

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 \$19.189 billion in the 2026/27 financial year.

The Minister of Customs is responsible for a departmental appropriation in the Vote for the 2026/27 financial year 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 2026/27 financial year covering the following:

- a total of just under \$144 million for services relating to travellers crossing borders and the protection of New Zealand through interventions, investigations and enforcement
- a total of just under \$140 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 \$42 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 also responsible for 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, and
- a total of \$100,000 for the payment of New Zealand's annual contribution to the World Customs Organization's operating budget.

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

Details of Appropriations and Capital Injections

Annual Appropriations and Forecast Permanent Appropriations

Titles and Scopes of Appropriations by Appropriation Type	2025/26		2026/27
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
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.	1,950	1,950	-
Total Departmental Output Expenses	1,950	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.	16,000	16,000	21,054
Total Departmental Capital Expenditure	16,000	16,000	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.	275	275	-
Total Non-Departmental Output Expenses	275	275	-
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	100
Total Non-Departmental Other Expenses	16,080	16,080	16,100
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.	301,723	301,723	325,736
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.	127,665	127,665	139,456
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.	40,934	40,934	42,482

Titles and Scopes of Appropriations by Appropriation Type	2025/26		2026/27
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
<i>Travellers Clearance and Enforcement</i> 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.	133,124	133,124	143,798
Total Multi-Category Expenses and Capital Expenditure	301,723	301,723	325,736
Total Annual Appropriations and Forecast Permanent Appropriations	336,028	336,028	362,890

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 Adjustments to 2024/25 Adjustments for 2025/26 Adjusted Appropriation Actual to 2024/25 Year End Estimated Actual for 2025/26 Estimate for 2026/27 Estimated Appropriation Remaining	42,300 37,600 - 79,900 74,675 5,225 - -

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

	2025/26		2026/27
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Annual Appropriations and Forecast Permanent Appropriations	336,028	336,028	362,890
Total Forecast MYA Departmental Output Expenses	5,225	5,225	-
Total Annual Appropriations and Forecast Permanent Appropriations and Multi-Year Appropriations	341,253	341,253	362,890

Capital Injection Authorisations

	2025/26		2026/27
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
New Zealand Customs Service - Capital Injection (M21) (A3)	1,550	1,550	6,281

Supporting Information

Part 1 - Vote as a Whole

1.1 - New Policy Initiatives

Policy Initiative	Appropriation	2025/26 Final Budgeted \$000	2026/27 Budget \$000	2027/28 Estimated \$000	2028/29 Estimated \$000	2029/30 Estimated \$000
Baseline Savings - New Zealand Customs Service	Border Clearance and Risk Management (MCA)	-	(1,700)	(1,700)	(1,700)	(1,700)
Border Security - Expanding Overseas Disruption of Criminal Networks	Border Clearance and Risk Management (MCA)	-	908	2,681	3,594	3,667
Border Security - Responding to Increased Smuggling and Protecting the Flow of Trade	Border Clearance and Risk Management (MCA)	-	7,028	14,133	15,038	14,966
	New Zealand Customs Service - Capital Injection	-	6,161	7,847	5,534	-
Investment in Fuel Resilience	Border Clearance and Risk Management (MCA)	(1,000)	-	-	-	-
	New Zealand Customs Service - Capital Injection	1,000	-	-	-	-
Total Initiatives		-	12,397	22,961	22,466	16,933

1.2 - Trends in the Vote

Summary of Financial Activity

	2021/22	2022/23	2023/24	2024/25	2025/26		2026/27			2027/28	2028/29	2029/30
	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	34,400	25,585	45,192	1,566	1,950	1,950	-	-	-	-	-	-
Benefits or Related Expenses	-	-	-	-	-	-	N/A	-	-	-	-	-
Borrowing Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	12,117	1,223	17,962	2,505	16,080	16,080	-	16,100	16,100	16,100	16,100	16,100
Capital Expenditure	15,884	38,124	14,953	12,577	16,000	16,000	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>	221,349	232,095	243,195	271,248	301,723	301,723	325,736	-	325,736	341,251	343,703	343,705
<i>Other Expenses</i>	-	-	-	-	-	-	-	-	-	-	-	-
<i>Capital Expenditure</i>	-	-	-	-	-	-	N/A	-	-	-	-	-
Total Appropriations	283,750	297,027	321,302	287,896	335,753	335,753	346,790	16,100	362,890	378,405	380,857	380,859
Crown Revenue and Capital Receipts												
Tax Revenue	17,497,858	18,551,760	17,397,503	17,750,710	18,236,000	18,236,000	N/A	19,175,000	19,175,000	19,980,000	20,641,000	21,334,000
Non-Tax Revenue	14,029	14,434	13,127	13,659	13,880	13,880	N/A	14,380	14,380	14,380	14,380	14,380
Capital Receipts	-	-	-	-	-	-	N/A	-	-	-	-	-
Total Crown Revenue and Capital Receipts	17,511,887	18,566,194	17,410,630	17,764,369	18,249,880	18,249,880	N/A	19,189,380	19,189,380	19,994,380	20,655,380	21,348,380

