

Vote Customs

APPROPRIATION MINISTER(S): Minister of Customs (M21)

DEPARTMENT ADMINISTERING THE VOTE: New Zealand Customs Service (A3)

RESPONSIBLE MINISTER FOR NEW ZEALAND CUSTOMS SERVICE: Minister of Customs

Overview of the Vote

The Minister of Customs is responsible for the efficient and timely collection of Crown revenue, forecast to be \$18.480 billion in the 2025/26 financial year.

The Minister of Customs is responsible for the departmental appropriations in the Vote for the 2025/26 financial year covering the following:

- a total of just under \$2 million for services relating to policy and investment advice and the design and coordination of joint initiatives relating to the border system as a whole, and
- a total of just over \$21 million for capital investment in departmental assets.

The Minister of Customs is responsible for a Multi-Category Expenses and Capital Expenditure appropriation in the Vote for the 2025/26 financial year covering the following:

- a total of just under \$134 million for services relating to travellers crossing borders and the protection of New Zealand through interventions, investigations and enforcement
- a total of just over \$131 million for services relating to goods crossing borders, including trade compliance, and the protection of New Zealand through interventions, investigations and enforcement, and
- a total of just over \$41 million for the collection of Crown Revenue, the provision of Customs-related services to other government agencies and organisations, and the provision of advice and services to support Ministers to discharge their portfolio responsibilities relating to Customs.

The Minister of Customs is responsible for the non-departmental appropriations in the Vote for the 2025/26 financial year covering the following:

- a total of \$16 million to provide for doubtful debts on revenue collected for the Crown
- a total of just over \$190,000 to provide independent Ministerial advice on addressing the threat of Transnational and Serious Organised Crime, and
- a total of \$80,000 for payment of New Zealand's annual contribution to the World Customs Organization's operating budget.

The Minister of Customs is responsible for a multi-year appropriation in the Vote including just over \$5 million for the 2025/26 financial year for the enhancement of the New Zealand Traveller Declaration system.

Details of these appropriations are set out in Parts 2-4.

Details of Appropriations and Capital Injections

Annual Appropriations and Forecast Permanent Appropriations

	2024/25		2025/26
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Titles and Scopes of Appropriations by Appropriation Type			
Departmental Output Expenses			
Border System Performance (M21) (A3) This appropriation is limited to policy and investment advice and the design and coordination of joint initiatives relating to the border system as a whole.	2,450	2,450	1,950
Total Departmental Output Expenses	2,450	2,450	1,950
Departmental Capital Expenditure			
New Zealand Customs Service - Capital Expenditure PLA (M21) (A3) This appropriation is limited to the purchase or development of assets by and for the use of the New Zealand Customs Service, as authorised by section 24(1) of the Public Finance Act 1989.	21,054	21,054	21,054
Total Departmental Capital Expenditure	21,054	21,054	21,054
Non-Departmental Output Expenses			
Independent Advice to Ministers (M21) (A3) This appropriation is limited to independent advice and assurance, and related costs, to support decision-making by Ministers.	347	347	193
Total Non-Departmental Output Expenses	347	347	193
Non-Departmental Other Expenses			
Change in Doubtful Debt Provision (M21) (A3) Provisioning of Doubtful Debts on Customs Crown Revenue.	16,000	16,000	16,000
World Customs Organization (M21) (A3) New Zealand's contribution to the operating budget of the WCO.	80	80	80
Total Non-Departmental Other Expenses	16,080	16,080	16,080
Multi-Category Expenses and Capital Expenditure			
Border Clearance and Risk Management MCA (M21) (A3) The single overarching purpose of this appropriation is to promote the smooth two-way flow of travellers and goods across the New Zealand and international borders.	291,964	291,964	305,989
Departmental Output Expenses			
Goods Clearance and Enforcement This category is limited to the provision of services related to goods crossing borders, including trade compliance, and the protection of New Zealand through interventions, investigations, and enforcement.	132,552	132,552	131,198
Revenue Collection and Other Services This category is limited to 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.	36,674	36,674	41,254
Travellers Clearance and Enforcement This category is limited to the provision of services relating to travellers crossing borders and the protection of New Zealand through interventions, investigations, and enforcement.	122,738	122,738	133,537
Total Multi-Category Expenses and Capital Expenditure	291,964	291,964	305,989
Total Annual Appropriations and Forecast Permanent Appropriations	331,895	331,895	345,266

