NEW ZEALAND CUSTOMS SERVICE
TE MANA ĀRAI O AOTEAROA
PROTECTING NEW ZEALAND'S BORDER

RELEASED DOCUMENTS

PROACTIVE RELEASE OF POLICY CABINET PAPER AND MINUTES FOR CUSTOMS AND THE MINISTRY FOR PRIMARY INDUSTRIES' JOINT GOODS FEES REVIEW

Attached are the proactively released Cabinet policy paper and associated minutes for Customs' and the Ministry for Primary Industries' joint Goods Fees Review.

This release follows the release of a public discussion document in 2024 and will be shortly followed by further proactive releases of submissions and key policy documents.

The following Cabinet paper and Cabinet Minutes have been proactively released by the New Zealand Customs Service and the Ministry for Primary Industries on behalf of the Minister of Customs and the Minister for Biosecurity.

Paper prepared by:	Hon Casey Costello, Minister of Customs and Hon. Andrew Hoggard, Minister for Biosecurity
Date considered by Cabinet:	10 March 2025
Name of paper:	Recovering the Cost of Goods Management Activities at the Border
Cabinet Reference:	Paper - EXP-SUB-0007, Cabinet committee minute – EXP-25-MIN-0007, Cabinet minute – CAB-25-MIN-0051

The paper sought and received Cabinet's agreement to new goods management charges for Customs and the Ministry for Primary Industries.

Some parts of this paper and the Cabinet Committee minute have been redacted consistent with the following sections of the Official information Act 1982: 6(a), 9(2)(f)(iv), 9(2)(h). Out of scope information has been redacted from the Cabinet minute.

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Office of the Minister of Customs
Office of the Minister for Biosecurity

Chair, Cabinet Economic Development Committee

RECOVERING THE COST OF GOODS MANAGEMENT ACTIVITIES AT THE BORDER

Proposal

1. We seek Cabinet's agreement to new goods management charges for the New Zealand Customs Service (Customs) and the Ministry for Primary Industries (MPI).

Relation to government priorities

2. The proposed new charges support fairness and economic efficiency by ensuring costs of services are recovered from those who benefit from them or who create the need for them — freeing up Crown funding.

Executive Summary

3. Customs and MPI make a critical contribution to economic growth by enabling legitimate trade to occur with minimal disruption, protecting our reputation in overseas markets, and minimising the risks to New Zealand from goods crossing the border. Our goods management systems are under pressure from international criminal syndicates infiltrating and compromising our supply chain. It is vital that the smooth flow of trade is maintained and border risks remain well managed.

4. The majority of goods management activities are funded by cost recovery, with those who benefit from services or who create the need for services to be provided, meeting their cost.[1] Current funding arrangements are not financially sustainable. They are also unfair as some businesses are cross-subsidising other businesses; taxpayers are paying to manage risks that they didn't create; and there is not a level playing field between freight and international mail.

5. A thorough review of goods cost recovery has been undertaken, including detailed consultation. We recommend a package of measures that will:

   a) **ensure financial sustainability** by better aligning revenue with costs, addressing revenue erosion, and removing the need for additional Crown-funding to meet cost and volume pressures for some activities;

[1] This is in line with the Treasury's and Office of the Auditor-General's guidelines. Customs' Activity-Based Costing Model and its allocation of costs to fees have been independently reviewed. Customs has recently conducted a line-by-line review of expenditure to ensure it is providing its services in a cost-effective manner.

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b) **improve fairness for feepayers** by ensuring that those who create the need for services bear the costs of providing those services, and don't shift those costs onto others;

c) **improve fairness for taxpayers** as taxpayers will no longer be paying to manage risks they do not create, freeing up Crown funding; and

d) **improve economic efficiency** by removing the market distortions, caused by cross-subsidies and taxpayer subsidies.

6. Submitters did not provide strong evidence that the consultation proposals should not proceed. Submitters raised concerns about the impact of increased fees on their businesses. However, the impact of the changes on their customers is marginal. Freight industry submissions did establish that they need 12 to 24 months' to reflect the changes in their pricing.

7. The fees we propose in this paper reflect updated cost and goods volume forecasts. Compared to the Consultation Document two fees (those for high-value air and sea imports) have increased slightly, while all other fees have decreased. The low-value export consignment fee, that was of concern to several submitters, has reduced from $3.50 to $2.58.

8. We recommend that Customs' charges are adjusted on 1 July 2025, with no structural change, to address immediate financial sustainability issues. The structural changes consulted on, including introduction of a commercial vessel charge, removal of Crown subsidies[2] for processing low-value air freight and goods carried in international mail, should proceed but be delayed to 1 April 2026. This will enable industry adequate time to reflect the changes in systems and prices and Customs sufficient time for necessary systems changes.

