

Performance Information for Appropriations

Vote Customs

MINISTER(S) RESPONSIBLE FOR APPROPRIATIONS: Minister of Customs (M21)

ADMINISTERING DEPARTMENT: New Zealand Customs Service

MINISTER RESPONSIBLE FOR NEW ZEALAND CUSTOMS SERVICE: Minister of Customs

Part 1 - Summary of the Vote

Part 1.1 - Overview of the Vote

The Minister of Customs is responsible for the efficient and timely collection of Crown revenue forecast to be \$12,216 million in the 2012/13 financial year.

The Minister of Customs is also responsible for the appropriations in the Vote for the 2012/13 financial year covering the following:

- a total of over \$53 million on clearance and enforcement services relating to passengers and crew
- a total of nearly \$69 million on clearance and enforcement services relating to goods
- a total of over \$7 million on clearance and enforcement services relating to craft
- a total of over \$20 million on information and intelligence services
- a total of nearly \$6 million on revenue collection
- a total of nearly \$2 million on policy advice, and
- a total of nearly \$6 million on international services and ministerial servicing.

Details of these appropriations are set out in Parts 2-6 below.

Part 1.2 - High-Level Objectives of the Vote

The New Zealand Customs Service (Customs) contributes to the Government's overall aim of **building a brighter future for New Zealand**, and the two related Government priorities for this term of **building a more competitive and productive economy** that is **export focused**; and **delivering better public services**.

Customs' outcomes and priorities for 2012/13 are aligned with the Government's priorities. Customs aims to deliver high-quality, value-for-money public services at the border, and to support the Government's strategy for lasting economic growth.

Customs is focused on increasing collaboration and integration with other agencies to deliver more streamlined border services while continuing a modernisation programme that includes delivering on investments in modern border infrastructure. In particular, Customs is a key contributor to the border sector "Future Directions" work programme. These efforts can achieve gains in productivity and efficiency for both industry and government.

Customs will also continue its contribution to New Zealand's security and making communities safer through targeted, intelligence-driven risk management of all people, goods, and craft crossing the border. Customs' collection of Crown revenue remains a key contributor to the Government's accounts.

From 2012/13, Customs will contribute to the Government's aims through a focus on four medium-term priorities agreed with the Minister of Customs:

- Disrupt organised crime through a focus on illicit drugs and web of related crimes involving finances, prohibited goods like child pornography, and people smuggling.
- Streamline and simplify trade facilitation, and promote secure and efficient trade with key trading partners.

- More efficient, streamlined and secure passenger facilitation, particularly for trans-Tasman and Asia-Pacific travel.
- Protect and maintain the Crown revenue base through a focus on revenue compliance and efficiencies.

The following table shows how the day-to-day delivery of Customs' outputs, for which appropriations are sought, are linked and contribute to the Government's priorities and the Government outcomes relevant to Customs.

Government Priorities and Outcomes - Links to Appropriations

Government Priorities	Government Outcomes	Appropriations
Disrupt organised crime through a focus on illicit drugs and web of related crimes involving finances, prohibited goods like child pornography, and people smuggling.	Greater security: <ul style="list-style-type: none"> • Make communities safer. Deliver better public services.	Clearance and enforcement services related to passengers and crew Clearance and enforcement services related to goods Clearance and enforcement services related to craft Information and intelligence services Policy advice International services and ministerial servicing
Streamline and simplify trade facilitation, and promote secure and efficient trade with key trading partners.	Build a more competitive and productive economy that is export focused. Deliver better public services. Deliver on investments in modern technology. Greater security: <ul style="list-style-type: none"> • Make communities safer. 	Clearance and enforcement services related to goods Information and intelligence services Revenue collection Policy advice International services and ministerial servicing
More efficient, streamlined and secure passenger facilitation, particularly for trans-Tasman and Asia-Pacific travel.	Build a more competitive and productive economy that is export focused. Deliver better public services. Deliver on investments in modern technology. Greater security: <ul style="list-style-type: none"> • Make communities safer. 	Clearance and enforcement services related to passengers and crew Information and intelligence services Policy advice International services and ministerial servicing
Protect and maintain the Crown revenue base through a focus on revenue compliance and efficiencies.	Build stronger Government accounts. Deliver better public services.	Revenue collection Clearance and enforcement services related to goods Policy advice International services and ministerial servicing