Multi-Year Appropriations

Type, Title, Scope and Period of Appropriations	Appropriations, Adjustments and Use	\$000
Departmental Output Expenses		
Traveller Declaration System Development (M21) (A3) This appropriation is limited to the development of policies, procedures and systems to assess travellers for risk, including health risk, when crossing the New Zealand border. Commences: 01 September 2021 Expires: 30 June 2026	Original Appropriation	42,300
	Adjustments to 2023/24	37,600
	Adjustments for 2024/25	-
	Adjusted Appropriation	79,900
	Actual to 2023/24 Year End	74,675
	Estimated Actual for 2024/25	-
	Estimate for 2025/26	5,225
	Estimated Appropriation Remaining	-

Total Annual Appropriations and Forecast Permanent Appropriations and Multi-Year Appropriations

	2024/25		2025/26
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Annual Appropriations and Forecast Permanent Appropriations	331,895	331,895	345,266
Total Forecast MYA Departmental Output Expenses	-	-	5,225
Total Annual Appropriations and Forecast Permanent Appropriations and Multi-Year Appropriations	331,895	331,895	350,491

Capital Injection Authorisations

	2024/25		2025/26
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
New Zealand Customs Service - Capital Injection (M21) (A3)	-	-	550

Supporting Information

Part 1 - Vote as a Whole

1.1 - New Policy Initiatives

Policy Initiative	Appropriation	2024/25 Final Budgeted \$000	2025/26 Budget \$000	2026/27 Estimated \$000	2027/28 Estimated \$000	2028/29 Estimated \$000
Combatting Transnational and Serious Organised Crime at the Border	Border Clearance and Risk Management (MCA)	-	2,450	4,474	9,052	13,216
	New Zealand Customs Service - Capital Injection	-	550	120	4,800	-
Reallocation of Savings from the Removal of Crown Subsidies for Goods and Cargo Fees	Border Clearance and Risk Management (MCA)	-	-	2,260	4,540	6,830
Total Initiatives		-	3,000	6,854	18,392	20,046

1.2 - Trends in the Vote

Summary of Financial Activity

	2020/21	2021/22	2022/23	2023/24	2024/25		2025/26			2026/27	2027/28	2028/29
	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Final Budgeted \$000	Estimated Actual \$000	Departmental Transactions Budget \$000	Non- Departmental Transactions Budget \$000	Total Budget \$000	Estimated \$000	Estimated \$000	Estimated \$000
Appropriations												
Output Expenses	22,985	34,400	25,585	45,192	2,797	2,797	7,175	193	7,368	1,700	1,700	1,700
Benefits or Related Expenses	-	-	-	-	-	-	N/A	-	-	-	-	-
Borrowing Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	12,908	12,117	1,223	17,962	16,080	16,080	-	16,080	16,080	16,080	16,080	16,080
Capital Expenditure	18,973	15,884	38,124	14,953	21,054	21,054	21,054	-	21,054	21,054	21,054	21,054
Intelligence and Security Department Expenses and Capital Expenditure	-	-	-	-	-	-	-	N/A	-	-	-	-
Multi-Category Expenses and Capital Expenditure (MCA)												
<i>Output Expenses</i>	206,719	221,349	232,095	243,195	291,964	291,964	305,989	-	305,989	314,279	319,337	325,091
<i>Other Expenses</i>	-	-	-	-	-	-	-	-	-	-	-	-
<i>Capital Expenditure</i>	-	-	-	-	-	-	N/A	-	-	-	-	-
Total Appropriations	261,585	283,750	297,027	321,302	331,895	331,895	334,218	16,273	350,491	353,113	358,171	363,925
Crown Revenue and Capital Receipts												
Tax Revenue	14,879,950	17,497,858	18,551,760	17,397,503	17,800,000	17,800,000	N/A	18,466,000	18,466,000	19,316,000	20,282,000	21,143,000
Non-Tax Revenue	11,047	14,029	14,434	13,127	13,800	13,800	N/A	13,880	13,880	14,380	14,380	14,380
Capital Receipts	-	-	-	-	-	-	N/A	-	-	-	-	-
Total Crown Revenue and Capital Receipts	14,890,997	17,511,887	18,566,194	17,410,630	17,813,800	17,813,800	N/A	18,479,880	18,479,880	19,330,380	20,296,380	21,157,380

