

# *Vote Customs*

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

APPROPRIATION ADMINISTRATOR: New Zealand Customs Service

RESPONSIBLE MINISTER FOR NEW ZEALAND CUSTOMS SERVICE: Minister of Customs

# Details of Appropriations and Capital Injections

## Annual Appropriations and Forecast Permanent Appropriations

Titles and Scopes of Appropriations by Appropriation Type	2019/20		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
<b>Departmental Output Expenses</b>			
<b>Clearance and Enforcement Services Related to Craft (M21)</b> This appropriation is limited to the provision of services relating to craft arriving in and departing from New Zealand, including clearance of craft, and protection of New Zealand's interests through interventions, investigations and enforcement.	9,985	(31)	9,954
<b>Clearance and Enforcement Services Related to Goods (M21)</b> This appropriation is limited to the provision of services relating to goods crossing the border, including clearance of goods, assessment and audit of revenue, trade compliance and supply chain security assurance, and protection of New Zealand's interests through interventions, audits, investigations and enforcement.	90,981	555	91,536
<b>Clearance and Enforcement Services Related to Passengers and Crew (M21)</b> This appropriation is limited to the provision of services relating to passengers and crew crossing the border, including collecting information, clearance of people and their possessions, and protection of New Zealand's interests through interventions, investigations and enforcement.	78,327	2,212	80,539
<b>Information and Intelligence Services (M21)</b> This appropriation is limited to the provision of information, intelligence and risk assessment services to external clients, and the operation of the National Maritime Coordination Centre.	15,652	(1,565)	14,087
<b>International Services and Ministerial Servicing (M21)</b> This appropriation is limited to the provision of international services, obligations, and assistance, and the provision of services to Ministers to enable them to discharge their portfolio (other than policy decision-making) responsibilities.	10,259	1,024	11,283
<b>Policy Advice (M21)</b> This appropriation is limited to the provision of advice (including second opinion advice and contributions to policy advice led by other agencies) to support decision-making by Ministers on government policy matters.	5,384	(1,599)	3,785
<b>Revenue Collection (M21)</b> This appropriation is limited to the provision of services relating to receipt and processing of revenues owing to the Crown and other agencies, revenue assurance, credit and debt management.	10,373	360	10,733
<b>Total Departmental Output Expenses</b>	220,961	956	221,917
<b>Departmental Capital Expenditure</b>			
<b>New Zealand Customs Service - Capital Expenditure PLA (M21)</b> 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.	12,655	19,346	32,001
<b>Total Departmental Capital Expenditure</b>	12,655	19,346	32,001

	2019/20		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
Titles and Scopes of Appropriations by Appropriation Type			
<b>Non-Departmental Other Expenses</b>			
<b>Change in Doubtful Debt Provision (M21)</b> Provisioning of Doubtful Debts on Customs Crown Revenue.	8,000	-	8,000
<b>Provision of ACC-equivalent cover for New Zealand employees working overseas PLA (M21)</b> This appropriation is limited to payments authorised by section 65ZG of the Public Finance Act 1989 under the indemnity given by the Minister of Finance under section 65ZD of that Act for the provision of ACC-equivalent cover New Zealand employees working overseas as specified in the indemnity.	5	-	5
<b>World Customs Organization (M21)</b> New Zealand's contribution to the operating budget of the WCO.	80	-	80
<b>Total Non-Departmental Other Expenses</b>	8,085	-	8,085
<b>Total Annual Appropriations and Forecast Permanent Appropriations</b>	241,701	20,302	262,003

## Capital Injection Authorisations

	2019/20		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
New Zealand Customs Service - Capital Injection (M21)	2,603	2,742	5,345