Part 1.3 - Trends in the Vote

Summary of Financial Activity

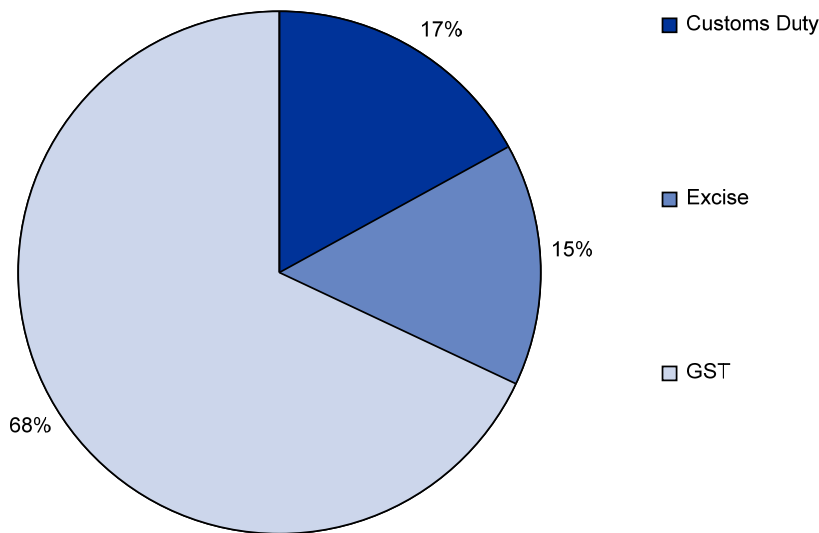
	2007/08	2008/09	2009/10	2010/11	2011/12		2012/13			2013/14	2014/15	2015/16
	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Budgeted \$000	Estimated Actual \$000	Departmental Transactions Budget \$000	Non- Departmental Transactions Budget \$000	Total Budget \$000	Estimated \$000	Estimated \$000	Estimated \$000
Appropriations												
Output Expenses	118,306	122,799	125,616	134,515	140,872	140,272	163,035	-	163,035	157,444	158,436	159,277
Benefits and Other Unrequited Expenses	-	-	-	-	-	-	N/A	-	-	-	-	-
Borrowing Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	536	63	68	54	2,052	2,052	-	2,052	2,052	2,052	2,052	2,052
Capital Expenditure	5,153	6,726	15,822	19,382	49,494	49,494	36,580	-	36,580	10,475	10,160	11,565
Intelligence and Security Department Expenses and Capital Expenditure	-	-	-	-	-	-	-	N/A	-	-	-	-
Total Appropriations	123,995	129,588	141,506	153,951	192,418	191,818	199,615	2,052	201,667	169,971	170,648	172,894
Crown Revenue and Capital Receipts												
Tax Revenue	9,255,680	9,540,235	8,776,726	10,562,751	11,647,000	11,647,000	N/A	12,216,000	12,216,000	13,230,000	14,460,000	15,843,000
Non-Tax Revenue	270	110	192	92	80	80	N/A	80	80	80	80	80
Capital Receipts	-	-	-	-	-	-	N/A	-	-	-	-	-
Total Crown Revenue and Capital Receipts	9,255,950	9,540,345	8,776,918	10,562,843	11,647,080	11,647,080	N/A	12,216,080	12,216,080	13,230,080	14,460,080	15,843,080

Analysis of Significant Trends

Crown Revenue

Crown revenue is collected through customs duties and GST on imports and excise on alcoholic beverages, tobacco, and petroleum products. Figure 1 notes the proportion of collections by category of Crown revenue forecast to be collected in 2012/13.

