



Statement of Intent

2017-2021



NEW ZEALAND
CUSTOMS SERVICE
TE MANA ARAI O AOTEAROA

Protecting
New Zealand's
Border





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STATEMENT OF INTENT 2017–2021
New Zealand Customs Service

Presented to the House of Representatives pursuant
to section 39(4)(b) of the Public Finance Act 1989

ISSN 1176–1857 (Print)

ISSN 1178–5047 (Online)



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Minister's Foreword



This Government is committed to building a more productive and competitive economy that will deliver more jobs, higher incomes, and higher living standards for New Zealanders, and supporting New Zealanders and their families.

The role of the New Zealand Customs Service is both extensive and pivotal to achieving a stronger, more competitive economy, while also protecting our borders. Customs is responsible for protecting the economy from illegal imports and exports, promoting New Zealand's international trade, collecting Crown revenue (about 18 percent of the total Crown revenue is collected by Customs), investigating illegal activity and prosecuting where necessary, and ensuring lawful passengers and goods can move across our borders as efficiently as possible. Furthermore, Customs is also contributing to the Government's priority to deliver better public services.

To continue to support the government's objectives in 2017 and beyond we have set three priorities for the Customs Service.

The current Customs and Excise Act is 20 years old, with some parts being 50 or even 100 years old, and as a result is out of step with modern business practices. It has also been amended many times to deal with changes in trade, travel, security, and technology, which have increased its complexity.

The Customs and Excise Bill, currently before the House, sets to remedy this through modernising and simplifying the current provisions. Once enacted, this Bill will allow for greater cross-agency collaboration, reduce compliance costs for business, create better alignment with other agencies that operate at the border, better protect personal and commercially sensitive information, and increase efficiency and flexibility in the import and revenue collection system. Progressing and implementing this Bill is therefore one of our priorities from 2017.

Our second priority is to continue streamlining the border experience through the use of intelligence and technology, allowing New Zealand to maintain a world-leading customs administration.

Getting the best deal from international trade is vital for the New Zealand economy. Customs works with other agencies to broaden New Zealand's trade opportunities to ensure exporters have continued and sustainable opportunities to grow.

Customs will continue to streamline travel and trade processes while managing growth in travel volumes. High quality trade and customs agreements with key partners

will support the freer flow of secure, low-risk trade with minimum disruption (in time and money) to traders.

Work will continue with our Border 5¹ partners to trial data exchange systems that will allow for the clearance of goods and passengers before they arrive at the border, thereby reducing manual processes while still maintaining security settings.

Customs' focus will continue to be on delivering more efficient and secure passenger services for legitimate travellers. This includes maximising compliance by making it easy for people to understand the rules and by making it harder for people to get around the rules.

Our third priority is to extend assurance at the border. The focus continues to be on the pre-emptive disruption of drug supply chains, including increasingly intercepting and disrupting drug imports offshore. Preventing the smuggling of illicit drugs and other prohibited goods such as weapons, and objectionable material and goods that infringe intellectual property rights, will also continue.

Customs, the Ministry for Primary Industries, and Immigration New Zealand are working on joint border projects using risk and intelligence tools, as well as predictive data analytics, to measure risk at the border more effectively and efficiently.

In other activity, Customs will continue to refine its revenue collection processes to improve compliance and efficiencies and keep a focus on target high-risk areas, including under-valuation and the mis-description of goods.

Customs in 2021 will be using information, innovation, and technology to be a more intelligence-led, risk-based, and customer focused organisation.

This Statement of Intent shows how Customs intends to progress these priorities and deliver value to the Government by advancing New Zealand's international travel and trade, while protecting our border.

I am satisfied that the information on strategic intentions prepared by the New Zealand Customs Service is consistent with the policies and performance expectations of the Government.

Hon Tim Macindoe
Minister of Customs

¹ The membership of the Border 5 group is Australia, Canada, the United Kingdom, the United States of America, and New Zealand.

Comptroller's Introduction



Customs protects and promotes New Zealand through world-class border management, and is essential to achieving a strong, more competitive economy. By 2020/21 we expect to facilitate international trade valued at around \$125 billion, collect nearly \$15.8 billion of Crown revenue, and service around 16.0 million travellers.

Our *Customs 2020* strategy continues to ensure we are well placed to meet the trade, travel, compliance, and enforcement challenges this future brings. It is already allowing us to deliver value through improving the border environment for business and travel, and for collecting Crown revenue. It is also helping us meet our main objective of making compliance easy to do and hard to avoid.

During the next four years we will continue to focus on our four broad areas of change – intelligence-led, border modernisation, customer focus, and people and culture. Success in these will mean that,

by 2021, we have increased insight into the people and organisations engaged in border and revenue transactions and there will be higher assurance over cross-border flows and the Crown revenue we collect.

Border management will be strengthened with greater assurance for all New Zealanders that border risks and non-compliance will be identified and minimised. We are increasing risk profiling of travellers and, now the eGate expansion and upgrade is complete, work is underway to allow additional nationalities to use eGates. The completed Trade Single Window developed with the Ministry for Primary Industries enables border agencies to collect better data to assess risk, and lets traders present import and export information once for use multiple times.

