



Biosecurity New Zealand

Ministry for Primary Industries
Manatū Ahu Matua



NEW ZEALAND
CUSTOMS SERVICE
TE MANA ĀRAI O AOTEAROA

Border Processing Levies – Report on Performance for the Year to 30 June 2022

February 2023



Te Kāwanatanga o Aotearoa
New Zealand Government

Contents

- 1 OVERVIEW 3**
- 2 INTRODUCTION 4**
- 3 THE NUMBER OF LEVIED TRAVELLERS 5**
- 4 CUSTOMS 7**
 - Work Programme 7
 - Financial Performance 8
 - Non-Financial Performance 11
- 5 BIOSECURITY NEW ZEALAND 13**
 - Work Programme 13
 - Financial Performance 13
 - Non-Financial Performance 16
- APPENDIX 1: BORDER PROCESSING ACTIVITIES 17**
- APPENDIX 2: TRAVELLERS EXEMPT FROM PAYING THE LEVIES 18**

1 Overview

The New Zealand Customs Service (Customs) and Biosecurity New Zealand (BNZ) – a business unit within the Ministry for Primary Industries (MPI) – provide border processing services for people arriving and departing New Zealand (travellers), for the purpose of protecting New Zealand from biosecurity and other risks and threats, while facilitating travellers to move across the border. Since 1 January 2016, Customs and BNZ have collected border processing levies (the levies) to recover border processing costs related to travellers.

Prior to the introduction of border restrictions related to COVID-19, Customs and BNZ were processing increasing numbers of travellers each year and were focused on improving border processing services through investment in technology and staff capability.

The introduction of border restrictions resulted in the rapid reduction in air traveller volumes from March 2020. The drop in the number of travellers had a corresponding effect on levy revenue, resulting in deficits accumulating in the memorandum accounts that Customs and BNZ operate for their respective levies. In response to the impacts of COVID-19 and traveller numbers, the Crown provided funding to eliminate the deficits as at 30 June 2021.

During the 2021/22 financial year, traveller numbers slowly started to climb – firstly during the quarantine-free travel period with Australia, and then through the staged reopening of the border through the Reconnecting New Zealanders to the World programme. By the end of June 2022, monthly traveller numbers had increased to 43% of June 2019 volumes.

We expect traveller volumes will continue to increase, however, a degree of uncertainty remains. We continue to focus on ensuring we have a robust and effective system to process an increasing number of travellers for health-related, biosecurity and other risks.

Customs' border processing services increased in 2021/22

To reduce border processing costs in response to the lower number of travellers, Customs temporarily redeployed staff from processing travellers to other work such as enforcing COVID-19 restrictions at the maritime border, the costs for which are not recovered through the border processing levies. As the Government moved to progressively relax border restrictions during 2021/22, traveller numbers increased and most redeployed staff returned to processing travellers at the border.

BNZ's border processing services changed in response to COVID-19

In response to the substantial fall in the number of travellers due to the COVID-19 pandemic, BNZ responded by temporarily redeploying staff to other areas within MPI, and suspending, where possible, external service contracts.

Balanced against this, BNZ recognises the importance of retaining sufficient capability to process travellers as the number of travellers continue to recover. The multiple border opening announcements commenced in February 2022 with New Zealanders and other eligible travellers from Australia being able to enter New Zealand. A steady growth of air passenger volumes through to June 2022 resulted in a 124% increase compared to the 2020/21 period.

Despite the return of these redeployed BNZ staff to border processing duties as required to meet these increasing demands, there has been significant staff turnover within the industry. As a consequence, additional recruitment and training investment was required to compensate for the unexpected vacancies.

The New Zealand maritime border remained closed to foreign cruise ships during the 2021/22 period. As travel through this pathway resumes, BNZ will continue to ensure it provides robust border biosecurity services including potential health risks related to COVID-19.

2 Introduction

Customs and BNZ are the border agencies with the primary responsibility for processing travellers, for the purpose of protecting New Zealand's border from biosecurity and other risks and threats while facilitating secure and efficient travel.

Since 1 January 2016, Customs and BNZ have used border processing levies to recover the costs related to travellers. The purpose of this system is to ensure that levied travellers arriving and departing New Zealand cover the costs to Customs and MPI that their travel creates, rather than taxpayers having to meet those costs.

This report on the performance of the levies is published annually by Customs and BNZ to support transparency and accountability.