9. Independent economic analysis found that the overall impact on trade is likely to be very small. This impact is offset by the need to strengthen border management activities to address the growing challenges posed by transnational, serious and organised Crime (TSOC).

Background

New Zealand has a modern and efficient goods border management system

10. Our integrated digital border management system (Trade Single Window) is demonstrably amongst the most efficient in the world, with most imports cleared before arrival and equally fast clearance for exports.[3] Importers and exporters do not always recognise the full range of activities undertaken by agencies, because of a highly automated risk management and intelligence-led approach that reduces the need for manual interventions. These activities help maintain New Zealand's reputation as a low-risk country of origin in export markets.

[2] In 2023/24, 84 percent of Customs' costs and 96 percent of MPI's cost were taxpayer funded.

[3] Every year, over 99 percent of trade transactions are cleared in less than 30 minutes (excluding the very small proportion of goods that require compliance intervention). In 2023/24, 98.7 percent were cleared in under five minutes.

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11. Our charges are comparable to other jurisdictions that provide similar services and functions for processing goods and recover the cost of these services (eg, Australia and the United States of America). Customs and MPI regularly review services to improve efficiencies and have further reviewed costs as part of the recent financial sustainability exercise. Customs is introducing a more formal engagement process with industry that will continue to help to identify areas where efficiencies can be gained. Customs continues to invest in its digital systems to make border management more efficient and easier for traders to use (eg, there is a major project currently underway to move the New Zealand Tariff from a paper-based to a digital system).

Combatting organised crime at the border

12. In common with other countries, New Zealand is grappling with an escalation in the scale and sophistication of TSOC at the border. We are under severe and mounting pressure from TSOC and our supply chain is being infiltrated and compromised by criminal syndicates. This is reflected in increasing drug seizures, with offshore and onshore seizures of methamphetamine more than tripling from 2021/22 (1,430 kg) to 2023/24 (4,813 kg). Seizures of other illicit drugs, tobacco, firearms and smuggled cash also increased in this period.

Agencies undertook extensive engagement to test and inform advice

13. In July 2024, Cabinet agreed to an eight-week public consultation process [ECO-24-MIN-0170 refers]. Fifty-eight submissions[4] were received from a range of small and large businesses and industry bodies. There was extensive industry engagement: a Stakeholder Reference Group[5] helped ensure that the consultation material was high quality, an industry-led Low-value Goods Technical Advisory Group (LVTAG) helped to identify options and assess their feasibility, and officials directly engaged with a range of shipping, airline, freight and e-commerce companies. This included technical discussions with New Zealand Post Limited (NZ Post)[6] about international mail.

14. As expected, businesses expressed concern about the impact of increases in fees. Key themes were:

    a) broad acknowledgement that fees should accurately reflect costs and that some of the proposed fees were fair;

    b) general comment that border agencies need to be efficient and not overcharge for services, but no submitters challenged the costs presented, or the costing models used to allocate these costs to activities;

4 Received from fifty-six submitters, with two submitters making two submissions each.

5 This group included: Customs Brokers and Freight Forwarders Federation, Conference of Asia Pacific Express Carriers, Federation of Māori Authorities, Business NZ, Board of Airline Representatives of NZ, NZ Council of Cargo Owners, NZ Winegrowers, and Maersk.

6 NZ Post is currently New Zealand's sole designated operator.

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c) concern about the impact of increased charges particularly for low-value goods[7] and commercial vessels, where freight companies and shipping lines and agents claimed that they may not be able to pass on costs;

d) concern about economic impacts, particularly the impact of an indicative $3.50 charge on the competitiveness of low-value goods exports;

e) strong consensus that the fairness of ending the subsidy of low-value air cargo depends on also recovering mail costs; and

f) the timing for when proposed changes can feasibly be implemented, with a minimum of 12-24 months requested for per-consignment charging.

15. Freight industry submitters mainly focused on the aggregate change in charges they would pay, rather than the impact on customers when charges are passed on. The per-consignment charge that would be passed on would be small and the behavioural impact has been independently assessed as minimal.

16. Having considered these arguments and weighed them up against accepted cost recovery principles and likely economic impact, we recommend Cabinet agree to the package of changes set out in this paper.