A new Customs and Excise Act will balance the protection of the nation with individuals' rights. This transparent legislation supports economic growth by making it easier for our customers to understand and comply with their customs and revenue obligations; enabling Customs and businesses to quickly adopt future changes in technology and business practice.

We will continue to play an active role in the international customs community, ensuring there is active representation of New Zealand's interests in international customs policy, trade, and security interests, and in law enforcement relationships. This includes influencing the development of international

standards, increasing trade access, and reducing non-tariff barriers through the World Customs Organization, World Trade Organization, and customs chapters within bilateral Free Trade Agreements.

New Zealand Customs will be a trusted partner in a network of mutually recognised border clearance systems working together to support the flow of trade and travellers, and we will be a close partner with Pacific customs administrations jointly developing effective border management to better detect and disrupt organised crime.

Our people are critical to our success. We will continue to invest in a workforce environment that encourages a culture of diversity, agility, and pride. We will build on our workforce capability and capacity to further develop the skills that are necessary in an environment of volume-driven demand, increasing risk, and fast-paced technological processes. We will ensure Customs is a great place to work and our people are highly engaged, have positive wellbeing, and a sense of belonging.

In 2017, we are well on track to realising all of these objectives.

In signing this information, I acknowledge that I am responsible for the information contained on strategic intentions for the New Zealand Customs Service. This information has been prepared in accordance with section 38 and section 40 of the Public Finance Act 1989.

Carolyn Tremain
Comptroller of Customs

Nature and Scope of Customs' Functions

We protect New Zealand's border using world-class tools, world-class people, and innovative approaches. We promote New Zealand's interests by facilitating legitimate trade and travel.

PROTECTING NEW ZEALAND AND ADVANCING OUR ECONOMY

The New Zealand Customs Service (Customs) provides essential border services and infrastructure that protect New Zealand and advance our economy. We work with other agencies to manage the flow of all people, goods, and craft crossing the border, while managing related risks. Our collective border management is among the best in the world, and has contributed to New Zealand's reputation as a trustworthy country for trading with and travelling to.

Protecting New Zealand and facilitating trade and travel are inextricably linked and must be continually balanced. As Customs seeks to protect New Zealand from external risks and threats at the border, we look to have minimal adverse impacts on, and promote, legitimate trade and travel, as these are significant contributors to New Zealand's economic health and growth.

We have three core functions

- **PROTECTING** New Zealand's border
- **PROMOTING AND FACILITATING** secure and efficient trade and travel to and from New Zealand
- **COLLECTING** Crown revenue.

All of our functions are within the scope of Vote Customs. The output class scope and achievement intention statements detailed in *The Estimates of Appropriations 2017/18* for Vote Customs reflect these functions. The nature and scope of Customs' functions are expected to remain the same during the next four years.

Legislative authority

Customs' functions are mandated by the Customs and Excise Act 1996 (the Act) and related regulations. Customs also enforces more than 60 other enactments at the border on behalf of other agencies.

A major review of the Act has resulted in the Customs and Excise Bill (the Bill), currently before the House of Representatives (the House). The majority of the Bill will come into force on 1 April 2018 or six months from Royal Assent (whichever is later).

Customs' services include:

- facilitating the flow of people, goods, and craft across our border
- collecting Crown revenue

- enforcing the law, which includes identifying and seizing prohibited imports and exports
- providing information, intelligence, and risk assessment products to external customers
- monitoring whether traders and travellers are complying with border requirements, and providing assurance over trade security and the border revenue system
- providing policy advice to Ministers on issues relating to the border and revenue
- participating in the international customs community by contributing to the development of international customs policy and through our relationships with overseas customs and law enforcement bodies
- supporting the economic, protection, and security outcomes of other agencies.

Through these services we prevent harm from a range of risks, including risks to New Zealanders' security, health and safety, and values, and to the collection of Crown revenue. Our frontline and offshore presence, and targeted interventions, help to create a low-risk border by deterring and responding to offending.

Customs promotes and facilitates secure and efficient trade and travel through formal customs partnerships, input to New Zealand's Free Trade Agreements (FTAs), and support for traders to benefit from those agreements. These services are essential to New Zealand's economic competitiveness and increasing New Zealand's exports and value of tourism.

About 18 percent of the Crown's total core tax revenue is collected by Customs². We work with other agencies to provide assurance across the Crown revenue system at the border.

Open and transparent government

Customs supports the Government's commitment to open and transparent government by making high-value public data, which can be read by technology, available for re-use³. Customs' border management IT system generates, amongst other things, important trade and travel data. This data provides information on New Zealand's trade and tourism that Statistics New Zealand releases.

² Customs collects import duty, excise-equivalent duty, and GST at the border; and excise duty within New Zealand.

³ "Government data", or "public data", refers to unclassified and non-personal data. All classified and personal information is protected.

CUSTOMS' PLACE IN THE BORDER SYSTEM

As a border agency Customs connects with a range of sectors and has relationships spanning economic, community protection, security and intelligence, and border management interests. The border is a convenient checkpoint at which a number of agencies can give effect to the laws and policies they administer. Good border management allows this by effectively managing a broad range of risks while minimising the disruption of legitimate trade and travel.

Border Sector agencies⁴ have been working together since 2007 to provide an integrated and responsive border management system that best serves New Zealand's interests by facilitating trade and travel while managing risk. Many of the initiatives progressing under the *Customs 2020* strategy are helping to achieve this.

