

# TOWARDS CUSTOMS 2020

23 September 2013



NEW ZEALAND  
**CUSTOMS SERVICE**  
TE MANA ĀRAI O AOTEAROA

PROTECTING NEW ZEALAND'S BORDER

## OUR JOURNEY

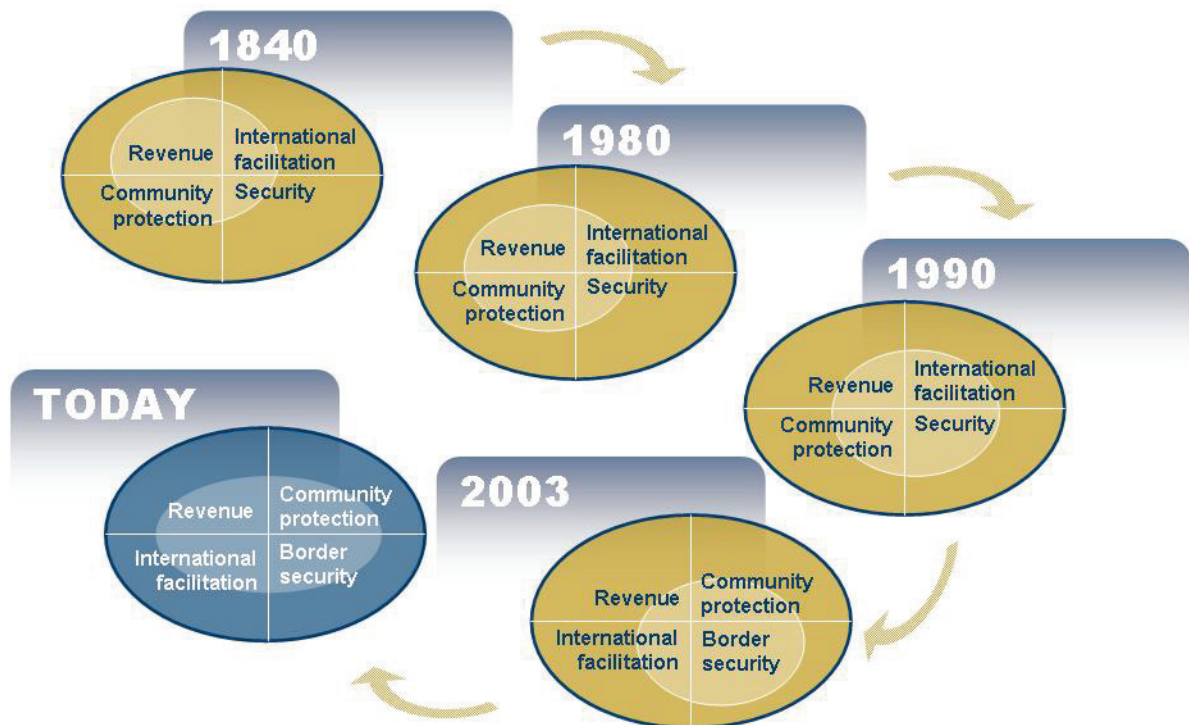
New Zealand Customs has a strong legacy, dating back to 1840.

Our role and priorities have evolved as the needs of our society, and the priorities of successive governments, have changed. The emphasis has moved progressively from a predominant focus on revenue in 1840, through to today's diverse focus on facilitation of international trade and travel, community protection, revenue assurance and border security.

Serving New Zealand's changing social, economic, security and environmental interests through our border and revenue functions is our enduring role.

Our purpose is to protect and promote New Zealand through world class border management.

## Customs' changing focus



New Zealand Customs is our country's oldest government department. We have always been, and remain a well-regarded organisation. We are highly thought of as successful and adaptive – having shown our ability to quickly implement important and forward-looking changes, and continue to successfully deal with many and varied operational challenges<sup>1</sup>.

We have a well-deserved reputation for operational efficiency and effectiveness and rate high in public surveys of service quality and trust. We have a strong international reputation, working well with New Zealand's closest neighbours and trading partners – contributing to NZ Inc, and global, interests.

<sup>1</sup> Performance Improvement Framework - formal review of the New Zealand Customs Service (October 2012) <http://www.ssc.govt.nz/sites/all/files/pif-customs-review-oct12.PDF>

NZ Customs has a strong employment brand, as evidenced by our recognition in the Randstad awards for both 2012 and 2013, as New Zealand's most attractive employer for the public sector. We are seen to have dedicated and highly experienced staff, who work with a strong sense of commitment to the organization, and its objectives.

