New Zealand’s Experience with Prohibited Goods in the Postal Stream

Submitted by: New Zealand
New Zealand’s experience with prohibited goods in the postal stream

August 2019
Trade volumes are surging, driven by the growth of low-value consignments purchased online.

Consignments valued less than $1,000 come with lower quality data, increasing their risk profile.

**INCREASING VOLUMES**

Imports under $1,000 (ECI + SID + Postal Packets/Parcels)

(number of transactions)

Unofficial forecast, based on avg annual growth 2014-2017
High: 150% 
Median: 100%
Low: 50%

14.6 million
Import transactions under $1,000

Volume doubled since 2013
551% increase 2010-2017

Unofficial forecast, based on avg annual growth 2014-2017
High: 150%
Median: 100%
Low: 50%

32.0m
25.3m
19.5m
Parcels have overtaken letters in IMC volume; the gap is forecast to widen.

**Inbound IMC Volume Trends**

- **UPU Letters**
  - FY15: 9.8m (+19%)
  - FY16: 16m (-15%)
  - FY17: 25.8m (+17%)
  - FY18: 31.2m (+21%)
  - FY19: 34.7m (-22%)
  - FY20: 24.1m (-29%)

- **UPU Parcels**
  - FY15: 25.8m (+19%)
  - FY16: 30.6m (+17%)
  - FY17: 32.6m (+20%)
  - FY18: 31.4m (-5%)
  - FY19: 25.6m (-2%)
  - FY20: 25.1m (-29%)

- **Total UPU**
  - FY15: 35.6m (+18%)
  - FY16: 36.6m (+2%)
  - FY17: 38.4m (+2%)
  - FY18: 36.2m (-4%)
  - FY19: 27.1m (-22%)
  - FY20: 25.1m (-29%)

*Forecast (by NZ Post)*
OFFENSIVE WEAPONS SEIZURES AT THE IMC (2014-2018)

Weapon Type, 2018

- Knuckle dusters: 37%
- Tasers & stun guns: 51%
- Other: 1%

Offensive weapons seizures at the IMC, 2014-18

<table>
<thead>
<tr>
<th>Year</th>
<th>Seizures</th>
</tr>
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<tbody>
<tr>
<td>2014</td>
<td>405</td>
</tr>
<tr>
<td>2015</td>
<td>378</td>
</tr>
<tr>
<td>2016</td>
<td>564</td>
</tr>
<tr>
<td>2017</td>
<td>632</td>
</tr>
<tr>
<td>2018</td>
<td>3,974</td>
</tr>
</tbody>
</table>

530% increase
Paraphernalia seizures at the IMC, 2014-18

<table>
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<th>Year</th>
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<tr>
<td>2014</td>
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<td>312</td>
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<tr>
<td>2016</td>
<td>377</td>
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<tr>
<td>2017</td>
<td>718</td>
</tr>
<tr>
<td>2018</td>
<td>3,194</td>
</tr>
</tbody>
</table>

345% increase

Paraphernalia seizures at the IMC, 2014-18

- **MDMA (ECSTACY) SEIZURES**: 99% at IMC = 491 seizures
  - 2,300 pills + 13.5 kg

- **CANNABIS SEEDS SEIZURES**: 99% at IMC = 1,076 seizures
  - 24,000 seeds + 2 kg

- **COCAINE SEIZURES**: 97% at IMC
  - 6g per seizure (average)
  - 70% of seizures were 4g or less

NOTE: Some seizure reports record weight as the unit of measurement; others use quantity.
Prohibited Goods

• Online spending in NZ is currently worth approximately NZ$4.2 billion, a 10% increase from the same time last year.
• Customs currently has approximately 4200 items awaiting seizure at the IMC.
• The seizure of an item worth as little as NZ$2 can cost Customs around NZ$60 in administrative expenses.
What we want to do and what we are doing domestically

- **Reduce backlogs**
  - Exploring scenarios where we can change our approach to seized goods disposal
  - Working with other customs administrations and issuing ‘cease and desist’ notices to offshore suppliers and platforms, to prevent the sale of prohibited goods to NZ consumers
  - Updating the Regulated Goods Framework to focus regulatory settings towards highest-risk items

- **Improve health and safety**
  - Supporting NZ Post to develop processes to deal with spills of unknown substances itself, with Customs only attending if there is a border risk

- **Speed up processing**
  - We will be implementing a system whereby we no longer collect GST and tariff duty (except for alcohol and tobacco products), on nearly all postal items, removing the revenue process for non-excisable items

- **Improve data**
  - Reducing the haystack – gradual pre-clearance of low-risk items
  - Working towards ‘data in mail’ project – we are aiming for a full trial in 2019
  - Working to move NZ Post towards WCO3 data provision

- **Ensure all parties pay their share of Customs’ costs**
  - Exploring options for managing the costs we incur in processing postal goods

We will continue progressing Continuous Improvement initiatives
What we are doing in the international context

WE ARE WORKING ACROSS SUPPLY CHAINS ...

Offshore suppliers and platforms  Intermediaries  Importers

... AND GOVERNANCE STRUCTURES

Across Customs

NZ Post

NZ Agencies  » MPI, MoH, etc

Internationally  » UPU (NZ co-chairs WCO-UPU Contact Committee)
  » B5
  » Other customs administrations
Thank you!

Muchas gracias!