (2023/24 financial year: nil)
- did not incur any expenditure in departmental output appropriations in excess of appropriation (2023/24 financial year: nil)
- did not incur any expenditure in non-departmental output appropriations in excess of appropriation (2023/24 financial year: incurred one).

Statement of Departmental Capital Injections

For the year ended 30 June 2025

2023/24		2024/25		
Actual		Unaudited Budget	Unaudited Revised Budget	Actual
\$000		\$000	\$000	\$000
Vote Customs				
17,875	Capital injections	–	–	–
(21,485)	Capital withdrawals	–	–	–
(3,610)	New Zealand Customs Service – net capital injection	–	–	–

In the 2024/25 financial year, Customs did not have any capital injections or withdrawals.

Statement of Departmental Capital Injections without, or in excess of, Authority

For the year ended 30 June 2025

In the 2024/25 financial year, Customs did not receive any capital injections without, or in excess of, authority (2023/24: nil).

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Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2025

2023/24			2024/25			2025/26
Restated Actual \$000		Note	Unaudited Budget \$000	Unaudited Supps \$000	Actual \$000	Unaudited Forecast \$000
Revenue						
141,060	Crown	2	97,831	78,200	95,131	105,705
195,057	Other revenue	2	202,292	198,718	191,247	197,792
336,117	Total revenue		300,123	276,918	286,378	303,497
Expenses						
167,612	Personnel costs	3	165,406	156,622	156,381	175,289
91,473	Operating costs	4	94,431	104,073	83,435	104,073
18,106	Depreciation and amortisation expense	5	22,839	22,839	22,118	22,894
11,178	Capital charge	6	12,373	10,880	10,880	10,908
288,369	Total expenses		295,049	294,414	272,814	313,164
47,748	Total comprehensive revenue and expense		5,074	(17,496)	13,564	(9,667)

Statement of Change in Equity

For the year ended 30 June 2025

2023/24			2024/25		2025/26
Restated Actual \$000	Note	Unaudited Budget \$000	Unaudited Supps \$000	Actual \$000	Unaudited Forecast \$000
178,770	Taxpayers' funds as at 1 July	195,978	216,620	216,620	199,124
47,748	Total comprehensive revenue and expense for the year	5,074	(17,496)	13,564	(9,667)
(21,485)	Capital withdrawals	-	-	-	-
17,875	Capital injections	-	-	-	550
(6,288)	Provision for return of surplus	11	-	(9,926)	-
216,620	Taxpayers' funds as at 30 June	201,052	199,124	220,258	190,007

Explanations of major variances against budget are provided in Note 23 and Note 25 explains the restatements made to 2023/24 actuals. The accompanying accounting policies and notes form part of these financial statements.

Statement of Financial Position

As at 30 June 2025

2023/24			2024/25			2025/26
Restated Actual \$000		Note	Unaudited Budget \$000	Unaudited Supps \$000	Actual \$000	Unaudited Forecast \$000
Current assets						
99,694	Cash and cash equivalents		11,088	30,073	86,870	44,409
3,636	Prepayments		5,627	5,627	2,621	5,627
70,875	Debtors and receivables	7	87,963	92,957	85,147	71,928
174,205	Total current assets		104,678	128,657	174,638	121,964
Non-current assets						
27,137	Property, plant and equipment	8	20,449	21,336	35,778	21,132
87,596	Intangible assets	9	114,348	87,596	71,166	87,596
100	Receivables and advances		42	–	399	–
114,833	Total non-current assets		134,839	108,932	107,343	108,728
289,038	Total assets		239,517	237,589	281,981	230,692
Current liabilities						
46,845	Creditors and payables	10	22,963	19,963	30,240	22,683
12,723	Employee entitlements	12	11,302	11,302	12,291	11,302
6,288	Provision for repayment of surplus to the Crown	11	–	–	9,926	–
–	Other short term liabilities	13	208	208	–	208
65,856	Total current liabilities		34,473	31,473	52,457	34,193
Non-current liabilities						
2,778	Employee entitlements	12	3,742	3,742	2,852	3,742
3,784	Other long term provisions	14	250	3,250	6,414	2,750
6,562	Total non-current liabilities		3,992	6,992	9,266	6,492
72,418	Total liabilities		38,465	38,465	61,723	40,685
216,620	Net assets		201,052	199,124	220,258	190,007
Equity						
218,600	Crown capital and retained earnings	15	201,052	199,124	211,291	190,007
(1,980)	Memorandum accounts (net position)	15	–	–	8,967	–
216,620	Total equity as at 30 June		201,052	199,124	220,258	190,007

Explanations of major variances against budget are provided in Note 23 and Note 25 explains the restatements made to 2023/24 actuals.The accompanying accounting policies and notes form part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2025

2023/24			2024/25		2025/26
Actual			Unaudited Budget	Unaudited Supps	Actual
\$000	Note		\$000	\$000	\$000
Cash flows from operating activities					
Cash was provided from:					
149,105	Crown		122,534	65,131	69,706
194,594	Other revenue		201,247	181,787	188,293
Cash was applied to:					
(168,237)	Personnel		(181,689)	(162,857)	(157,005)
(89,990)	Operating		(124,728)	(109,247)	(77,518)
2,581	Goods and Services Tax (net)		–	–	(1,951)
(11,178)	Capital charge		(12,373)	(10,880)	(10,880)
76,875	Net cash flow from operating activities	20	4,991	(36,066)	10,645
Cash flows from investing activities					
Cash was provided from:					
117	Sale of fixed assets		–	–	195
Cash was disbursed to:					
(8,613)	Purchase of fixed assets		(6,640)	(988)	(10,936)
(10,745)	Purchase of intangible assets		(21,054)	(21,054)	(1,213)
(19,241)	Net cash flow from investing activities		(27,694)	(22,042)	(11,954)
Cash flows from financing activities					
Cash was provided from:					
17,875	Capital injections received		–	–	–
Cash was disbursed to:					
(21,485)	Capital withdrawal		–	–	–
(16,256)	Repayment of surplus		–	–	(11,513)
(19,866)	Net cash flow from financing activities		–	–	(11,513)
37,767	Net increase/(decrease) in cash		(22,703)	(58,108)	(12,824)
61,927	Cash at the beginning of the year		33,791	99,694	99,694
99,694	Cash at the end of the year		11,088	30,073	86,870

Explanations of major variances against budget are provided in Note 23. The accompanying accounting policies and notes form part of these financial statements.

Statement of Commitments

As at 30 June 2025

2023/24		2024/25
Actual \$000		Actual \$000
Non-cancellable operating lease commitments		
11,680	Not later than one year	13,823
19,494	Later than one year and not later than five years	16,993
13,013	Later than five years	12,011
44,187	Total non-cancellable operating commitments	42,827
44,187	Total commitments	42,827

Capital commitments

Customs has no capital commitments as at 30 June 2025 (2023/24: nil).

Non-cancellable operating lease commitments

Customs has long-term leases on its premises throughout the country and overseas. Annual lease payments on the three largest leases, located in Auckland, Wellington, and Christchurch, are reviewed every three years. Other leases are subject to a range of review periods.

The amounts disclosed above as future commitments are based on the current rental rates.

As of 30 June 2025, Customs does not have any non-cancellable sublease-of-premises-receipts due over the next 10 financial years (30 June 2024: nil).

Customs also has several non-cancellable software licence and support agreements for which it is bound to pay for the length of the agreement or a cancellation fee.

Statement of Departmental Contingent Liabilities and Assets

As at 30 June 2025

Contingent liabilities and contingent assets are recorded when the contingency is probable and can be reasonably estimated.

Contingent liabilities are disclosed if it is probable that they will occur. Contingent assets are disclosed if it is probable that the benefits will be realised.

Customs has no quantifiable contingent assets as at 30 June 2025 (30 June 2024: \$43,129). Customs has no unquantifiable contingent assets as at 30 June 2025 (30 June 2024: nil).

Customs has quantifiable contingent liabilities of \$180,000 as at 30 June 2025 (30 June 2024: nil). Customs had no unquantifiable contingent liabilities as at 30 June 2025 (30 June 2024: nil).

Schedule of Trust Monies

For the year ended 30 June 2025

	As at 01/07/2024			As at 30/06/2025
Account	\$000	Contribution \$000	Distribution \$000	\$000
Customs Regional Deposit/Bonds Trust No.1, No.2 and No.3	19,663	6,522	7,945	18,240
New Zealand Customs Service Multiple Deposit Scheme Release Trust	105	8,602	8,501	205
New Zealand Customs Service Multiple Deposit Scheme Suspense Trust	725	9,474	9,984	215
Total	20,493	24,597	26,430	18,660

Notes to the Financial Statements

For the year ended 30 June 2025

Note 1: Statement of accounting policies

Reporting entity

Customs is a government department as defined by section 5 of the Public Service Act 2020 and is domiciled and operates in New Zealand. The relevant legislation governing Customs’ operations includes the Public Finance Act 1989, the Public Service Act 2020, and the Customs and Excise Act 2018 and related regulations.

Customs is a wholly owned entity by the Crown whose primary objective is to facilitate the movement of people, goods, and craft across the border and protect New Zealand’s border and revenue. Customs does not operate to make a financial return. Accordingly, Customs is a Public Benefit Entity (PBE) under the External Reporting Board standards framework.

In addition, Customs has reported on Crown activities in the non-departmental statements and schedules beginning on page 140 and trust monies which it administers on page 117.

Reporting period

The reporting period for these financial statements is for the year ended 30 June 2025. The forecast financial statements are for the year ending 30 June 2026. The financial statements were authorised by the Comptroller of Customs on 30 September 2025.

Basis of preparation

The financial statements have been prepared on a going concern basis, and the accounting policies set out below and in the notes to the financial statements have been applied consistently to all periods presented in these financial statements.

These financial statements have been prepared on an historical cost basis, unless otherwise stated. The accrual basis of accounting has been used.

Statement of compliance

The financial statements of Customs have been prepared in accordance with the requirements of the Public Finance Act 1989, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practices (NZ GAAP), and Treasury Instructions.

These financial statements have been prepared in accordance with Tier 1 PBE accounting standards, and comply with PBE International Public Sector Accounting Standards (IPSAS).

Functional and presentation currency

These financial statements are presented in New Zealand dollars rounded to the nearest thousand dollars (\$000), other than the key management personnel disclosure in Note 18 and the additional assurance engagement with Audit NZ in Note 4. These disclosures are rounded to the nearest dollar. The functional currency of Customs is New Zealand dollars.

Accounting standards issued and adopted in 2023/24

PBE IPSAS 1 Presentation of Financial Reports

PBE IPSAS 1 was amended to enhance the requirements concerning the disclosure of information about the audit fee and is effective for the year ending 30 June 2025. Customs early adopted this standard in 2023/24.

Accounting standards issued and not yet effective and not early adopted

PBE IPSAS 17 Insurance Contracts in the Public Sector

PBE IPSAS 17 is effective for the year ending 30 June 2027. Customs has determined that no changes will be required to comply with this amendment. Customs does not currently have arrangements covered by this standard.

Critical accounting estimates and assumptions

In preparing these forecast financial statements, Customs has made estimates and assumptions concerning the future. These estimates and assumptions may differ from subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are in respect of:

- Assessing the impairment of Debtors and receivables – see Note 7
- Assessing the useful lives of software – see Note 9
- Measuring long service leave entitlements and retirement gratuities – see Note 12.

Accounting policies

Significant accounting policies are included in the notes to which they relate.

Significant accounting policies that do not relate to a specific note and which materially affect the measurement of financial results, the financial position and output statements section are outlined below.

Foreign currency transactions

Foreign currency transactions are translated into New Zealand dollars using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the financial results.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand and deposits held on call with banks.

Customs is only permitted to spend its cash and cash equivalents within the scope and limits of its appropriations.

Goods and Services Tax

All items in the financial statements, including appropriation and output statements, are stated exclusive of Goods and Services Tax (GST), except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, Inland Revenue is included as part of receivables or payables in the Statement of Financial Position. The net GST paid to, or received from, Inland Revenue, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

Income tax

Government departments are exempt from income tax as public authorities. Accordingly, no charge for income tax has been provided for.

Budget figures

The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

The budget figures are not subject to audit.

The 2024/25 ‘Budget’ figures were those published in the 2023/24 annual report and the Government’s the *Estimates of Appropriations for the year ending 2024/25*. The 2024/25 ‘Supps’ figures are those published in the *Supplementary Estimates of Appropriations 2024/25*.

Forecast figures

The forecast figures for 2025/26 are the best estimate financial forecast information submitted to the Treasury for the *Estimates of Appropriations for the year ending 2025/26*.

The forecast figures in the financial statements have been prepared in accordance with the requirements of the Public Finance Act 1989 to communicate forecast financial information for accountability purposes. They are compliant with PBE Financial Reporting Standard 42 *Prospective Financial Statements*.

The forecasts have been compiled on the basis of existing government policies and ministerial expectations at the time the statements were finalised.

The forecast revenue for fees and levies is estimated by using the number of travellers and import and export activities based on scenario modelling that was agreed in December 2024 for border and transport agencies to use for planning purposes.

Significant assumptions used in preparing the forecast financial information

The main assumptions are as follows:

- Customs’ activities will remain substantially the same as for the previous year
- operating costs are based on historical trends, adjusted for the savings identified and implemented
- no allowances have been made for general cost and/or inflationary pressures
- the estimated year-end information for 2024/25 was used as the opening position for the 2025/26 forecasts.

Variation to forecast

The actual financial results for the forecast period ending 30 June 2026 are likely to vary from the forecast information presented. Factors that may lead to a material difference include:

- changes due to initiatives approved by Cabinet
- technical adjustments to the budget including transfers between financial years
- macroeconomic impacts on estimations, judgements, and assumptions
- the timing of expenditure relating to significant programmes and projects.