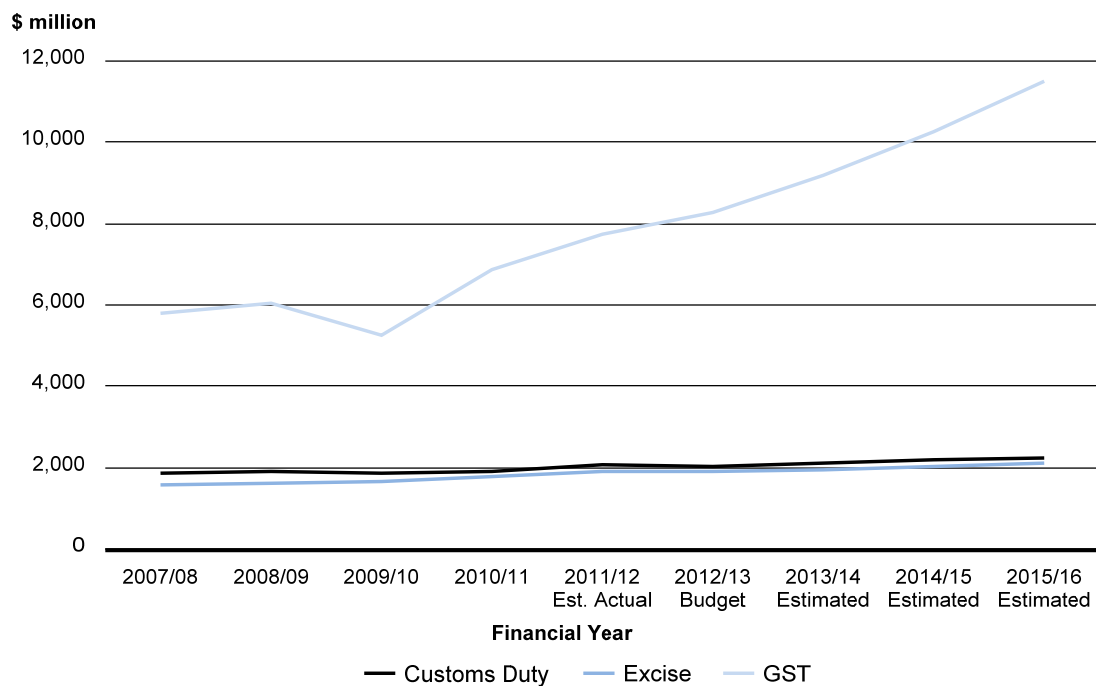
Figure 1 - 2012/13 Crown revenue by collection



Source: New Zealand Customs Service

Figure 2 illustrates growth in actual and forecast Crown revenue collected by category.

Figure 2 - Crown revenue collections by category 2007/08 - 2015/16



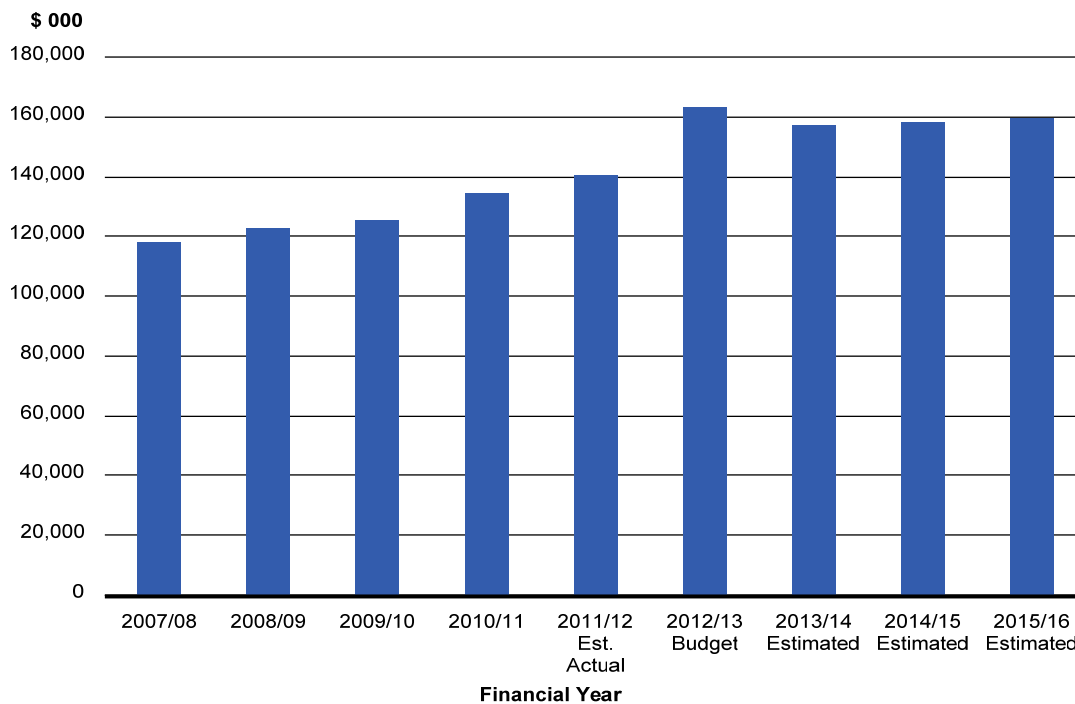
Source: New Zealand Customs Service

Departmental Output Expenses

Annual appropriations for the purchase of departmental outputs are expected to increase by \$22.163 million for 2012/13 compared with 2011/12. The net change in the total appropriation primarily relates to additional operating funding in 2012/13 for the implementation of Tranche 1 of the Joint Border Management System of which \$5.841 million has been transferred from 2011/12. Additional operating funding is also provided for the automated passenger processing and digital tracking and surveillance technology projects and overseas aid funding to support customs sector development in the Pacific.