Legislation authorises the levies

The levies are authorised by section 413 of the Customs and Excise Act 2018 and section 140AA of the Biosecurity Act 1993. The levies are given effect by the Customs and Excise (Border Processing Levy) Order 2015 and the Biosecurity (Border Processing Levy) Order 2015 (the levy orders). Customs' levy order provides four levy rates, for arriving and departing cruise and non-cruise travellers. The Biosecurity levy order provides for two levy rates, for arriving cruise travellers and non-cruise travellers. Some travellers are exempt from these levies as set out in Appendix 2.

Each levy order sets out the method for setting levy rates and uses the following formula:

an estimate of the border processing costs for the levy period, adjusted as described below	divided by	an estimate of the number of travellers for the levy period excluding exempt travellers
---	-------------------	---

The estimated border processing costs are adjusted to take account of:

- any estimated under or over-recovery of costs for the previous levy period
- any remaining under or over-recovery for the period before the previous levy period.

The current levy period will end on 30 November 2024. When setting levy rates for the next levy period starting 1 December 2024, the levy periods referred to in the formula above would be:

Period before the previous levy period	Previous levy period	Levy period
The period ending 30 November 2021	1 December 2021 to 30 November 2024	1 December 2024 for a period decided (by the chief executives)

Airlines and cruise lines collect the levies from travellers on their craft through their ticket prices. For travellers on other craft such as yachts, Customs and BNZ collect the levies from the person in charge of the craft, or an agent of the owner or operator of the craft.

New levy rates for the levy period starting 1 December 2021

In September 2021, the Government approved an increase of the levies to allow Customs and BNZ to return to full cost recovery of border processing services over three years. The Comptroller of Customs and the Director-General of MPI set new levy rates for the levy period starting on 1 December 2021 and ending on 30 November 2024.

Table 1 – Border processing levy rates ^[1]

	Until 30 November 2021	From 1 December 2021	Change
Non-cruise			
Arrival - Customs	\$6.43	\$16.59	+158%
Arrival - MPI	\$8.50	\$16.92	+99%
Departure - Customs	\$2.56	\$4.52	+77%
Total - non-cruise	\$17.49	\$38.03	+117%
Cruise			
Arrival - Customs	\$10.40	\$11.48	+10%
Arrival - MPI	\$3.81	\$10.58	+178%
Departure - Customs	\$4.10	\$4.55	+11%
Total - cruise	\$18.31	\$26.61	+45%

^[1] Levy rates are shown exclusive of any applicable Goods and Services Tax (GST).

The levies recover border processing costs

The levies recover the cost of activities carried out by Customs and BNZ related to travellers. These activities are described in Appendix 1.

Customs and BNZ both use memorandum accounts to record revenue and expenditure associated with their respective levies. Customs and BNZ have been actively monitoring revenue collected, expenditure incurred and the resulting impact of the new levy rates on the memorandum accounts. The results are reported annually through this performance report, and in the annual reports each agency publish.

The levy orders require that any under or over-recovery needs to be taken into account when setting levy rates. Accordingly, any surpluses or deficits in the levy memorandum accounts result in lower or higher levy rates in the next levy period.

Cost recovery follows Treasury and Auditor-General guidance

Customs and BNZ use cost recovery frameworks that are consistent with guidance published by the Treasury and the Office of the Auditor-General. The four key principles that guide Customs' and BNZ's approach to cost recovery are:

- equity
- efficiency
- transparency
- justifiability.

The key principle is equity – those who create the need for a service should fund that service.