Cost allocations

Customs has determined the cost of outputs using an Activity Based Costing methodology.

The Activity Based Costing is a two-step costing methodology based on the premise that activities consume resources, and services consume activities. Multiple drivers are used having regard to the materiality and nature of the costs, and operational systems inform those causal drivers that assign activity costs to services.

Corporate services are analysed and the cost of each service assigned to those who consume them in the first stage of this costing.

Business Sustaining activity costs are assigned across services in proportion to their cost.

The methodology adopted complies with Treasury Guidelines and provides a logical and equitable view of the true cost of each service.

Changes in accounting policies

There have been no changes in accounting policies since 30 June 2024.

Comparatives

When presentation or classification of items in the financial statements are amended or accounting policies are changed, comparative figures are restated to ensure consistency with the current period unless it is impracticable to do so.

Note 2: Revenue

Customs derives revenue through the provision of outputs to the Crown, and services to third parties. Such revenue is recognised when earned and is reported in the financial period to which it relates.

The specific accounting policies for major revenue items are explained below.

Revenue from the Crown

Revenue from the Crown is treated as a non-exchange transaction and is measured based on Customs’ funding entitlement for the reporting period. The funding entitlement is established by Parliament when it passes the Appropriation Acts for the financial year. The amount of revenue recognised takes into account any amendments to appropriations approved in the Appropriation (Supplementary Estimates) Act for the year and certain other unconditional funding adjustments formally approved prior to balance date.

This treatment is based on the view that there are no use or return conditions attached to the funding from the Crown. However, Customs can incur expenses only within the scope and limits of its appropriations.

The fair value of revenue from the Crown is considered equivalent to the funding entitlement.

2023/24		2024/25	
Actual		Unaudited Budget	Actual
\$000		\$000	\$000
133,690	Border Processing Levy	130,595	123,465
50,209	Goods clearance fees	58,137	54,963
1,401	Cost recoveries	3,236	3,059
9,738	Sale of goods and services	10,297	9,735
19	Compliance	26	25
195,057	Total other revenue	202,292	191,247

Other Revenue

Revenue from the application and processing fees is measured at the fair value of consideration received. Revenue from the supply of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

Revenue from the supply of services is recognised at balance date on a straight-line basis over the specified period for the services unless an alternative method better represents the stage of completion of the transaction.

Statutory levies

Revenue from statutory levies is recognised when the obligation to pay the levy is incurred. Although there are restrictions on how levy funding may be spent, including the requirement to manage deficits and surpluses by means of a memorandum account, there are no conditions attached to the levies that give rise to obligations to return levies to levy payers.

Note 3: Personnel costs

Personnel costs are recognised as an expense in the period to which they relate. Employer contributions to defined contribution plans include contributions to the State Sector Retirement Savings Scheme, KiwiSaver, and the Government Superannuation Fund.

2023/24		2024/25	
Actual		Unaudited Budget	Actual
\$000		\$000	\$000
140,847	Salaries and wages	141,454	145,463
4,528	Employer contributions to defined contribution plans	1,345	4,510
22,237	Other personnel expenses	22,607	6,408
167,612	Total personnel costs	165,406	156,381

Note 4: Operating costs

Operating costs are recognised as an expense in the period to which they relate.

2023/24		2024/25	
Actual		Unaudited Budget	Actual
\$000		\$000	\$000
19,318	IT Infrastructure management	24,432	21,244
10,430	Computer equipment costs	12,338	10,345
9,479	Operating lease rentals	11,291	9,691
3,867	Travel and accommodation	4,684	4,494
5,391	Occupancy costs (excluding rentals)	6,218	5,821
25,573	Consultants and professional fees	18,081	16,162
3,490	Repairs and maintenance	4,035	3,517
3,053	Communication costs	2,888	2,883
1,837	Insurance	2,540	1,672
359	Fees paid to Audit NZ for the financial statement audit	398	413
(7)	Net (gain)/loss on sale of fixed assets	(12)	(78)
99	Net foreign exchange losses	92	78
1,006	Expected credit loss on financial assets (refer note 7)	–	12
7,578	Other operating costs	7,446	7,181
91,473	Total operating costs	94,431	83,435

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Note 5: Depreciation and amortisation

Depreciation is provided on a straight-line basis on all property, plant, and equipment, other than work in progress. The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. For further details refer to the policy on property, plant, and equipment in Note 8 and intangible assets in Note 9.

2023/24		2024/25	
Actual		Unaudited Budget	Actual
\$000		\$000	\$000
Depreciation			
402	Leasehold improvements	817	798
140	Office equipment	73	71
2,823	Other equipment and plant	2,729	2,665
54	Furniture and fittings	59	58
1,758	Computer equipment	2,193	2,142
722	Motor vehicles	591	577
308	Launch and watercraft	326	318
6,207	Total depreciation	6,788	6,629
Amortisation			
11,899	Intangible assets – computer software	16,051	15,489
18,106	Total depreciation and amortisation cost	22,839	22,118

Note 6: Capital charge

The capital charge is recognised as an expense in the financial year that the charge relates to. Customs pays a capital charge to the Crown on its equity (adjusted for memorandum accounts and donated assets) as at 30 June and 31 December each year. The capital charge rate for the year ended 30 June 2025 was 5.0% (1 July 2023 to 30 June 2024: 5.0%).

Note 7: Debtors and receivables

Debtors and other receivables are initially measured at the amount due and assessed annually for impairment.

Short-term receivables are recorded at the amount due, less an allowance for credit losses. Customs applies the simplified expected credit loss model of recognising lifetime expected credit losses for receivables. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Statement of Comprehensive Revenue and Expense.

2023/24		2024/25
Restated Actual \$000		Actual \$000
2,647	Receivables – Goods Cost Recovery	2,407
1,934	Receivables	5,780
23,140	Receivables – Border Processing Levy	19,723
27,721	Gross trade receivable	27,910
(2,570)	Less: allowance for credit losses	(2,208)
25,151	Net trade receivables (exchange transactions)	25,702
45,725	Debtor – Crown (non-exchange transactions)	59,445
70,876	Total receivables	85,147

Overdue receivables that are renegotiated are reclassified as current (i.e. not past due). The allowance for credit losses is determined as follows:

30 June 2025	Receivables days past due				
	Current	31–60 days	61–90 days	>90 days	Total
Expected credit loss rate	1%	14%	80%	88%	
Carrying amount (\$000)	25,473	449	520	1,468	27,910
Lifetime expected credit loss (\$000)	331	61	415	1,401	2,208

30 June 2024	Receivables days past due				
	Current	31–60 days	61–90 days	>90 days	Total
Expected credit loss rate	2%	61%	97%	93%	
Carrying amount (\$000)	25,204	662	281	1,573	27,720
Lifetime expected credit loss (\$000)	384	411	278	1,497	2,570

The movement in the allowance for expected credit losses is as follows:

2023/24		2024/25
Actual \$000		Actual \$000
1,583	Balance as at 1 July	2,570
1,006	Increase/Decrease in loss allowance made during the year	(350)
(19)	Receivables written off during the year	(12)
2,570	Balance as at 30 June	2,208

Note 8: Property, plant, and equipment

Customs’ property, plant, and equipment includes leasehold improvements, furniture and office equipment, plant and equipment, computer hardware, motor vehicles, launches, and watercraft.

Property, plant, and equipment is stated at historical cost less accumulated depreciation and impairment losses.

All property, plant, and equipment costing individually \$5,000 or more, or as a group of assets more than \$20,000, are capitalised.

Additions

The cost of an item of property, plant, and equipment is recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to Customs and the cost of the item can be measured reliably.

In most instances, an item of property, plant, and equipment is recognised at its cost. Where an asset is acquired at no cost, or a nominal cost, it is recognised at fair value as at the date of acquisition.

Work in progress is recognised at cost less impairment and is not depreciated.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses are recognised on a net basis in the Statement of Comprehensive Revenue and Expense.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefits or service potential associated with the item will flow to Customs and the cost of the item can be measured reliably.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant, and equipment, other than work in progress, at rates that will write off the cost of the assets to their estimated residual values over their useful lives. The useful lives of major classes of assets have been estimated as follows:

Furniture and office equipment	4 – 5 years
Plant and equipment	5 – 15 years
Computer hardware	4 – 5 years
Motor vehicles	5 years
Launch and watercraft	5 – 25 years
Leasehold improvements	5 – 24 years

The launch is being depreciated at various rates according to the life expectancy of the different components.

The cost of leasehold improvements is depreciated over the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is the shorter.

The residual value and useful life of an asset is reviewed, and adjusted if appropriate, at each balance date.

Impairment

Property, plant, and equipment, and intangible assets that have a finite useful life, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the service potential of the asset is not primarily dependent on the asset’s ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining service potential.

The reversal of an impairment loss is recognised in the Statement of Comprehensive Revenue and Expense.

	Leasehold Improvements	Office Equipment	Other Equipment	Furniture and Fittings	Computer Equipment	Motor Vehicles	Launches/ Watercraft	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Cost								
Balance at 1 July 2023	17,339	957	57,322	730	22,506	6,528	5,900	111,282
Additions	–	193	1,851	–	1,467	1,196	–	4,707
Transfers	–	–	–	–	–	–	–	–
Disposals	–	–	–	–	–	(209)	–	(209)
Work in progress movement	1,615	(231)	2,084	–	532	(49)	(45)	3,906
Balance at 30 June 2024	18,954	919	61,257	730	24,505	7,466	5,855	119,686
Balance of work in progress	1,867	43	2,742	–	869	27	–	5,548
Balance at 1 July 2024	18,954	919	61,257	730	24,505	7,466	5,855	119,686
Additions	–	–	5,782	559	373	405	634	7,753
Disposals	–	–	(3)	–	–	(556)	–	(559)
Work in progress movement	8,614	48	(3,086)	–	2,086	(28)	–	7,634
Balance at 30 June 2025	27,568	967	63,950	1,289	26,964	7,287	6,489	134,514
Balance of work in progress	10,481	91	(344)	–	2,955	(1)	–	13,182
Accumulated depreciation and impairment losses								
Balance at 1 July 2023	14,620	673	46,118	737	18,982	3,938	1,437	86,505
Depreciation expenses	402	140	2,823	54	1,758	722	308	6,207
Impairment	–	–	–	–	–	(163)	–	(163)
Balance at 30 June 2024	15,022	813	48,941	791	20,740	4,497	1,745	92,549
Balance at 1 July 2024	15,022	813	48,941	791	20,740	4,497	1,745	92,549
Depreciation expenses	798	71	2,687	58	2,142	555	318	6,629
Disposals	–	–	(3)	–	–	(439)	–	(442)
Balance at 30 June 2025	15,820	884	51,625	849	22,882	4,613	2,063	98,736
Carrying amount								
At 1 July 2023	2,719	284	11,204	(7)	3,524	2,590	4,463	24,777
At 30 June 2024	3,932	106	12,316	(61)	3,765	2,969	4,110	27,137
At 30 June 2025	11,748	83	12,325	440	4,082	2,674	4,426	35,778

Note 9: Intangible assets

Software acquisition and development

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software are expensed when incurred. Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include the software development, employee costs, and an appropriate portion of relevant overheads.

Staff training costs are expensed when incurred.

	Acquired Software \$000	Internally Generated Software \$000	Total \$000
Cost			
Balance at 1 July 2023	25,693	169,043	194,736
Additions	167	25,215	25,382
Work in progress movement	48	(14,639)	(14,591)
Balance at 30 June 2024	25,907	179,619	205,526
Balance of work in progress	117	4,334	4,451
Balance at 1 July 2024	25,907	179,619	205,526
Additions	267	1,871	2,138
Work in progress movement	–	(3,077)	(3,077)
Balance at 30 June 2025	26,174	178,413	204,587
Balance of work in progress	117	1,257	1,374
Accumulated amortisation and impairment losses			
Balance at 1 July 2023	20,994	85,040	106,033
Amortisation expenses	1,500	10,399	11,899
Balance at 30 June 2024	22,494	95,439	117,932
Balance at 1 July 2024	22,494	95,439	117,932
Amortisation expenses	1,742	13,747	15,489
Balance at 30 June 2025	24,235	109,186	133,421
Carrying amount			
At 1 July 2023	4,699	84,003	88,703
At 30 June 2024	3,414	84,180	87,594
At 30 June 2025	1,939	69,227	71,166

There are no restrictions over the title of Customs’ intangible assets, nor are any intangible assets pledged as security for liabilities.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. The amortisation charge for each period is recognised in the Statement of Comprehensive Revenue and Expense.

The useful lives of intangible assets have been estimated as follows:

- Computer software 5 to 15 years

Intangible assets are tested annually for impairment. Intangible assets that have an indefinite useful life, or are not yet available for use, are not subject to amortisation.

Note 10: Creditors and payables

Creditors and other payables are non-interest bearing and are normally settled on 10-day terms, therefore the carrying value of creditors and other payables approximates their fair value.

2023/24		2024/25
Restated Actual \$000		Actual \$000
Payables under exchange transactions		
2,925	Trade creditors	3,698
17,028	Deferred Revenue	436
14,852	Accrued expenses	15,667
8,271	MPI – Border Processing Levy	8,621
43,076	Total payables under exchange transactions	28,422
Payables under non-exchange transactions		
3,769	GST payable	1,818
3,769	Total payables under non-exchange transactions	1,818
46,845	Total creditors and payables	30,240

Note 11: Return of operating surplus

A surplus is required to be paid to the Crown by 31 October each year. The negative provision for repayment of operating surplus reflects adjustments made to the timing of revenue drawdowns for the multi-year Traveller Declaration System Development appropriation during the year.