Fees need to be increased to maintain short term financial sustainability

17. Customs' fee levels have not been fully reviewed since 2019. Since then, Cabinet has agreed that enforcement at the maritime border should be strengthened to address organised maritime criminal activity, with the costs met through cost recovery. Customs fees need to increase to meet its costs and address the deficit that is accumulating in its Goods Fee Memorandum Account. 9(2)(f)(iv) [redacted]

18. Customs has a tight focus on cost effective service delivery and operates an activity-based costing model to monitor all of its costs against activities. In 2023, it conducted a line-by-line review of expenditure to identify options to reduce operating costs. Actions undertaken included: reducing travel and accommodation costs, cutting the use of contractors and consultants, closing staff cafeterias, deferring recruitment, and reducing its vehicle fleet. Changes were also made to its operating structure, with non-critical roles removed.

19. MPI does not need to change the majority of its fees as these were updated on 1 July 2023. 9(2)(f)(iv) [redacted]

20. The Consultation Document indicatively modelled an implementation date of 1 July 2025, but submitters and the LVTAG advised this did not allow sufficient

[7] Low-value goods are goods valued at $1,000 or less, the overwhelming majority of which are e-commerce packages being directly imported by consumers. These are ordinarily cleared on cargo reports. A flat fee is currently charged for the report, which can clear between 1 and 9,999 consignments, but agency costs are driven by consignment numbers. Low-value goods imports are growing rapidly, more than tripling from 7.8 million packages in 2017/18 to 24.0 million packages in 2023/24.

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time for system changes needed to reflect a change to the structure of fees. Taking that feedback into consideration, we recommend that as an interim stage; Customs' existing fees be increased from 1 July 2025 without any change to the structure of fees, on the following basis:

a) **fully cost recovered activities:** increase fees to meet Customs' projected costs and recover an accumulated deficit in its Memorandum Account.

b) **partially cost recovered activities:** increase Customs' fees to enable current service levels to be maintained without additional Crown funding.

Structural changes to improve fairness to fee payers to commence on 1 April 2026

21. We recommend the following supporting package of structural changes to remove cross-subsidisation between fee payers, reduce opportunities for fee avoidance, and remove the burden on Crown funding of current subsidies:

Separate air and sea cargo fees.	This would be for Customs only to reflect different costs. There is currently a cross subsidy from air cargo to sea cargo.
Move to consignment-based charging for low-value freight.	Both agencies' costs are driven by the number of consignments rather than the number of documents submitted. Currently, those consolidating few consignments on documents cross-subsidise those consolidating many.
Introduce a Customs charge for transhipped goods and empty containers.	This charge would be the same as the consignment charge for imported low-value goods, to directly recover the costs Customs incurs in managing these goods[8] instead of charging them to other goods types.
Introduce a Commercial Vessel Charge on ship operators	This would recover the costs that incurred in managing risks related to commercial vessels.[9] Currently these costs are spread across goods carried on ships, which is unfair – some ships carry many consignments and are effectively cross-subsidising those carrying few or no consignments. This charge would exempt: • New Zealand Defence Force vessels, vessels making only "round trip" voyages to fish in New Zealand's Exclusive Economic Zone, and other vessels where necessary to comply with international obligations from the charge. • Fishing vessels making round trip fishing voyages to the High Seas, but reconsider this should exemption when goods charges are next reviewed. The costs Customs incurs for these vessels[10] should be recovered under cost recovery principles, but more work is needed to understand the industry impact before a decision is made.
Introduce a per-kilogram charge on carriers or consolidators bringing in international mail[11]	This would fully recover the costs of processing that mail. It is inequitable to charge for goods carried as freight but not for similar goods carried in international mail. This inequity would be exacerbated if the Crown moved to fully recover its costs for low-value goods in the freight stream, but not in international mail. Importers would be also incentivised to shift to importing more goods through mail, reducing agency revenue. There was wide support for this proposal, including from NZ Post. Customs has worked closely with the Ministry of Business, Innovation and Employment (MBIE), which is responsible for postal policy and regulation and the Ministry of Foreign Affairs and Trade (MFAT). MBIE and MFAT are broadly comfortable with this proposal. 9(2)(h) [redacted]

8 MPI does not have material costs for the management of these types of goods and will not put a charge in place.

9 These costs relate to the ships themselves and not the goods they carry. They include tracking and monitoring of vessels and the detection of contraband and agricultural pests within or on the ship itself. Even empty vessels can have contraband concealed within them and can pick up pests from overseas ports.

10 Based on 2023 data, 11 High Seas fishing voyages would have paid a total of $40,887 ($3,717 per voyage) if they were subject to the proposed fee.

11 Ideally, this charge would be per-consignment. However, Customs currently receives limited data on shipments of UPU mail. While it has accurate data on the weight of mail shipments, it doesn't receive accurate data on the number or nature of items contained. This means that a per-kilogram charge is the only feasible option at present. This could change in future if the Data for Mail project improves data quality sufficiently.