Trends in comparative actual and estimated expenses for Output Expense appropriations under this Vote are shown in Figure 3 below.

Figure 3 - Trends in total actual and estimated expenses and capital expenditure



Source: New Zealand Customs Service

The increase in output expenses in 2012/13 and future years is primarily as a result of the development of Tranche 1 of the Joint Border Management System and the implementation of automated passenger processing and digital tracking and surveillance technologies.

Part 1.4 - Reconciliation of Changes in Appropriation Structure

2011/12 Appropriations in the 2011/12 Structure	2011/12 (Current) \$000	Appropriations to which Expenses (or Capital Expenditure) have been Moved from or to	Amount Moved \$000	2011/12 Appropriations in the 2012/13 Structure	2011/12 (Restated) \$000	2012/13 \$000
Clearance and Enforcement Services Related to Passengers and Crew	51,244	Transferred from Policy Advice and International Services	881	Clearance and Enforcement Services Related to Passengers and Crew	52,125	53,493
Clearance and Enforcement Services Related to Goods	59,828	Transferred from Policy Advice and International Services	1,011	Clearance and Enforcement Services Related to Goods	60,839	68,818
Clearance and Enforcement Services Related to Craft	7,076	Transferred from Policy Advice and International Services	255	Clearance and Enforcement Services Related to Craft	7,331	7,388
Information and Intelligence Services	8,062	Transferred from Policy Advice and International Services	904	Information and Intelligence Services	8,966	20,461
Revenue Collection	5,807	Transferred from Policy Advice and International Services	357	Revenue Collection	6,164	5,526
Policy Advice	-	Transferred from Policy Advice and International Services	1,504	Policy Advice	1,504	1,844
International Services and Ministerial Servicing	-	Transferred from Policy Advice and International Services	3,943	International Services and Ministerial Servicing	3,943	5,505
Policy Advice and International Services	8,855	Transferred to Clearance and Enforcement Services Related to Passengers and Crew	-881			
		Transferred to Clearance and Enforcement Services Related to Goods	-1,011			
		Transferred to Clearance and Enforcement Services Related to Craft	-255			
		Transferred to Information and Intelligence Services	-904			
		Transferred to Revenue Collection	-357			
		Transferred to Policy Advice	-3,943			
		Transferred to International Services and Ministerial Servicing	-1,504			
Total changes in appropriations	140,872		-		140,872	163,035

Explanations of the reasons for changing the appropriation structure are noted in the details of each appropriation in Parts 2-6.

Part 2 - Details and Expected Performance for Output Expenses

Part 2.1 - Departmental Output Expenses

Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
<p>Outcome: Protection</p> <p>New Zealand is more safe and secure through reduced risk to New Zealand's interests arising from international trade and travel.</p>	<p>Clearance and enforcement services related to passengers and crew</p> <p>Clearance and enforcement services related to goods</p> <p>Clearance and enforcement services related to craft</p> <p>Information and intelligence services</p> <p>Policy advice</p> <p>International services and ministerial servicing</p>
<p>Outcome: Trade</p> <p>New Zealand's trade flows more freely through improved access to markets, and more secure and efficient border processes.</p>	<p>Clearance and enforcement services related to goods</p> <p>Information and intelligence services</p> <p>Revenue collection</p> <p>Policy advice</p> <p>International services and ministerial servicing</p>
<p>Outcome: Travel</p> <p>Travel to and from New Zealand flows more freely through secure and efficient border processes.</p>	<p>Clearance and enforcement services related to passengers and crew</p> <p>Information and intelligence services</p> <p>Policy advice</p> <p>International services and ministerial servicing</p>
<p>Outcome: Revenue</p> <p>The rate of collection of due Customs revenue is maintained for New Zealand.</p>	<p>Revenue collection</p> <p>Clearance and enforcement services related to goods</p> <p>Policy advice</p> <p>International services and ministerial servicing</p>

For further information on the intended impacts, outcomes and objectives of the departmental output expense appropriations, please see the Statement of Intent for the New Zealand Customs Service.

Clearance and Enforcement Services Related to Craft (M21)

Scope of Appropriation

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

Expenses and Revenue

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	7,076	7,064	7,388
Revenue from Crown	6,836	6,836	7,017
Revenue from Other	240	240	371

Reasons for Change in Appropriation

The increase in the appropriation is largely due to additional funding for the delivery of Tranche 1 of the Joint Border Management System.