2023/24		2024/25
Restated Actual \$000		Actual \$000
47,748 (41,460)	Net surplus/(deficit) Add (surpluses)/deficits of memorandum accounts	13,564 (3,638)
6,288	Provision for repayment of operating surplus	9,926

Note 12: Employee entitlements

Current employee entitlements

Employee entitlements that Customs expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

Customs recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. Customs does not expect absence in the coming year will exceed the entitlements earned.

Non-current employee entitlements

Entitlements that are payable beyond 12 months, such as long service leave and retiring leave, have been calculated on an actuarial basis by an independent valuer, Eriksen Global. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information
- the present value of the estimated future cash flows using an applicable discount rate and salary inflation rate.

A weighted average discount rate of 4.66% (2023/24: 4.84%) and a salary inflation rate of 2.50% (2023/24: 2.50%) were used. The discount rates are the risk free discount rates published by the Treasury as at 30 June 2025. The inflation rate is based on the expected long-term increase in remuneration for employees as supplied by the Treasury.

Retirement and long service leave

Obligations for contributions to the State Sector Retirement Savings Scheme, KiwiSaver, and the Government Superannuation Fund are accounted for as defined contribution schemes and are recognised as an expense in the Statement of Comprehensive Revenue and Expense as incurred.

2023/24		2024/25
Actual \$000		Actual \$000
Current liabilities		
2,253	Personnel accruals	1,275
9,617	Annual leave	10,106
853	Retirement and long service leave	910
12,723	Total current portion	12,291
Non-current liabilities		
2,778	Retirement and long service leave	2,852
2,778	Total non-current portion	2,852
15,501	Total employee entitlements	15,143

Note 13: Other short term liabilities

Customs has no other short-term liabilities as at 30 June 2025 (30 June 2024: nil).

Note 14: Other long term provisions

Customs recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in finance expenses.

Movement for provisions are as follows:

2023/24		2024/25
Actual \$000		Actual \$000
3,784	Long term provisions as at 1 July	3,784
–	Lease make good changes	(345)
–	Lease incentive changes	2,975
3,784	Long term provisions at 30 June	6,414

In respect of a number of its leased premises, Customs is required at the expiry of the lease term to make good any damage caused, or alterations made, to the premises and to remove any fixtures or fittings installed. In many cases Customs has the option to renew these leases, which impacts on the timing of expected cash outflows to make good the premises.

In early 2024, Customs moved its Auckland CBD office premises to a new location. Make good costs were incurred due to the move out of the old office, and a new make good provision was required for the new office.

The landlord of Customs’ new Auckland CBD office offered a lease incentive that is recognised over the life of the lease.

Note 15: Equity

Equity is the Crown's investment in Customs and is measured as the difference between total assets and total liabilities.

2023/24		2024/25
Restated Actual \$000		Actual \$000
Crown Capital and retained earnings		
224,564	Balance as at 1 July	218,600
47,748	Surplus/(deficit)	13,564
(43,814)	Transfer of memorandum account net (surplus)/deficit for the year	(10,947)
(6,288)	Return of operating surplus to the Crown	(9,926)
(3,610)	Capital (withdrawal)/injection	–
218,600	Balance as at 30 June	211,291
Memorandum accounts		
(45,794)	Balance as at 1 July	(1,980)
43,814	Net memorandum account net surplus/(deficit) for the year	10,947
(1,980)	Balance as at 30 June	8,967
216,620	Total equity as at 30 June	220,258

Note 16: Financial instruments

Customs’ activities expose it to a variety of financial instrument risks, including market risk, credit risk, and liquidity risk. Customs has policies to manage the risks associated with financial instruments and seeks to minimise exposure from financial instruments. Customs does not enter into any transactions that are speculative in nature.

Market risk

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Currency risk arises from future overseas posts operations, which is denominated in a foreign currency. In 2024/25 Customs had Customs had staff in 11 overseas locations and operated two foreign currency bank accounts. Customs is exposed to currency risk arising from various currency exposures, primarily with respect to the United States dollar and Thai Baht.

Customs’ foreign exchange management policy requires it to manage currency risk arising from future transactions and recognised liabilities by entering into foreign exchange forward contracts to reduce its foreign currency risk exposure. This policy has been approved by the Treasury and is in accordance with the requirements of Treasury Guidelines for the Management of Crown and Departmental Foreign-Exchange Exposure.

Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate, or the cash flows from a financial instrument will fluctuate, due to changes in market interest rates.

Customs has no interest-bearing financial instruments, so it has no exposure to interest rate risk.

Credit risk

Credit risk is the risk that a third party will default on its obligation causing Customs to incur a loss.

In the normal course of its business, credit risk arises from debtors and deposits with banks.

Customs is only permitted to deposit funds with Westpac and operate foreign currency accounts for overseas posts expenses, with registered overseas banks, and enter into foreign exchange forward contracts with the Treasury Capital Markets. These entities have high credit ratings. For other financial instruments, Customs does not have significant concentrations of credit risk.

Customs’ maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash and cash equivalents and net debtors (Note 7). There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired.

Liquidity risk

Liquidity risk is the risk that Customs will encounter difficulty raising liquid funds to meet commitments as they fall due.

In meeting its liquidity requirements, Customs closely monitors its forecast cash requirements with expected cash drawdowns from the Treasury Capital Markets. Customs maintains a target level of available cash to meet daily liquidity requirements.

The table below analyses Customs’ financial liabilities that will be settled based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Less than 6 months \$000	Between 6 months and 1 year \$000	Between 1 and 5 years \$000	Over 5 years \$000
2023/24 (Restated Actuals)				
Creditors and other payables (note 10)	43,076	–	–	–
Total	43,076	–	–	–
2024/25				
Creditors and other payables (note 10)	28,422	–	–	–
Total	28,422	–	–	–

Note 17: Categories of financial instruments

Financial liabilities

Financial liabilities are recognised initially at fair value less transaction costs and subsequently measured at amortised cost using the effective interest rate method. Financial liabilities entered into with duration less than twelve months are recognised at their nominal value. Amortisation and, in the case of monetary items, foreign exchange gains and losses, are recognised in the Statement of Comprehensive Revenue and Expense as is any gain or loss when the liability is derecognised. There have been no financial liabilities designated as hedge items, therefore, no hedge accounting applied.

2023/24		2024/25
Actual \$000		Actual \$000
Financial assets measured at amortised cost		
99,694	Cash and cash equivalents	86,870
70,875	Debtors and other receivables	85,147
170,569	Total financial assets measured at amortised cost	172,017
Financial liabilities measured at amortised cost		
43,076	Creditors and other payables	28,422
43,076	Total financial liabilities measured at amortised cost	28,422

Note 18: Related party transactions and key management personnel

Customs is a wholly owned entity of the Crown. The Government significantly influences the role of Customs as well as being its key source of revenue.

Related parties

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect Customs would have adopted in dealing with the party at arm's length in the same circumstances. The Government reporting entity comprises a large number of commonly controlled entities, which includes Customs. These entities, and their key management personnel, transact among themselves on a regular basis, for example, for the registration of vehicles. These transactions are conducted at arm's length. Any transactions not conducted at arm's length will be disclosed in the financial statements.

Remuneration to key management personnel

The remuneration of key management personnel during the year was as follows:

2023/24		2024/25
Restated Actual		Actual
Leadership Team, including the Comptroller		
\$2,175,963	Salaries and other short-term employee benefits	\$1,983,398
6.4	Full-time equivalent staff	5.5

The key management personnel disclosure for Customs consists of the members of the Customs Executive Board (page 85). The Comptroller's remuneration is determined and paid by the Public Service Commission and invoiced to Customs. This calculation has been updated to include salary and other short-term employee benefits relating to staff acting in Leadership Team positions. The Customs Executive Board has five full-time equivalent staff – the Comptroller, and four Deputy Chief Executives.

The remuneration disclosure excludes the remuneration of the relevant Ministers for 2024/25. The Ministers' remuneration and other benefits are set by the Remuneration Authority and are paid under Permanent Legislative Authority and not paid by Customs.

If close family members of key management personnel are employed by Customs, the terms and conditions of those arrangements are no more favourable than would be adopted if there were no relationship to key management personnel.

Note 19: Capital management

Customs' capital is its equity, which comprises taxpayers' funds and the memorandum accounts.

Equity is represented by net assets. Customs' equity is largely managed as a by-product of managing income, expenses, assets, liabilities, and compliance with the Government Budget processes, Treasury Instructions, and the Public Finance Act 1989.

The objective of managing Customs' equity is to ensure that it effectively achieves its goals and objectives and remains a going concern.

Note 20: Reconciliation of net surplus/deficit to net cash flow from operating activities for the year ended 30 June 2025

2023/24		2024/25
Restated Actual \$000		Actual \$000
47,748	Net operating surplus/(deficit)	13,564
18,106	Depreciation and amortisation expense	22,118
18,106	Total non-cash items	22,118
	Working capital movements	
(9,237)	(Increase)/decrease in debtors and receivables	(14,564)
2,633	(Increase)/decrease in prepayments	1,015
18,367	Increase/(decrease) in creditors and payables	(13,616)
(452)	Increase/(decrease) in employee entitlements	(432)
-	Increase/(decrease) in other short term liabilities	-
11,311	Working capital movements – net	(27,597)
	Movements in non-current liabilities	
-	Provision for premises make good	2,630
(173)	Increase/(decrease) in employee entitlements	74
(173)	Movements in non-current liabilities	2,704
-	(Increase)/decrease in investing activity items	(66)
(117)	Net (gain)/loss on sale of fixed assets/impairment	(78)
(117)	Total investing activity items	(144)
76,875	Net cash from operating activities	10,645

Note 21: Memorandum Accounts

These accounts summarise financial information relating to the accumulated surplus or deficit incurred in the provision of clearance services operating on a full recovery basis from third parties through the **Border Processing Levy** and **Goods Clearance Fees**.

A memorandum account allows for the fact that revenue and expenses may not necessarily equate in any given financial year, with balances expected to trend to zero over a reasonable period of time (three to five years). The account enables Customs to take a long-term perspective to fee setting and cost recovery.

Transactions are included as part of Customs’ operating income and expenses and the resulting surplus/ (deficit). However, these transactions are excluded from the calculation of Customs’ return of operating surplus. The cumulative balance of the surplus/(deficit) of the memorandum account is recognised as a component of equity (refer Note 15).

Border Processing Levy

2023/24		2024/25
Actual \$000		Actual \$000
(39,300)	Opening balance 1 July	6,663
134,332	Revenue – Border Processing Levy	125,252
(89,297)	Expenses	(121,022)
928	Accumulated Capital injections applied	2,498
6,663	Closing balance of memorandum account	13,391

The border processing revenue enables Customs to manage risks while also streamlining travellers’ interaction with the border. As traveller volumes continued to recover, the Border Processing Levy memorandum account is in surplus this year. In September 2024, the Government approved changes to the levy caps to ensure that they allow Customs to fully recover the estimated costs of screening and facilitation services. Customs levies for the new levy period, 1 December 2024 to 30 June 2027, are lower for most travellers. We expect the surplus in this memorandum account will reduce over the next levy period.

Goods Clearance Fees

2023/24		2024/25
Actual \$000		Actual \$000
(6,494)	Opening balance 1 July	(8,643)
44,553	Revenue – Goods Clearance Levy	48,735
(48,128)	Expenses	(49,328)
1,426	Accumulated Capital injections applied	4,812
(8,643)	Closing balance of memorandum account	(4,424)

Customs goods fees fund a wide range of the trade activities such as inspection, intelligence gathering, risk screening, service delivery, and Trade Single Window processes. Customs Goods Clearance Fees memorandum account is currently in deficit as revenue does not fully cover the cost of delivering processing and protection services.

This deficit has been a continuing trend in recent years. In March 2024/25, the Government approved changes to the goods fees to address this deficit and ensure the financial sustainability of the goods fees framework. This will see an increase in goods fees from 1 July 2025, followed by a re-set of all goods management charges from 1 April 2026. These changes are designed to ensure goods management costs are fully cost recovered.

Note 22: Border Executive Board

The Border Executive Board was established from January 2021 as an interdepartmental executive board with accountability for ensuring there are no gaps in the end-to-end border processes.

Customs administers the Border System Performance appropriation under Vote Customs and the revenue, expenditure, assets, and liabilities relating to the Border Executive Board are included in the consolidated financial statements.

Border Executive Board financial information:

2023/24		2024/25
Actual \$000		Actual \$000
1,717	Revenue from the Crown	2,450
Expenditure		
915	Personnel	1,325
172	Contractors and consultants	14
24	Other Operating costs	227
1,111	Total Border Executive Board support expenditure	1,566
606	Assets (Receivables)	884
Liabilities		
–	Accrued expenses	–
606	Provision for repayment of surplus	884
606	Total liabilities	884

Note 23: Explanations for major variances from 2024/25 Budget

Statement of Comprehensive Revenue and Expense

Crown revenue was lower than budget due to the transfer of funding to future financial years to assist with cost pressures in those years. Other revenue was lower than budget mainly due to variations between forecast and actual traveller and goods/cargo volumes. Fluctuations in volumes lead to corresponding fluctuations in revenue amounts.

Personnel costs were lower than budget due to a higher than forecast levels of staff vacancies during the year. This was mainly due to slower than expected on-boarding of new staff within the Maritime Group and to process international flights at Dunedin and Hamilton airports.

Operating expenditure was lower than budget, due mainly to lower IT costs, rental costs, and less expenditure on consultants and professional fees. Actual expenditure will often vary from budgeted expenditure once the timing, nature or volume of what is required is finalised during the procurement process.

The reduction in Crown revenue as part of the 2025 Supplementary Estimates process reflects adjustments made to the timing of revenue drawdowns for the multi-year Traveller Declaration System Development appropriation. Refer to Note 25.

Statement of Change in Equity

Taxpayers’ funds are higher than budget due to the combined impact of the actual taxpayer funds brought forward from 2023/24 being higher than budget and a higher than budgeted surplus in 2024/25.