Note - where restructuring of the vote has occurred then, to the extent practicable, prior years information has been restated as if the restructuring had occurred before the beginning of the period covered. In this instance Total Appropriations for the Budgeted and Estimated Actual year may not equal Total Annual Appropriations and Forecast Permanent Appropriations and Multi-Year Appropriations in the Details of Appropriations and Capital Injections.

Adjustments to the Summary of Financial Activity Table Due to Vote Restructuring

There have been no restructuring adjustments to prior year information in the Summary of Financial Activity table.

1.3 - Analysis of Significant Trends

Significant changes in each appropriation category for Vote Customs are discussed below.

Output Expenses

The fluctuating trend for Output Expenses is due to:

- significant new funding between 2020/21 and 2023/24 in response to the COVID-19 pandemic, including ensuring vessels and crew complied with COVID-19 restrictions and isolation requirements at New Zealand's maritime ports, and to develop the New Zealand Traveller Declaration System
- new funding from 2020/21 to support the activities of the Border Executive Board. Estimated expenditure of \$1.700 million from 2026/27 onwards relates to the Border Executive Board
- funding in 2025/26 for continued enhancements of the New Zealand Traveller Declaration System.

Other Expenses

Other Expenses mainly relates to the need to provide for doubtful debts relating to Crown revenue collected by the New Zealand Customs Service. Expenditure can vary greatly, mainly due to illicit tobacco seizures and the need to provide for writing off the related duty.

Capital Expenditure

The fluctuating trend for Capital Expenditure reflects the timing and level of capital expenditure on renewing or replacing existing assets or the purchasing of new assets. The increase in 2022/23 relates to the New Zealand Traveller Declaration system.

Multi-Category Expenses and Capital Expenditure

Multi-Category Expenses and Capital Expenditure relate to the core services of the New Zealand Customs Service, including clearing goods and travellers across borders, the collection of revenue on behalf of the Crown, and the provision of policy advice to the Minister. The growth in expenditure is due to receiving additional funding for:

- addressing the increase in tobacco smuggling from 2022/23 onwards
- cost pressures from 2023/24 onwards
- increased capacity to respond to growing maritime security pressures from 2023/24 onwards
- the ongoing operation of the New Zealand Traveller Declaration System from 2024/25 onwards
- increased traveller processing costs, including for new international airports in Hamilton and Dunedin from 2025/26 onwards
- combating transnational and serious organised crime at the border from 2025/26 onwards.

Crown Revenue

The New Zealand Customs Service collects tax revenue on behalf of the Crown by way of customs duty and GST on imports, together with excise duty on domestically manufactured alcohol, tobacco, petroleum products or equivalent duty on the same products imported into New Zealand. GST on imports is the major revenue source.

Total tax revenue collected by the New Zealand Customs Service has increased progressively over the last five years and is forecast to increase to \$21.157 billion by 2028/29.

Part 2 - Details of Departmental Appropriations

2.1 - Departmental Output Expenses

Border System Performance (M21) (A3)

Scope of Appropriation

This appropriation is limited to policy and investment advice and the design and coordination of joint initiatives relating to the border system as a whole.

Expenses and Revenue

	2024/25		2025/26
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	2,450	2,450	1,950
Revenue from the Crown	2,167	2,167	1,667
Revenue from Others	283	283	283

What is Intended to be Achieved with this Appropriation

This appropriation is intended to achieve an end-to-end border process that integrates health risk management and strategic border system improvements to create a safe and smart border. This will be achieved through the provision of advice and services to the Border Executive Board, co-ordination of joint initiatives, and system stewardship to enable the border system to improve the wellbeing of New Zealanders.