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	9(2)(h) [redacted][12] Customs has also written to the UPU International Branch advising them that this proposal is expected to be considered by Cabinet in March 2025. On 22 January 2025, Customs received a response from the UPU which does not alter this advice. This proposal should not have a material impact on NZ Post or on its Deed of Understanding with the Crown: • For inwards mail, costs would be recovered from carriers and consolidators bringing mail into New Zealand, rather than from NZ Post. They would include this in the freight rates charged to offshore postal operators sending goods to NZ Post for delivery. • For outbound mail there would be a service charge to NZ Post to reflect the costs Customs incurs for outbound mail. While NZ Post opposes this, we propose that it proceeds. It is appropriate that NZ Post and its customers, rather than the taxpayer, should bear Customs' costs associated with outbound mail. The costs are expected to be minimal.[13]
Remove the Outward Cargo Transaction Fee (Outward Cargo Report)	This charge is inconsistent with a move to consignment charging.

Implementation

Removal of Crown funding

22. We propose that Crown subsidies for low-value goods management cease on 1 April 2026 when structural changes are made to fees. Some submitters proposed a phased withdrawal of subsidies over several years. We carefully considered this. On balance, we consider that the benefits to industry and consumers of smoothing the transition to an unfunded environment are small and outweighed by the substantial cost to the Crown. For example, delaying removal of half the subsidy until 1 July 2027 would cost $25.8 million.

Replacing Customs' fees with levies

23. Cabinet has previously agreed to modernise the Customs and Excise Act 2018 by introducing a levy regime through the Customs (Levies and Other Matters) Amendment Bill 2024 [ECO-24-MIN-0169 refers]. Levies are a more appropriate type of charge than fees when costs are spread across a class of payers, as is the case with the goods management system, when there isn't necessarily a direct line of sight between costs and payers. Subject to these amendments proceeding, we recommend changing Customs' goods fees to levies when structural changes occur on 1 April 2026.

Other

24. Under the Customs and Excise Act 2018 goods management fees are a duty. However, the *de minimis*, below which Customs does not charge duty

12 9(2)(h) [redacted]

13 Likely be around $10-20,000 per annum in a normal year. Charging for inward and not outward mail costs could lead to challenges of protectionism by trading partners.

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(including GST)[14] does not currently apply to goods management charges, allowing goods management charges to be imposed on low-value goods. This should remain the case.

Economic Impact

25. Since these proposals were publicly consulted on, indicative charges have been updated to reflect new forecasts of costs and goods volumes. Aside from the fees for high-value air and sea imports, which have increased, proposed charges are lower than those consulted on. In particular, some submitters were concerned about the impact of the indicate $3.50 fee for low-value exports consulted on, and the proposed fee is now $1.02 (29 percent) lower than this.

26. Sapere Research Group (Sapere) was engaged to provide an independent assessment of the economic impacts of proposed charges. Sapere estimates that if these proposals are implemented, the value of imports would be expected to decrease by $40.4 million (0.04 percent) and the value of exports would be expected to decrease by $12.5 million (0.03 percent). Low-value imports transported by air will experience the greatest proportional decrease, expected to fall by 2.12 percent. Because of data limitations, Sapere did not assess the impact of the change in the fee for low-value sea exports or the commercial vessel charge.

Risks

27. The following risks have been identified:

Risk	Description
If charges aren't adjusted on 1 July 2026, Customs faces financial sustainability issues	9(2)(f)(iv) [redacted] If the deficit is allowed to continue accumulating, it will become unmanageable and the Crown will come under pressure to fund a write off. 9(2)(f)(iv) [redacted]
If the structural changes are not made as an integrated package, distortions may arise	The proposals are interdependent. If one element of the package doesn't proceed, then the other charges will need to be recalculated to recover costs. Charges for low-value goods freight and international mail need to be adjusted simultaneously or opportunities for avoidance will be created.

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14 However, suppliers of low-value goods covered by the Inland Revenue framework to collect GST on low-value goods imports do pay GST.

6(a), 9(2)(h)

[redacted]

Cost-of-living implications

28. There would be minimal impact on the cost of living as the charges are small in relation to the value of trade. The principal impact is expected to be a small increase in the shipping costs consumers incur when purchasing low-value goods, of up to $2.21[15] when the goods are couriered, and $1.28/kg when shipped through the mail. For a 400-gram package (which NZ Post has indicated is a "typical" mail package), the charge would be $0.51.