Statement of Financial Position

Cash and cash equivalents are higher than budget due to the actual debtors and receivable balance being lower than budget and the actual creditors and payables balance being higher than budget.

Variations between the actual and budgeted value of debtors and receivables, and creditors and payables, is primarily driven by the timing of payments received

from airlines who collect the Border Processing Levy on Customs and the Ministry of Primary Industries’ (MPI) behalf, and our payment of MPIs portion to them.

The actual value of property, plant and equipment and intangible assets is lower than budget. This is due to lower than budgeted capital expenditure and a transition towards replacing intangible assets with as-a-service solutions.

Employee entitlements are higher than budget due to higher employee leave entitlement balances.

Long term provisions have increased due to the reassessment of “make good” requirements linked to Customs leased properties.

Statement of Cash Flows

The overall cash balance is above budget mainly due to the actual debtors and receivable balance being lower than budget and the actual creditors and payables balance being higher than budget.

Note 24: Events after the balance date

There have been no significant events after the balance date.

Note 25: Adjustment to prior period actuals

Development of the New Zealand Traveller Declaration system is funded by the multi-year *Traveller Declaration System Development* appropriation. The amount of revenue that was recorded as having been received for that appropriation during the 2022/23 and 2023/24 financial years should have matched the amount of expenditure recorded against the appropriation during those years. However, the amount of revenue that was recorded equalled forecast expenditure rather than actual expenditure.

This led to an overstatement of Crown revenue received in 2022/23 of \$11.706 million and in 2023/24 of \$5.225 million. However, the overstated revenue was subsequently returned to the Crown as part of the repayment of surplus process. Corrections have been made to the 30 June 2024 financial statements to correct the impact of the overstatement of Crown revenue during these years. This has resulted in the following changes:

	Reported 2023/24 Actual \$000	Adjustment \$000	Restated 2023/24 Actual \$000
Statement of Comprehensive Revenue and Expenses			
Revenue Crown	146,285	(5,225)	141,060
Total Revenue	341,342	(5,225)	336,117
Total Comprehensive Revenue And Expense	52,973	(5,225)	47,748
Statement of Change in Equity			
Total comprehensive revenue and expenses for the year 2023/34	52,973	(5,225)	47,748
Provision for return of surplus	(11,513)	5,225	(6,288)
Taxpayers' funds as at 30 June 2024	216,620	–	216,620
Statement of Financial Position			
Debtors and receivables	59,170	11,706	70,875
Total current assets	162,500	11,706	174,205
Total assets	277,332	11,706	289,038
Creditors and payables (deferred revenue)	29,914	16,931	46,845
Provision of repayment of surplus to the Crown	11,513	(5,225)	6,288
Total current liabilities	54,150	11,706	65,856
Total liabilities	60,712	11,706	72,418

NON-DEPARTMENTAL STATEMENTS AND SCHEDULES

The following non-departmental statements and schedules record the revenue, expenditure, assets, liabilities, commitments, contingent liabilities, and contingent assets that Customs manages on behalf of the Crown.

Summary of Schedules and Statements

For the year ended 30 June 2025

2023/24				2024/25	2025/26
Actual		Unaudited Budget	Unaudited Supps	Actual	Unaudited Forecast
\$000		\$000	\$000	\$000	\$000
17,410,630	Revenue	18,292,960	17,822,960	17,764,369	18,479,960
17,962	Expenditure	8,080	16,080	2,220	16,080
2,456,286	Assets	2,862,805	2,623,286	2,844,472	2,698,286
10,338	Liabilities	23,510	10,338	27,140	10,338

Explanations of significant variances against budget are provided in Note 5.

Schedule of Non-Departmental Revenue

For the year ended 30 June 2025

2023/24				2024/25	2025/26
Actual		Unaudited Budget	Unaudited Supps	Actual	Unaudited Forecast
\$000		\$000	\$000	\$000	\$000
<i>Revenue</i>					
<i>Indirect taxation</i>					
1,238,579	Customs and excise duty on alcohol	1,399,000	1,289,000	1,243,340	1,342,000
1,473,413	Customs and excise duty on tobacco products	1,506,000	1,500,000	1,470,727	1,479,000
2,069,088	Customs and excise duty on refined motor spirit	1,963,000	2,028,000	2,064,523	2,012,000
179,712	Customs duty on other imported goods	94,000	115,000	127,012	108,000
12,436,711	Goods and Services Tax	13,317,000	12,877,000	12,845,108	13,525,000
17,397,503	Total indirect taxation	18,279,000	17,809,000	17,750,710	18,466,000
<i>Indirect non-taxation</i>					
73	World Customs Organization	80	80	78	80
15	Sale of seized goods	80	80	765	80
12,926	SGG Levy	13,500	13,500	12,654	13,500
113	Infringement Notice	300	300	162	300
13,127	Total indirect non-taxation	13,960	13,960	13,659	13,960
17,410,630	Total revenue	18,292,960	17,822,960	17,764,369	18,479,960

The accompanying accounting policies and notes form part of these financial statements.

Schedule of Non-Departmental Expenditure

For the year ended 30 June 2025

2023/24				2024/25	2025/26	
Actual			Unaudited Budget	Unaudited Supps	Actual	Unaudited Forecast
\$000		Note	\$000	\$000	\$000	\$000
Expenditure						
73	World Customs Organization		80	80	78	80
17,889	Expected credit loss on financial assets	2	8,000	16,000	2,142	16,000
17,962	Total expenditure		8,080	16,080	2,220	16,080

Schedule of Non-Departmental Assets

As at 30 June 2025

2023/24				2024/25	2025/26	
Actual			Unaudited Budget	Unaudited Supps	Actual	Unaudited Forecast
\$000	Note		\$000	\$000	\$000	\$000
Current assets						
1,066,619	Cash and cash equivalents		1,218,058	1,066,619	1,275,900	1,066,619
1,389,667	Debtors and other receivables	2	1,644,747	1,556,667	1,568,572	1,631,667
2,456,286	Total assets		2,862,805	2,623,286	2,844,472	2,698,286

Schedule of Non-Departmental Liabilities

As at 30 June 2025

2023/24				2024/25	2025/26	
Actual			Unaudited Budget	Unaudited Supps	Actual	Unaudited Forecast
\$000	Note		\$000	\$000	\$000	\$000
Current liabilities						
2,098	Payables and provisions		15,825	2,098	16,367	2,098
8,240	Creditor – departmental		7,685	8,240	10,773	8,240
10,338	Total liabilities	3	23,510	10,338	27,140	10,338

The accompanying accounting policies and notes form part of these financial statements.

Statement of Non-Departmental
Contingent Liabilities and Assets

As at 30 June 2025

2023/24		2024/25
Actual \$000		Actual \$000
Contingent liabilities		
5,315	Legal proceedings and disputes	625
5,315	Total contingent liabilities	625
Contingent assets		
673	Legal proceedings	21
673	Total contingent assets	21

Contingent liabilities

Legal proceedings and disputes represent the disputed assessments of revenue amounts in relation to the performance of Customs’ statutory role and associated estimated legal costs. Customs is currently defending these assessments of revenue.

Contingent assets

Crown contingent assets are seizures that have been appealed and held in trust. If the appeal is unsuccessful the amount will be forfeited to the Crown.

Schedule of Non-Departmental Commitments

As at 30 June 2025

Customs has no Crown Commitments as at 30 June 2025 (30 June 2024: nil).

The accompanying accounting policies and notes form part of these financial statements.

Notes to the non-departmental statements and schedules

For the year ended 30 June 2025

Note 1: Statement of accounting policies

Reporting entity

These non-departmental schedules and statements present financial information on public funds managed by Customs on behalf of the Crown.

These non-departmental balances are consolidated into the Financial Statements of the Government. For a full understanding of the Crown’s financial position, results of operations, and cash flows for the year, refer to the Financial Statements of the New Zealand Government for the year ended 30 June 2025.

Basis of preparation

The non-departmental schedules and statements have been prepared in accordance with the Government’s accounting policies as set out in the Financial Statements of the Government, and in accordance with Treasury Instructions and Circulars.

Measurement and recognition rules applied in the preparation of these non-departmental schedules and statements are consistent with New Zealand generally accepted accounting practice for public benefit entities.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Revenue

Customs collects revenue on behalf of the Crown.

The Crown provides many services and benefits that do not give rise to revenue. Further, payment of tax does not, in itself, entitle a taxpayer to an equivalent value of services or benefits, because there is no direct relationship between paying tax and receiving Crown services and transfers. Accordingly, it is classified as non-exchange revenue.

Tax revenue is recognised when a taxable event has occurred, and the tax revenue can be reliably measured. The taxable event is defined as follows:

Tax type	Taxable activity
Goods and services tax	The importation of taxable goods and services during the taxation period
Excise tax	An inland tax on the sale, or production for sale, of specific goods
Excise equivalent tax	An importation tax of the equivalent to the inland tax on the sale, or production for sale, of specific goods
Customs duty	A customs duty is a tariff or tax on the importation (usually) or exportation (unusually) of goods

The New Zealand tax system is predicated on self-assessment where taxpayers are expected to understand the tax laws and comply with them. This has an impact on the completeness of tax revenues when taxpayers fail to comply with tax laws, for example, if they do not declare the correct value of goods liable for taxation.

Customs has implemented systems and controls in order to detect and correct situations where taxpayers are not complying. These systems and controls include performing audits of taxpayer records where determined necessary by Customs. Such procedures cannot identify all sources of non-compliance with tax laws. Customs is unable to estimate the amount of unreported tax.

Debtors and other receivables

Debtors and other receivables are sovereign receivables and are initially measured at face value as the fair value is not materially different from the face value. Debtors and receivables are subsequently tested for impairment at year-end.

Impairment of a receivable is established when there is objective evidence that Customs will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered indicators that the debt is impaired. The impairment is calculated based on a review of specific overdue receivables and a collective assessment. The collective impairment provision is based on an analysis of past collection history and debt write-offs. The amount of the impairment is the difference between the asset’s carrying amount and the estimated future cash flows.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the schedule of non-departmental expenses. When a debt is uncollectable, it is written off against the allowance account for debtors. Overdue receivables that are renegotiated are reclassified as current (i.e. not past due).

Contingent liabilities and assets

Contingent liabilities and assets are recorded at the point at which the contingency is probable and can be reasonably estimated. Contingent liabilities are disclosed if it is probable that they will occur. Contingent assets are disclosed if it is probable that the benefits will be realised.

Changes in accounting policies

There have been no changes in accounting policies since the date of the last audited financial statements.

Budget figures

The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements. The budget figures are not subject to audit.

The 2024/25 ‘Budget’ figures were those published in the 2023/24 annual report and the Government’s the *Estimates of Appropriations for the year ending 2024/25*. The 2024/25 ‘Supps’ figures are those published in the *Supplementary Estimates of Appropriations 2024/25*.

Forecast figures

The presentation of forecast financial information is a statutory requirement of the Public Finance Amendment Act 2013. The aim of this is to increase transparency by providing next year’s forecast for comparison.

The forecast figures for the year ending 30 June 2026 are consistent with the best estimate financial forecast information available based on the *Estimates Appropriations 2025/26*.

Note 2: Debtors and other receivables

2023/24		2024/25
Actual \$000		Actual \$000
1,012,957	Crown receivables	1,367,619
(24,912)	Less allowance for credit losses	(12,029)
988,045	Net Crown receivables (non-exchange transactions)	1,355,590
401,622	Accrued revenue	212,982
1,389,667	Total debtors and other receivables	1,568,572
	Represented by:	
1,389,667	Receivables from non-exchange transactions	1,568,572

The allowance for credit losses is determined as follows:

30 June 2025	Receivables days past due				
	Current	31–60 days	61–90 days	>90 days	Total
Expected credit loss rate	0%	9%	100%	100%	
Carrying amount (\$000)	1,354,682	3,635	1,183	8,119	1,367,619
Lifetime expected credit loss (\$000)	631	328	1,244	9,826	12,029

30 June 2024	Receivables days past due				
	Current	31–60 days	61–90 days	>90 days	Total
Expected credit loss rate	0%	52%	100%	100%	
Carrying amount (\$000)	990,763	653	15,164	6,377	1,012,957
Lifetime expected credit loss (\$000)	1,315	352	15,224	8,021	24,912

Note 3: Creditors and other payables

2023/24		2024/25
Actual \$000		Actual \$000
9,807	Payables and accruals	26,995
249	Import Entry Transaction Fees payable	106
282	Other creditors – Departmental	39
10,338	Total creditors and other payables	27,140

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of creditors and other payables approximates their fair value.

Note 4: Financial instruments

The carrying amounts of financial assets and financial liabilities in each of the PBE IPSAS 41 categories are as follows:

2023/24		2024/25
Actual \$000		Actual \$000
Financial assets measured at amortised cost		
1,066,619	Cash and cash equivalents	1,275,900
1,389,667	Debtors and other receivables	1,568,572
2,456,286	Total financial assets measured at amortised cost	2,844,472
Financial liabilities measured at amortised cost		
10,338	Creditors and other payables	27,140
10,338	Total financial liabilities measured at amortised cost	27,140

Credit risk

Credit risk is the risk that a third party will default on its obligation, causing a loss to be incurred.

In determining the recoverability of debtors, Customs uses information about significant financial difficulties of the debtor, and probability that the debtor will enter into bankruptcy and default in payments, as part of assessing whether the debt is impaired.

Under the Customs and Excise Act 2018, Customs has broad powers to ensure that people meet their obligations. Part 3 of the Act sets out the powers of the chief executive to recover unpaid amounts.

Receivables are widely dispersed over a number of customers and as a result the Crown does not have any material individual concentrations of credit risk.

Funds must be deposited with Westpac, a registered bank (Standard and Poor’s credit rating of AA-).

Maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash and cash equivalents, and net debtors.

There is collateral held as security against some of these financial instruments in the form of bank guarantees and deposits held in trust. Bank guarantees must be from an appropriate New Zealand-based bank or finance company and agree to cover every deferred payment up to a set maximum.

Customs operates a deferred payment scheme, which allows deferral of Customs charges by up to seven weeks and a month’s transactions to be settled by a single payment the following month. A bank or equivalent guarantee may be required for overseas registered companies, trusts, insolvent companies, or a person with a history of bankruptcy. If payment is not received on time, Customs can take remedial action, including withdrawal from the scheme, late payment penalties, or using the security provided to pay the debt.

Note 5: Major budget variations

Schedules and statements: non-departmental

Non-Departmental revenue

Crown revenue changes are driven by economic conditions and changes in consumer behaviour. The revenue collected is slightly below budget but higher than what we collected last year, mostly in GST revenue.

Non-Departmental expenditure

The underspend is due to not needing the allowance provided for the write-off of tobacco seizures.

Non-Departmental liabilities

The provision for payables is higher than budget. The ACC Levy Payable provision is based on the actual bulk fuel lodgement when the budget is estimated by the ACC levy paid for last financial year due to increases in the ACC Levy Payable.



INDEPENDENT AUDITOR'S REPORT



Independent Auditor's Report

To the readers of New Zealand Customs Service's annual report for the year ended 30 June 2025

The Auditor-General is the auditor of New Zealand Customs Service (the Department). The Auditor-General has appointed me, Clint Ramoo, using the staff and resources of Audit New Zealand, to carry out, on his behalf, the audit of:

- The annual financial statements of the Department that comprise the statement of financial position, statement of commitments, statement of contingent liabilities and contingent assets as at 30 June 2025, the statement of comprehensive revenue and expenses, statement of changes in equity, and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information on pages 113 to 139.
- The end-of-year performance information for appropriations of the Department for the year ended 30 June 2025 on pages 12 to 14, 27 to 69 and 103 to 107.
- The statements of expenses and capital expenditure of the Department for the year ended 30 June 2025 on pages 108 to 110.
- The schedules of non-departmental activities which are managed by the Department on behalf of the Crown on pages 141 to 147 that comprise:
 - the schedules of assets; liabilities; commitments; and contingent liabilities and assets as at 30 June 2025;
 - the schedules of expenses; and revenue for the year ended 30 June 2025; and
 - the notes to the schedules that include accounting policies and other explanatory information.
- The statement of trust monies for the year ended 30 June 2025 on page 117.

Opinion

In our opinion:

- The annual financial statements of the Department:
 - fairly present, in all material respects:
 - its financial position as at 30 June 2025; and
 - its financial performance and cash flows for the year ended on that date; and
 - complies with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.
- The end-of-year performance information for appropriations:
 - provides an appropriate and meaningful basis to enable readers to assess what has been achieved with the appropriation; determined in accordance with generally accepted accounting practice in New Zealand; and
 - fairly presents, in all material respects:
 - what has been achieved with each appropriation; and
 - the actual expenses or capital expenditure incurred in relation to each appropriation as compared with the expenses or capital expenditure that were appropriated or forecast to be incurred; and
 - complies with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.
- The statements of expenses and capital expenditure have been prepared, in all material respects, in accordance with the requirements of section 45A of the Public Finance Act 1989.

- The schedules of non-departmental activities which are managed by the Department on behalf of the Crown have been prepared, in all material respects, in accordance with the Treasury Instructions. The schedules comprise:
 - the assets, liabilities, commitments, and contingent liabilities and assets as at 30 June 2025; and
 - expenses, and revenue for the year ended 30 June 2025.
- The statement of trust monies for the year ended 30 June 2025 have been prepared, in all material respects, in accordance with the Treasury Instructions.

Our audit was completed on 30 September 2025. This is the date at which our opinion is expressed.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards, the International Standards on Auditing (New Zealand), and New Zealand Auditing Standard 1 (Revised): *The Audit of Service Performance Information* issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of the Comptroller for the information to be audited

The Comptroller is responsible on behalf of the Department for preparing:

- Annual financial statements that fairly present the Department's financial position, financial performance, and its cash flows, and that comply with generally accepted accounting practice in New Zealand.
- End-of-year performance information for appropriations that:
 - provides an appropriate and meaningful basis to enable readers to assess what has been achieved with the appropriation; determined in accordance with generally accepted accounting practice in New Zealand;
 - fairly presents what has been achieved with each appropriation;
 - fairly presents the actual expenses or capital expenditure incurred in relation to each appropriation as compared with the expenses or capital expenditure that were appropriated or forecast to be incurred; and
 - complies with generally accepted accounting practice in New Zealand.
- Statements of expenses and capital expenditure of the Department, that are prepared in accordance with section 45A of the Public Finance Act 1989.
- Schedules of non-departmental activities, prepared in accordance with the Treasury Instructions, of the activities managed by the Department on behalf of the Crown.
- Statement of trust monies in accordance with the Treasury Instructions.

The Comptroller is responsible for such internal control as is determined is necessary to enable the preparation of the information to be audited that is free from material misstatement, whether due to fraud or error.

In preparing the information to be audited, the Comptroller is responsible on behalf of the Department for assessing the Department's ability to continue as a going concern.

The Comptroller's responsibilities arise from the Public Finance Act 1989.

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

Responsibilities of the auditor for the information to be audited

Our objectives are to obtain reasonable assurance about whether the information we audited, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of the information we audited.

For the budget information reported in the information we audited, our procedures were limited to checking that the information agreed to the Estimates of Appropriations for the Government of New Zealand for the Year Ending 30 June 2025. For the forecast financial information for the year ending 30 June 2026, our procedures were limited to checking to the best estimate financial forecast information based on the Budget Economic Fiscal Update for the year ending 30 June 2026.

We did not evaluate the security and controls over the electronic publication of the information we audited.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the information we audited, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Comptroller.
- We evaluate whether the end-of-year performance information for appropriations:
 - provides an appropriate and meaningful basis to enable readers to assess what has been achieved with the appropriation. We make our evaluation by reference to generally accepted accounting practice in New Zealand; and
 - fairly presents what has been achieved with the appropriation.
- We evaluate whether the statements of expenses and capital expenditure, schedules of non-departmental activities, and statement of trust monies have been prepared in accordance with legislative requirements.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Comptroller.
- We evaluate the overall presentation, structure and content of the information we audited, including the disclosures, and whether the information we audited represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Comptroller regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Comptroller is responsible for the other information. The other information comprises all of the information included in the annual report other than the information we audited and our auditor's report thereon.

Our opinion on the information we audited does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

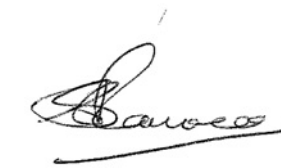
Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the information we audited or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

The Minister of Customs' report on relevant non-departmental appropriations that is appended to the Department's annual report is not part of the Department's annual report. The Public Finance Act 1989 does not require the information in the Minister's report to be audited and we have performed no procedures over the information in the Minister's report.

Independence

We are independent of the Department in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests, in the Department.



Clint Ramoo

Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand



Customs Officers have specific powers to undertake searches or share information outlined in legislation.

This section provides reporting on the use of these powers.

INFORMATION REQUIRED BY STATUTE

For the period 1 July 2024 to 30 June 2025



Legislation used by Customs

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 duty on imported taxable goods, such as tobacco or fuel duty
- set the obligations of people crossing the border (such as providing information to a Customs Officer)
- set the obligations of people involved in moving goods, people, or craft across 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

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** – allows Customs to question specific people 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** – 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.

Customs and Excise Act 2018

Section 438 – electronic devices searched

Type of search	Number of devices searched
Initial search under section 228(2)(a)	553
Full search under section 228(2)(b)	73

Section 439 – initiatives to reduce compliance costs for businesses with strong record of compliance

Initiatives or other steps taken by Customs during 2024/25 to reduce the costs of complying with this Act for businesses that have a strong record of compliance with this Act and/or for ‘trusted’ traders include:

- Continuing our efforts to have more exporters join our Authorised Economic Operator programme, the Secure Exports Scheme (AEO SES). Businesses that are part of this programme are recognised as meeting best practice security requirements in their supply chains and are therefore considered low-security risks. Goods exported by these businesses are able to access fast-track processing and face fewer compliance checks at international borders, saving time and money (page 46).
- Signing a Mutual Recognition Arrangement with the Central Board of Indirect Taxes and Customs of India in March 2025 to make customs clearance processes easier and faster for businesses that are part of our AEO SES programme when exporting goods to India (page 45).
- Signing an agreement with the General Administration of China Customs for a new pilot programme to expedite border clearance for airfreighted perishable goods arriving at Auckland International and Shanghai Pudong International Airports (page 45). We have also agreed to explore improvements to the Trade Single Window system used to submit information about import/export cargo. This aims to make border clearance processes simpler and faster.

- Providing advice to traders affected by the introduction of additional tariffs for goods exported to the United States of America and other trade protection barriers (page 47).

New Zealand exporters will benefit from the Comprehensive Economic Partnership Agreement signed between the United Arab Emirates (UAE) and New Zealand in January 2025. The UAE is one of New Zealand’s largest markets in the Middle East. Once fully implemented, 99% of New Zealand export goods will be able to access UAE markets duty-free. Negotiations on a Free Trade Agreement with India are underway and expected to be concluded during the 2025/26 financial year.

Customs also continued to deliver programmes and services that provide lower costs for businesses that meet qualifying criteria under the Customs and Excise Act 2018, and which are recognised internationally as services to trusted traders. These include:

- the provisional values scheme for qualifying importers (section 102)
- the deferred payments scheme for qualifying duty payers (section 123)
- the AEO SES (section 281)
- remission of compensatory interest and late payment penalties (Customs and Excise Regulations).

Search and Surveillance Act 2012

Section 171(a)-(d) – use of warrantless powers

Number of occasions on which entry or search powers were exercised without a warrant	884
Number of occasions on which warrantless surveillance powers were exercised that involved the use of a surveillance device	Nil
Number of persons charged in criminal proceedings where the collection of evidential material relevant to those proceedings was significantly assisted by the exercise of a warrantless search or surveillance power	5



Section 171(e) – matters set out in section 172 in relation to surveillance device warrants

Number of applications for surveillance device warrants		Nil
Number of applications for surveillance device warrants granted		N/A
Number of applications for surveillance device warrants refused		N/A
Number of surveillance device warrants granted that authorised the use of:	tracking devices only	N/A
	visual surveillance devices only	N/A
	interception devices only	N/A
	tracking devices and visual surveillance devices	N/A
Number of surveillance device warrants granted that authorised entry into private premises		N/A
Number of interception devices used (authorised by a surveillance device warrant) for:	≤ 24 hours	Nil
	>24 hours but ≤ 3 days	Nil
	>3 days but ≤ 7 days	Nil
	>7 days but ≤ 21 days	Nil
	>21 days but ≤ 60 days	Nil
Number of tracking devices used (authorised by a surveillance device warrant) for:	≤ 24 hours	Nil
	>24 hours but ≤ 3 days	3
	>3 days but ≤ 7 days	2
	>7 days but ≤ 21 days	15
	>21 days but ≤ 60 days	Nil
	>60 days (based on multiple warrants)	Nil
Number of visual surveillance devices used (authorised by a surveillance device warrant) for:	≤ 24 hours	Nil
	>24 hours but ≤ 3 days	Nil
	>3 days but ≤ 7 days	11
	>7 days but ≤ 21 days	6
	>21 days but ≤ 60 days	Nil
	>60 days (based on multiple warrants)	1
Number of persons charged in criminal proceedings where the collection of evidential material relevant to those proceedings was significantly assisted by carrying out activities under the authority of a surveillance device warrant		Nil
Number of reported breaches by a Judge to the chief executive (under section 61 or 62) of any of the conditions of the issue of a surveillance device warrant		Nil
Number of reports by a Judge to the chief executive (under section 61 or 62) about the use of a surveillance device not authorised under section 48 (warrantless emergency and urgency powers)		Nil

Some of the surveillance devices deployed by the New Zealand Customs Service in 2024/25 were authorised by surveillance device warrants obtained by NZ Police – as part of joint operations.

Section 171(e) – matters set out in section 172 in relation to declaratory orders

Number of applications for declaratory orders	Nil
Number of applications for declaratory orders granted	N/A
Number of applications for declaratory orders refused	N/A
Number of persons charged in criminal proceedings where the collection of evidential material relevant to those proceedings was significantly assisted by carrying out activities covered by a declaratory order made	N/A

Misuse of Drugs Act 1975 (Misuse of Drugs Amendment Act 1978)

Section 13M – detention warrants and searches

Number of applications for detention warrants made under section 13E	Nil
Number of applications for renewal of detention warrants made under section 13I	Nil
Number of applications under sections 13E and 13I granted	N/A
Number of applications under sections 13E and 13I refused	N/A
Average duration of detention warrants (including renewals) granted	N/A
Number of prosecutions instituted in which has been adduced evidence obtained directly during the detention of any person pursuant to detention warrants	Nil
Number of rub-down searches and strip searches under section 13EA	Nil

Privacy Act 2020

Section 167 – accessing information to verify the identity of a person

Customs accessed information held by another agency to verify the identity of a person	Number of times
Department of Corrections	210
Department of Internal Affairs	Nil
Ministry of Business, Innovation and Employment (Immigration)	Nil
Ministry of Health and Health New Zealand and Māori Health Authority	Nil
New Zealand Transport Agency	Nil
Registrar-General	Nil

In each instance where Customs accessed data held by the Department of Corrections (Corrections) it related to an alert created by Corrections (Customs' border management system electronically screens passenger information for matches, enabling Customs to notify Corrections if a person subject to an alert arrives at the border). Customs submitted a phone and email request to Corrections for offender images and supporting details to verify the identity of the person attempting to depart New Zealand – Corrections supplied an email response with an attached photograph.