3 The number of levied travellers

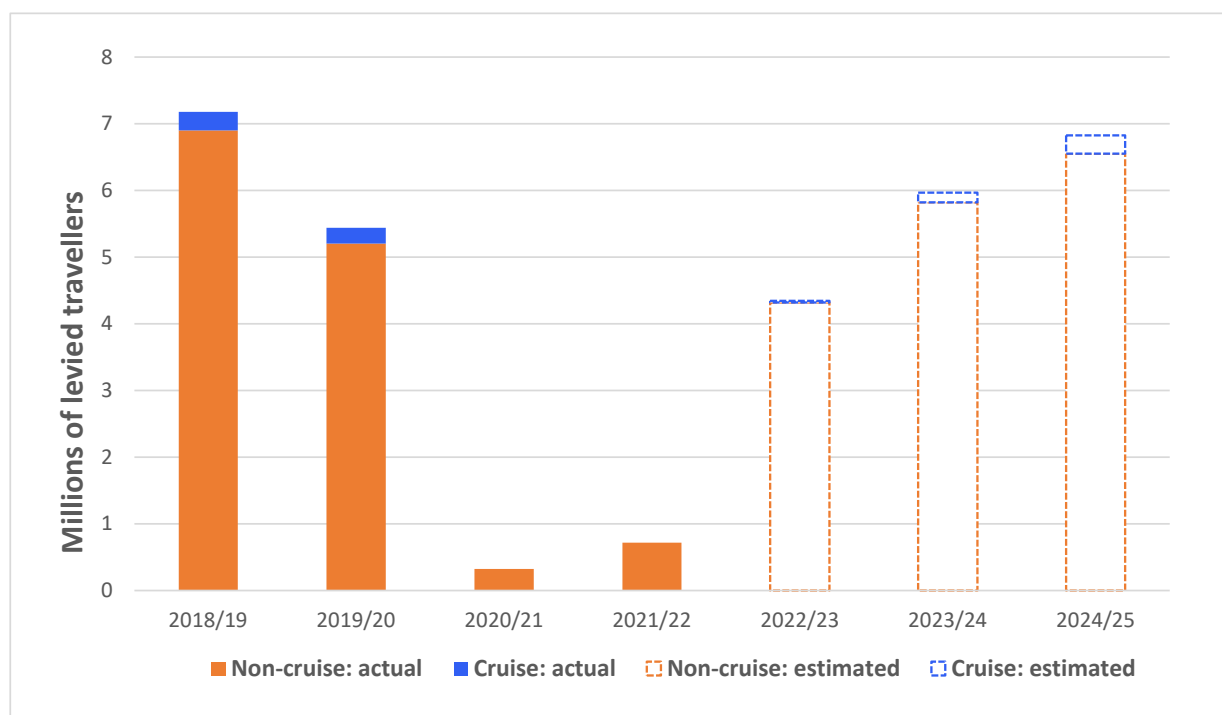
After two years of tight border restrictions, this year saw the gradual reopening of our air border and a significant increase in traveller numbers from February 2022. In 2021/22, approximately 720,000 levied travellers arrived, and 780,000 travellers departed New Zealand. This was 12.8 million (89 percent) fewer than in 2018/19, the last full financial year before the COVID-19 pandemic.

The estimated number of travellers in this performance report are based on a scenario that the Border Executive Board (BEB)¹ agreed in September 2022 for border and transport agencies to use for planning purposes. An updated traveller volume scenario is provided to BEB every six months.

Table 2 – Actual and estimated number of levied travellers

	2018/19 Actual (Million)	2019/20 Actual (Million)	2020/21 Actual (Million)	2021/22 Actual (Million)	2022/23 Estimated (Million)	2023/24 Estimated (Million)	2024/25 Estimated (Million)
Non-cruise							
Arrival	6.901	5.203	0.321	0.719	4.321	5.822	6.554
Departure	6.855	5.047	0.355	0.782	4.321	5.822	6.554
Cruise							
Arrival	0.275	0.236	-	-	0.024	0.144	0.271
Departure	0.275	0.230	-	-	0.024	0.144	0.271

Figure 1: Actual and estimated number of levied traveller arrivals



¹ In December 2020 Cabinet agreed to establish the Border Executive Board (BEB), an inter-departmental executive board under the Public Service Act 2020. The overall objective of the BEB is the collective leadership and accountability for New Zealand's border to protect New Zealand from current and future risks associated with incoming and outgoing people, goods, and craft.

4 Customs

Work Programme

Customs' border processing services manage risks posed by travellers, while providing a streamlined experience for travellers arriving at the border.

Customs continued to play an important role in keeping New Zealanders safe

The travel requirements to New Zealand changed during the year following the gradual reopening of our border. Customs' focus has remained on ensuring we have robust and effective systems to assess all incoming passengers for both health-related and traditional risks, such as undeclared or prohibited goods. This included:

- maintaining quarantine-free travel with some of the Pacific nations
- introducing new screening processes to verify that passengers have completed pre-departure tests and provided valid vaccination certificates.

Customs adapted its systems and processes in line with border changes

As the Government moved to progressively relax border restrictions during 2021/22, Customs remained adaptable and flexible through a period of significant change. Customs has had to implement or respond to a number of operational and system changes, many of them within extremely tight timeframes. The continued intensity and speed of change made this a challenging period.

Throughout 2021/22 Customs has adapted its systems and processes in line with major changes to border, travel, or domestic COVID-19 restrictions that impacted the way it delivers services at the border. The ability to adapt to these changes, while ensuring a high level of health and traditional border risk compliance was maintained, played a crucial role in the safe reopening of the border.

Following the full reopening of the border from 31 July 2022, Customs will focus on ensuring the systems and processes continue to work well and look for more efficient and effective ways to process an increasing number of travellers.