Output Performance Measures and Standards

Performance Measures	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Percentage of marine craft arriving (estimated 2,200-2,450 commercial craft and 640-715 small craft) that are boarded at first port of arrival (see Note 1)	100%	99.9%	100%
Percentage of all arriving commercial marine craft that are not assessed as high risk that will be subject to Customs secondary interaction (see Note 2)	≥3%	14.4%	≥5%

Note 1 - For the purposes of this measure, marine craft means commercial and small craft.

Note 2 - Secondary interaction may range from talking to the crew to a full rummage. This output maintains high levels of compliance, and acts as a check on risk assessments.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
Current Government						
Joint Border Management System (Stage Two Business Case)	2010/11	297	466	485	485	485
Contribution to the Establishment of the New Zealand Productivity Commission.	2010/11	(4)	(4)	(4)	(4)	(4)
Savings from rationalisation of support functions and rephrasing expenditure across financial years	2009/10	(72)	(72)	(72)	(72)	(72)
Automated Passenger Clearance	2009/10	656	656	656	656	656
Previous Government						
Passenger Processing Facilities at Auckland International Airport	2008/09	31	31	31	31	31
Customs Border Management Systems Replacement Programme	2007/08	62	62	62	62	62
Customs Wellington Head Office Relocation and Modernisation	2007/08	143	143	143	143	143

Clearance and Enforcement Services Related to Goods (M21)

Scope of Appropriation

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

Expenses and Revenue

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	59,828	59,559	68,818
Revenue from Crown	20,004	20,004	23,342
Revenue from Other	39,824	41,324	45,476

Reasons for Change in Appropriation

The increase in the appropriation is largely due to additional funding for the delivery of Tranche 1 of the Joint Border Management System.

Output Performance Measures and Standards

Performance Measures	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Percentage of trade transactions (other than those referred for compliance checks) processed (including assessment against business rules and intelligence alerts) within 30 minutes (of an estimated 4.6-5.5 million import transactions, and 3.1-3.8 million export transactions, and 3,600-4,200 excise returns)	≥95%	99.8%	≥95%
Percentage of import transactions that are deemed compliant based on risk assessment and proceed without further intervention (see Notes 1 and 2)	≥95%	96.9%	≥95%
Percentage of export transactions that are deemed compliant based on risk assessment and proceed without further intervention (see Notes 1 and 2)	≥99%	99.4%	≥99%
Average percentage of commercial customers satisfied or very satisfied with Customs' service (as measured biennially by Customs' stakeholder survey)	≥75%	75%	≥75%
Average percentage of commercial customers rating the quality of the working relationship with Customs as good or very good (as measured biennially by Customs' stakeholder survey)	≥80%	80%	≥80%
Average percentage of commercial customers rating Customs' responsiveness to commercial needs as good or very good (as measured biennially by Customs' stakeholder survey)	≥70%	70%	≥70%
Average percentage of commercial customers that find it easy to comply with Customs requirements (as measured biennially by Customs' stakeholder survey)	≥80%	80%	≥80%

Performance Measures	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Percentage of mail items (of an estimated between 51-59 million mail items) that are referred for further risk assessment	≥0.1%	0.1%	≥0.1%
Percentage of mail items subjected to further risk assessment that result in an enforcement consequence (see Notes 3 and 4)	≥35%	106%	≥55%
Number of trade compliance field audit activities undertaken	1,000-1,200	700	≥700
Number of transactional audit activities undertaken	>20,000	20,532	≥20,000
Percentage of investigation cases (estimated between 400-600 cases) finalised within 12 months of commencement (see Note 5)	≥75%	97%	≥80%
Percentage of serious investigation cases (see Note 6) that lead to punitive action	≥95%	100%	≥95%

Note 1 - The percentage of import transactions deemed compliant is lower than the percentage of export items deemed compliant because the nature of the risk is different between imports and exports, the nature of the traders involved is different, and risk for many exports is managed under the Secure Exports Scheme.

Note 2 - Intervention means action by Customs to carry out further risk assessment. This may include, but is not limited to, document inspection, screening, or search.

Note 3 - This is a measure of the quality of Customs' profiling of mail items. This may include identification of wrong declarations, seizures of goods, forfeit of goods, administrative penalties, referrals to other agencies, and the collection of intelligence information.

Note 4 - Enforcement consequence is comprised of Customs' Activity Reports raised at the International Mail Centre; items referred to the Ministry for Primary Industries, New Zealand Post or Ministry of Health; and items that require an entry. Activity Reports are raised when non-compliant items are found, and action is taken in response.