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MINISTER'S REPORT

in relation to Vote
Customs Non-Departmental
Appropriations 2025

This document is presented to the House of Representatives
pursuant to section 19B of the Public Finance Act 1989



Vote Customs non-departmental appropriations

The Minister of Customs is required under section 19B of the Public Finance Act 1989 to report the end of year performance information for the non-departmental appropriations administered through Vote Customs:

- Independent Advice to Ministers
- World Customs Organization
- Change in Doubtful Debt Provision.

This performance information is not subject to audit.

Understanding this report

The 'Budget' figures are those included in the *Estimates of Appropriations 2024/25* for Vote Customs.
The 'Revised Budget' figures are those from the *Supplementary Estimates of Appropriations 2024/25*.

The Public Finance Act 1989 allows for some non-departmental appropriations to be exempt from year end reporting requirements (output performance measures) due to the amount of funding in the appropriation and/or the services to be provided. All appropriations in this report have been granted an exemption from year end reporting.

Although presented in the same document, this report does not form part of the *New Zealand Customs Service Annual Report 2025*. It has been appended to the annual report of the New Zealand Customs Service for the purpose of tabling in the House of Representatives and publication.

Independent Advice to Ministers

Scope of appropriation: This appropriation is limited to independent advice and assurance, and related costs, to support decision-making by Ministers.

This appropriation provides funding to support the establishment of Ministerial Advisory Groups, or other independent advice, on key issues affecting portfolio responsibilities relevant to the Minister. In November 2024, Cabinet approved the establishment of a Ministerial Advisory Group on Transnational, Serious and Organised Crime (TSOC), reporting to the Minister of Customs and the Associate Minister of Police. The Advisory Group will provide independent advice and recommendations on combatting TSOC groups through more effective use of regulatory and enforcement levers, investigations, and prosecutions.

Budgeted and Actual Expenses Against Appropriation

2023/24			2024/25
Actual		Budget	Actual
\$000		\$000	\$000
– Expenses		–	285
– Total Expenses		–	285

The Ministerial Advisory Group: Transnational, Serious and Organised Crime began meeting in late February 2025, and had produced four monthly reports as at 30 June 2025.

These reports cover:

- a broad overview of TSOC activity and its impact on New Zealand
- targeting the profits of organised crime
- corruption in New Zealand and the Pacific
- one team against organised crime (addressing the demand side).

Two further monthly reports are expected, before a final report is provided to the Minister of Customs and the Associate Minister of Police by 30 September 2025.

The members of the Ministerial Advisory Group are Steve Symon (chair), Owen Loeffellechner, Dr Jarrod Gilbert, John Tims, and Craig Hamilton. They are supported by a small secretariat hosted by the New Zealand Customs Service (Customs).



Read more:
Further information on the Advisory Group and their reports are available on the Customs website
[Ministerial Advisory Group on Transnational, Serious and Organised Crime](#)

Assessment of performance

There are no formal output performance measures for this appropriation. An exemption from end of year reporting requirements was granted under section 15D(b)(iii) of the Public Finance Act 1989 as the appropriation is one from which resources will be provided to a person or an entity other than a department, a functional chief executive, an Office or Parliament, or a Crown entity, and the amount of this annual appropriation for a non-departmental output expense is less than \$5 million.

World Customs Organization

Scope of appropriation: New Zealand’s contribution to the operating budget of the World Customs Organization.

This appropriation is used to meet New Zealand’s commitment as a member of the World Customs Organization (WCO) to contribute to the annual running costs of the WCO. The WCO is the global intergovernmental body that works to enhance the effectiveness and efficiency of customs administrations. Customs actively participates in the WCO and holds leadership roles on two Committees. This provides an opportunity to influence the development of international customs policy and standards.

Budgeted and Actual Expenses Against Appropriation

2023/24		2024/25		
Actual		Budget	Revised Budget	Actual
\$000		\$000	\$000	\$000
73	Expenses	80	80	78
73	Total Expenses	80	80	78

Assessment of performance

There are no formal output performance measures for this appropriation. An exemption from end of year reporting requirements was granted under section 15D(b)(iii) of the Public Finance Act 1989 as the appropriation is one from which resources will be provided to a person or an entity other than a department, a functional chief executive, an Office or Parliament, or a Crown entity, and the amount of this annual appropriation for a non-departmental output expense is less than \$5 million.

Change in Doubtful Debt Provision

Scope of appropriation: Provisioning of doubtful debts on Customs Crown revenue.

The purpose of this appropriation is to achieve provisioning for doubtful debts relating to revenue collected by Customs on behalf of the Crown, where Customs deems the debt is unlikely to be recovered. This is a non-cash appropriation.

Budgeted and Actual Expenses Against Appropriation

2023/24		2024/25		
Actual		Budget	Revised Budget	Actual
\$000		\$000	\$000	\$000
17,889	Expenses	8,000	16,000	2,142
17,889	Total Expenses	8,000	16,000	2,142

Customs collects around 17% of core Crown revenue. The majority of this funding comes from customs and excise duties on alcohol, tobacco, and fuel products, tariff charges, and GST on imported products of over \$1,000. Customs collected \$17.8 billion in Crown revenue during the 2024/25 year.

Customs takes all practical steps to recover any outstanding or overdue Crown debt. However, a small portion of debt needs to be written off each year when it is deemed unrecoverable. This appropriation provides provision for the debt to be written off.

Through Budget 2025, the amount of funding provided to offset unrecoverable debt was increased to \$16 million for both the 2024/25 financial year and outyears. This increase was sought to help address issues caused by large seizures of illicit tobacco.

Over the last few years, there has been a rise in tobacco products being smuggled into New Zealand by people trying to avoid paying import duty. These illicit cigarettes and loose tobacco can be on-sold at greatly reduced prices, with the profits often linked to organised crime groups. Where illicit tobacco is seized, Customs is required to calculate the duty and GST that would have been due if the products were imported legally, despite it being unlikely that duty payments will ever be made. This means there can be sharp fluctuations in the amount of debt that must be written off.

Assessment of performance

There are no formal output performance measures for this appropriation. An exemption was granted under section 15D(2)(b)(i) of the Public Finance Act 1989 as the appropriation is one from which resources will be provided to a person or an entity other than a department, a functional chief executive, an Office of Parliament, or a Crown entity, and key performance information relevant to this appropriation is otherwise readily available to the House of Representatives. Information on Customs work targeting tobacco smuggling and revenue evasion is set out in the *New Zealand Customs Service Annual Report 2025*.

BORDER
EXECUTIVE BOARD
ANNUAL
REPORT

2024–25
1 July 2024 – 30 June 2025
This document is
presented to the House of
Representatives pursuant
to section 44 of the Public
Finance Act 1989



Border Executive Board Annual Report for the period 1 July 2024 to 30 June 2025

The Border Executive Board (BEB) has a waiver from the Minister of Finance, under section 45AB of the Public Finance Act 1989, from the requirement to include financial statements in this Annual Report. The waiver covers the financial years 2023/24, 2024/25 and 2025/26.

Financial information about the BEB’s assets, liabilities, expenditure, and revenue can be found in the New Zealand Customs Service (Customs) Annual Report, as the servicing department.

The Border System Performance appropriation, which supports the BEB, is administered by Customs. As the administrator, performance information for the appropriation is reported in Customs’ Annual Report.

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Overview from the board

The 2024/25 year saw the BEB lead new cross-agency work, providing system cohesion and supporting member agencies to meet their own operational and regulatory requirements.

Regular oversight and governance meetings gave the board confidence about how the border system was operating.

The day-to-day border functions were managed successfully by the member agencies. The board focused on supporting delivery of the BEB work programme.

Establishing new border services at Hamilton and Dunedin airports

The BEB provided programme management for agencies to establish international passenger processing services at Hamilton and Dunedin airports.

Hamilton Airport required infrastructure as international flights last operated there in October 2012. Dunedin Airport, which paused international flights in 2020, also needed new investment.

The efforts of all involved ensured the processing of the first flights went smoothly.

Strengthening cost recovery

The establishment of new airport services highlighted that the 2014 legislation did not have cost recovery regulations in place. The Ministry for Primary Industries (MPI) led work for new regulations, which took effect in March 2025.

The new regulations make it clear for airports and agencies what establishment costs can be recovered.

Partnering with airports for space and growth

Border agencies have been working with airports on their new Regulatory Airport Spatial Undertakings (RASUs). The BEB's coordination has meant airports have a consistent and coherent picture of agencies' regulated space requirements.

The BEB's work involved developing a greater understanding for all parties of demand for services, passenger peak volumes, and how airports and border agencies could manage changes.

RASUs support the current delivery of services and how the potential growth in air travel will be managed.

The New Zealand Traveller Declaration's first full maritime season

The New Zealand Traveller Declaration (NZTD) was used for its first full maritime season during 2024/25. Uptake was high at 88.3%, showing how border agencies and the cruise industry worked successfully together, and that cruise travellers were already familiar with digital services. Uptake in aviation continues to grow reaching 67% on 30 June 2025.

Board membership changes

Dr Diana Sarfati resigned in February 2025 as the Director-General of Health and was replaced by Audrey Sonerson, who had been the Secretary for Transport.

Ruth Fairhall has acted as Secretary for Transport since February 2025.

An ongoing commitment to the border

It takes deliberate effort and commitment for six agencies to work effectively with each other, and with industry and other government agencies.

The past year has shown the value of system leadership and the BEB's ability to support work that involved more than one agency.

Through the small Secretariat Team's work, agencies have been able to focus on their core business, remain connected to each, and see a whole-of-border view.

The BEB will continue to identify and address shared risks, issues, and opportunities so it can work together to add value and respond rapidly to a disruption or threat.

Statement of responsibility

In our opinion, as the members of the Border Executive Board, this Annual Report fairly reflects the operations, year-end performance, and progress of the Border Executive Board.

Approved 5 September 2025



Christine Stevenson

Chair
Comptroller of Customs

New Zealand Customs Service

Inaugural member



Ray Smith

Director-General of Primary Industries

Ministry for Primary Industries

Inaugural member

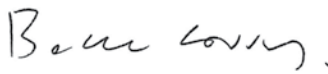


Carolyn Tremain

Chief Executive

Ministry of Business, Innovation and Employment

Inaugural member

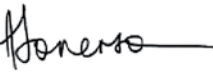


Bede Corry

Chief Executive and Secretary of Foreign Affairs and Trade

Ministry of Foreign Affairs and Trade

Appointed from 30 June 2024



Audrey Sonerson

Chief Executive and Director-General of Health

Ministry of Health

Appointed from 7 April 2025, acting from 24 February 2025

Prior: Secretary for Transport from 12 December 2022



Ruth Fairhall

Chief Executive and Secretary for Transport

Ministry of Transport

Acting from 24 February 2025

Board members as at 30 June 2025

About the Border Executive Board

The BEB started in January 2021 as the first interdepartmental executive board under the Public Service Act 2020.

The border is important to New Zealand

New Zealand's border is a strategic asset. It is important to the economy, society, and individuals and is expected to work well, which it generally does on a day-to-day basis.

A strong and efficient border supports a growing economy through trade, tourism, and collection of Crown revenue.

Effective border security keeps New Zealand's economy and people safe from a range of threats, including pest and disease incursions, health diseases, transnational, serious and organised crime, people and wildlife smuggling, human trafficking, and illicit drug and firearm smuggling.

The border must be strong today and evolve for the future, responding to changing threats while continuing facilitation of lawful people, goods, and craft.

The BEB provides joint leadership and action

- The border functions of the BEB member agencies connect New Zealand with the world. The BEB:
- looks at the whole-of-the-border, rather than a single agency outcome
 - helps border agencies act in a coordinated way when they work with public and private organisations
 - provides a contact point for Government and industry
 - maintains connection and trust across border agencies to respond quickly to issues and threats
 - has an enduring commitment to a safe and smart border and working with stakeholders.

Direction

The BEB has published its strategic direction for 2024-2028, which incorporates the accountabilities set by Cabinet.



See the BEB Strategic Intentions at <https://www.customs.govt.nz/about-us/border-executive-board/released-information/strategic-direction-border-executive-board>

Funding

The BEB is a very small entity funded by the six member agencies under the Vote Customs Border System Performance appropriation.

Accountability

The chief executive members of the governance board are jointly accountable for the performance of the BEB. All six agencies are represented on the board.

Chief executives are accountable for their agency's contribution to the BEB. Each retains responsibility for the overall performance of their own agency and accountability to individual portfolio ministers.

The Minister of Customs is responsible for the BEB.

How the BEB works

The work of the BEB is led by the governance board and delivered in partnership with its member agencies and the Secretariat Team.

The BEB sets an annual work programme and monitors progress, risks, and opportunities during the year.

The priorities for 2024/25 took into consideration the Cabinet accountabilities, strategic directions, Border Sector Strategy, operating environment, and the conditions and priorities of the member agencies.

Delegations were put in place, in accordance with the Public Service Act 2020, when the Chair was unavailable.

Ministerial engagement

The responsible Minister for the BEB is the Minister of Customs, the Hon Casey Costello.

Border-related Ministerial portfolios:	Customs	Biosecurity	Immigration	Transport
	Health	Foreign Affairs	Trade	Tourism

Sector leadership and coordination role

Border Executive Board

Coordinate the management of a safe and smart New Zealand border.

- Border improvements.
- Addressing gaps in end-to-end border processes and being ready to respond to a significant event.
- Addressing risks and opportunities where not already managed.
- A financially sustainable border system using cost recovery.
- Leadership to support a positive user experience with the border system.