The Border Sector is developing a system-based strategy and a vision out to 2025. This includes supporting the Government's Business Growth Agenda (BGA) goals, notably *operating the world's most efficient and cost-effective border management system to support trade and people flows*.

The strategy will adopt a customer-centric approach, involving the Border Sector working with key stakeholders and industry to create more opportunities to achieve border goals. Existing government policy, such as the "seamless" work with Australia to remove unnecessary delays and checkpoints for people and goods crossing the border, will remain a focus.

The trans-Tasman environment provides the perfect, low-risk setting in which to test new technology and to add biometric data to advance passenger processing.

Our strategic view of Customs' role in the border system going forward is currently under development in parallel with the development of a new Border Sector Strategy. We will ensure that our strategy and processes support the delivery of the new Border Sector Strategy and the achievement of the BGA goals.

CUSTOMS INTERNATIONALLY

Customs plays an active role in the international customs community, ensuring that there is active representation of New Zealand's interests in international customs policy, trade and security interests, and law enforcement relationships to deliver on our functions by being:

- in a position of global leadership, where we are able to effectively influence the development of international standards, increase trade access, and reduce non-tariff barriers through the World Customs Organization, World Trade Organization, and customs chapters within bilateral FTAs
- able to gather and use information and intelligence from both traditional and non-traditional partners to enable targeted upstream disruption, with offshore partners willing to act on our behalf to prevent harm reaching New Zealand's borders
- a trusted partner in a network of mutually recognised border clearance systems to facilitate the flow of trade and travellers. This includes the exchange of quality data and also applies to increasing volumes of e-commerce trade
- a close partner with Pacific customs administrations to jointly develop effective border management that will in turn enhance the Pacific region's ability to detect and disrupt organised crime, while allowing legitimate trade and travel.

⁴ The Border Sector comprises the Ministry for Primary Industries, the Ministry of Business, Innovation and Employment (Immigration New Zealand), the Ministry of Transport, and Customs.

Operating Environment

Customs operates in a dynamic environment of growing trade and travel volumes, increasing risk, and increasing service expectations.

AN ENVIRONMENT OF INCREASING DEMAND, RISK, AND OPPORTUNITY

Customs expects by 2020/21 to be processing around 2.7 million additional international air travellers per annum, managing about 23 percent more in trade volumes, and collecting an additional \$2.7 billion in Crown revenue per annum, compared with 2016/17. Customs will be responding to this growth and the related service expectations while uncovering and mitigating increasing and more sophisticated criminal offending, and new and emerging threats to the border.

Growth in service demands includes:

- contributing to the Government's strategy, including the Trade Agenda 2030, in particular the Export Markets stream of the BGA, and delivering better public services for improved interaction with government for New Zealanders and New Zealand businesses
- increased trade and travel with emerging economies, particularly Asia, that is expected to outpace growth from New Zealand's traditional source countries significantly, presenting increased risks and new service challenges
- changing business models, such as the rapid growth of online purchasing of goods and services from overseas and the impacts on revenue collection and assurance, and changing dynamics in the shipping, ports, and airports sectors
- increased complexity in the nature of cross-border crime and security risks, including more organised and sophisticated trans-national criminal offending, particularly relating to illicit drugs, and emerging and continually evolving global risks.

The following graphs (page 9) show the forecast volume growth in both travel and trade, requiring management, and the forecast level of Crown revenue collection, by Customs through to 2021.

THE LONGER-TERM ENVIRONMENT

New Zealand's prosperity will always rely on international trade and travel and the ability of the market participants, including Customs, to adapt to, and influence, the transforming global landscape that is changing the operating environment.

The following trends out to 2030 are likely to alter our operating environment:

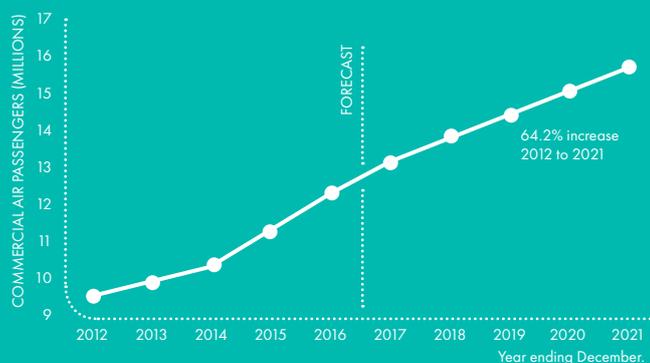
- population growth in developing countries with, on the whole, younger people; population decline in developed countries with older people; rapidly increasing urbanisation; the growth of mega cities and the middle class
- a power shift from west to east, with global institutions increasingly shaped by non-western views; and changes to global supply chains driven by e-commerce, with the emergence of powerful retailers seeking to influence the regulatory environment
- climate change, given that greenhouse gas emissions are expected to double between 2010 and 2060
- technology convergence with rapid development; and a mature digital ecosystem with unprecedented data richness and connectivity
- empowered individuals through poverty reduction, increasing education, and access to information and technology; demand for more transparency; and the changing nature of work through the automation of tasks and moves to freelancers rather than employees
- a volatile economic environment driven by population growth and demographic transition, power, and climate changes, that is likely to tighten the fiscal environment in which New Zealand's government operates.