Financial Implications

29. The proposals in this paper will not alter the goods management services provided by Customs or MPI. They will remove a Crown subsidy on some goods charges to ensure a fairer approach. Over the four years from 2025/26 to 2028/29, the proposed changes would shift 9(2)(f)(iv) [redacted]

9(2)(f)(iv)

[redacted]

[15] The actual increase would depend on how a freight forwarder ships the consignments. In some cases (where few consignments are being consolidated on a document), charges would fall.

[16] This is a major threat to New Zealand, as recognised in the Government's 2020 Transnational Organised Crime Strategy, the 2023 National Security Strategy and the Government's law and order objectives.

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30. The proposed withdrawal of the Crown subsidies for low-value goods management on 1 April 2026 is consistent 9(2)(f)(iv) [redacted]

Legislative Implications

31. If Cabinet agrees to this package, it would be implemented by amending Customs and Excise Regulations 1996, the Biosecurity System Entry Levy Order 2010, and Customs Rules and Directions.

32. The introduction of a cost recovery levy regime for Customs for goods management depends on the passage of the Customs (Levies and Other Matters) Amendment Bill 2024. 9(2)(f)(iv) [redacted] The Bill must commence before fees could be replaced with levies or additional levies introduced (eg, the Commercial Vessel Charge).

33. We seek agreement to issue drafting instructions to the Parliamentary Counsel Office to prepare regulations and levy orders needed for the new charges (refer to Appendices One to Three), with new charges taking effect on 1 July 2025, and 1 April 2026. These would also update the specifications of the documentation against which fees are collected.

34. We also seek agreement that we can make any minor and technical changes, including transitional arrangements, as drafting is progressed.

Regulatory Impact Statement

35. On 4 February 2025, a joint Customs/MPI regulatory impact analysis panel (the Panel) reviewed the Stage 2 Cost Recovery Impact Statement 'Recovering the Costs of Goods Management' (CRIS) prepared by Customs and MPI. The Panel considers the CRIS meets the quality assurance criteria. The limitations on the analysis in our view will not have a material effect. The Panel considers the structural changes to fees need proactive monitoring to ensure unintended consequences are identified quite early and the risk of over-recovery or under-recovery of costs is identified.

Climate, Population and Human Rights Implications

36. The recommended set of fees have no human rights or population implications. The Climate Implications of the Policy Assessment (CIPA) team has been consulted and confirms that the CIPA requirements do not apply to this policy proposal as the threshold for significance is not met.

Use of external resources

37. In 2023 and 2024, Customs and MPI engaged Sapere to undertake economic analysis on the price sensitivity of importers and exporters to changing goods fees, at a cost of $71,322 (excluding GST). This analysis was updated in 2025 at an additional cost of $2,800 (excluding GST).

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38. In December 2024, Customs engaged KPMG to review the methodology and calculations used to generate the new fees, at a cost of $55,550 (excluding GST). KPMG has also previously been engaged to validate Customs' Activity Based Costing Model.

Consultation

39. Customs and MPI prepared this advice. The following agencies were consulted on this paper: MFAT, MBIE, the Ministry of Transport, the Treasury, and the Ministry for Regulation. The Department of the Prime Minister and Cabinet was informed.

Communications

40. Customs will prepare an announcement about the changes to the level and structure of goods charges and is developing communications material to support this.

Proactive release

41. We intend to proactively release this Cabinet paper and the associated Minute, subject to any redactions that would be justified as if the information had been requested under the Official Information Act 1982.

Recommendations

42. We recommend that the Cabinet Economic Development Committee:

Interim fee changes

1. **agree** to make changes to Customs' fees from 1 July 2025 as set out in Appendix One, without any structural changes, to ensure the financial sustainability of Customs' border management activities;

Structural changes

2. **agree** to make changes to the structure of Customs' and MPI's fees set out in Appendix Two on 1 April 2026 to improve fairness to feepayers, including:

   2.1. introducing differential charges for high-value air and sea cargo;

   2.2. moving to consignment-based charging for low-value goods;

   2.3. discontinuing the Outward Cargo Transaction Fee;

   2.4. introducing a new Commercial Vessel Charge to recover the costs of managing commercial vessels – with exemptions for New Zealand Defence Force vessels, fishing vessels making "round trip" voyages that do not visit foreign ports or interact with other vessels, and other vessels where needed to comply with international obligations;

   2.5. introducing cost recovery for managing international mail, through a per-kilogram charge on carriers or consolidators importing mail for

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presentation to New Zealand Post, and a service charge to New Zealand Post for outbound mail;

3. **agree** that the exemption for fishing boats making "round trip" voyages to the High Seas be reviewed when goods fees are next reset;