Note 5 - Investigations measures apply to all investigations cases. The 25 percent of investigations cases that take more than 12 months are particularly complex, and may be connected to subsequent investigations. They may be open for a number of years.

Note 6 - A serious investigation case involves, or has the potential to involve, serious community harm. Examples of serious investigation cases would include those that involve more than \$250,000 drug harm (as calculated using the New Zealand Drug Harm Index), Class A or B drugs for supply, objectionable material involving child exploitation, or the importation of counterfeit medicines.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
Current Government						
Disrupting 'P' Supply and Dismantling Criminal Networks	2010/11	1,779	2,110	2,095	2,095	2,095
Joint Border Management System (Stage Two Business Case)	2010/11	4,077	7,209	7,511	7,511	7,511
Contribution to the Establishment of the New Zealand Productivity Commission	2010/11	(28)	(30)	(30)	(30)	(30)
Savings from rationalisation of support functions and rephrasing expenditure across financial years	2009/10	(83)	(83)	(83)	(83)	(83)
Previous Government						
Customs' Border Management Systems Replacement Programme	2007/08	747	747	747	747	747
Customs Wellington Head Office Relocation and Modernisation	2007/08	1,049	1,049	1,049	1,049	1,049

Clearance and Enforcement Services Related to Passengers and Crew (M21)*Scope of Appropriation*

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

Expenses and Revenue

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	51,244	51,004	53,493
Revenue from Crown	49,337	49,337	51,458
Revenue from Other	1,907	1,907	2,035

Reasons for Change in Appropriation

The increase in the appropriation is largely due to additional funding for automated passenger processing technology and delivery of Tranche 1 of the Joint Border Management System.

Output Performance Measures and Standards

Performance Measures	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Percentage of arriving international air passengers who exit Customs primary processing points within 45 minutes of arrival	≥90%	97.3%	≥90%
Percentage of arriving international air passengers and crew (estimated 4.875-5.400 million passengers and crew) who are deemed compliant based on risk assessment and facilitated without further intervention (see Notes 1, 2 and 3)	≥98%	99%	≥98%
Average percentage of international travellers satisfied that Customs processes passengers quickly and conveniently (as measured biennially by Customs' stakeholder survey)	≥70%	70%	≥70%
Average percentage of international travellers that find the information provided by Customs helpful (as measured biennially by Customs' stakeholder survey)	≥80%	80%	≥80%
Percentage of eligible arriving passengers who use SmartGate	N/A	54%	≥50%
Average percentage of international travellers satisfied that Customs provides a friendly welcome to New Zealand (as measured biennially by Customs' stakeholder survey)	≥65%	65%	≥65%
Percentage of arriving international air passengers and crew who are selected for further risk assessment at Customs' secondary areas (see Note 3)	1.0%-1.4%	1.0%	0.8%-1.2%
Percentage of arriving international air passengers and crew who were selected for further risk assessment who were subsequently subject to a full or partial baggage examination (see Note 4)	25%-35%	26.1%	20%-30%

Note 1 - All passengers and crew are assessed for risk, including screening against advance passenger information. Information is collected from all passengers and crew as part of the facilitation process. Passengers and crew may be subject to dog and x-ray screening, and may also be referred from Ministry for Primary Industries screening.

Note 2 - Intervention means action by Customs to carry out further risk assessment. This may include, but is not limited to, further questioning, interview, or baggage search.

Note 3 - 0.8 to 1.2 percent of passengers and crew are selected for further risk assessment, and directed to secondary areas for further intervention. From this point on, passengers and crew are no longer being facilitated, and Customs is carrying out an enforcement role.

Note 4 - All passengers who are searched produce either intelligence information, or discovery of prohibited, restricted, or dutiable items, or both.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
Current Government						
Joint Border Management System (Stage Two Business Case)	2010/11	1,777	2,640	2,750	2,750	2,750
Contribution to the Establishment of the New Zealand Productivity Commission	2010/11	(234)	(31)	(31)	(31)	(31)
Savings from rationalisation of support functions and rephrasing expenditure across financial years	2009/10	(430)	(430)	(430)	(430)	(430)
Automated Passenger Clearance	2009/10	4,475	4,896	4,896	4,896	4,896
Previous Government						
Passenger Processing Facilities at Auckland International Airport	2008/09	179	179	179	179	179
Customs Border Management Systems Replacement Programme	2007/08	353	353	353	353	353
Customs Wellington Head Office Relocation and Modernisation	2007/08	733	733	733	733	733

Information and Intelligence Services (M21)*Scope of Appropriation*

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

Expenses and Revenue

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	8,062	8,037	20,461
Revenue from Crown	7,342	7,342	9,730
Revenue from Other	720	720	10,731

Reasons for Change in Appropriation

The increase in the appropriation is largely due to additional funding for the delivery of Tranche 1 of the Joint Border Management System.