Member agencies' border functions

New Zealand Customs Service

- Risk-informed assessment, inspection, and clearance of travellers, goods, and craft.
- Revenue collection.
- Disruption of illicit/illegal goods and organised crime.
- Trade facilitation and assistance.

Ministry of Health

- Ensuring appropriate legislative and policy settings to enable:
- surveillance of, and response to, health threats at the border
 - implementation of routine border health controls
 - implementation of the International Health Regulations 2005.

Ministry of Business, Innovation and Employment

- Verifying eligibility to enter New Zealand.
- Disruption of people smuggling and trafficking.

Ministry of Transport

- Policy advice, system leadership and stewardship, Crown entity governance including:
 - Civil Aviation Authority*: Regulatory activity, aviation security (passenger, non-passenger, and baggage screening)
 - Maritime New Zealand*: Regulatory activity.

Ministry for Primary Industries

- Biosecurity system leadership (off-shore, border, and domestic).
- Trade facilitation and policy advice.
- Risk-informed assessment, inspection, and clearance of travellers, goods, and craft for biosecurity protection.
- Approval and oversight of transitional/containment facilities.

Ministry of Foreign Affairs and Trade

- Upholding New Zealand's international obligations relating to the border.
- Deploying funding to strengthen partner countries' border capacity.

Working in partnership with

Border Crown entities

- Health New Zealand.
- Civil Aviation Authority.
- Maritime New Zealand.

Stakeholders and regulated parties

- Airport and maritime port operators.
- Airlines and cruise operators.
- Importers and exporters.
- Travellers.

Progress on strategic intentions

The Border Executive Board is here to

Provide collective leadership and accountability for New Zealand's border

Our core functions are to

- Remove gaps in border processes
- Ensure future risks from people, goods, and craft are addressed
- Make strategic improvements to the border

We deliver these functions through

Success looks like

 Stewardship Lead the border together	Issues disrupting the border system are responded to while short- and longer-term risks are managed through system performance and assurance
 Coordination Take an integrated approach	Seeing a whole-of-border view and providing a combined border voice on shared areas of interest
 Improvements Identify change with joint initiatives where practical	Changes and improvements are identified where there are benefits to more than one agency or there are shared users

Work is delivered by our member agencies, supported by the BEB Secretariat

- Member agencies are responsible for delivering their contribution to the BEB
- The BEB Secretariat provides services to the governance board and member agencies

Progress is shown in our annual report

Case studies of BEB work supported by information from member agencies, where possible

Border System Performance appropriation measures:

- a work programme with initiatives that respond to risk and drive border system improvement
- satisfaction of information and advice to the responsible Minister



Stewardship

Issues disrupting the border system are responded to while short- and longer-term risks are managed through system performance and assurance

The day-to-day border functions were successfully managed by the member agencies with no action needed from the BEB during 2024/25. Issues managed are outlined below.

Establishing new airports – governance and programme management ensured the successful establishment of international passenger processing services at Hamilton and Dunedin airports from June 2025.

Financial sustainability using cost recovery – new regulations were developed that came into effect in March 2025 to support existing legislation. The regulations allow agencies to recover establishment costs from airports. These costs cannot be recovered through the Border Processing Levy.

Financial and operational sustainability from a potential decrease in cruise ships, port calls, and travellers – border forecasts and scenarios for goods and passengers were considered by the BEB and published on the BEB website to inform planning. Agencies met with Ministers and the cruise industry in July 2025 to agree actions to support tourism and increase visitor numbers. Updates were provided to the BEB through summer seasonal readiness assurance, and the border financial view.

Operational disruption from potential industrial action during collective bargaining across all member agencies – progress summary updates were provided to the BEB to identify any potential disruption. Immigration New Zealand border staff issued industrial action which did not go ahead. There was no disruption to the delivery of border services.

Reputation from the perceived high costs and regulatory compliance of doing business in New Zealand – the border financial view updates kept the BEB informed on fees and levies. Agencies provided industry with transparency of costs through engagement and consultation on fee reviews.

Disruption to travellers and border protection because of redevelopment at airports – seasonal readiness assurance confirmed mitigations were in place, focusing on the large terminal redevelopment at Auckland Airport. Agencies participated in the Auckland Airport Border Agency Governance Group.

Progress trend: On track. This is the first year of reporting against Strategic Intentions 2024-2028.



Coordination

Seeing a whole-of-border view and providing a combined border voice on shared areas of interest

Topics relevant to the whole-of-the-border were monitored via updates for assurance and to identify if action was needed by the BEB. A whole-of-border voice has been provided and proven essential for:

RASUs – coordinating agencies to work together to identify and explain regulated space requirements to five airports (Auckland, Wellington, Christchurch, Queenstown, and Dunedin).

Establishing services at Hamilton and Dunedin airports – programme management brought government agencies and industry together to focus on end-to-end border processes. The arrival of the first flights was successful, with ongoing services managed through standard operations.

Progress trend: On track. This is the first year of reporting against Strategic Intentions 2024-2028.



Improvements

Changes and improvements are identified where there are benefits to more than one agency or there are shared users

The BEB re-set oversight of digital change and improvements now that the NZTD is fully operational. The pace of progress is influenced by the amount of existing or new work within agencies.

Options for improving passenger wayfinding at airports were developed. The design of digital directives (push notifications) in NZTD across the passenger journey was funded in 2024/25. Delivery will be done in 2025/26 by agencies.

Customs eGates replacement work involved MPI for procurement. Agencies are keeping connected for further collaboration, as appropriate.

The BEB Digital Leaders Group documented critical border systems and interdependencies to easily understand the status and consider the impact of change.

Agencies worked together to establish services at Hamilton and Dunedin airports, as border services are delivered from the same location and staff share workspaces.

Progress trend: On track. This is the first year of reporting against Strategic Intentions 2024-2028.

Examples of activity

Establishing new border services at Hamilton and Dunedin airports

The BEB responded to Hamilton and Dunedin airports starting international scheduled passenger services from June 2025. The BEB's role was to coordinate agencies and to:

- have assurance there were no gaps in end-to-end processes
- make sure risks were identified and managed
- facilitate effective engagement with airport operators.

The BEB provided governance and programme management that made sure all border agencies were ready for international flights. This let agencies focus on their specific operational and airport regulatory requirements.

The work was done within tight timeframes. Hamilton Airport needed more engagement and a lot of work, as it was establishing new infrastructure and processes. Services had last operated in October 2012.

Dunedin Airport updated its infrastructure and systems last used in March 2020. Flights were stopped due to the COVID 19 response.

Establishing both airports involved BEB agencies and the Civil Aviation Authority (CAA), Health New Zealand, and the New Zealand Police working with the airports, Jetstar, the baggage handling company, and construction partners.

Agencies worked together sharing skills and resources. This emphasised how they share workspaces and are part of an end-to-end process for border protection and facilitation.

Extensive readiness scenarios were developed and tested. This provided the opportunity to confirm border readiness for a health event by testing the Health New Zealand Ill Traveller Protocol, for when a traveller is ill on a flight or on arrival at the airport.

It was a priority to make sure the border was robust. Everyone understood the significance of their roles in protecting New Zealand.

Flights started as scheduled at Hamilton Airport on 16 June 2025 and Dunedin Airport on 24 June 2025.

Both airports acknowledged the support of border agencies. The Hamilton Airport media release 16 June 2025 said:

"This project has been a true collaboration. It's been a huge job for the border agencies. They've worked tirelessly to help us deliver".

Strategic direction:  

Strengthening cost recovery

The need for agencies to establish border and security services at Hamilton and Dunedin airports highlighted that the 2014 legislation did not have the cost recovery regulations in place. This meant agencies could not recover establishment costs from airport operators. Ongoing border processing costs are recovered through the Border Processing Levy.

One of the Cabinet accountabilities for the BEB is that the border system is financially sustainable using cost recovery.

The BEB agreed to prioritise staff within agencies to develop new regulations under the Airports (Cost Recovery for Processing of International Travellers) Act 2014. It was a deliberate decision to develop an enduring solution that could be applied to any new or restarting airport.

MPI led the work as the administrator of the legislation, working at pace with agencies. The BEB provided oversight and issue resolution, receiving regular assurance reports.

New regulations came into force in March 2025 that align with other cost recovery, regulatory, and border system funding. The regulations define what establishment costs can be recovered.

Agencies can seek recovery of actual and reasonable establishment costs from airport operators. Airport operators now know the type and scale of costs for future business planning.

Strategic direction:  

Partnering with airports for space and growth

The RASU supports government agencies and airports to work together to balance regulatory requirements for appropriate floor space and facilities with the commercial needs and interests of the airports – now and into the future.

Auckland, Wellington, Christchurch, Queenstown, and Dunedin airports are required to have their RASUs lodged with the Ministry of Transport by 1 October 2025.

The BEB's role was to coordinate agency requirements and help explain these clearly to each airport operator. The Ministry of Transport is responsible for overseeing and monitoring RASUs as part of their regulatory responsibilities.

The BEB commissioned modelling from Joint Border Analytics (Customs, MPI, Immigration New Zealand) so that requirements were informed by data and evidence.

Each airport is different in size, layout, and commercial forecasts of traveller demand.

Modelling passenger movement at airports to work out space requirements is complex and agency data specialists worked closely with airport teams. The workload for the BEB and agencies was high as each airport needed its own, unique RASU.

RASUs are new for everyone. It is hard to predict and have certainty on future space needs. The challenge will be how airports and agencies respond when forecast passenger growth is more than current space allocation.

A RASU must be reviewed every five years. It can be reviewed earlier if needed.

The work has raised the opportunity to consider how data can be best used to inform operating decisions and direction.

Work began with Hamilton Airport in August 2025 on developing its RASU. The RASU is required within six months of flights starting (January 2026).

Strategic direction:  

Setting the foundation for digital collaboration for a smarter and safer border

The Digital Border Programme is an integral part of bringing agencies together to identify, understand, and maximise digital change to modernise the border. The work aligns with the Government's direction for digital public services and for a more modern, efficient, and customer-centric public service.

The Digital Border Programme builds on the introduction of the NZTD and identifies shared or connected initiatives across border agencies and industry partners. The first terms of reference for the Digital Border Programme was agreed by the BEB in March 2025, led by the BEB Digital Leaders Group.

A “shared direction” for each part of the border is being documented to align improvements and future digitisation.

- Aviation passengers – re-uses the 2024 work from trans-Tasman Seamless Travel.
- Maritime passengers – agreed in July 2025, which will support a dedicated cruise processing terminal in Auckland, and digitising arrival information.
- Goods – to be developed.
- Protection and intelligence – to be developed.

An initial stocktake of digital work underway or planned was completed. Information will be maintained and expanded as project details are known. Work includes eGates replacement, further digitisation of biosecurity processing, NZTD enhancements, and upgrading the software for immigration services.

The timing of key milestones will be reviewed to help align change, identify opportunities, and minimise disruption to services. Progress updates are provided to the BEB.

The BEB Digital Leaders Group identified and documented the critical border systems for air passengers, trade, and mail. Interdependencies were identified, with a simple status summary created for each system. Maritime passengers will be added in 2025/26.

It has taken time to identify and present information that shows the totality of the systems operating, in a useable format. Maintaining oversight of how systems are working and upcoming change will help maintain services to border users.

The work of the Digital Leaders Group and Digital Border Programme shows how the BEB enables agencies to look across the whole border system to identify risk and opportunities.

Strategic direction:  

Assessment of operations

Implementing the Government’s priorities

The BEB’s multi-agency governance and work programme supports the Government’s priority for efficient and effective public services, and for agencies to work together without silos.

Strong management of New Zealand’s border contributes to economic growth, law and order, national security, and prosperity.

A key contribution has been working with Hamilton and Dunedin airports to open for international passengers, while maintaining border protection.

The BEB’s annual assurance of the integrity of the border workforce contributes to managing trusted insider threat from transnational, serious and organised crime.

The BEB was not allocated a Government priority or target.

Year-end performance information

Assessing performance

The BEB received a six-monthly performance report informed by a monthly dashboard, monitored by the BEB DCE Group. Updates on work programme items were provided at key milestones, with assurance on whole-of-border topics of interest.

Border System Performance appropriation

The financial and non-financial appropriation information is reported in Customs’ Annual Report. A summary is below.

Budget 24/25: \$2.450m Actual 24/25: \$1.566m

Work programme responds to risk and drives improvement ✓✓ Achieved

Annual programme set and reviewed mid-year to keep content relevant. This measure makes the BEB be deliberate in setting joint priorities.

Minister is satisfied with information from the BEB ✓✓ Meets expectations

This measure provides an opportunity for the Minister to formally advise if the BEB is meeting expectations.

The BEB does not have vehicle or capital assets. It is not responsible for any business systems.

Annual priorities

Input into first RASUs ✓✓ Achieved

Requirements coordinated and provided to airports.

Strategic direction: 

Border system readiness for new / restarting international airports ✓✓ Achieved

Hamilton started 16 June 2025 and Dunedin 24 June 2025, as scheduled.

Strategic direction: 

Identify and support delivery of digital change ... Progressing

Agencies prioritised support to establish Hamilton and Dunedin airports.

Strategic direction: 

Improve understanding of border system performance ... Progressing

Assurance framework developed for progressing in 2025/26.

Strategic direction: 

Organisational health and capability

The BEB is supported by a small Secretariat Team that provided advice and services to the governance board, progressed initiatives with member agencies, and led public sector, ministerial, and Parliamentary accountability. Secretariat staff are employees of Customs.

2020/21	2021/22	2022/23	2023/24	2024/25
5 FTE	6 FTE	5 FTE	6 FTE	6 FTE

FTE = full-time equivalent staff

As Customs is the servicing department and employer, the BEB is not required to report on: equal employment matters; Māori-Crown relationship capability; diversity, equity, and inclusion; and health and safety.

BEB environment

The work programme contained large must-do activity that put pressure on agencies to deliver, along-side their daily work.