Removal of Crown subsidies

4. **agree** to remove all Crown subsidies for the processing of low-value air cargo, international mail and managing the risks of commercial vessels, on 1 April 2026, with a corresponding increase in fees;

Budget 2025

5. **note** that these proposals are expected to result in a total of 9(2)(f)(iv) [redacted]

6. **note** that the Minister of Customs has 9(2)(f)(iv) [redacted]

7. **note** that the Minister of Customs is also seeking to 9(2)(f)(iv) [redacted]

8. **note** that 9(2)(f)(iv) [redacted]

9. **note** that 9(2)(f)(iv) [redacted]

Implementation

10. **invite** the Minister of Customs and the Minister for Biosecurity to issue drafting instructions to the Parliamentary Counsel Office to implement the goods cost recovery proposals outlined in this paper, including by updating the fee rates and charging structure over 2025 to 2027;

11. **authorise** the Minister of Customs and the Minister for Biosecurity to make any necessary minor policy and technical decisions needed to ensure the effective implementation of the new goods fees and levies approved in this paper;

12. **agree** to revoke Customs' existing goods cost recovery fees in regulations 13A, 24A, 28A, and 29A, and to replace them with levies, pursuant to the structure outlined in this paper;

13. **agree** to the Minister of Customs issuing drafting instructions to Parliamentary Counsel Office to draft the required levy and fee orders for when the changes in the Customs (Levies and Other Matters) Amendment Bill are in force;

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Other

14. **agree** that while goods management charges are a duty, the *de minimis* will continue to not prevent their collection;

15. **note** that Customs will introduce a standard three-yearly fee review cycle for goods charges, but may undertake out-of-cycle reviews if large imbalances between costs and revenue arise; and

16. **note** that a joint Customs/MPI regulatory impact analysis panel reviewed the Stage 2 Cost Recovery Impact Statement 'Recovering the Costs of Goods Management' prepared by Customs and MPI, considers that it meets the quality assurance criteria.

Authorised for lodgement

Hon Casey Costello	Hon Andrew Hoggard
Minister of Customs	Minister for Biosecurity

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Appendix 1: Interim changes to Customs fees

1. The following table shows the interim changes to Customs' fees that would take effect on 1 July 2025.

Fee	Current $ excl GST	Proposed $ excl GST	Change $ excl GST
Imports			
Import Entry Transaction Fee	34.85	46.47	+11.62
Inward Cargo Transaction Fee (air)	81.26	104.36	+23.10
Inward Cargo Transaction Fee (sea)	467.03	207.53	-259.50
Exports			
Export Entry Transaction Fee (Secure Exports Scheme)[17]	3.44	3.64	+0.20
Export Entry Transaction Fee (other goods)	7.20	5.44	-1.76
Outward Cargo Transaction Fee for Outward Cargo Report (air)	15.15	39.59	+24.44
Outward Cargo Transaction Fee for Outward Cargo Report (sea)	19.61	37.01	+17.40
Outward Cargo Transaction Fee for Cargo Report Export (air)	42.20	60.82	+18.62
Outward Cargo Transaction Fee for Cargo Report Export (sea)	5.87	11.47	+5.60

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[17] The Secure Exports Scheme is designed to make business easier by helping New Zealand's exporters clear customs both here and overseas. Exporters joining the scheme need to ensure their goods are packed, stored, and transported in a way that meets global customs standards. For exporters and their customers, it means less chance of border delays and greater certainty at international borders.

Appendix 2: Schedule of fees once changes are fully implemented

1. The following table shows the rates that would apply under the new structure. The first column shows the current combined rates. The second column shows combined rates that will apply from 1 April 2026.

Proposed combined Customs and MPI levy rates

	Current Rates, $ excl GST			Proposed Rates, $ excl GST When Fully Implemented			Change in combined Rate, $ excl GST
	Customs	MPI	Combined	Customs	MPI	Combined	
Imports							
High-value import entry (air)	34.85	46.40	81.25	7.24	44.57	51.81	-29.44
High-value import entry (sea)	34.85	46.40	81.25	73.87	44.57	118.44	37.19
Low-value import consignment (air)	0.07	0.03	0.10	1.46	0.75	2.21	2.11
Low-value import consignment (sea)	1.87	0.16	2.03	1.34	0.75	2.09	0.06
Inwards international mail – 20g letter	Nil	Nil	Nil	0.01	0.02	0.03	0.03
Inwards international mail – 400g parcel	Nil	Nil	Nil	0.16	0.35	0.51	0.51
Inwards international mail – 1kg parcel	Nil	Nil	Nil	0.40	0.88	1.28	1.28
International transhipment (air) Customs only	Nil	Nil	Nil	1.46	Nil	1.46	1.46
International transhipment (sea) Customs only	Nil	Nil	Nil	1.34	Nil	1.34	1.34
Empty container (sea) Customs only	Nil	Nil	Nil	1.34	Nil	1.34	1.34
Exports							
High-value export (air)	7.20	Nil	7.20	3.35	Nil	3.35	-3.85
Secure Exports Scheme (sea)	3.44	Nil	3.44	3.76	Nil	3.76	0.32
Other high-value export (sea)	7.20	Nil	7.20	8.13	Nil	8.13	0.93
Low-value export consignment (air)	0.66	Nil	0.66	2.48	Nil	2.48	1.82
Low-value export consignment (sea)	2.04	Nil	2.04	3.22	Nil	3.22	1.18
Vessels							
Commercial vessel	Nil	Nil	Nil	3,717.00	962.00	4,679.00	4,679.00