Customs implemented the first stage of the New Zealand Traveller Declaration system

The New Zealand Traveller Declaration (NZTD) is an online system that allows risk-based health assessments for arriving travellers and works out their eligibility to travel to New Zealand, before they board their planes.

Customs led the development of NZTD to respond to the rapidly changing health settings and travel requirements during the COVID-19 pandemic. Specific pandemic response requirements, such as the need for travellers to complete pre-departure tests or self-isolate, can be added to or removed from the system as required. This supports passengers to do the right thing in what can be a rapidly changing and often complex environment.

The first stage of NZTD was implemented in March 2022 and enabled Customs to process travellers more efficiently than the resource-intensive manual processes previously used to check COVID-19 requirements as part of border processing. By the end of June 2022, nearly 590,000 passengers had used the new traveller pass. Customs is working with other border agencies to further develop the NZTD system to replace the paper arrival card with a digital card for travellers.

Financial Performance

Customs' border processing costs were lower than budget

Customs has incurred reduced processing costs in the last two years since the Government imposed border restrictions to protect New Zealand from COVID-19. During this time Customs deployed staff to other services such as enforcing the Maritime Border Order. When quarantine-free travel with Australia opened in March 2021, staff returned to airports due to the resource-intensive processing needed to process those flights.

Customs spent \$76.7 million against a budget of \$81.2 million for 2021/22 on processing travellers at our borders. As there were no cruise travellers in last two years, most of the cost related to non-cruise processing activities with \$0.3 million related to cruise travellers. These costs related to intelligence, quality assurance, targeting, and compliance activities, and costs to maintain the cruise module in Customs' computer system.

The estimated expenditure used in the levy setting calculation were based on Customs latest activity-based forecast with a margin added each year for inflation. While an underspend against forecast expenditure occurred in 2021/22 this will become less likely in the future as wage and general inflation force up expenditure levels.

Table 3 – Customs border processing costs ^[1]

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25 1 Jul – 30 Nov ^[2]
	Actual (\$m)	Actual (\$m)	Actual (\$m)	Estimated (\$m)	Estimated (\$m)	Estimated (\$m)
Non-cruise						
Arrival	58.897	50.866	60.007	62.858	65.721	28.494
Departure	15.136	13.332	16.387	18.249	19.347	8.400
Total non-cruise	74.033	64.198	76.394	81.107	85.068	36.894
Cruise						
Arrival	1.794	0.394	0.163	1.971	2.067	0.896
Departure	0.787	0.174	0.111	0.490	0.514	0.223
Total cruise	2.581	0.568	0.274	2.461	2.581	1.119
Total cost	76.614	64.766	76.668	83.568	87.649	38.013

^[1] Customs' border processing costs related to each class of levied traveller excludes the costs to process exempted travellers.

^[2] The current levy period will end on 30 November 2024.

Customs' levy revenue was significantly reduced in the last two years

Levy-related revenue collected by Customs has been low since 2020/21 due to the lower number of travellers.

Table 4 – Customs’ border processing levy-related revenue

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25 1 Jul – 30 Nov
	Actual (\$m)	Actual (\$m)	Actual (\$m)	Estimated (\$m)	Estimated (\$m)	Estimated (\$m)
Non-cruise						
Arrival	34.201	2.045	10.838	71.679	96.588	44.427
Departure	12.890	0.906	3.274	19.529	26.316	12.104
Total non-cruise	47.091	2.951	14.112	91.208	122.904	56.531
Cruise						
Arrival	2.449	-	-	0.281	1.651	0.581
Departure	0.942	-	-	0.111	0.654	0.230
Total cruise	3.391	-	-	0.392	2.305	0.811
Total levy revenue	50.482	2.951	14.112	91.600	125.209	57.342

Crown funding reduced deficits in Customs’ memorandum account

Border processing services are provided on a full cost recovery basis funded by the levy. The memorandum account summarises financial information related to providing those services, including any accumulated surplus or deficit resulting from revenue and expenses not offsetting in any given period. Levy rates are set with the intention of returning the balance in the account to zero by the end of each levy period.

International traveller volumes reduced to extremely low levels from March 2020. The resulting reduction in Border Processing Levy revenue turned the accumulated surplus in the memorandum account to a significant deficit. The Government subsequently approved using \$79.550 million of additional crown funding and \$2.707 million of Customs’ 2020/21 accumulated surplus to reset the memorandum account to zero from 1 July 2021. In 2021/22 an additional \$1.571 million of crown funding was received was used to reinstate the cruise portion of the memorandum account’s pre-COVID-19 surplus.

Customs increased the Border Processing Levy rates from 1 December 2021 to recover the forecast costs over the three-year period until the next scheduled rate review.