Agencies responded well, scaling how work was done and progressed to keep momentum across all areas.

The focus remained on delivering the work programme, as there were no major border system issues requiring a BEB response.

Summary of other 2024/25 activity

**Progressing stewardship
– lead the border together**

Continuing consistent governance

- The governance board met regularly, informed by a work programme aligned to the BEB's purpose, Oversight Framework, and border risks.
- The BEB network groups were revised to strengthen engagement between border agencies. Hearing regularly from all agencies on different parts of the border system helps see a wider view of risks, issues, and opportunities.
- Responded to the Royal Commission of Inquiry COVID-19 Lessons Learned Phase 2 request for information on occupational vaccine mandates.

Improving visibility of border system performance

- Seasonal readiness assurance showed the border was ready for summer and winter. The BEB met with border Ministers in December 2024 to confirm readiness for a positive aviation traveller experience over summer 2024/25.
- An assurance framework was developed to document the status of the border system at a point in time. This will be progressed in 2025/26 to help identify trends and whether action is needed by the BEB.

Maintaining financial sustainability

- The border financial view provided updates on fees and levies. No issues were identified.
- Border forecast scenarios were considered and published six-monthly to inform agency and industry planning.

Maintaining and improving key relationships

- Work continued with Auckland Airport on the major terminal redevelopment with quarterly meetings between the chief executives of Auckland Airport, MPI, and Customs.
- The Executive Director attended the CAA aviation sector forum in December 2024 and presented an overview about the BEB.

**Progressing coordination
– take an integrated approach**

Progressing a joined-up approach to airport infrastructure

- RASU work kept the BEB informed about airport changes, relevant to border agencies.
- Establishing services at Hamilton and Dunedin airports needed agencies to work together.
- The Auckland Airport Border Agency Governance Group kept agencies coordinated to minimise disruption during the terminal redevelopment work.

Progressing a whole-of-border view

- *Integrity of the border workforce* – the annual review coordinated and shared good practice across agencies. The BEB emphasised the importance of agencies keeping connected and having shared standards.
- *Conditions at maritime ports* – the known limitations for staff and border processing continue. The focus remains on minimum standards, with discussions ongoing.
- *Border activity in the Pacific* – the annual update kept the BEB informed to minimise duplication.
- *Regional airport status* – the overview was maintained to keep awareness of potential or actual change. Dunedin and Hamilton airports were the only changes.
- *Integrated Targeting and Operations Centre (ITOC)* – membership was stable. A consolidated view of risks for small craft and the cruise season was done to support summer 2024/25.

Using existing and new forums

- Developing RASUs and establishing services at Hamilton and Dunedin airports kept regular contact with airports. New relationships were established with Hamilton Airport.
- Border agencies used existing meetings with major maritime ports to raise the conditions for staff and travellers.

**Progressing improvements
– identify change with joint investments where practical**

Improvements

- Airport wayfinding options were developed to help improve the facilitation of people and preparation for border processing.
- Border agencies worked with CAA to progress installing data collection systems at airports – an ongoing, CAA led project.

Partnering with industry

- Border agencies worked with Hamilton Airport to establish new processing services for the volume of travellers, using available space and appropriate technology. The work showed that Customs' eGates were not suitable in this environment.
- The cruise industry and border agencies successfully used the NZTD for the first full season.

Supporting the strategic approach to health at the border

- Health remained an integral part of the border and Health New Zealand continued to be a member of ITOC.
- Contributing to border agency surveillance and targeting ensured that health risks are being identified and minimised. Examples of activity include contact tracing for measles, cruise vessel health monitoring, sharing information about vessel sanitation status, and targeting imported products with potential to cause harm.
- Weekly health surveillance reporting continued, and the annual review of escalation pathways was completed. These provided assurance of emerging health threats and readiness for a border event.
- The annual review of the Vessel Management Framework was completed, and key contacts updated.
- The National Ill Traveller Protocol (Aviation) has been embedded across all airports.
- Initial policy work for the review of the Health Act 1956 included a border readiness/operational perspective from agencies.

Reflections on 2024/25

- The BEB provided system leadership, meeting its intent of supporting the border when there is no obvious single agency to lead.
- The BEB and agencies have worked on new initiatives. This took extra time to understand requirements and deliver what was needed.
- Having the Secretariat Team focus on the border system and coordination let agencies concentrate on their own areas of expertise and continue delivering their core business.
- It is hard to have certainty on future border processes and needs as technology changes and border threats evolve.

Work for 2025/26

- Complete the RASUs with airport operators. Monitor implementation and address any issues.
- Document lessons learned from establishing border passenger processing services at Hamilton and Dunedin airports. Have information about establishing new airports ready to share with stakeholders.
- Present options for BEB consideration to simplify how users comply with maritime regulatory requirements, including increasing the use of technology and digitisation.

Other matters

The Border Sector Strategy

The BEB developed a Border Sector Strategy as part of its accountabilities when it was established in 2021. In 2022, the BEB member agencies discussed risks, issues, opportunities and areas of shared interest for the border. In May 2023, the one-page Strategy was agreed by Cabinet and updated in 2024 by the Minister responsible for the BEB.

The Strategy is owned by the BEB and includes work of the BEB and the member agencies. The BEB Annual Report highlights some of the activity BEB and border agencies have done to support the Strategy. The annual reports of agencies may also report supporting activity in more detail.

Border processing locations



The Border Executive Board

Provides collective leadership and accountability for New Zealand's border

The border sector

Enables the prosperity and security of New Zealand through a smart and safe border

Border agencies work together to achieve

Smarter Improvements to the border system	Safer Protect New Zealand from harm and effectively manage risk onshore and offshore	Facilitation Efficient movement of compliant people, goods, and craft	Stewardship New Zealand's border system meets the needs of today and the future
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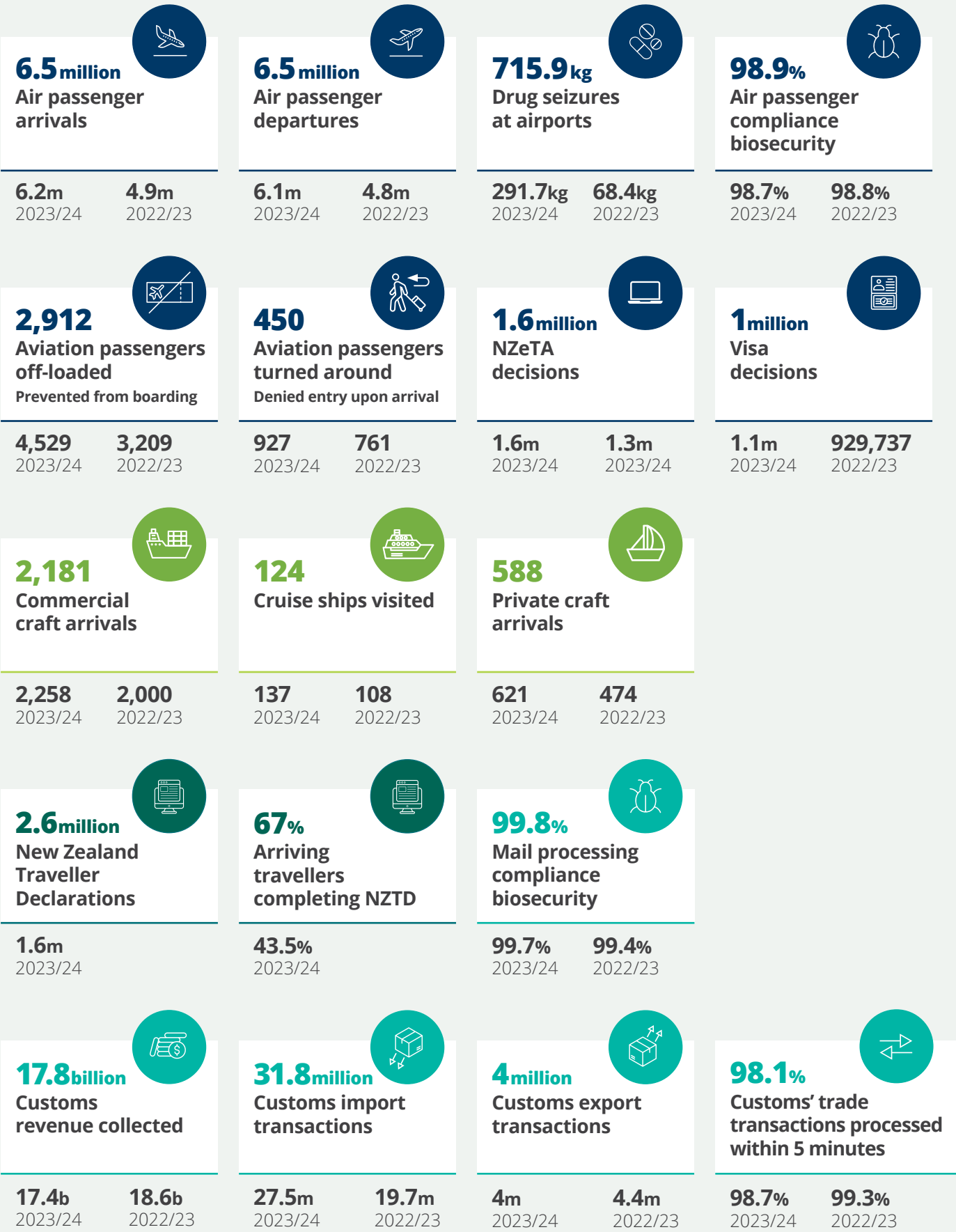
Our areas of shared interest are

Connecting New Zealand Maintain the air and maritime pathway, including responding to volume changes	Financial sustainability for the border sector Whole-of-border view of fees and levies to maintain fit for purpose border services and infrastructure
Readiness for the next event Support the border being ready for the next significant event or health response	Pragmatic alignment of investment Coordinate planning and investment to maximise value and use of resources for shared or similar activity
Commitments to the Pacific Facilitate movement of people, goods and craft, including health protection, with Pacific nations	Effective governance Maintain governance and assurance of the border system
Digital solutions Use technology to reduce risks to New Zealand and improve customer experience of border activity	Supporting the economy Support the flow of goods by considering opportunities or removing barriers to the supply chain
Flow and use of data Data can be used appropriately and legally to manage risks and opportunities, and improve the customer experience	Infrastructure Influence the conditions for effective border processing, and support a positive customer experience, and maintain the health, safety and wellbeing of the border workforce
Integrated insights and surveillance Enhance the multi-agency approach to manage and understand information and risk	Operating frameworks Legislation, regulations, agreements, and industry forums are used to support efficient and effective border processing
Mitigate illicit activity Mitigate the risk of transnational organised crime at air and maritime ports, including working with the National Security Board	

Our principles

- One view of the border through system leadership
- Partnership as functions are connected across the border system
- Integrated and coherent investment, delivery and customer experience
- Future focused through the use of technology as it develops
- Resources are targeted to activity of greatest value to the border system
- Risks are managed as early as practicable and offshore where possible

Border sector highlights 2024/25



Examples of activity progressing the Border Sector Strategy

The shared areas of interest inform work programmes led by the BEB and its member agencies, alongside agencies delivering their border functions. Work will support more than one goal or area of shared interest. The content below shows examples of activity that supported the Border Sector Strategy.

Smarter – improvements to the border system

- The new **NZ Post Auckland Processing Centre** became fully operational in May 2025. The Centre has new technology for better risk management and efficient mail clearances, using automation, data-sharing, and remote screening. MPI, Customs, and NZ Post were a finalist in the 2025 Public Service Commission Innovation Award for delivering the Border Clearance Mail Pathway Programme.
- Customs' eGates replacement project** is underway and included MPI in procurement. Agencies are keeping connected for other joint opportunities.
- Enhancements to the NZTD** are planned to improve access and usability for travellers.

Facilitation – efficient movement of compliant people, goods, and craft

- Border **agencies successfully delivered services** in the air and maritime pathways.
- ITOC responds** to adhoc flight requests.
- MFAT's annual overview of commitments to the Pacific** provided awareness to border agencies on the variety of work underway and helps minimise duplication.
- The Ministry of Transport set up the **National Air Transport Facilitation Programme** to set shared goals between the Government and industry. The first meeting was in August 2025.
- The **Border System Readiness Group** was set up in February 2025 to make it easier for border agencies to collaborate and coordinate their response plans for significant events. This will improve coordination with all-of-government response planning.

Safer – protect New Zealand from harm and effectively manage risk onshore and offshore

- ITOC continues to provide a **multi-agency response** to border risk and incidents. ITOC coordinated contact tracing off flights in response to measles cases.
- Customs hosted and supported, with input from the New Zealand Police and other regulatory agencies, the **Ministerial Advisory Group on Transnational, Serious and Organised Crime**.
- Customs provided an annual update to the BEB in November 2024 on **border security work** that supports the National Security Strategy, as the strategic coordinating agency. The Strategy is overseen by the National Security Board.
- Weekly **health surveillance** reports have been maintained so agencies are aware of any escalating risks for the border.

Stewardship – New Zealand's border system meets the needs of today and the future

- Cost recovery sustainability** maintained. Activity included: a multi-agency cost recovery working group reviewing fees and levies; Customs provided a regular update to BEB on border fees and levies; new regulations from March 2025 to recover airport passenger establishment costs.
- The newly established **Interim Aviation Council** met regularly throughout the year to develop an action plan for the aviation sector.
- The **Auckland Airport Border Agency Governance Group** helps agencies and the Airport to work together and maintain services to travellers and conditions for staff during terminal redevelopment work.
- Agencies and Auckland Airport have been working together on **long-term airport master planning**.
- The Ministry of Transport started **publishing on-time performance** for New Zealand airports in September 2024. The first trans-Tasman report was published in December 2024 (for October 2024 performance).

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