Output Performance Measures and Standards

Performance Measures	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Percentage of external clients who are satisfied with intelligence and risk products (estimated between 1,600-1,800) disseminated by Customs	≥80%	80%	≥80%
Percentage of external clients who are satisfied with Customs' management of alerts created by their agency (estimated between 35,500-39,500 alerts)	≥80%	80%	≥80%
Percentage of marine areas with aggregated risk assessments in the highest 5% that are allocated resources (see Note 1)	≥80%	94.2%	≥90%
Percentage of requesting agencies and assets providers satisfied with National Maritime Coordination Centre's responsiveness, transparency, and prioritisation in coordination of tasking	≥90%	90%	≥90%

Note 1 - The National Maritime Coordination Centre prioritises and matches available maritime surveillance craft to regions of greatest risk, according to risk assessments completed by civilian agencies. This ensures optimal use of the craft of all agencies.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
Current Government						
Joint Border Management System (Stage Two Business Case)	2010/11	7,898	11,921	12,148	12,148	12,148
Contribution to the Establishment of the New Zealand Productivity Commission	2010/11	(3)	(4)	(4)	(4)	(4)
Savings from rationalisation of support functions and rephrasing expenditure across financial years	2009/10	(6)	(6)	(6)	(6)	(6)
Previous Government						
National Maritime Coordination Centre (NMCC) Staff and Information Systems	2008/09	446	446	446	446	446
Customs Wellington Head Office Relocation and Modernisation	2007/08	96	96	96	96	96
Customs' People Capability	2007/08	6	6	6	6	6

International Services and Ministerial Servicing (M21)

Scope of Appropriation

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

Expenses and Revenue

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	-	-	5,505
Revenue from Crown	-	-	3,177
Revenue from Other	-	-	2,328

Reasons for Change in Appropriation

This is a new departmental output expense appropriation following the reorganisation of policy related appropriations in line with a common definition of policy advice, as required by Cabinet. Additional operating funding is also provided to support customs sector development in the Pacific.

Output Performance Measures and Standards

Performance Measures	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Percentage of draft replies to ministerial correspondence (estimated between 75-100 items) that are provided within 20 working days or as agreed with the Minister (see Note 1)	≥90%	90%	≥90%
Percentage of draft responses to parliamentary questions (estimated between 50-100 items) that are provided to the Minister's office so that answers can meet the timeframe set in Parliamentary Standing Orders	100%	100%	100%
Minister's satisfaction with advice and support in relation to international services and assistance provided	Meets expectations	Meets expectations	Meets expectations

Note 1 - For the purposes of this measure, "working day" means a working day as defined in the Official Information Act 1982.

Policy Advice (M21)

Scope of Appropriation

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

Expenses and Revenue

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	-	-	1,844
Revenue from Crown	-	-	1,805
Revenue from Other	-	-	39

Reasons for Change in Appropriation

This is a new departmental output expense appropriation following the reorganisation of policy related appropriations in line with a common definition of policy advice, as required by Cabinet.

Output Performance Measures and Standards

Performance Measures	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Minister's assessment of his satisfaction that the policy advice provided conforms to the quality characteristics (see Note 1)	Meets expectations	Meets expectations	Meets expectations
Median score (out of 10) for policy papers as assessed by the external reviewer (NZIER)	≥7.5	7.5	≥7.5

Note 1 - The quality characteristics for policy advice (dimension followed by relevant standard) are:

- Purpose - the aim of the advice is clearly stated and it answers the questions set.
- Logic - assumptions behind the advice are explicit and the argument is logical and supported by the facts.
- Accuracy - facts in the papers are accurate and all material facts are included.
- Evaluation - advice provided includes, where appropriate and relevant, the outcomes to be achieved by the recommended course of action and the means by which that achievement will be evaluated.
- Options - an adequate range of options is presented and the benefits, costs and consequences of each option to the Government and the community are assessed.
- Consultation - consultation has occurred: with other government agencies and other affected parties and possible objections to proposals were identified; and with the Maori community on all relevant policy developments as required.
- Practicality - problems of implementation, technical feasibility, timing, and consistency with other policies have been considered.
- Presentation - the format meets Cabinet Office and ministerial requirements; the material is effectively, concisely, and clearly presented, has short sentences in plain English, and is free of spelling or grammatical errors.
- Timeliness - papers are provided in time to meet Cabinet Office and ministerial requirements, or as otherwise agreed.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
Current Government						
Contribution to the Establishment of the New Zealand Productivity Commission	2010/11	-	(3)	(3)	(3)	(3)
Savings from rationalisation of support functions and rephasing expenditure across financial years	2009/10	-	(204)	(204)	(204)	(204)
Previous Government						
Customs Wellington Head Office Relocation and Modernisation	2007/08	-	242	242	242	242