In response to our operating environment, we are increasingly changing from a labour-intensive, to a capital-intensive, organisation. We believe in intelligence-led, risk-based, border management and in using information, innovation and technology to shape our future. Our intelligence-driven and technology-supported border management processes are helping us meet increasing trade and passenger volumes while better targeting risk – and we will continue to strive towards delivering technology-led investments that add future value.

We know we have a sound platform for the future. We also know that we cannot afford to rest on our laurels. New Zealand's state sector faces increasing expectations for better public services. We are operating in a context of ongoing financial constraint compounded by the global financial crisis, and we are part of the demand for improvements in addressing complex, long-term issues that affect New Zealanders.

Just as the requirements of us have changed in the past, they will continue to change in the future. We aim to be ready for what is required, and agile in response.

## WHAT'S CHANGED AND CHANGING

In a number of key respects Customs' future operating environment will be significantly different to the recent past. Government expectations and New Zealander's expectations of the public service are changing, as are the operational demands on Customs.

In particular, we will be expected to more actively use our capabilities to support New Zealand's international competitiveness, and to deliver more efficient, customer-focused services that are integrated across government and accessible through digital channels. To achieve this in an environment of ongoing fiscal constraint, we need to think differently about our purpose and philosophy and how we do our work.

### Changing Expectations

Citizens and businesses seek easily accessible services that enable them to understand and fulfill their obligations with a minimum of effort. The Government seeks a more productive and competitive economy through its *Business Growth Agenda*, and more responsive and cost-effective public services, through the *Better Public Services* programme.

### Business Growth Agenda

The *Business Growth Agenda* aims to support New Zealand businesses to grow, in order to create jobs and improve New Zealanders' standard of living on the basis of a more productive and competitive economy.

There are six key "ingredients" businesses need to grow. The most relevant to us is the Export Markets stream, where the aim is to increase exports by New Zealand businesses, which is necessary to lift New Zealand's economic growth and living standards. Increasing the ratio of exports to GDP to 40 per cent is an ambitious goal, and made more challenging given the current condition of the global economy. It requires a shift towards international markets and investment to flow to opportunities in the export sector. The focus is on identifying and delivering on ways to improve businesses' productivity and competitiveness in the global market, particularly through businesses easily reaching more consumers and accessing resources and technology not available in New Zealand.

Border management has a critical role in supporting this aim. This includes negotiating new free trade agreements, providing a "trade single window" for importers and exporters, and identifying key issues for commercial exporters. It also includes actions to improve imports and incoming tourism.

The quality and efficiency of New Zealand's border management is critical to ensuring internationally competitive export supply chains. Customs' capabilities are key enablers of this. Our knowledge of international trade and border controls, our systems, our reputation and our international relationships are increasingly important as enablers of more integrated and efficient trade and travel supply chains.

Other "ingredients" for business growth being addressed through the Business Growth Agenda are: Innovation, Infrastructure, Skilled and Safe Workplaces, Natural Resources, and Building Capital Markets.

## Better Public Services

The *Better Public Services (BPS)* programme aims to improve the cost-effectiveness and responsiveness of public services through:

- government agencies working more closely together and organising themselves around results that make a difference to New Zealand.
- sharing functions and services, purchasing goods and services, and developing systems together.
- greater use of technology and a shift to digital channels, so New Zealanders can more easily access government services.
- agencies improving how they measure and report on performance.
- greater responsiveness within the public sector to the needs and expectations of New Zealanders, and a commitment to continuous improvement.

The BPS programme has ten result areas, two of which are directly relevant to and actively supported by the border sector:

- **Result 9: New Zealand businesses have a one-stop online shop for all government advice and support they need to run and grow their business**  
This requires the delivery of new, business-focused services that are integrated across government. NZ Customs contribute to this through the *Trade Single Window*, underpinned by the *Future Direction for the Border Sector* work programme.
- **Result 10: New Zealanders can complete their transactions with the Government easily in a digital environment**  
The underlying intent is to create a far more customer-centric, digitally-advanced and joined-up approach to service delivery. This involves significant design, policy, information communication and technology (ICT), and delivery culture challenges - stretching across many agencies. NZ Custom's main contribution to this is the SmartGate development programme.

Achieving these results requires our active involvement in the development of customer-focused services that are integrated across government and accessible through digital channels.