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
- approximately \$2 million per annum received from 2020/21 to support the activities of the Border Executive Board. This funding was transferred from 2026/27 onwards to a Multi-Category Expenses and Capital Expenditure appropriation due to the disestablishment of the Border System Performance appropriation following changes to the scope and functions of the Border Executive Board.

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 development of the New Zealand Traveller Declaration system.

Multi-Category Expenses and Capital Expenditure

Multi-Category Expenses and Capital Expenditure relates 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
- responding to increased smuggling and protecting the flow of trade from 2026/27 onwards
- supporting enhanced border security and expanding the overseas disruption of criminal networks from 2026/27 onwards.

These increases are partially offset by baseline savings initiatives completed as part of Budget 2024 and Budget 2026.

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 \$21.348 billion by 2029/30.

Part 2 - Details of Departmental Appropriations

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

	2025/26		2026/27
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Forests/Agricultural	-	-	-
Land	-	-	-
Property, Plant and Equipment	13,385	13,385	18,744
Intangibles	2,615	2,615	2,310
Other	-	-	-
Total Appropriation	16,000	16,000	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

	2025/26		2026/27
	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.

Reasons for Change in Appropriation

The increase in this appropriation is due to a lower level of expenditure occurring during the 2025/26 financial year than what is expected to be spent in 2026/27. Spending in 2025/26 is in line with the 2025/26 capital investment plan.

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

Details of Net Asset Schedule	2025/26 Estimated Actual \$000	2026/27 Projected \$000	Explanation of Projected Movements in 2026/27
Opening Balance	220,258	217,769	
Capital Injections	1,550	6,281	Additional funding of \$6.161 million to support investment in enhanced border security to respond to increased smuggling and to protect the flow of trade, and \$120,000 for combating transnational and serious organised crime at the border.
Capital Withdrawals	-	-	
Surplus to be Retained (Deficit Incurred)	(4,039)	(855)	This figure reflects the forecast movements in the Border Processing Levy and Goods Clearance Fees memorandum accounts.
Other Movements	-	-	
Closing Balance	217,769	223,195	

Part 3 - Details of Non-Departmental Appropriations

3.4 - Non-Departmental Other Expenses

Change in Doubtful Debt Provision (M21) (A3)

Scope of Appropriation

Provisioning of Doubtful Debts on Customs Crown Revenue.
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Expenses

	2025/26		2026/27
	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.
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Expenses

	2025/26		2026/27
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	80	80	100

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.

Reasons for Change in Appropriation

The increase in this appropriation for 2026/27 is due to the fiscally neutral transfer of funding from the Multi-Category Expenses and Capital Expenditure Border Clearance and Risk Management appropriation to ensure there is sufficient funding to meet increased World Customs Organization subscription costs.

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

	2025/26		2026/27
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	301,723	301,723	325,736
Departmental Output Expenses			
Goods Clearance and Enforcement	127,665	127,665	139,456
Revenue Collection and Other Services	40,934	40,934	42,482
Travellers Clearance and Enforcement	133,124	133,124	143,798
Funding for Departmental Output Expenses			
Revenue from the Crown	90,315	90,315	84,642
Goods Clearance and Enforcement	47,334	47,334	35,006
Revenue Collection and Other Services	38,997	38,997	40,781
Travellers Clearance and Enforcement	3,984	3,984	8,855
Revenue from Others	207,369	207,369	240,239
Goods Clearance and Enforcement	87,701	87,701	116,905
Revenue Collection and Other Services	2,013	2,013	1,777
Travellers Clearance and Enforcement	117,655	117,655	121,557

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

Assessment of Performance	2025/26		2026/27
	Final Budgeted Standard	Estimated Actual	Budget Standard
Percentage of investigations where a punitive or harm reduction action is achieved (Measures combined)	-	90.0%	80%
Percentage of import transactions considered compliant after risk assessment (Standard adjusted)	98%	99.6%	99%
Percentage of export transactions considered compliant after risk assessment	99%	99.9%	99%
Percentage of revenue that is collected by the due date	98%	99.6%	98%
Percentage of arriving international air passengers and crew who are selected for further risk assessment	1% - 3%	2.1%	1% - 3%