In the absence of significant disruptive events, we expect these trends to be reflected in our operating environment in the medium to long term through:

- increased international trade and travel, through more globally integrated supply chains
- increased integration of border services – domestically, internationally, and with private sector parties
- increased migration, both legal and illegal, from developing economies to developed economies
- new border and revenue management opportunities enabled by technology
- new threats enabled by technology that challenge traditional border management approaches
- an increased risk of sophisticated trans-national criminal threats, and increasing global security and law enforcement partnerships to deter and detect threats offshore.

Forecast volume growth⁵

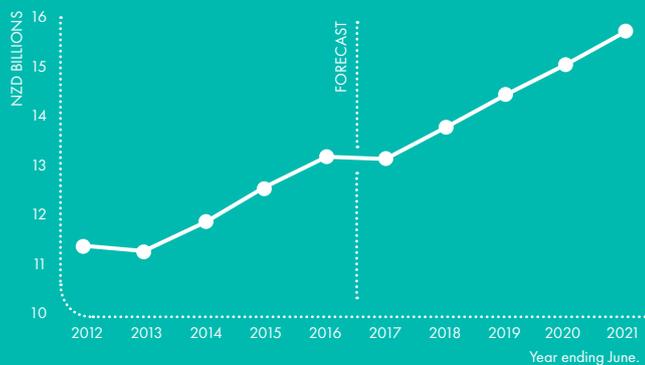
New Zealand's inbound and outbound air travel volumes



New Zealand's trade volume growth



New Zealand's border-related Crown revenue



⁵ Trade information and the Crown Revenue forecast are from the Treasury's Budget Economic and Fiscal Update 2017. The travel forecast is based on Customs' data to 2016, and the percentage change forecast for each subsequent year is in the Ministry of Business, Innovation and Employment's *New Zealand Tourism Forecasts 2017-2023* (<http://www.mbie.govt.nz/info-services/sectors-industries/tourism/tourism-research-data/international-tourism-forecasts/2017-2023-forecasts>)

Strategic Intentions

Powerful drivers are shifting the global environment, and Customs expects to be operating in a more volatile, diverse, and accessible world. Our *Customs 2020 strategy* will ensure we are well placed to meet these changing demands at the border.

WHAT WE AIM TO ACHIEVE

Government's priorities and Ministerial priorities

Customs seeks to ensure New Zealand is safer and more secure through reduced risks from international trade and travel.

Working to achieve this allows Customs to support the Government in achieving a stronger and more prosperous New Zealand through its priorities of:

- building a more productive and competitive economy
- delivering better public services.

Getting the best deals from international trade is vital for the New Zealand economy. In support of the BGA, Customs works with other agencies to broaden New Zealand's trade opportunities to ensure that exporters have sustained and sustainable opportunities to grow.

Customs will focus on delivering the priorities agreed with the Minister of Customs for the Customs portfolio for 2017 and beyond:

- a new Customs and Excise Act
- streamlining the border experience
- extending assurance at the border.

We aim to achieve the following outcomes:

Protecting New Zealand's border – New Zealand is more safe and secure through reduced risks to New Zealand's interests arising from international trade and travel.

Our priority focus will be on the pre-emptive disruption of supply chains, including increasingly intercepting and disrupting drug imports offshore. Support for this work will be through targeted engagement with partner governments through a greater involvement in capacity-building and relationship-building, and a strategic use of our overseas posts. Preventing the smuggling of illicit drugs and other prohibited goods such as weapons, and objectionable material and goods that infringe intellectual property rights, will also continue.

Promoting and facilitating secure and efficient trade – New Zealand's trade flows more freely through improved access to markets, and more secure and efficient border processes.

We will continue to streamline trade facilitation processes, and promote secure and efficient trade with trade partners through high-quality trade and customs agreements that support the freer flow of secure, low-risk trade with minimum disruption (in time and money) to traders. We will work with our Border 5 partners to trial systems that maximise the potential of data exchange in the clearance of goods and passengers before they arrive at the border, thereby reducing manual processes while still maintaining security settings.

Promoting and facilitating secure and efficient travel – Travel to and from New Zealand flows more freely through more secure and efficient border processes.

The focus will continue to be on delivering more efficient, streamlined, and secure passenger services for legitimate travellers through more integrated and automated processes and improved risk management.

Collecting Crown revenue – Revenue due to the Crown is accurately returned, assessed, and collected through secure and efficient processes.

The priority focus will be on the streamlining of revenue-collection processes by improving revenue compliance and efficiencies, as well as targeting high-risk areas. We will continue to engage with other government agencies to support this work and engage with industry in some sectors as part of a broader initiative to improve communication and develop compliance.

Customs' strategy

Customs 2020 will enable Customs to manage the significant environmental and service changes and deliver a responsive, challenging work programme in the next four years. It is driving our planning and organisational development through our purpose, philosophy, key objective, and day-to-day focus (set out below), which combine to provide Customs' vision. Work on this strategy began in 2013 with the implementation of a five-year delivery plan starting in 2015.

Our Purpose – Protecting and promoting New Zealand through world-class border management

This reflects our core function of protecting New Zealand's border using world-class tools, world-class people, and innovative approaches. We promote New Zealand's interests by facilitating legitimate trade and travel.

