

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

Details of Appropriations and Capital Injections

Annual Appropriations and Forecast Permanent Appropriations

Titles and Scopes of Appropriations by Appropriation Type	2023/24		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total 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.	1,700	300	2,000
Goods Clearance and Enforcement (M21) (A3) This appropriation is limited to the provision of services relating to goods crossing borders, including trade compliance, and the protection of New Zealand through interventions, investigations and enforcement.	127,250	(6,177)	121,073
Revenue Collection and Other Services (M21) (A3) This appropriation is limited to 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.	35,303	3,816	39,119
Travellers Clearance and Enforcement (M21) (A3) This appropriation is limited to the provision of services relating to travellers crossing borders and the protection of New Zealand through interventions, investigations and enforcement.	90,960	2,824	93,784
Total Departmental Output Expenses	255,213	763	255,976
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
Total Departmental Capital Expenditure	21,054	-	21,054
Non-Departmental Other Expenses			
Change in Doubtful Debt Provision (M21) (A3) Provisioning of Doubtful Debts on Customs Crown Revenue.	8,000	-	8,000
World Customs Organization (M21) (A3) New Zealand's contribution to the operating budget of the WCO.	80	-	80
Total Non-Departmental Other Expenses	8,080	-	8,080
Total Annual Appropriations and Forecast Permanent Appropriations	284,347	763	285,110

Multi-Year Appropriations

Type, Title, Scope and Period of Appropriations	Appropriations, Adjustments and Use	\$000
Departmental Output Expenses		
Traveller Declaration System Development (M21) (A3)	Original Appropriation	42,300
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.	Adjustments to 2022/23	17,400
	Adjustments for 2023/24	20,200
Commences: 01 September 2021	Adjusted Appropriation	79,900
Expires: 30 June 2025	Actual to 2022/23 Year End	30,594
	Estimated Actual for 2023/24	49,306
	Estimate for 2024/25	-
	Estimated Appropriation Remaining	-

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

	2023/24		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
Total Annual Appropriations and Forecast Permanent Appropriations	284,347	763	285,110
Total Forecast MYA Departmental Output Expenses	17,400	31,906	49,306
Total Annual Appropriations and Forecast Permanent Appropriations and Multi-Year Appropriations	301,747	32,669	334,416

Capital Injection Authorisations

	2023/24		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
New Zealand Customs Service - Capital Injection (M21) (A3)	13,875	4,000	17,875

Supporting Information

Part 1 - Vote as a Whole

1.2 - Trends in the Vote

Summary of Financial Activity

	2023/24				
	Estimates \$000	Supplementary Estimates			Total \$000
		Departmental Transactions \$000	Non- Departmental Transactions \$000	Total Transactions \$000	
Appropriations					
Output Expenses	272,613	32,669	-	32,669	305,282
Benefits or Related Expenses	-	N/A	-	-	-
Borrowing Expenses	-	-	-	-	-
Other Expenses	8,080	-	-	-	8,080
Capital Expenditure	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>	-	-	-	-	-
<i>Other Expenses</i>	-	-	-	-	-
<i>Capital Expenditure</i>	-	N/A	-	-	-
Total Appropriations	301,747	32,669	-	32,669	334,416
Crown Revenue and Capital Receipts					
Tax Revenue	19,055,000	N/A	(1,508,000)	(1,508,000)	17,547,000
Non-Tax Revenue	13,580	N/A	(200)	(200)	13,380
Capital Receipts	-	N/A	-	-	-
Total Crown Revenue and Capital Receipts	19,068,580	N/A	(1,508,200)	(1,508,200)	17,560,380

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

	2023/24		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	1,700	300	2,000
Revenue from the Crown	1,417	300	1,717
Revenue from Others	283	-	283

Reasons for Change in Appropriation

This appropriation increased by \$300,000 to \$2 million for 2023/24 due to a funding transfer from 2022/23 to ensure that sufficient funding existed for the current Border Executive Board work programme. The work programme responds to current issues as well as driving strategic system improvements.

Goods Clearance and Enforcement (M21) (A3)

Scope of Appropriation

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

Expenses and Revenue

	2023/24		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	127,250	(6,177)	121,073
Revenue from the Crown	58,842	(3,341)	55,501
Revenue from Others	62,825	(9,497)	53,328

Reasons for Change in Appropriation

This appropriation decreased by \$6.177 million to \$121.073 million for 2023/24 due to:

- a decrease of \$5.540 million due to a fiscally neutral transfer between departmental appropriations to more accurately allocate expenditure against the activities that Customs performs
- a decrease of \$637,000 due to a fiscally neutral adjustment required to ensure the correct level of Crown funding for the National Maritime Coordination Centre.

Memorandum Account

	2023/24		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Name of Memorandum Account			
Opening Balance at 1 July	(10,401)	3,907	(6,494)
Revenue	40,345	4,998	45,343
Expenses	(49,012)	(1,652)	(50,664)
Transfers and Adjustments	-	2,046	2,046
Closing Balance at 30 June	(19,068)	9,299	(9,769)

Revenue Collection and Other Services (M21) (A3)

Scope of Appropriation

This appropriation is limited to 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.