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Appendix 3: Levy orders

1. Levy orders will contain provisions setting out charges that must be paid, the party liable to pay them, any types of goods or transactions for which no charge is payable, any person or organisation exempted from having to pay a charge, when and how a charge must be paid, and consequential matters (eg, when a time extension for payment is allowable).[18]

2. The following table shows who will be responsible for paying a charge, the trigger for the liability, and the trigger for collection, once the proposed structural changes have been made on 1 April 2026.

Levy	Person responsible for paying	Liability Trigger	Collection trigger
Export UPU mail	The Designated Operator under the UPU Convention (NZ Post only current entity sending international mail from New Zealand).	Customs undertaking the activity	Invoice (of actual and reasonable costs including, but not limited to, staff, system and overhead costs).
Import UPU mail	Air or sea carriers or consolidators named in the documents submitted by NZ Post (as the Designated Operator receiving the inbound international mail).	Arrival	Submission of information (Levy order to mandate the "information to be provided").
High-value imports	A person making an import entry (mostly brokers, freight forwarders and importers).	Arrival	Submission of import entry or private import declaration.
High-value exports	A person making an export entry fee (mostly brokers, freight forwarders and importers).	Submission of export entry	Submission of export entry.
Low-value imports	A person submitting an import entry or write-off for low-value imports (mostly freight forwarders).	Arrival	Submission of an inward cargo report, write off, simplified import declaration, import entry.
Low-value goods exports	A person submitting an export entry or write-off for low-value exports (mostly freight forwarders.	Submission of export entry or CRE write-off	Submission of write offs on cargo reports export or export entry.
"Bulk Mail",[19] currently imported as non-UPU freight.	The person submitting an import write-off request for bulk mail.	Arrival	Submission of a write-off on an inward cargo report.
Import of empty sea containers	The person submitting the Inward Cargo Report (mostly shipping lines).	Arrival	Submission of an inward cargo report.
International transhipment	The person submitting the international transhipment request (mostly the freight forwarder).	Arrival	International Transhipment Requests.
Commercial vessel charge	Any person who is, or who is the agent of, the owner or operator of the vessel.	Arrival	Completion of Customs' risk assessment process once the vessel has arrived at a customs place.

[18] Some existing regulations providing for cost recovery in respect of goods will continue, subject to avoiding double-charging.

[19] "Bulk mail" means all low-value goods in a shipment seeking write-off (eg, magazines addressed to individual recipients, all wrapped together).

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3. The following types of goods or transactions will be exempt from charges, continuing current exemptions:

- diplomatic goods;
- human remains;
- carnets;[20]
- a vessel exercising its right of innocent passage in the territorial sea;
- a craft being operated by the New Zealand Defence Force or the defence forces of any Government other than that of New Zealand;
- a craft being used wholly for diplomatic or ceremonial purposes of any Government;
- 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;
- a craft being used for the purposes of an official expedition of a Contracting Party;[21]
- vessels that are already cost-recovered through border processing levies, launches, rowing craft, and yachts (including cruise ships and private yachts);
- vessels arriving after having been rescued at sea or which arrive wholly for the purpose of seeking temporary relief from stress of weather and, in the latter case, depart as soon as is reasonably practicable;
- a vessel that departs on a journey that involves returning to New Zealand without entering a foreign port and that is not intended to include a meeting with any craft or persons from a point outside New Zealand;
- any other import or export goods currently exempt from existing cost recovery charges;[22] and
- any goods where collection would not be triggered by the above table.

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[20] A document used for temporary imports and exports.
[21] As per section 7(1) of the Antarctica (Environmental Protection) Act 1994.
[22] Low-value goods would only be exempt if they are declared using an entry or simplified importer declaration. They would not be exempt if they are declared using a write-off request on a cargo report.