Our Philosophy – We will operate with a spirit of service excellence

We operate with a spirit of service excellence and work hard to ensure that our reputation of service excellence is upheld. We are respected for our long tradition of service to New Zealand, and trusted to protect New Zealand’s interests with professionalism and integrity. We are enterprising and agile, and are well connected internally, with other agencies, and internationally. We are a family with a strong sense of belonging amongst our people.

Our Key Objective – Make compliance easy to do and hard to avoid

Customs’ key objective is to maximise compliance by making it easy for people to understand the rules and to work with us, and by making it harder for people to get around the rules.

Our Day-to-Day Focus – High assurance with a light touch

In fulfilling our purpose with a spirit of service excellence, we focus on providing and achieving high assurance with a light touch. This ensures that traders and travellers who present risks are identified

and appropriately managed, with the minimum possible adverse impacts on legitimate trade and travellers.

Our strategy seeks to deliver on Customs’ outcomes and Government priorities within agreed funding levels through:

- developing more customer-focused and technology-enabled services that enable and encourage compliance
- enhancing intelligence-led risk management
- increasing collaboration with industry, government, and international partners, underpinned by a philosophy of continuous improvement.

Customs in 2021

Our key strategic objective of making compliance easy to do and hard to avoid involves both delivering a better service experience for customers who want, and try, to comply and providing a more targeted and cost-effective enforcement of non-compliance. By 2021 Customs will be using information, innovation, and technology to be a more intelligence-led, risk-based, and customer-focused organisation.



Figure 1: Customs’ 2021

Customs' Strategic Framework

PURPOSE Protecting and promoting New Zealand through world-class border management

KEY OBJECTIVE Compliance is easy to do and hard to avoid



Building a more productive and competitive economy

Delivering better public services

A new Customs and Excise Act

Streamlining the border experience

Extending assurance at the border

- Be Intelligence-led
- Modernise the Border
- Enhance Services with a Customer Focus
- Support the Development of our People and Enhance our Culture

Reduced harm and potential harm from illicit people and goods

Increased disruption of illegal border activity

Reduced levels of intervention with compliant trade and travellers

Reduced risk of Crown revenue leakage

Improved service experiences for traders and travellers

Increased efficiency and security of New Zealand's trade supply chains

Increased levels of voluntary compliance

Improved cost-efficiency and effectiveness

Improved people capability to meet current and future operating intentions

Enhanced leadership development

Improved engagement in innovation and continuous improvement

Increased retention of Customs' staff with less than four years' service

Improved health and safety, and wellbeing

Protecting New Zealand's borders
New Zealand is more safe and secure through reduced risks to New Zealand's interests arising from international trade and travel

Promoting and facilitating secure and efficient trade
New Zealand's trade flows more freely through improved access to markets, and more secure and efficient border processes

Promoting and facilitating secure and efficient travel
Travel to and from New Zealand flows more freely through more secure and efficient border processes

Revenue
Revenue due to the Crown is accurately returned, assessed, and collected through secure and efficient processes

Output Classes

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

Revenue collection

Policy advice

International services and ministerial servicing

Delivering on Our Strategic and Operating Intentions

Meeting changing pressures at the border requires an ongoing transformational effort that affects all areas of our business. It includes continuing to embed new models of service delivery that are changing the way we manage our trade, travel, compliance, and enforcement functions.

OUR OPERATING MODEL

Customs is focusing on making compliance easy to do and hard to avoid and achieving high assurance with a light touch to clear compliant trade and travellers so we can focus on the high-risk and illegal border movements.

Customs’ operating model involves the collection and analysis of information to assess the risks associated with people, goods, and craft in advance of their arrival in and departure from New Zealand. This approach relies on Customs accessing and sharing information, and identifying specific people, goods, and craft of interest for a targeted intervention allowing the identification and quantification of potential risks as early as possible. Information is central to what we do and how we do it (see Figure 2, below).

International Engagement

In an increasingly interconnected world, all *Customs 2020* goals relating to trade, travel, and protection rely on a programme of targeted international engagement. To ensure Customs’ international programme supports these goals, we will maintain engagement with key groupings (the Border 5, the World Customs Organization, and the Universal Postal Union) and major bilateral partners (China, the European Union,

the Pacific, India, Japan, Korea, and Central and South America). These engagement plans outline the main engagement activities based on four interdependent pillars.

- Trade/Travel – Supporting travel facilitation and the imports and exports of goods with international partners through negotiating better access, reduced non-tariff barriers, quality data exchange, and simplified entry procedures, while mitigating risk.
- Protection – Engaging and influencing both new and established partners to disrupt and dismantle syndicates offshore through targeted upstream disruption.
- Capacity-building – Maintaining a targeted rolling programme of capacity-building activities that builds influence and goodwill with key international agencies across policy and enforcement, including a significant contribution to ensuring a stable Pacific region through close partnerships with Pacific island nations.
- Relationship-building – Building enduring relationships with key partners that are maintained via a rolling programme of targeted bilateral and multilateral visits and events that are leveraged to support Customs’ outcomes.