How Performance will be Assessed and End of Year Reporting Requirements

	2024/25		2025/26
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
The Border Executive Board work programme has initiatives that respond to risk and drive border system improvement	Achieved	Achieved	Achieved
Satisfaction of the responsible Minister with the provision of coordination, information and advice	Meets expectations	Meets expectations	Meets expectations

End of Year Performance Reporting

Performance information for this appropriation will be reported by the New Zealand Customs Service in its Annual Report.

Reason for Change in Appropriation

The decrease of \$500,000 in this appropriation for 2025/26 is due to a temporary increase in funding for 2024/25 that did not repeat in 2025/26.

Traveller Declaration System Development (M21) (A3)

Scope of Appropriation and Expenses

Type, Title, Scope and Period of Appropriations	Appropriations, Adjustments and Use	\$000
Traveller Declaration System Development (M21) (A3) This appropriation is limited to the development of policies, procedures and systems to assess travellers for risk, including health risk, when crossing the New Zealand border. Commences: 01 September 2021 Expires: 30 June 2026	Original Appropriation	42,300
	Adjustments to 2023/24	37,600
	Adjustments for 2024/25	-
	Adjusted Appropriation	79,900
	Actual to 2023/24 Year End	74,675
	Estimated Actual for 2024/25	-
	Estimate for 2025/26	5,225
	Estimated Appropriation Remaining	-

Revenue

	Budget \$000
Revenue from the Crown to end of 2025/26	79,900
Revenue from Others to end of 2025/26	-
Total Revenue	79,900

How Performance will be Assessed and End of Year Reporting Requirements

	2024/25		2025/26
Assessment of Performance	Final Budgeted Standard	Estimated Actual	Budget Standard
Identify and implement enhancements of the NZTD system	New Measure	-	Achieved

End of Year Performance Reporting

Performance information for this appropriation will be reported by the New Zealand Customs Service in its Annual Report.

2.3 - Departmental Capital Expenditure and Capital Injections

New Zealand Customs Service - Capital Expenditure PLA (M21) (A3)

Scope of Appropriation

This appropriation is limited to the purchase or development of assets by and for the use of the New Zealand Customs Service, as authorised by section 24(1) of the Public Finance Act 1989.

Capital Expenditure

	2024/25		2025/26
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Forests/Agricultural	-	-	-
Land	-	-	-
Property, Plant and Equipment	14,577	14,577	17,439
Intangibles	6,477	6,477	3,615
Other	-	-	-
Total Appropriation	21,054	21,054	21,054

What is Intended to be Achieved with this Appropriation

This appropriation is intended to achieve the renewal and replacement of assets in support of the delivery of services provided by the New Zealand Customs Service.

How Performance will be Assessed and End of Year Reporting Requirements

	2024/25		2025/26
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
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

End of Year Performance Reporting

Performance information for this appropriation will be reported by the New Zealand Customs Service in its Annual Report.

*Capital Injections and Movements in Departmental Net Assets***New Zealand Customs Service**

Details of Net Asset Schedule	2024/25 Estimated Actual \$000	2025/26 Projected \$000	Explanation of Projected Movements in 2025/26
Opening Balance	216,620	199,124	
Capital Injections	-	550	Additional funding received in Budget 2025 for Combatting Transnational and Serious Organised Crime at the Border.
Capital Withdrawals	-	-	
Surplus to be Retained (Deficit Incurred)	(17,496)	(9,667)	The deficit incurred reflects the forecast movements in the Border Processing Levy and Goods Clearance Fees memorandum accounts.
Other Movements	-	-	
Closing Balance	199,124	190,007	

Part 3 - Details of Non-Departmental Appropriations

3.1 - Non-Departmental Output Expenses

Independent Advice to Ministers (M21) (A3)

Scope of Appropriation

This appropriation is limited to independent advice and assurance, and related costs, to support decision-making by Ministers.

Expenses

	2024/25		2025/26
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	347	347	193

What is Intended to be Achieved with this Appropriation

This appropriation is intended to achieve the provision of independent advice to the Minister of Customs to address the growing threat of Transnational and Serious Organised Crime.