The non-cruise component of the memorandum account balance was in deficit in 2021/22, but is estimated to return to a surplus position by the end of the levy period (30 November 2024). The surpluses in the cruise components of the memorandum account are expected to reduce to zero by the end of the levy period.

Table 5 – Customs’ memorandum account balance

	2020/21	2021/22	2022/23	2023/24	2024/25 1 Jul – 30 Nov Estimated (\$m)
	Actual (\$m)	Actual (\$m)	Estimated (\$m)	Estimated (\$m)	Estimated (\$m)
Non-cruise arrival					
Opening balance	(23.784)	-	(49.170)	(40.349)	(9.482)
Revenue	2.045	10.838	71.679	96.588	44.427
Cost	(50.866)	(60.007)	(62.858)	(65.721)	(28.494)
Crown funding applied	71.244	-	-	-	-
Closing balance	(1.361)	(49.170)	(40.349)	(9.482)	6.451
Non-cruise departure					
Opening balance	1.203	-	(13.113)	(11.833)	(4.864)
Revenue	0.906	3.274	19.529	26.316	12.104
Cost	(13.332)	(16.387)	(18.249)	(19.347)	(8.400)
Crown funding applied	11.012	-	-	-	-
Closing balance	(0.211)	(13.113)	(11.833)	(4.864)	(1.160)
Cruise arrival					
Opening balance	1.630	1.236	1.073	(0.617)	(1.033)
Revenue	-	-	0.281	1.651	0.581
Cost	(0.394)	(0.163)	(1.971)	(2.067)	(0.896)
Crown funding applied	-	-	-	-	-
Closing balance	1.236	1.073	(0.617)	(1.033)	(1.348)
Cruise departure					
Opening balance	0.510	0.336	0.225	(0.154)	(0.014)
Revenue	-	-	0.111	0.654	0.230
Cost	(0.174)	(0.111)	(0.490)	(0.514)	(0.223)
Crown funding applied	-	-	-	-	-
Closing balance	0.336	0.225	(0.154)	(0.014)	(0.007)
Total – closing balance	-	(60.985)	(52.953)	(15.393)	3.936

Financial key performance indicators

Border processing costs per levied traveller were higher in last two years as a result of the resource-intensive processing needed to protect against the COVID-19 risk posed by travellers, and the low number of travellers since March 2020.

Table 6 – Customs’ border processing cost per levied traveller

	2019/20 Actual \$	2020/21 Actual \$	2021/22 Actual \$	2022/23 Estimated \$	2023/24 Estimated \$	2024/25 Estimated \$
Non-cruise						
Arrival	11.32	158.46	83.46	14.55	11.29	10.43
Departure	3.00	37.55	20.96	4.22	3.32	3.08
Cruise^[1]						
Arrival	7.60	N/A	N/A	82.12	14.35	7.94
Departure	3.42	N/A	N/A	20.42	3.57	1.97

^[1] Cruise costs per traveller cannot be calculated in 2020/21 and 2021/22 because there were no cruise travellers in 2020/21 and 2021/22.

Non-Financial Performance

Customs monitors the performance of border processing services against eight output measures. All eight measures were achieved in 2021/22. More detail on this performance is set out in Customs’ Annual Report 2021/22 for the appropriation, *Travellers clearance and enforcement*.

Table 7 – Customs’ non-financial performance measures related to travellers

2020/21 Actual	Measure	2021/22		2022/23 Standard
		Standard	Actual	
Sea				
	Percentage of arriving commercial marine craft assessed as high risk or requiring administrative process that are subject to planned interaction while in a New Zealand port	100%	100%	100%
100%	<p><i>We use intelligence-based risk assessments to determine the risk level of all arriving craft. Planned interaction is required and undertaken for all craft that are identified as high risk, are visiting New Zealand for the first time, have incomplete information or need to complete an administrative process (such as immigration or bonding ship stores).</i></p> <p><i>The majority of low risk vessels where staff undertake secondary interactions are cruise ships. However, due to COVID-19 restrictions, no cruise ships arrived in 2020/21 or 2021/22. On 31 July 2022 the New Zealand maritime border reopened and routine interaction with low risk arriving marine craft resumed. For this reason we have returned our low risk marine craft measure, relating to the percent of craft interacted with, for reporting in 2022/23.</i></p>			
	Minimum percentage of arriving small craft subject to Customs secondary interaction	30%	41.1%	30%
New measure	<p><i>This measure was added in 2021/22 as a replacement for our previous small craft interaction measure as it better reflects the range of secondary interactions undertaken by Customs. Secondary interactions are undertaken based on our risk assessment and are in addition to Customs’ initial screening and clearance activities.</i></p>			
Air				