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

Assessment of Performance	2025/26		2026/27
	Final Budgeted Standard	Estimated Actual	Budget Standard
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, considered compliant after risk assessment, processed within five minutes (Wording amended)	98%	99.3%	98%
Number of companies that have joined or been revalidated through Customs' Authorised Economic Operator (Secure Exports Scheme) programme	100 - 120	120	100 - 120
Clearance, compliance, and risk management			
Number of import trade entries that are subject to risk-based physical examination	18,000 - 22,000	20,200	18,000 - 22,000
Result rate of physically examined import trade entries (see Note 1)	5% - 10%	6.7%	5% - 10%
Number of import transactions selected for random interventions (under Customs' Assurance programme) (see Note 2) (Standard adjusted)	6,750	6,750	7,150

Assessment of Performance	2025/26		2026/27
	Final Budgeted Standard	Estimated Actual	Budget Standard
Revenue Collection and Other Services			
This category is intended to achieve a well-functioning Customs Service that collects Crown Revenue to improve the wellbeing of New Zealanders.			
Revenue collection			
Percentage of substantial outstanding debts (see Note 4) that are reviewed each month	99%	100%	99%
Debt write-offs related to legitimate trade as a percentage of total Crown revenue collected (Standard adjusted)	0.06% or less	less than 0.06%	0.03% or less
Clearance, compliance, and risk management			
Number of risk-based trade compliance audit activities undertaken (Standard adjusted)	750 - 850	965	800 - 1,000
Percentage of a random sample of import entries that are found to be accurate through the transactional verification process	95%	97.7%	95%
Policy advice			
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	4.7	3.75 out of 5
Ministerial servicing			
Satisfaction of the portfolio Minister with ministerial servicing	Meets expectations	Meets expectations	Meets expectations
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%
Other services			
Percentage of external alerts processed in accordance with alert instructions	100%	99.7%	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%	9.1%	6% - 10%
Number of arriving air and sea passengers selected for random interventions (under Customs' Assurance programme) (see Note 2) (Standard adjusted)	2,150	2,715	2,350

Assessment of Performance	2025/26		2026/27
	Final Budgeted Standard	Estimated Actual	Budget Standard
Sea			
Percentage of arriving commercial marine craft subject to physical activities to detect and respond to risk or gather intelligence following initial risk assessment (Wording amended and Standard adjusted)	5%	28.1%	25%
Percentage of arriving small marine craft subject to physical activities to detect and respond to risk or gather intelligence following initial risk assessment (Wording amended and Standard adjusted)	50%	51.4%	25%
Traveller Declaration System			
Percentage of arriving travellers who complete their arrival declaration online	70%	71.9%	70%
The average time taken by arriving travellers to complete a digital arrival declaration	10 minutes or less	8.7	10 minutes or less

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	2025/26 Final Budgeted \$000	2026/27 Budget \$000	2027/28 Estimated \$000	2028/29 Estimated \$000	2029/30 Estimated \$000
Goods Clearance and Enforcement						
Current Government						
Baseline Savings - New Zealand Customs Service	2026/27	-	(680)	(680)	(680)	(680)
Border Security - Expanding Overseas Disruption of Criminal Networks	2026/27	-	562	1,774	2,378	2,427
Border Security - Responding to Increased Smuggling and Protecting the Flow of Trade	2026/27	-	3,243	6,587	7,405	7,368
Investment in Fuel Resilience	2025/26	(400)	-	-	-	-
Transfer of Savings to Address Critical Cost Pressures	2025/26	(1,042)	154	888	-	-
Combatting Transnational and Serious Organised Crime at the Border	2025/26	980	1,790	3,621	5,286	-
Cost Pressures Addressed through Revised Goods and Cargo Fees	2026/27	-	2,260	4,540	6,830	-
Reduction in Discretionary Expenditure	2024/25	(485)	(485)	(485)	-	-
Previous Government						
Increasing Sector Capability to Respond to Growing Maritime Security Pressures	2023/24	1,252	1,252	1,252	-	-
New Zealand Customs Service - addressing cost pressures	2023/24	3,823	3,823	3,823	-	-
Revenue Collection and Other Services						
Current Government						
Baseline Savings - New Zealand Customs Service	2026/27	-	(340)	(340)	(340)	(340)
Border Security - Expanding Overseas Disruption of Criminal Networks	2026/27	-	106	148	199	203
Border Security - Responding to Increased Smuggling and Protecting the Flow of Trade	2026/27	-	546	970	239	241
Disestablishment of the Border System Performance Appropriation and Transfer of Funding	2026/27	-	1,700	1,700	1,700	1,700
Investment in Fuel Resilience - New Zealand Customs Service	2025/26	(200)	-	-	-	-
New Zealand - India Free Trade Agreement - data exchange system		-	1,058	-	-	-
Transfer of Savings to Address Critical Cost Pressures	2025/26	(519)	76	443	-	-
Reduction in Discretionary Expenditure	2024/25	(298)	(298)	(298)	-	-
Previous Government						
New Zealand Customs Service - addressing cost pressures	2023/24	302	302	302	-	-
Addressing Tobacco Smuggling	2022/23	3,272	-	-	-	-