How Performance will be Assessed and End of Year Reporting Requirements

An exemption was granted under s15D(2)(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 of Parliament, or a Crown entity and the amount of this annual appropriation for a non-departmental output expense is less than \$5 million.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2024/25 Final Budgeted \$000	2025/26 Budget \$000	2026/27 Estimated \$000	2027/28 Estimated \$000	2028/29 Estimated \$000
Current Government						
Ministerial Advisory Group: Transnational, Serious and Organised Crime (funded from the Proceeds of Crime)	2024/25	347	193	-	-	-

Reasons for Change in Appropriation

The decrease of \$154,000 in this appropriation for 2025/26 is due to the anticipated work programme timing and related expenditure of the Advisory Group.

3.4 - Non-Departmental Other Expenses

Change in Doubtful Debt Provision (M21) (A3)

Scope of Appropriation

Provisioning of Doubtful Debts on Customs Crown Revenue.

Expenses

	2024/25		2025/26
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	16,000	16,000	16,000

What is Intended to be Achieved with this Appropriation

This appropriation is intended to achieve the provisioning for doubtful debts on revenue collected by the New Zealand Customs Service on behalf of the Crown.

How Performance will be Assessed and End of Year Reporting Requirements

An exemption was granted under s15D(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.

World Customs Organization (M21) (A3)

Scope of Appropriation

New Zealand's contribution to the operating budget of the WCO.

Expenses

	2024/25		2025/26
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	80	80	80

What is Intended to be Achieved with this Appropriation

This appropriation is intended to achieve New Zealand meeting its commitment as a member of the World Customs Organization (WCO) to contribute to the running costs of the WCO.

How Performance will be Assessed and End of Year Reporting Requirements

An exemption was granted under s15D(2)(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 of Parliament, or a Crown entity and the amount of this annual appropriation for non-departmental output expense is less than \$5 million.

Part 4 - Details of Multi-Category Expenses and Capital Expenditure

4 - Multi-Category Expenses and Capital Expenditure

Border Clearance and Risk Management (M21) (A3)

Overarching Purpose Statement

The single overarching purpose of this appropriation is to promote the smooth two-way flow of travellers and goods across the New Zealand and international borders.

Scope of Appropriation

Departmental Output Expenses

Goods Clearance and Enforcement

This category is limited to the provision of services related to goods crossing borders, including trade compliance, and the protection of New Zealand through interventions, investigations, and enforcement.

Revenue Collection and Other Services

This category is limited to 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.

Travellers Clearance and Enforcement

This category is limited to the provision of services relating to travellers crossing borders and the protection of New Zealand through interventions, investigations, and enforcement.

Expenses, Revenue and Capital Expenditure

	2024/25		2025/26
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	291,964	291,964	305,989
Departmental Output Expenses			
Goods Clearance and Enforcement	132,552	132,552	131,198
Revenue Collection and Other Services	36,674	36,674	41,254
Travellers Clearance and Enforcement	122,738	122,738	133,537
Funding for Departmental Output Expenses			
Revenue from the Crown	92,964	92,964	98,813
Goods Clearance and Enforcement	55,342	55,342	54,242
Revenue Collection and Other Services	35,387	35,387	39,836
Travellers Clearance and Enforcement	2,235	2,235	4,735

	2024/25		2025/26
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Revenue from Others	181,504	181,504	197,509
Goods Clearance and Enforcement	56,011	56,011	78,933
Revenue Collection and Other Services	1,363	1,363	1,494
Travellers Clearance and Enforcement	124,130	124,130	117,082

What is Intended to be Achieved with this Appropriation

This appropriation is intended to achieve secure and efficient border processes for trade and travel to and from New Zealand and well-functioning customs services that collect Crown revenue to improve the wellbeing of New Zealanders.