There is also a range of functional leadership initiatives under the BPS programme that aim to improve the efficiency of government administration.

Initiatives are being advanced in the following areas: Information and communications technology, property management, procurement, legal services, human resources, and finance. These initiatives are likely to lead to the development of a range of shared services in areas shown to provide benefits over current arrangements.

## Changing role

Customs must continue to evolve from a regulator of the border to a facilitator of New Zealand's economic interests, while fulfilling our regulatory and law enforcement responsibilities.

International trade and travel are major contributors to New Zealand's economic growth, and increasing trade and tourism are high on the Government's agenda. As a

consequence, the volume, frequency and speed of the flow of goods, craft and people that cross the border, will continue to increase. With that, the number and type of risks that must be managed at the border are also increasing, particularly as we increasingly trade with, and receive travellers from, non-traditional source countries that present different sorts of risks than those we have traditionally dealt with.

We cannot unduly disrupt the vast majority of trade and travel that is legitimate and compliant, even in this more complex and challenging environment, to find the relatively small number of non-compliant transactions. We want to achieve, day to day, *high assurance, light touch* in the way we operate and deliver our services.

We must continually find the right balance between enhancing New Zealand's economic prosperity and protecting the community – facilitating trade and travel, presenting a friendly face as a “*welcome home*” and a “*welcome here*”, assisting compliance, and carrying out our enforcement role.

We must develop and use our information and intelligence, and the strength of our capabilities and relationships to further New Zealand's economic interests.

Our approach to achieving the right balance between regulator and enforcer is underpinned by our spirit of *Service Excellence*, our vision – *compliance is easy to do and hard to avoid*, and being customer-centric in our design.

### **Increasing volumes, changing partners and broadened customer base**

Trade and travel volumes are expected to continue increasing as a consequence of global economic conditions and implementation of the Government's *Business Growth Agenda*.

Notably, NZ Inc strategies are being developed to strengthen New Zealand's economic, political and security relationships with key international partners. These strategies and action plans target countries and regions where New Zealand has existing or emerging relationships, and there is potential for significant growth. The strategies look at the future possibilities in these markets over the next 10-15 years, then set ambitious, five-year goals, as well as the steps the Government will take, often working with business, to achieve them.

The strategies are about growing our trade and investment relationships. The government also wants strong political relationships with these countries and regions, and to improve security in the Asia Pacific and beyond. Our role is an important contributor across all of these aims.

At various stages of development and implementation, strategies currently cover: India, China, Australia, ASEAN, the USA, the Gulf Cooperation Council and Europe. Individually, and together, they play an important role in building exports under the Business Growth Agenda.

Against this background, growth in trade and travel with Asian and other emerging economies is expected to significantly out pace growth in our traditional markets and source countries over the next few years.

As these economies continue to have higher economic growth rates than developed western economies, and their society's become more affluent, there will be significant increases in the demand for New Zealand's goods, and demand for the travel experiences New Zealand can offer.

As an illustration of this:

## Travel

Official forecasts have overall international visitor growth averaging 4% per annum over the next five years, with strong growth from Australia and China.

Growth from other emerging Asian economies is also forecast, but demand from traditional western markets is expected to weaken [New Zealand's Tourism sector Outlook Forecasts for 2012-2018, MBIE, November 2012].

The NZ Inc strategy for China is seeking high growth rates in visitor numbers from China and the NZ Inc strategy for India targets skilled migrants from that country.

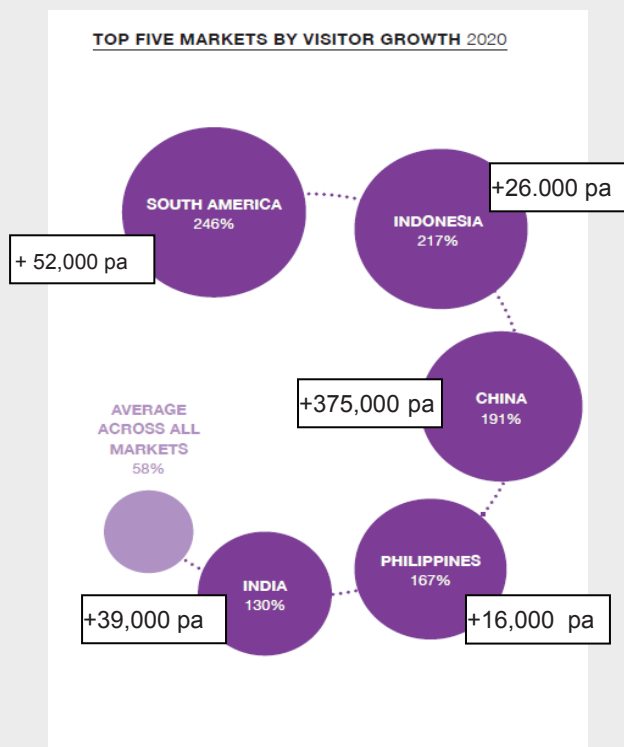
Auckland Airport's Ambition 2020 programme has more ambitious targets for visitor growth from emerging markets by 2020.