Policy Initiative	Year of First Impact	2025/26 Final Budgeted \$000	2026/27 Budget \$000	2027/28 Estimated \$000	2028/29 Estimated \$000	2029/30 Estimated \$000
Travellers Clearance and Enforcement						
Current Government						
Baseline Savings - New Zealand Customs Service	2026/27	-	(680)	(680)	(680)	(680)
Border Security - Expanding Overseas Disruption of Criminal Networks	2026/27	-	240	759	1,017	1,038
Border Security - Responding to Increased Smuggling and Protecting the Flow of Trade	2026/27	-	3,238	6,577	7,394	7,357
Investment in Fuel Resilience - New Zealand Customs Service	2025/26	(400)	-	-	-	-
Transfer of Savings to Address Critical Cost Pressures	2025/26	(1,042)	154	888	-	-
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)	-	-
Previous Government						
New Zealand Customs Service - addressing cost pressures	2023/24	2,891	2,891	2,891	-	-

Reasons for Change in Appropriation

The increase in this appropriation for 2026/27 is mainly due to an increase of \$11.791 million in the Goods Clearance and Enforcement category and \$10.674 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 increase of \$11.791 million in this category for 2026/27 is due to:

- additional funding of \$3.243 million received in Budget 2026 to respond to increased smuggling and protecting the flow of trade
- a fiscally neutral transfer of \$2.791 million from other categories in this appropriation to realign funding to match Customs work programme
- an increase in funding of \$2.260 million to address cost pressures, funded through revised Goods Levies
- the transfer of \$1.100 million from 2024/25 to address cost pressures
- the transfer of \$1.042 million from 2025/26 to future years to address cost pressures. The year-on-year impact of this transfer between 2025/26 and 2026/27 is \$1.196 million
- additional funding of \$810,000 received in Budget 2025 to combat transnational and serious organised crime at the border
- additional funding of \$562,000 received in Budget 2026 to expand the overseas disruption of criminal networks

- the transfer of \$500,000 from 2025/26 to support the accelerated recruitment of additional staff to combat transnational and serious organised crime at the border. The year-on-year impact of this transfer between 2025/26 and 2026/27 is \$1 million
- the conversion of \$400,000 from operating funding to capital funding in 2025/26 to support investment in fuel resilience. This conversion does not repeat in 2026/27
- the transfer of \$309,000 from 2024/25 to help address investment related cost pressures
- the transfer of \$200,000 from 2025/26 to support the updating and rationalisation of Customs officer uniforms. The year-on-year impact of this transfer between 2025/26 and 2026/27 is \$400,000.

The increase was partially offset by:

- the transfer of \$1.600 million from prior years to 2025/26 that did not repeat in 2026/27. The transfers were made to fund deferred investment
- a reduction in funding of \$680,000 due to a baseline savings exercise processed as part of Budget 2026.

Revenue Collection and Other Services

The increase of \$1.548 million in this category for 2026/27 is due to:

- the transfer of \$1.700 million from the Border System Performance appropriation following changes to the scope of functions of the Border Executive Board
- additional funding of \$1.058 million received from the Ministry of Foreign Affairs to build a data exchange system to support the New Zealand - India Free Trade Agreement
- additional funding of \$546,000 received in Budget 2026 to respond to increased smuggling and protecting the flow of trade
- the transfer of \$519,000 from 2025/26 to future years to address cost pressures. The year-on-year impact of this transfer between 2025/26 and 2026/27 is \$595,000
- the transfer of \$300,000 from 2024/25 to address cost pressures
- the conversion of \$200,000 from operating funding to capital funding in 2025/26 to support investment in fuel resilience. This conversion did not repeat in 2026/27
- additional funding of \$106,000 received in Budget 2026 to expand the overseas disruption of criminal networks
- the transfer of \$102,000 from 2024/25 to help address investment related cost pressures
- the transfer of \$100,000 from 2025/26 to support the updating and rationalisation of Customs officer uniforms. The year-on-year impact of this transfer between 2025/26 and 2026/27 is \$200,000
- the transfer of \$20,000 from this appropriation to the Independent Advice to Ministers appropriation in 2025/26. This transfer does not repeat in 2026/27.