How Performance will be Assessed for this Appropriation

	2024/25		2025/26
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
Percentage of import transactions considered compliant after risk assessment	98%	99.6%	98%
Percentage of export transactions considered compliant after risk assessment	99%	99.9%	99%
Percentage of revenue that is collected by the due date	98%	98.8%	98%
Percentage of arriving international air passengers and crew who are selected for further risk assessment	1% - 3%	1.8%	1% - 3%

What is Intended to be Achieved with each Category and How Performance will be Assessed

	2024/25		2025/26
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
Departmental Output Expenses			
Goods Clearance and Enforcement			
This category is intended to achieve secure and efficient border processes for trade to and from New Zealand, to improve the wellbeing of New Zealanders.			
Service provision and trade promotion			
Percentage of trade transactions (other than those referred for compliance checks) processed (including assessment against business rules and intelligence) within five minutes	98%	98%	98%
Number of companies that have joined or been revalidated through Customs' Authorised Economic Operator (Secure Exports Scheme) programme	100 - 120	100	100 - 120

	2024/25		2025/26
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
<i>Clearance, compliance, and risk management</i>			
Number of import mail items subject to risk-based physical examination	8,000 - 12,000	11,226	8,000 - 12,000
Result rate of physically examined mail items (see Note 1)	30%	35.2%	30%
Number of import trade entries that are subject to risk-based physical examination	18,000 - 22,000	18,908	18,000 - 22,000
Result rate of physically examined import trade entries (see Note 1)	5% - 10%	8.8%	5% - 10%
Number of import transactions selected for random interventions (under Customs' Assurance programme) (see Note 2)	6,750	8,790	6,750
<i>Investigations and enforcement</i>			
Percentage of investigations, related to import or export of prohibited or restricted goods, where a punitive or harm reduction action is achieved (see Note 3) (Standard adjusted)	75%	80%	80%
<i>Revenue Collection and Other Services</i>			
This category is intended to achieve a well-functioning Customs Service that collects Crown Revenue to improve the wellbeing of New Zealanders.			
<i>Revenue collection</i>			
Percentage of substantial outstanding debts (see Note 4) that are reviewed each month (Standard adjusted)	98%	99.8%	99%
Debt write-offs related to legitimate trade as a percentage of total Crown revenue collected	0.06% or less	less than 0.06%	0.06% or less
<i>Clearance, compliance, and risk management</i>			
Number of risk-based trade compliance audit activities undertaken	750 - 850	828	750 - 850
Percentage of a random sample of import entries that are found to be accurate through the transactional verification process (Standard adjusted)	90%	96.4%	95%
Percentage of investigations, related to fraud, financial crime, or tax evasion, where a punitive or harm reduction action is achieved (see Note 3)	75%	77%	75%
<i>Policy advice</i>			
Assessment of the quality of a sample of the agency's policy advice papers:			
a) Average score of papers	3.5 out of 5	3.5 out of 5	3.5 out of 5
b) Score of papers	100% 3 or above, 25% 4 or above	100% 3 or above, 25% 4 or above	100% 3 or above, 25% 4 or above
Satisfaction of the portfolio Minister with the policy advice service	3.75 out of 5	4	3.75 out of 5
<i>Ministerial servicing</i>			
Satisfaction of the portfolio Minister with ministerial servicing	Meets expectations	Meets expectations	Meets expectations
Percentage of draft replies to ministerial correspondence that are provided within 20 working days or as agreed with the Minister	95%	100%	95%
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	100%	100%	100%

	2024/25		2025/26
Assessment of Performance	Final Budgeted Standard	Estimated Actual	Budget Standard
Other services			
Percentage of external alerts processed in accordance with alert instructions	100%	99.9%	100%
Percentage of requests accepted by the National Maritime Coordination Centre which are assigned within 31 days	95%	100%	95%
Travellers Clearance and Enforcement			
This category is intended to achieve secure and efficient border processes for travel to and from New Zealand, to improve the wellbeing of New Zealanders.			
Air			
Result rate of secondary searches of arriving international air passengers and crew (see Note 5)	6% - 10%	8.5%	6% - 10%
Number of arriving air and sea passengers selected for random interventions (under Customs' Assurance programme) (see Note 2)	2,150	2,390	2,150
Sea			
Percentage of arriving commercial marine craft assessed as high risk that are subject to planned interaction while in a New Zealand port	100%	100%	100%
Percentage of all arriving commercial marine craft that are not assessed as high risk that will be subject to Customs secondary interaction (see Note 6) (Standard adjusted)	5%	13.6%	10%
Percentage of arriving small craft subject to Customs secondary interaction (see Note 6) (Standard adjusted)	20%	54.8%	50%
Traveller Declaration System			
Percentage of arriving travellers who complete their arrival declaration online	70%	60%	70%
The average time taken by arriving travellers to complete a digital arrival declaration	New measure	-	10 minutes or less
Percentage of arriving travellers who need to seek help from the contact centre in order to complete their arrival declaration	3% or less	0.4%	3% or less
Investigations and enforcement			
Percentage of investigations, related to travellers and their possessions, where a punitive or harm reduction action is achieved (see Note 3) (Standard adjusted)	75%	85%	80%