99.0%	Minimum percentage of arriving international air passengers and crew not requiring intervention after risk assessment	98%	98.7%	98%
1.0%	Percentage of arriving international air passengers and crew who are selected for further risk assessment at Customs' secondary areas	0.4% - 0.7%	1.3%	0.4% - 0.7%
	<i>Process changes due to COVID-19 relating to increased health screening, managed isolation and quarantine referrals and traveller declaration completion meant a higher proportion of passengers were referred for further risk assessment in Customs' secondary areas. In these areas our staff would determine if documents provided met requirements or whether the passenger was issued a warning or infringement notice.</i>			
8.2%	Result rate of secondary searches of arriving international air passengers and crew	6.0% - 10.0%	6.5%	6.0% - 10.0%
	<i>A positive result is any outcome of a secondary search that supports the person/item being risk-profiled. This includes, but is not limited to, finding prohibited, restricted or undeclared items; finding information on criminal activities; or referral to another border control agency. The result rate does not include any interceptions, seizures or arrests that occur at a later date or location as a result of the information gathered from a secondary search.</i>			
	<i>Random sampling of passengers was suspended in 2020 due to the lower number of arriving international passengers as a result of border restrictions and the increased COVID-19 transmission risk associated with interaction. Our random sampling interventions output measure, relating to the number of random interventions, has been reinstated for 2022/23 as the reopening of New Zealand's border to international passengers will enable us to restart our assurance programme.</i>			

Investigations and enforcement

New measure	Minimum percentage of investigations, related to travellers and their possessions, where prosecution is initiated	75%	100%	75%
	<i>In 2021/22 our investigations performance measure was split into three measures across Customs' three core output class appropriations, including this appropriation.</i>			
	<i>Investigations by our Customs Investigations Unit include investigations relating to travellers and their possessions. Low passenger volumes, due to COVID-19 border restrictions throughout 2021/22, meant there was only one such case in 2021/22 and prosecution was initiated (an offender was identified and placed before the Courts by Customs or another agency) in this case.</i>			
New measures	Percentage of pre-departure test documentation assessed for arriving international air travellers who are subject to pre-departure testing	85%	98.5%	Measure removed
	Minimum percentage of arriving international air travellers who are compliant with pre-departure testing requirements	95%	99.8%	95%
	<i>As part of the Government's response to the COVID-19 pandemic, Customs' border protection role expanded to the screening and assessment of arriving travellers' health documentation. Both pre-departure testing (PDT) measures above were temporarily added, through The Supplementary Estimates of Appropriations 2021/22.</i>			
	<i>All arriving aircrew complete an arrival declaration, which contains PDT and other border health requirements, which Customs checks to ensure compliance. While Customs continued to do this during the 2021/22 year, from 15 March 2022 the transition to the passenger digital travel health declaration meant that records of these crew checks stopped being manually recorded. For this reason applicable crew from 15</i>			

March 2022 have been counted as 'not-assessed' with respect to calculation for this measure result.

The PDT requirement for arriving travellers was removed from 21 June 2022, so these measures reflect the period of time for which the PDT requirement was in place for 2021/22. All arriving passengers PDT documentation were assessed during 2021/22.

Removal or replacement of these PDT measures will be considered as part of The Supplementary Estimates of Appropriations 2022/23 process depending on whether there were, or are any, PDT requirements for arriving travellers for 2022/23.

5 Biosecurity New Zealand

Work Programme

BNZ remains committed to maintaining a viable border workforce. BNZ retained the capacity to ensure the availability of personnel required to re-open the country's borders. BNZ has reduced costs as much as possible through short-term deployments of staff to other areas of BNZ, however, a minimum staffing level is required for operations at the border. Sufficient staff were retained to fully resume operations when border restrictions ease.

The implementation of travel bubbles created deployment issues. For example, operating separate red and green zones at Auckland Airport affected workforce agility i.e. staff working in these red zones cannot be redirected to other areas within the biosecurity system, even when there are insufficient traveller volumes to sustain the operations at full capacity.

BNZ is committed to introducing further technology to help secure the border. Working with our technology partners and Australia's border agency will continue to improve scanning equipment algorithms for use once the number of travellers return to more normal levels.

BNZ is progressing a change process aimed at producing a fully agile, demand-driven environment where all staff have both the capability and knowledge to work across all pathways as volume demands require. BNZ's target is to create a resource model that enables this environment.