Expenses and Revenue

	2023/24		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	35,303	3,816	39,119
Revenue from the Crown	33,068	3,895	36,963
Revenue from Others	2,311	(79)	2,232

Reasons for Change in Appropriation

This appropriation increased by \$3.816 million to \$39.119 million for 2023/24 due to:

- an increase of \$2.716 million due to a fiscally neutral transfer between departmental appropriations to more accurately allocate expenditure against the activities that Customs performs
- a transfer of \$700,000 from 2022/23 to assist with addressing tobacco smuggling
- an increase of \$400,000 due to a fiscally neutral adjustment to reflect the funding received from the Ministry of Foreign Affairs and Trade to support Customs related aid work in the Pacific.

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 2025	Original Appropriation	42,300
	Adjustments to 2022/23	17,400
	Adjustments for 2023/24	20,200
	Adjusted Appropriation	79,900
	Actual to 2022/23 Year End	30,594
	Estimated Actual for 2023/24	49,306
	Estimate for 2024/25	-
	Estimated Appropriation Remaining	-

Revenue

	Budget \$000
Revenue from the Crown to end of 2024/25	79,900
Revenue from Others to end of 2024/25	-
Total Revenue	79,900

How Performance will be Assessed and End of Year Reporting Requirements

Assessment of Performance	2023/24		Total Standard
	Estimates Standard	Supplementary Estimates Standard	
Percentage of arriving travellers who complete their arrival declaration online (see Note 1 and Explanation 1)	70%	(25%)	45%
Percentage of arriving travellers who completed their digital arrival declaration in under 30 minutes (see Note 1 and Explanation 2)	90%	Measure removed	-

Note 1 - The New Zealand Traveller Declaration contains customs, biosecurity, and immigration declarations.

Explanation - adjusted and removed performance measures

Explanation 1 - This is an existing measure for which the standard has been adjusted for 2023/24. With the phased roll-out of the New Zealand Traveller Declaration, an adjusted standard of 45% better reflects the expected level of uptake by 30 June 2024.

Explanation 2 - This performance measure had been removed for 2023/24 but has been reinstated for 2024/25. The time required to complete a declaration is a quality-of-service measure focusing on ensuring the New Zealand Traveller Declaration system does not place an undue time burden on travellers. The measure was removed for 2023/24 because the available data did not capture what Customs had intended to achieve during the 2023/24 reporting period. For 2024/25, improved functionality to measure the time an individual is actively completing the declaration will enable the assessment of performance against this measure.

Reasons for Change in Appropriation

This appropriation increased by \$20.200 million to \$79.900 million for 2023/24 due to:

- an increase of \$24.200 million due to the drawdown of contingency funding to support the implementation of the New Zealand Traveller Declaration in 2023/24 as per Cabinet direction.

The increase is partially offset by:

- a decrease of \$4 million due to the reclassification of existing New Zealand Traveller Declaration operating funding to capital funding to ensure that programme funding correctly aligns with its expenditure.

Travellers Clearance and Enforcement (M21) (A3)

Scope of Appropriation

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

Expenses and Revenue

	2023/24		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	90,960	2,824	93,784
Revenue from the Crown	2,652	146	2,798
Revenue from Others	127,379	8,299	135,678

Reasons for Change in Appropriation

This appropriation increased by \$2.824 million to \$93.784 million for 2023/24 due to:

- a \$2.824 million fiscally neutral transfer between departmental appropriations to more accurately allocate expenditure against the activities that Customs performs.

Memorandum Account

	2023/24		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Name of Memorandum Account			
Opening Balance at 1 July	(44,957)	5,657	(39,300)
Revenue	127,379	8,300	135,679
Expenses	(85,950)	(3,480)	(89,430)
Transfers and Adjustments	-	1,586	1,586
Closing Balance at 30 June	(3,528)	12,063	8,535

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

	2023/24		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Forests/Agricultural	-	-	-
Land	-	-	-
Property, Plant and Equipment	9,004	-	9,004
Intangibles	12,050	-	12,050
Other	-	-	-
Total Appropriation	21,054	-	21,054

Capital Injections and Movements in Departmental Net Assets

New Zealand Customs Service

Details of Net Asset Schedule	2023/24 Main Estimates Projections \$000	2023/24 Supplementary Estimates Projections \$000	Explanation of Projected Movements in 2023/24
Opening Balance	160,805	178,770	Supplementary Estimates opening balance reflects the audited results as at 30 June 2023.
Capital Injections	13,875	17,875	The \$4 million increase in the projected capital injections received in 2023/24 is due to the reclassification of existing New Zealand Traveller Declaration operating funding to capital funding to ensure that programme funding correctly aligns with expenditure.
Capital Withdrawals	-	(21,485)	The capital withdrawal of \$21.485 million is due to the early return of a temporary capital injection received to offset the reduction in funding generated by the Border Processing Levy while traveller volumes were low during the COVID-19 pandemic. This capital injection was not scheduled to be repaid until 30 June 2027. The faster than expected recovery of traveller volumes and the rephasing of Customs' capital investment programme means this repayment could be brought forward.
Surplus to be Retained (Deficit Incurred)	33,564	20,818	
Other Movements	-	-	
Closing Balance	208,244	195,978	