# Supporting Information

## Part 1 - Vote as a Whole

### 1.2 - Trends in the Vote

#### Summary of Financial Activity

	2019/20				
	Estimates \$000	Supplementary Estimates			Total \$000
		Departmental Transactions \$000	Non- Departmental Transactions \$000	Total Transactions \$000	
<b>Appropriations</b>					
Output Expenses	220,961	956	-	956	221,917
Benefits or Related Expenses	-	N/A	-	-	-
Borrowing Expenses	-	-	-	-	-
Other Expenses	8,085	-	-	-	8,085
Capital Expenditure	12,655	19,346	-	19,346	32,001
Intelligence and Security Department Expenses and Capital Expenditure	-	-	N/A	-	-
Multi-Category Expenses and Capital Expenditure (MCA)					
<i>Output Expenses</i>	-	-	-	-	-
<i>Other Expenses</i>	-	-	-	-	-
<i>Capital Expenditure</i>	-	N/A	-	-	-
<b>Total Appropriations</b>	<b>241,701</b>	<b>20,302</b>	<b>-</b>	<b>20,302</b>	<b>262,003</b>
<b>Crown Revenue and Capital Receipts</b>					
Tax Revenue	16,001,000	N/A	(906,000)	(906,000)	15,095,000
Non-Tax Revenue	642	N/A	8,307	8,307	8,949
Capital Receipts	-	N/A	-	-	-
<b>Total Crown Revenue and Capital Receipts</b>	<b>16,001,642</b>	<b>N/A</b>	<b>(897,693)</b>	<b>(897,693)</b>	<b>15,103,949</b>

## Part 2 - Details of Departmental Appropriations

### 2.1 - Departmental Output Expenses

#### Clearance and Enforcement Services Related to Craft (M21)

##### *Scope of Appropriation*

This appropriation is limited to the provision of services relating to craft arriving in and departing from New Zealand, including clearance of craft, and protection of New Zealand's interests through interventions, investigations and enforcement.

##### *Expenses and Revenue*

	2019/20		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	9,985	(31)	9,954
Revenue from the Crown	9,895	(32)	9,863
Revenue from Others	90	1	91

##### *Reasons for Change in Appropriation*

This appropriation decreased by \$0.031 million to \$9.954 million for 2019/20 due to:

- a decrease of \$70,000 for an expense transfer to 2020/21 for the Drug Smuggling Networks Strategic Disruption initiative.

The decrease is partially offset by:

- an increase of \$27,000 through a fiscally neutral transfer from other appropriations to meet performance standards across all areas of responsibilities and to align the resource requirements with demand and activities, and
- an increase of \$12,000 for an expense transfer from 2018/19 for the Proceeds of Crime initiative.

## Clearance and Enforcement Services Related to Goods (M21)

### *Scope of Appropriation*

This appropriation is limited to the provision of services relating to goods crossing the border, including clearance of goods, assessment and audit of revenue, trade compliance and supply chain security assurance, and protection of New Zealand's interests through interventions, audits, investigations and enforcement.

### *Expenses and Revenue*

	2019/20		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	90,981	555	91,536
Revenue from the Crown	21,893	10,970	32,863
Revenue from Others	69,088	(10,415)	58,673

### *Reasons for Change in Appropriation*

This appropriation increased by \$0.555 million to \$91.536 million for 2019/20 due to:

- an increase of \$778,000 through a fiscally neutral transfer from other appropriations to meet performance standards across all areas of responsibilities and to align the resource requirements with demand and activities
- an increase of \$252,000 for 2019/20 to the Joint Electronic Verification programme funded by the Ministry of Foreign Affairs and Trade
- an increase of \$111,000 for an expense transfer from 2018/19 for the Secure Trade Lane initiative
- an increase of \$18,000 for an expense transfer from 2018/19 for the Drug Smuggling Networks Strategic Disruption initiative, and
- an increase of \$16,000 for an expense transfer from 2018/19 for the Proceeds of Crime initiative.

The increase is partially offset by:

- a decrease of \$360,000 for an expense transfer to 2020/21 for the Secure Trade Lane initiative, and
- a decrease of \$260,000 for an expense transfer to 2020/21 for the Drug Smuggling Networks Strategic Disruption initiative.

## Clearance and Enforcement Services Related to Passengers and Crew (M21)

### *Scope of Appropriation*

This appropriation is limited to the provision of services relating to passengers and crew crossing the border, including collecting information, clearance of people and their possessions, and protection of New Zealand's interests through interventions, investigations and enforcement.