Financial Performance

Expenditure on border clearance services

Table 8 shows BNZ's actual border processing costs.

Table 8 – BNZ's border processing costs

	2019/20 Actual \$m	2020/21 Actual \$m	2021/22 Actual \$m
Non-cruise	66.48	49.74	51.82
Cruise	1.28	0.65	0.00
Crown (exempt travellers)	0.59	0.59	0.59
Total expenditure	68.35	50.98	52.41

Cost saving initiatives actioned by BNZ in response to COVID-19 included:

- temporarily redeployed more than 100 staff to other parts of MPI
- suspended baggage handling contractor operations at Auckland, Wellington, Christchurch, and Queenstown airports

- had 36 staff accept early retirement.

Since August 2021, BNZ has been working through a consultative change process that will set them up to support New Zealand’s world-leading biosecurity system more effectively in the future. The purpose of the process is to ensure that future operating and deployment models developed by BNZ better reflect the importance of having a workforce made up of the right people, with the right skills, and access to development and career opportunities within BNZ and beyond.

Revenue

Border restrictions due to COVID-19 significantly impacted revenue. Table 9 shows BNZ’s actual revenue.

Table 9 – BNZ’s border processing levy related revenue

	2019/20 Actual \$m	2020/21 Actual \$m	2021/22 Actual \$m
Non-cruise	44.30	2.10	11.17
Cruise	0.90	0.00	0.00
Crown (exempt travellers)	0.59	0.59	0.59
Total revenue	45.79	2.69	11.76

Memorandum Account Position

Table 10 shows the balance of BNZ's memorandum account for border processing services.

Table 10 – BNZ's memorandum account movement

	2019/20 Actual \$m	2020/21 Actual \$m	2021/22 Actual \$m
Non-cruise			
Opening balance	(8.92)	(31.10)	-
Revenue	44.30	2.10	11.17
Cost	(66.48)	(49.74)	(51.82)
Write-off	-	78.74	-
Closing balance	(31.10)	-	(40.65)
Cruise			
Opening balance	0.88	0.50	-
Revenue	0.90	-	-
Cost	(1.28)	(0.65)	-
Write-off	-	0.15	-
Closing balance	0.50	-	-
Crown funding (used to fund exempt travellers)			
Opening balance	2.54	2.54	-
Revenue	0.59	0.59	0.59
Cost	(0.59)	(0.59)	(0.59)
Write-off	-	(2.54)	-
Closing balance	2.54	-	-
Total closing balance	(28.06)	-	(40.65)

Financial key performance indicators

Table 11 shows BNZ border processing costs per levied traveller.

Table 11 – Expenditure per arriving passenger

	2019/20 Actual	2020/21 Actual	2021/22 Actual
Cruise	\$5.41	N/A	N/A
Non-cruise	\$12.69	\$156.90	\$72.06

Non-Financial Performance

Table 12 shows BNZ's non-financial performance measures. Non-financial performance measures were not applicable in 2020/21 through to 2022 due to the extremely low number of travellers.

Table 12 – BNZ non-financial performance measures

Performance Measure	2019/20 Actual	2020 to 2022 Target	2020 to 2022 Actual
Complaints relating to biosecurity clearance service	0.00%	< 0.01%	N/A due to low volume
Percent of airlines participating in a NZ biosecurity awareness programme	100%	100%	
% of international air travellers that comply with biosecurity requirements on leaving the airport	n/a	> 98.5%	
Average processing time at Auckland Airport for compliant passengers	5:09	< 10:00 mins	
Cruise line accreditation scheme			
- cruise lines accredited	25%	100%	
- port visits by accredited vessels	n/a		
Number of passengers with seizures per 1,000 cruise ship travellers	6.8	< 10 per 1,000	
- accredited vessels	1.0		
- non-accredited vessels	n/a		

COVID-19 and its associated border restrictions have seriously affected passenger numbers. As a result, the annual compliance monitoring survey continued to be suspended from 2020 through to 2022, and some of the measures were not assessed.

Appendix 1: Border processing activities

Customs' and BNZ's border processing costs that can be recovered by the levies are limited to costs related to relevant travellers and their baggage and other relevant goods. Table 1 describes the types of activities that give rise to these costs.