The increase was partially offset by:

- a fiscally neutral transfer of \$2 million to other categories in this appropriation to realign funding to match Customs work programme
- additional funding of \$519,000 received in 2025/26 from the Ministry of Foreign Affairs and Trade to provide customs related support in Tonga and Southeast Asia. This funding does not repeat in 2026/27
- the transfer of \$400,000 from prior years to 2025/26 that did not repeat in 2026/27. The transfers were made to fund deferred investment
- a reduction in funding of \$340,000 due to a baseline savings exercise processed as part of Budget 2026
- the transfer of \$20,000 from this appropriation to the World Customs Organization appropriation.

Travellers Clearance and Enforcement

The increase of \$10.674 million in this category for 2026/27 is due to:

- additional funding of \$4.106 million received following the revision of Border Processing Levy rates on 1 December 2024
- additional funding of \$3.238 million received in Budget 2026 to respond to increased smuggling and protecting the flow of trade
- additional funding of \$1.214 million received in Budget 2025 to combat transnational and serious organised crime at the border
- the transfer of \$1.100 million from 2024/25 to address cost pressures
- the transfer of \$1.042 million from 2025/26 to future years to address cost pressures. The year-on-year impact of this transfer between 2025/26 and 2026/27 is \$1.196 million
- a fiscally neutral transfer of \$600,000 from other categories in this appropriation to realign funding to match Customs work programme
- the transfer of \$500,000 from 2025/26 to support the accelerated recruitment of additional staff to combat transnational and serious organised crime at the border. The year-on-year impact of this transfer between 2025/26 and 2026/27 is \$1 million
- the conversion of \$400,000 from operating funding to capital funding in 2025/26 to support investment in fuel resilience. This conversion does not repeat in 2026/27
- additional funding of \$240,000 received in Budget 2026 to expand the overseas disruption of criminal networks
- the transfer of \$200,000 from 2025/26 to support the updating and rationalisation of Customs officer uniforms. The year-on-year impact of this transfer between 2025/26 and 2026/27 is \$400,000
- the transfer of \$189,000 from 2024/25 to help address investment related cost pressures.

The increase was partially offset by:

- a fiscally neutral transfer of \$1.391 million to other categories in this appropriation to realign funding to match Customs work programme
- a reduction in funding of \$680,000 due to a baseline savings exercise processed as part of Budget 2026
- the transfer of \$600,000 from prior years to 2025/26 that did not repeat in 2026/27. The transfers were made to fund deferred investment
- additional funding of \$338,000 million received in 2025/26 from the Ministry for Primary Industries to complete work on the New Zealand Traveller Declaration system on their behalf. This funding does not repeat in 2026/27.

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 surplus due to increased fees from 1 July 2025. The forecast of goods fees revenue continues to increase in 2026/27, this is a result of changes to consignment-based levies with no Crown subsidies and a significant increase in low value imports arriving by air, primarily driven by online shopping. Customs will actively monitor the projected growth and the impact on the memorandum account balance as it prepares for the next review of levy rates.

	2025/26		2026/27
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Goods Clearance Fees			
Opening Balance at 1 July	(6,820)	(4,424)	1,112
Revenue	70,948	73,414	109,434
Expenses	(68,601)	(67,878)	(102,784)
Transfers and Adjustments	-	-	-
Closing Balance at 30 June	(4,473)	1,112	7,762

The Border Processing Levy memorandum account is currently in surplus but forecast to be in deficit by the end of 2026/27 due to lower forecast traveller volumes and increased costs. This includes ongoing operating costs for the New Zealand Traveller Declaration system, and the need to respond to the sustained rise in drug smuggling and other Transnational and Serious Organised Crime activity at airports and ports.

	2025/26		2026/27
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Border Processing Levy			
Opening Balance at 1 July	9,002	13,391	5,337
Revenue	117,082	118,720	122,199
Expenses	(133,619)	(126,774)	(129,908)
Transfers and Adjustments	-	-	-
Closing Balance at 30 June	(7,534)	5,337	(2,372)