### *Expenses and Revenue*

	2019/20		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	78,327	2,212	80,539
Revenue from the Crown	747	(330)	417
Revenue from Others	71,733	(3,637)	68,096

### *Reasons for Change in Appropriation*

This appropriation increased by \$2.212 million to \$80.539 million for 2019/20 due to:

- an increase of \$2.529 million to manage increased volumes of passengers
- an increase of \$16,000 for an expense transfer from 2018/19 for the Proceeds of Crime initiative, and
- an increase of \$13,000 for an expense transfer from 2018/19 for the Drug Smuggling Networks Strategic Disruption initiative.

The increase is partially offset by:

- a decrease of \$179,000 for an expense transfer to 2020/21 for the Drug Smuggling Networks Strategic Disruption initiative, and
- a decrease of \$167,000 through a fiscally neutral transfer, to other appropriations to meet performance standards across all areas of responsibilities and to align the resource requirements with demand and activities.

### *Memorandum Account*

	2019/20		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
<b>Border Clearance Levy Memorandum Account</b>			
Opening Balance at 1 July	14,040	(8,349)	5,691
Revenue	70,430	(2,334)	68,096
Expenses	(76,317)	(3,805)	(80,122)
Transfers and Adjustments			
Closing Balance at 30 June	8,153	(14,488)	(6,335)

## Information and Intelligence Services (M21)

### *Scope of Appropriation*

This appropriation is limited to the provision of information, intelligence and risk assessment services to external clients, and the operation of the National Maritime Coordination Centre.

### *Expenses and Revenue*

	2019/20		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	15,652	(1,565)	14,087
Revenue from the Crown	14,900	(1,566)	13,334
Revenue from Others	752	1	753

### *Reasons for Change in Appropriation*

This appropriation decreased by \$1.565 million to \$14.087 million for 2019/20 due to:

- a decrease of \$1.209 million through a fiscally neutral transfer to other appropriations to meet performance standards across all areas of responsibilities and to align the resource requirements with demand and activities
- a decrease of \$211,000 for an expense transfer to 2020/21 for the Combating the Sexual Exploitation of Children Across our Cyber Border initiative
- a decrease of \$100,000 for an expense transfer to 2020/21 for the Proceeds of Crime initiative, and
- a decrease of \$68,000 for an expense transfer to 2020/21 for the Drug Smuggling Networks Strategic Disruption initiative.

The decrease is partially offset by:

- an increase of \$19,000 for an expense transfer from 2018/19 for the Proceeds of Crime initiative, and
- an increase of \$4,000 for an expense transfer from 2018/19 for the Drug Smuggling Networks Strategic Disruption initiative.



## International Services and Ministerial Servicing (M21)

### *Scope of Appropriation*

This appropriation is limited to the provision of international services, obligations, and assistance, and the provision of services to Ministers to enable them to discharge their portfolio (other than policy decision-making) responsibilities.

### *Expenses and Revenue*

	2019/20		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	10,259	1,024	11,283
Revenue from the Crown	8,268	(13)	8,255
Revenue from Others	1,991	1,037	3,028

### *Reasons for Change in Appropriation*

This appropriation increased by \$1.024 million to \$11.283 million for 2019/20 due to:

- an increase of \$1.037 million for an expense transfer from 2018/19 for the Pacific Programme initiative
- an increase of \$5,000 through a fiscally neutral transfer from other appropriations to meet performance standards across all areas of responsibilities and to align the resource requirements with demand and activities, and
- an increase of \$1,000 for an expense transfer from 2018/19 for the Drug Smuggling Networks Strategic Disruption initiative.

The increase is partially offset by:

- a decrease of \$19,000 for an expense transfer to 2020/21 for the Drug Smuggling Networks Strategic Disruption initiative.

## Policy Advice (M21)

### *Scope of Appropriation*

This appropriation is limited to the provision of advice (including second opinion advice and contributions to policy advice led by other agencies) to support decision-making by Ministers on government policy matters.