Note 1 - Result rate relates to the successful identification of prohibited or restricted goods.

Note 2 - New Zealand Customs Service assurance programme conducts randomised compliance checks of trade and travellers crossing the border into New Zealand. This is a minimum standard to be a statistically significant sample of the measured population.

Note 3 - A punitive action is when a penalty is applied in response to activity that is found to be non-compliant 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.

Note 4 - Substantial outstanding debts are debts that are outstanding for more than 60 days with amounts due greater than, or equal to, \$20,000.

Note 5 - Some travellers are subject to a secondary search. A positive result is any outcome that supports the person/item being risk profiled, including, but not limited to, finding dutiable, prohibited, or undeclared items, or referral to another border agency.

Note 6 - 'Secondary interaction' means any interaction undertaken over and above the initial border and clearance function and may range from talking to the crew to a full rummage. The output maintains high levels of compliance and acts as a check on risk assessments.

End of Year Performance Reporting

Performance information for this appropriation will be reported by the New Zealand Customs Service in its Annual Report.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2024/25 Final Budgeted \$000	2025/26 Budget \$000	2026/27 Estimated \$000	2027/28 Estimated \$000	2028/29 Estimated \$000
Goods Clearance and Enforcement:						
Current Government						
Combatting Transnational and Serious Organised Crime at the Border	2025/26	-	980	1,790	3,621	5,286
Reallocation of Savings from the Removal of Crown Subsidies for Goods and Cargo Fees	2026/27	-	-	2,260	4,540	6,830
Reduction in Discretionary Expenditure	2024/25	(485)	(485)	(485)	(485)	-
Previous Government						
Increasing Sector Capability to Respond to Growing Maritime Security Pressures	2023/24	1,252	1,252	1,252	1,252	-
New Zealand Customs Service - addressing cost pressures	2023/24	2,712	3,823	3,823	3,823	-
Revenue Collection and Other Services:						
Current Government						
Reduction in Discretionary Expenditure	2024/25	(298)	(298)	(298)	(298)	-
Previous Government						
New Zealand Customs Service - addressing cost pressures	2023/24	214	302	302	302	-
Addressing Tobacco Smuggling	2022/23	2,132	3,272	-	-	-
Travellers Clearance and Enforcement:						
Current Government						
Combatting Transnational and Serious Organised Crime at the Border	2025/26	-	1,470	2,684	5,431	7,930
Reduction in Discretionary Expenditure	2024/25	(417)	(417)	(417)	(417)	-
Previous Government						
New Zealand Customs Service - addressing cost pressures	2023/24	2,051	2,891	2,891	2,891	-

Reasons for Change in Appropriation

The increase of \$14.025 million in this appropriation for 2025/26 is mainly due to an increase of \$10.799 million in the Travellers Clearance and Enforcement category. Detail on of the movements at a category level are set out below:

Goods Clearance and Enforcement

The decrease of \$1.354 million in this category for 2025/26 is due to:

- a fiscally neutral transfer of \$5.500 million from this category to the Travellers Clearance and Enforcement category to accurately reflect the allocation of expenditure between these categories for the targeting of transnational organised crime in the maritime supply chain
- a fiscally neutral transfer of \$1.711 million to other categories in this appropriation to reflect the allocation of expenditure against the activities it funds.