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Cabinet Expenditure and Regulatory Review Committee

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

PROACTIVELY RELEASED

Recovering the Cost of Goods Management Activities at the Border

Portfolio **Customs / Biosecurity**

On 4 March 2025, the Cabinet Expenditure and Regulatory Review Committee:

Interim fee changes

1 **agreed** to make changes to the New Zealand Customs Service (Customs') fees from 1 July 2025, as set out in Appendix One to the paper under EXP-25-SUB-0007, without any structural changes, to ensure the financial sustainability of Customs' border management activities;

Structural changes

2 **agreed** to make changes to the structure of Customs' and the Ministry for Primary Industries (MPI's) fees set out in Appendix Two to the paper under EXP-25-SUB-0007 on 1 April 2026 to improve fairness to feepayers, including:

2.1 introducing differential charges for high-value air and sea cargo;

2.2 moving to consignment-based charging for low-value goods;

2.3 discontinuing the Outward Cargo Transaction Fee;

2.4 introducing a new Commercial Vessel Charge to recover the costs of managing commercial vessels – with exemptions for New Zealand Defence Force vessels, fishing vessels making "round trip" voyages that do not visit foreign ports or interact with other vessels, and other vessels where needed to comply with international obligations;

2.5 introducing cost recovery for managing international mail, through a per-kilogram charge on carriers or consolidators importing mail for presentation to New Zealand Post, and a service charge to New Zealand Post for outbound mail;

3 **agreed** that the exemption for fishing boats making round trip voyages to the High Seas be reviewed when goods fees are next reset;

Removal of Crown subsidies

4 **agreed** to remove all Crown subsidies for the processing of low-value air cargo, international mail and managing the risks of commercial vessels, on 1 April 2026, with a corresponding increase in fees;

Budget 2025

5 **noted** that the above decisions are expected to result in a total of 9(2)(f)(iv) [redacted]

6 9(2)(f)(iv) [redacted]

7

8

9

Implementation

10 **invited** the Minister of Customs and the Minister for Biosecurity to issue drafting instructions to the Parliamentary Counsel Office to implement the above decisions, including by updating the fee rates and charging structure over 2025 to 2027;

11 **authorised** the Minister of Customs and the Minister for Biosecurity to make any necessary minor policy and technical decisions needed to ensure the effective implementation of the new goods fees and levies;

12 **agreed** to revoke Customs' existing goods cost recovery fees in clauses 13A, 24A, 28A, and 29A of the Customs and Excise Regulations 1996, and to replace them with levies, pursuant to the structure outlined in the paper under EXP-24-SUB-0007;

13 **authorised** the Minister of Customs to issue drafting instructions to the Parliamentary Counsel Office to draft the levy and fee orders to give effect to the decisions in paragraph 12 for when the changes in the Customs (Levies and Other Matters) Amendment Bill are in force;

Other

14 **agreed** that while goods management charges are a duty, the *de minimis* will continue to not prevent their collection;

15 **noted** that Customs will introduce a standard three-yearly fee review cycle for goods charges, but may undertake out-of-cycle reviews if large imbalances between costs and revenue arise;

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16 **noted** that a joint Customs/Ministry for Primary Industries regulatory impact analysis panel reviewed the Stage 2 Cost Recovery Impact Statement 'Recovering the Costs of Goods Management' prepared by Customs and MPI, and considers that it meets the quality assurance criteria.

Sam Moffett
Committee Secretary

Present:
Rt Hon Winston Peters
Hon David Seymour (Chair)
Hon Nicola Willis
Hon Chris Bishop
Hon Simeon Brown
Hon Erica Stanford
Hon Paul Goldsmith
Hon Louise Upston
Hon Judith Collins KC
Hon Mark Mitchell
Hon Brooke van Velden
Hon Casey Costello
Hon Chris Penk
Hon Mark Patterson

Officials present from:
Officials Committee for EXP

PROACTIVELY RELEASED

CAB-25-MIN-0051

Cabinet

Minute of Decision

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Report of the Cabinet Expenditure and Regulatory Review Committee: Period Ended 7 March 2025

On 10 March 2025, Cabinet made the following decisions on the work of the Cabinet Expenditure and Regulatory Review Committee for the period ended 7 March 2025:

OUT OF SCOPE
[redacted]

EXP-25-MIN-0007	**Recovering the Cost of Goods Management Activities at the Border** Portfolios: Customs / Biosecurity	CONFIRMED

OUT OF SCOPE
[redacted]

Rachel Hayward
Secretary of the Cabinet

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