### *Expenses and Revenue*

	2019/20		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	5,384	(1,599)	3,785
Revenue from the Crown	5,357	(1,599)	3,758
Revenue from Others	27	-	27

### *How Performance will be Assessed and End of Year Reporting Requirements*

	2019/20		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
Assessment of Performance			
Assessment of the quality of a sample of the agency's policy advice papers:			
<ul style="list-style-type: none"> <li>Minimum average score of papers</li> </ul>	See Note 1	3.5 out of 5	3.5 out of 5
<ul style="list-style-type: none"> <li>Minimum score of papers</li> </ul>	See Note 1	100% above 3, 25% above 4	100% above 3, 25% above 4
Satisfaction of the portfolio Minister with the policy advice service	See Note 2	3.75 out of 5	3.75 out of 5

Note 1 - The Standard will be identified based on the refreshed Policy Quality Framework and updated in the Supplementary Estimates. All agencies are required to use the refreshed Policy Quality Framework from 2019/20 to assess the quality of their policy advice papers. The Policy Quality Framework is currently being refreshed. The refreshed Framework will be released before 30 June 2019.

Note 2 - The Standard will be identified based on the revised Ministerial Satisfaction Survey and updated in the Supplementary Estimates. All agencies are required to use the refined Ministerial Satisfaction Survey from 2019/20 to assess ministerial satisfaction with the policy service. The survey is currently under review and the refined survey and guidance will be released before 30 June 2019.

### *Reasons for Change in Appropriation*

This appropriation decreased by \$1.599 million to \$3.785 million for 2019/20 due to:

- a decrease of \$1.673 million through a fiscally neutral transfer to other appropriations to meet performance standards across all areas of responsibilities and to align the resource requirements with demand and activities, and
- a decrease of \$6,000 for an expense transfer to 2020/21 for the Drug Smuggling Networks Strategic Disruption initiative.

The decrease is partially offset by:

- an increase of \$79,000 for an expense transfer from 2018/19 for the Secure Trade Lane initiative, and
- an increase of \$1,000 for an expense transfer from 2018/19 for the Drug Smuggling Networks Strategic Disruption initiative.

## Revenue Collection (M21)

### *Scope of Appropriation*

This appropriation is limited to the provision of services relating to receipt and processing of revenues owing to the Crown and other agencies, revenue assurance, credit and debt management.

### *Expenses and Revenue*

	2019/20		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	10,373	360	10,733
Revenue from the Crown	9,646	360	10,006
Revenue from Others	727	-	727

### *Reasons for Change in Appropriation*

This appropriation increased by \$0.360 million to \$10.733 million for 2019/20 due to:

- an increase of \$372,000 through a fiscally neutral transfer, from other appropriations to meet performance standards across all areas of responsibilities and to align the resource requirements with demand and activities.

The increase is partially offset by:

- a decrease of \$12,000 for an expense transfer to 2020/21 for the Drug Smuggling Networks Strategic Disruption initiative.

## 2.3 - Departmental Capital Expenditure and Capital Injections

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

#### *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*

	2019/20		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Forests/Agricultural	-	-	-
Land	-	-	-
Property, Plant and Equipment	9,056	1,323	10,379
Intangibles	3,599	18,023	21,622
Other	-	-	-
<b>Total Appropriation</b>	<b>12,655</b>	<b>19,346</b>	<b>32,001</b>

#### *Reasons for Change in Appropriation*

The increase in this appropriation is due to a number of large capital projects to support operational and Information Services requirements, such as Non-Intrusive Inspection Technology, Frontline Mobility Application, Border Management System Modernisation, the refresh of computer software and hardware, and tools for combating the Sexual Exploitation of Children Across our Cyber Border.

#### *Capital Injections and Movements in Departmental Net Assets*

##### **New Zealand Customs Service**

Details of Net Asset Schedule	2019/20 Main Estimates Projections \$000	2019/20 Supplementary Estimates Projections \$000	Explanation of Projected Movements in 2019/20
Opening Balance	164,767	152,477	Supplementary Estimates opening balance reflects the audited results as at 30 June 2019.
Capital Injections	2,603	5,345	There is an increase of \$2.742 million in funding for the New Zealand Customs Service as part of the Drug Smuggling Networks: Strategic Disruption initiative.
Capital Withdrawals	-	-	
Surplus to be Retained (Deficit Incurred)	(5,847)	(12,026)	
Other Movements	-	-	
<b>Closing Balance</b>	<b>161,523</b>	<b>145,796</b>	