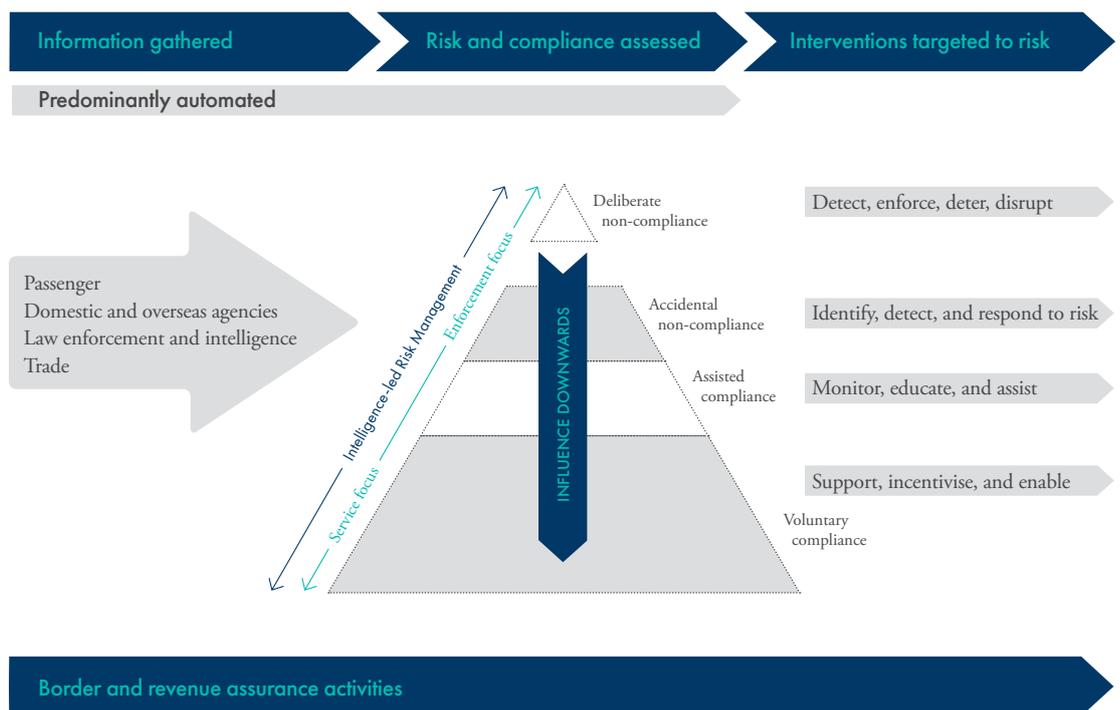


Figure 2: Customs’ Operating Model

CUSTOMS’ CHANGE PROGRAMME

Customs 2020 provides the high-level design and roadmap for the transformation occurring in all areas of our business to meet the changing demands at the border and prepare ourselves for the operating environment of the future; ensuring the conversion of our strategic vision into operational delivery.

The governance of the ongoing delivery of change is through four workstreams:

- be intelligence-led
- modernise the border
- enhance services with a customer focus
- support the development of our people and enhance our culture.

VISION:
How we want to be working in the future

PURPOSE
OUR BELIEFS, OUR SPIRIT, OUR CHARACTER, OUR FOCUS
KEY OBJECTIVE: MAKE COMPLIANCE EASY TO DO AND HARD TO AVOID

DELIVERY:
Changes to achieve our objective

Be Intelligence-led

We will harness better data and deepen the connection to the front line to better manage border risk, increasing our interception and revenue collection rate, while refining our intervention rate.

Modernise the Border

We will work with our partners to draw together regulation, information, and processes enabling a clearer whole-of-border view and operation.

Enhance Services with a Customer Focus

We will create easier, more cost-effective, and efficient experiences for travellers and traders who pose a low risk to New Zealand’s revenue, safety, or economy.

Support the Development of our People and Enhance our Culture

We will create a workforce environment that encourages diversity, agility, and more efficient and effective mobilisation, and increases the engagement of our people.

Figure 3: Customs 2020 – Achieving the Vision

New Customs and Excise Act

Customs has undertaken a review of the Act. The Bill resulting from this work is currently before the House and is integral to the change programme in Customs. The legislation now reflects modern business practices and supply chains, and provides for greater cross-agency collaboration. It will also offer benefits to industry by reducing compliance costs and creating better alignment with the other government agencies that operate at the border.

The key changes that will be made through the Bill are:

- restricting Customs’ power to examine electronic devices through the use of statutory thresholds
- creating a consistent, transparent framework for information, including protections for personal and commercially sensitive information
- increasing efficiency and flexibility in the import and revenue collection system to reflect changing patterns and volumes of trade
- creating a modern, transparent, and fair sanctions regime.

Be Intelligence-led

We will harness better data and deepen the connection to the front line to better manage border risk, increasing our interception and revenue collection rate, while refining our intervention rate.

INTELLIGENCE-LED AT A GLANCE

What we're delivering



Stratified sampling



Enhanced data analytics



Enhanced collection capabilities



Valued intelligence product



More intelligence liaison activity

Will result in

1. An enhanced understanding of compliance and non-compliance at the border
2. A better understanding of risk leading to a higher inspection strike rate with fewer inspections of low-risk cargo/travellers
3. More intelligence flowing into our risk assessment methodology and the prevention of smuggling
4. Decision-makers being better informed
5. Domestic and international partnerships that enable more intelligence to flow into our risk assessment capability

To date we have established a border analytics team that, using new tools, will help improve our understanding of criminal activity and risks at the border, and targeting of activity to risk. An expansion of the team in late 2016 to include border partners has resulted in a joint border analytics team.