Table 1 – Illustrative list of border processing activities

Customs	BNZ
<p>Pre-border risk assessment and related activities</p> <ul style="list-style-type: none"> liaising with other government agencies about protecting against border risks related to travellers patrolling the coastline gathering intelligence on incoming travellers modelling and analysis of information processing electronic data related to travellers identifying travellers of interest. 	<p>Pre-border risk assessment and related activities</p> <ul style="list-style-type: none"> screening for targeted interventions and identifying travellers of biosecurity interest. <p>Pre-border processing travellers and their goods</p> <ul style="list-style-type: none"> en-route biosecurity processing where possible. <p>Planning</p> <ul style="list-style-type: none"> co-ordinating resourcing and tasking of border activities.
<p>Pre-border advice and engagement</p> <ul style="list-style-type: none"> providing advice to travellers liaising with industry, including planning and problem solving about processing travellers. 	<p>Pre-border advice and engagement</p> <ul style="list-style-type: none"> managing craft applications for arrival at non-approved Places of First Arrival.
<p>At-border processing travellers and their goods</p> <ul style="list-style-type: none"> primary processing (manual and via eGate): validating identity, completing health-related and immigration processes, identifying travellers of interest, including questioning and using detector dogs secondary processing: interacting with travellers of interest, including questioning, x-ray and searching. Search passenger craft, including using detector dogs. 	<p>At-border processing travellers and their goods</p> <ul style="list-style-type: none"> assessing arrival documentation against biosecurity requirements verifying compliance to biosecurity requirements of travellers using intervention tools, eg communications, searches, detector dogs, x-ray. Collecting information related to pathways and effectiveness of interventions.
<p>Investigations and compliance</p> <ul style="list-style-type: none"> disrupting illegal activity before travellers of interest arrive in New Zealand monitoring travellers of interest after they have completed at-border processing carrying out investigations resulting in enforcement action dealing with goods seized from travellers. 	<p>Investigations and compliance</p> <ul style="list-style-type: none"> reviewing and managing high-risk travellers verifying the process for disposing of goods seized from travellers investigating non-compliance compliance monitoring and analysis to measure performance of pathways.

Appendix 2: Travellers exempt from paying the levies

Tables 1 and 2 show the two kinds of travellers exempt from paying levies under Customs' levy order. Similar exemptions apply under the Biosecurity levy order.

Table 1 – Levy-funded exempt travellers

<p>(a) a traveller under the age of 2 years</p> <p>(b) a traveller who arrives in, or departs, New Zealand on an international aircraft otherwise than as a passenger</p> <p>(c) a traveller who arrives in, or departs, New Zealand on a cruise ship otherwise than as a passenger</p> <p>(d) a traveller who—</p> <ul style="list-style-type: none">(i) arrives in New Zealand on an aircraft(ii) is not required to report to a Customs officer at an arrival hall because the traveller is in transit to a place outside New Zealand <p>(e) a traveller who, having arrived in New Zealand as referred to in paragraph (d), departs New Zealand on an aircraft for the place outside New Zealand without having been required to enter a departure hall.</p>

Table 2 – Non-levy funded exempt travellers

<p>(f) a traveller who arrives in, or departs, New Zealand on any of the following:</p> <ul style="list-style-type: none">(i) a craft being operated by the New Zealand Defence Force or the defence forces of any Government other than that of New Zealand(ii) a craft being used wholly for diplomatic or ceremonial purposes of any Government(iii) a craft being used wholly for the purposes of a mission being carried out or organised by any Government that is a humanitarian mission or a mission in response to an emergency or a crisis(iv) a craft being used for the purposes of an official expedition of a Contracting Party(v) a non-passenger commercial craft <p>(g) a traveller who arrives in New Zealand after having been rescued at sea</p> <p>(h) a traveller who arrives in New Zealand wholly for the purpose of seeking temporary relief from stress of weather</p> <p>(i) a traveller who, having arrived in New Zealand as referred to in paragraph (h), departs New Zealand as soon as is reasonably practicable</p> <p>(j) a traveller who departs New Zealand on a craft on a journey—</p> <ul style="list-style-type: none">(i) that is not intended to go beyond the exclusive economic zone(ii) that is not intended to include a meeting with any craft or persons entering the exclusive economic zone from a point outside New Zealand <p>(k) a traveller who arrives in New Zealand on a craft—</p> <ul style="list-style-type: none">(i) that has returned to New Zealand after a journey that did not extend beyond the exclusive economic zone(ii) that did not meet during that journey with any other craft or persons entering the exclusive economic zone from a point outside New Zealand <p>(l) a traveller who arrives in, or departs, New Zealand before 1 January 2017 on an international aircraft as a passenger being carried on a ticket that was purchased, and fully paid for, before 1 January 2016</p> <p>(m) a traveller who arrives in, or departs, New Zealand before 1 January 2017 on a cruise ship as a passenger on an international cruise and whose place on the cruise was purchased, and fully paid for, before 1 January 2016.</p>