Revenue Collection (M21)*Scope of Appropriation*

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

Expenses and Revenue

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	5,807	5,783	5,526
Revenue from Crown	5,440	5,440	5,509
Revenue from Other	367	367	17

Reasons for Change in Appropriation

The decrease in the appropriation is as a result of one-off costs incurred during 2011/12 partially offset by additional funding for the delivery of Tranche 1 of the Joint Border Management System.

Output Performance Measures and Standards

Performance Measures	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Revenue collected on behalf of the Crown, as advised by Treasury	\$11,647 million	\$11,647 million	\$12,216 million
Revenue collected for other agencies, as advised by the agencies involved	\$360-\$400 million	\$380 million	\$360-\$400 million
Percentage of revenue that is collected electronically	>95%	98.8%	≥95%
Percentage of revenue that is collected by the due date	>98%	99.7%	≥98%
Number of clients that meet credit criteria and have access to the deferred payment scheme (see Note 1)	>8,000	8,345	≥8,000

Performance Measures	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Debt write-offs as a percentage of total revenue collected in that year	≤0.02%	0.001%	≤0.02%
Additional revenue owed that is identified through the trade compliance programme	>\$15 million	\$15 million	>\$15 million

Note 1 - Deferred payment benefits both Customs and traders: eligible traders gain flexibility, and this assists their revenue compliance.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
Current Government						
Contribution to the Establishment of the New Zealand Productivity Commission	2010/11	(3)	(3)	(3)	(3)	(3)
Savings from rationalisation of support functions and rephrasing expenditure across financial years	2009/10	(5)	(5)	(5)	(5)	(5)
Previous Government						
Customs Wellington Head Office Relocation and Modernisation	2007/08	115	115	115	115	115
Customs' Border Management Systems Replacement Programme	2007/08	23	23	23	23	23

Part 5 - Details and Expected Results for Other Expenses

Part 5.2 - Non-Departmental Other Expenses

Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
Objective: To manage debts owed to the Crown and to minimise the impact on Crown Revenue of debts owed to the Crown.	Change in Doubtful Debt Provision
Objective: To meet international obligations and participate in, and contribute to, the international customs community.	World Customs Organisation

Change in Doubtful Debt Provision (M21)

Scope of Appropriation

Provisioning of Doubtful Debts on Customs Crown Revenue.

Expenses

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	2,000	2,000	2,000

World Customs Organisation (M21)

Scope of Appropriation

New Zealand's contribution to the operating budget of the WCO.

Expenses

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	52	52	52

Reasons for Change in Appropriation

Forecast exchange rate change.

Reporting Mechanisms

Appropriation	Reporting Mechanism
Change in Doubtful Debt Provision	Annual Report of New Zealand Customs Service
World Customs Organisation	Annual Report of New Zealand Customs Service

The above table indicates the mechanisms to be used for reporting actual performance for each non-departmental other expenses appropriation.

Part 6 - Details and Expected Results for Capital Expenditure

Part 6.1 - Departmental Capital Expenditure

Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
Objective: To maintain and upgrade capability through the maintenance and replacement of assets.	New Zealand Customs Service - Capital Expenditure PLA

New Zealand Customs Service - Capital Expenditure PLA (M21)

Scope of Appropriation

This appropriation is limited to the purchase or development of assets by and for the use of the New Zealand Customs Service, as authorised by section 24(1) of the Public Finance Act 1989.

Capital Expenditure

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Forests/Agricultural	-	-	-
Land	-	-	-
Property, Plant and Equipment	9,066	9,066	10,889
Intangibles	40,428	40,428	25,691
Other	-	-	-
Total Appropriation	49,494	49,494	36,580

Reasons for Change in Appropriation

The 2012/13 budgeted capital expenditure includes funding provision to:

- implement the first tranche of the Joint Border Management System-Trade Single Window
- introduce advanced tracking and surveillance technology
- continue to develop the programme to install self service border clearance technology for eligible travellers flying trans-Tasman routes, and
- replace and upgrade of Customs' existing plant and equipment.