The key initiatives within the Intelligence-led stream through to 2020/21 will focus on delivering a world-class border data analytics capability by:

- fully implementing and embedding analytical tools and techniques
- ensuring that our intelligence products are of real value to decision-makers, with feedback loops in

place ensuring that all information and intelligence flow appropriately across the service and beyond

- enhancing the levels of appropriate cooperation and information-sharing with domestic and international partners to ensure that timely intelligence can be used to protect New Zealand and our partners' borders
- developing a regular programme of stratified sampling, that will underpin our risk assessment methodology to provide a stronger understanding of compliance at the border.

Border Modernisation

We will work with our partners to draw together regulation, information, and processes enabling a clearer whole-of-border view and operation.

BORDER MODERNISATION AT A GLANCE

What we're delivering



Modern, future-proof information systems



Implementing and embedding fit-for-purpose legislation



Automating low-risk, high-volume passenger processing



Creating a secure and enabling border environment where Customs is mobile in every sense, effective, and efficient



An operational environment able to work effectively within agreed funding levels



Exploration of Trusted Trader and Trusted Traveller models



Support for exporters to realise the benefit of Free Trade Agreements

Will result in

1. Fewer inspections of low-risk cargo/travellers
2. Increased self-service by customers
3. Reduced cost for passengers, traders, and Customs
4. More focus on higher-risk passengers and goods
5. Better informed exporters
6. Easily understood legislation

To date the focus has been on developing resources to support border modernisation. The Bill, developed following a major review of the Act, is currently before the House. We have: expanded the use of eGates (SmartGates); delivered the Joint Border Management System that is streamlining trade activity and improving risk identification and management; and continue to negotiate Mutual Recognition Agreements. The Border Clearance Levy has been implemented, allowing border activities to respond to demand and create a more sustainable platform for border risk management services. The implementation of a mobility programme has enabled the delivery of more efficient and responsive services.

The Operations Transformation Programme has considered the current and future operating environments and implemented a new people structure for our Operations workforce. It is delivering efficiencies by realigning roles to optimise resources to manage growing volumes and border risks. Pilots testing trans-Tasman

"seamless" border models, including the Trusted Trader and Trusted Traveller concepts, are in place.

The key initiatives within the Border Modernisation stream through to 2020/21 will focus on:

- the passage, implementation, and embedding of a new Customs and Excise Act and supporting regulations that will future-proof our system to enable changes in technology and business practices to be easily accommodated in the future
- developing, with our Border Sector partners, a new Border Sector Strategy, and commencing the implementation of that strategy
- providing support for the Government's Trade Agenda 2030 ambition to have 90 percent of New Zealand's goods exports covered by FTAs by 2030
- developing the technology tools to underpin our joint border analytics initiatives.

Customer Focus

We will create easier, more cost-effective, and more efficient experiences for travellers and traders who pose a low risk to New Zealand’s revenue, safety, or economy.

CUSTOMER FOCUS AT A GLANCE

What we’re delivering



Organisational and sector approach to customers and service delivery



Comprehensive understanding of, and insights into, customer needs, expectations, behaviour, and compliance intent



Co-design of services



Enhanced relationships with customers

Will result in

1. Services that deliver better customer experience and value
2. Customers finding it easy to understand both what they’re entitled to and what they need to do to comply with the rules
3. Higher levels of voluntary compliance and trust, to inform more tailored services
4. Agencies joining up to provide easily accessible and seamless services

Customs’ Service Charter and Service Standards, introduced in August 2015, set out what customers can expect from us and what we expect of them. We have completed work to identify the primary variables for customer segmentation in support of delivering customer-centric services for our two broad customer groups of traders and travellers. The focus has been on separating the types of service and the required support needed to ensure service uptake and user confidence are high for these groups.

The key initiatives within the Customer Focus stream through to 2020/21 will focus on:

- increasing our insight into our customers’ needs and expectations
- completing the upgrade of Customs’ websites
- further embedding innovation and business improvement approaches
- developing more customer-centric border services in collaboration with our Border Sector partners and our customers.

People and Culture

We will create a workforce environment that encourages diversity, agility, and more efficient and effective mobilisation, and increases the engagement of our people.

PEOPLE AND CULTURE AT A GLANCE

What we're delivering



Constructive, enabling, safe, and rewarding employment environment



Support to the change agenda



New capabilities; risk and intelligence; customer focus; facilitation; tradecraft



Skilled leaders and managers



Linked career and development pathways



Collaboration with agencies

Will result in

1. A sustainable, capable, flexible, engaged, healthy and safe workforce
2. Successful leadership through change
3. Continual professional development of the required capability and skillsets in our people
4. A culture of innovation and continuous improvement

Customs has continued building on the experience, integrity, pride, and culture of continuous improvement to support the changing work environment. Work continues on building workforce capability and capacity in an environment of volume-driven demand, increasing risk, and fast-paced technological opportunities. An enhanced leadership programme is now in place and the tools for focused individual development programmes developed. The repositioning of pay and allowances has led to the introduction of fair and competitive remuneration.