The decrease is partially offset by:

- additional funding of \$2.777 million received in Budget 2023 to address cost pressures (additional Crown revenue of \$1.111 million and additional Other revenue of \$1.666 million)
- the transfer of savings of \$1,500 million from 2024/25 to future years that did not repeat in 2025/26. The transfer was made to address future cost pressures
- additional funding of \$980,000 received in Budget 2025 to increase capacity to combat Transnational and Serious Organised Crime at the Border
- the transfer of \$600,000 from 2023/24 to 2025/26 to help address investment related cost pressures.

Revenue Collection and Other Services

The increase of \$4.580 million in this category for 2025/26 is due to:

- a fiscally neutral transfer of \$3.151 million from other categories in this appropriation to reflect the allocation of expenditure against the activities it funds
- additional funding of \$410,000 received to help address tobacco smuggling
- the transfer of \$400,000 from 2023/24 to 2025/26 to help address investment related cost pressures
- the transfer of savings of \$400,000 from 2024/25 to future years that did not repeat in 2025/26. The transfer was made to address future cost pressures.

Travellers Clearance and Enforcement

The increase of \$10.799 million in this category for 2025/26 is due to:

- a fiscally neutral transfer of \$5.500 million from the Goods Clearance and Enforcement category to this category to accurately reflect the allocation of expenditure between these categories for the targeting of transnational organised crime in the maritime supply chain
- additional funding of \$3.766 million being allocated for the clearance of international travellers following revisions made to Border Processing Levy rates

- additional funding of \$3.006 million received to process international travellers at Hamilton and Dunedin airports
- additional funding of \$2.100 million received in Budget 2023 to address cost pressures (additional Crown revenue of \$840,000 and additional Other revenue of \$1.260 million)
- additional funding of \$1.470 million received in Budget 2025 to Combat Transnational and Serious Organised Crime at the Border
- the transfer of savings of \$1.300 million from 2024/25 to future years that did not repeat in 2025/26. The transfer was made to address future cost pressures
- the transfer of \$600,000 from 2023/24 to 2025/26 to help address investment related cost pressures.

The increase is partially offset by:

- Capital charge funding of \$5.503 million ceasing following the repayment of all COVID-19 related capital injections
- a fiscally neutral transfer of \$1.440 million to other categories in this appropriation to reflect the allocation of expenditure against the activities it funds.

Memorandum Account

Memorandum accounts record the accumulated surpluses and deficits incurred for outputs provided to the users of services that are fully cost recovered through the fees and levies that they pay. Memorandum accounts allow for the fact that revenue and expenses will not equate in any given financial year, with balances expected to trend to zero over a reasonable period of time (usually three to five years).

There are two memorandum accounts within this appropriation covering the Border Processing Levy and Goods Clearance Fees. The Border Processing Levy memorandum account records revenue earned and costs incurred when clearing travellers arriving in and departing from New Zealand. The Goods Clearance Fees memorandum account records revenue earned and costs incurred when clearing certain goods across the border. The Border Processing Levy and Goods Clearance Fees are set at levels designed to bring any accumulated surplus or deficit to zero over a three to five year period.

The Goods Clearance Fees memorandum account is currently in deficit due to increased salary and wage costs and general inflation. This deficit is expected to reduce over coming years following the introduction of revised Goods Fees on 1 July 2025.

	2024/25		2025/26
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Goods Clearance Fees			
Opening Balance at 1 July	(9,769)	(8,642)	(6,820)
Revenue	49,899	48,026	70,948
Expenses	(58,858)	(55,487)	(68,601)
Transfers and Adjustments	5,324	9,283	-
Closing Balance at 30 June	(13,401)	(6,820)	(4,473)

The Border Processing Levy memorandum account is currently in surplus but may be in deficit by the end of 2025/26 due to lower forecast traveller volumes and increased costs, including the processing of international travellers at Hamilton and Dunedin airports.

	2024/25		2025/26
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Border Processing Levy			
Opening Balance at 1 July	8,535	6,662	9,002
Revenue	142,762	123,864	117,082
Expenses	(128,204)	(125,049)	(133,619)
Transfers and Adjustments	7,212	3,543	-
Closing Balance at 30 June	30,305	9,002	(7,534)