The key initiatives within the People and Culture stream through to 2020/21 will focus on:

- developing a view of our future workforce capability
- realising the benefits of the workforce changes introduced in 2016 through the Operations Transformation Programme
- continuing to enhance leadership and talent programmes
- increasing the diversity in our workforce and enhancing the inclusiveness of our culture
- further enhancing our workplace safety.

Diversity and Inclusion

At Customs we champion, promote, and embrace diversity in our people and their views, through our strategies, values, and leadership behaviours, as we know it is critical to our operational success and the services we deliver. We strive to create an organisation that reflects and responds to the community we service, and where all staff feel safe, included, and valued. In January 2014, we established the Customs Diversity and Inclusion Council to inform and support our strategy.

As part of the government's priority of delivering better public services, all agencies are focusing on diversity and inclusion with the aim being that:

- *our state services reflect, understand, and value the diversity of the communities we serve*

- *we use best practice to identify what works and drive change across the system to create an inclusive culture across the public service*
- *we deliver to New Zealand's diverse communities and people.*

Our focus is on identifying the diversity profile appropriate to Customs and implementing strategies to achieve it, including gender balance. Identification of gender and ethnic minority pay gaps, and pay equity gaps, is being progressed to allow the development of strategies to close them. Measurement of progress is critical to the successful implementation of our strategy. Feedback loops and measures to assess effectiveness are under development.

Customs aims to achieve the following objectives in four key focus areas:

Educate

- We understand what diversity and inclusion mean, and can articulate why they are important to Customs.
- We understand that our attitudes, beliefs, and past experiences may create unconscious bias that can affect our interactions with others.
- We are aware of the potential barriers faced by non-dominant groups in the workplace, in the community, and at our border.
- We are aware of the impacts that the changes to our population, and increases in travel and trade, have on the way we need to work and deliver our services.

Embrace

- Customs supports and celebrates the diversity that makes up our community, our customers, and our workforce.
- Leaders are seen as champions of diversity, and role model inclusive practices as key enablers of organisational performance.
- We recognise, accept, and value the diversity of our colleagues and act in a way that is inclusive of all, regardless of differences.
- We utilise the diversity of our colleagues to better achieve team and workgroup goals and deliver on our purpose of protecting and promoting New Zealand.

Empower

- Customs identifies and removes barriers that inhibit particular individuals or groups from reaching their full potential.
- We feel that we are provided with equal opportunities for recruitment, development, and promotion regardless of differences such as (but not limited to) ethnic background, culture, age, gender, or family status.
- We feel safe to speak out against intimidation, bullying, harassment, and inappropriate language and behaviour.

Embed

- Diversity and inclusion principles are fully integrated into all Customs' infrastructure and systems, leadership practices, and communications.
- Customs regularly measures, monitors, and updates its strategy and diversity and inclusion initiatives.
- Customs can credit specific accomplishments of its diversity and inclusion strategy for contributing to overall organisational objectives.
- Customs' approach to diversity and inclusion contributes to it being a role model for other organisations and an employer of choice within the New Zealand public sector.

INVESTMENT INTENTIONS

Customs' border management systems and equipment are required to operate reliably and accurately 24 hours a day, seven days a week, both at the front line and for support functions. Customs has identified technology systems that are critical to service performance and therefore, the delivery of our strategic intentions. Service Level Agreements are in place with the technology providers that cover expected performance. The agreed level of availability required is 99.5 percent incorporating any planned outages. The handling of system / service unplanned outages is based on the priority of the incident. Information system performance is monitored daily and remedial action taken if performance is not of the required level.

Investing to meet the changing demands in our future operating environment and at the border, while maintaining an enduring and sustainable funding position, will be challenging. Using investment options that incur only operating expenditure, e.g. as-a-service options, rather than the traditional capital expenditure and associated operating expenditure options, will assist in achieving this goal.

Asset management and investment planning are fundamental to Customs given our increasing reliance on technology to deliver services. Customs continues to grow an effective capital planning process, assuring the appropriateness and affordability of all investments through careful prioritisation. In managing the correct balance of investments, implementation risks are manageable and benefits are realised.

Key areas of future investment include maintaining reliable and fit-for-purpose border management ICT systems and operational equipment that will provide technology solutions at the front line. This investment will need to seek innovative solutions that will enable the absorption of unrelenting volume increases in trade and travellers, while meeting customer expectations, within staffing levels that cannot increase at the same rates. Expanding the coordination of investment decisions across the Border Sector will also be crucial to managing increasing service demands and risks at the border in a constantly evolving environment.

MEASURING OUR PERFORMANCE

Collectively, the four workstreams of *Customs 2020* aim to deliver significant changes in the efficiency and effectiveness of Customs' operations in the next four years. Reporting of performance and benefits' realisation through the implementation of our strategy will be included in:

- the relevant measures in the *Estimates of Appropriations* for Vote Customs
- other measures and baselines that are being established to address indicators not covered by Estimates measures.

Reporting will occur annually in the *New Zealand Customs Service Annual Report*. This reporting will cover annual results as well as cumulative results showing the progress we have achieved through the implementation of our strategy.







NEW ZEALAND
CUSTOMS SERVICE
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**Protecting
New Zealand's
Border**