## NZ Inc Strategies (source MFAT)

**China:** Grow tourism from China by at least 60 percent by 2015

**India:** Attract and retain skilled migrants from India

## Auckland Airport Ambition 2020 Visitor growth targets



Source: Adapted from *Ambition 2020*, Auckland International Airport Ltd

## Trade

### Imports

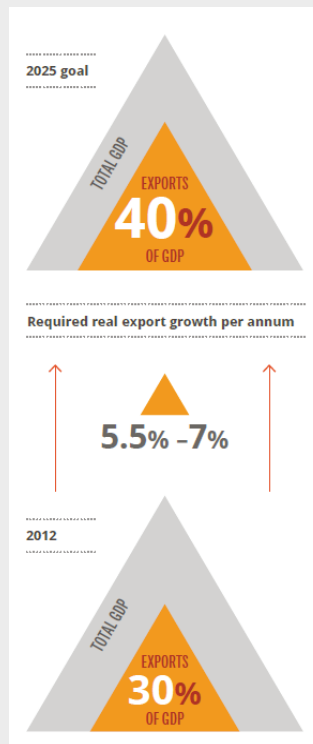
Official forecasts have import growth picking up strongly, with growth of 7-8% through 2014, as a result of the high NZ dollar, the Canterbury rebuild and increasing private consumption.

### Exports

Export volume growth is forecast to decline in 2014, primarily as a result of the drought, but rebound after that as the NZ dollar depreciates, with growth of around 2.5% per annum over the following years.

### The Business Growth Agenda

To achieve the *Business Growth Agenda* goal of increasing the ratio of exports to GDP to 40% by 2025, real export growth will need to be between 5.5% -7% per annum. The most significant export growth opportunities lie in the Asia-Pacific region, and other growth economies such as India, Russia, and the Gulf States.



Source: *Building Export Markets*, MBIE

### NZ Inc Strategies [Source: MFAT]

**China:** Double two-way trade with China to \$20bn per annum by 2015

**India:** Grow merchandise exports to India to at least \$2bn by 2015



## Changing risks

This pattern of growth presents new challenges for New Zealand's border management.

Different capabilities and approaches will be required to strengthen our “*welcome here*”, while effectively managing risk, for a larger number of travellers who have different cultural norms and who speak little or no English. We will also need to:

- develop more ways of understanding what is required to make compliance *easy to do and hard to avoid* for these customers.
- develop ways of communicating their border and revenue obligations to these new groups.
- develop deeper relationships with key participants in trade and travel supply chains – such as tourism, port and airport operators, and airlines and shipping companies.
- develop deeper relationships with border and law enforcement agencies in new source countries, to develop the information flows needed to make compliance *hard to avoid*.

Compounding the changing risks are ongoing changes and complexities in the business models that underpin international trade.

Dynamic global manufacturing and sourcing practices and international supply chains will continue to make the origin and composition of goods more difficult to determine. In addition, the rapid increase in online shopping will continue and will further broaden the range of participants in international trade. This will challenge us to ensure those participants are aware of their obligations and that we make compliance *easy to do and hard to avoid*.

<i>Current estimated value of online, mail and telephone international transactions</i>	<i>Annual growth rate</i>	<i>Projected value of online, mail and telephone international transactions 2017</i>
<b>\$2.9 - \$3.2 billion<sup>2</sup></b>	<b>14.3%<sup>3</sup></b>	<b>\$5.6 - \$6.2 billion</b>

Criminal offending is expected to continue to increase as international trade and travel increase, supply chains diversify, and technology becomes more pervasive and sophisticated. Both the composition, and nature of offending, of organised criminal groups are increasingly more difficult to detect and disrupt. This is particularly so as the involvement of trans-national organised crime in illicit drugs smuggling, and the smuggling of other lucrative commodities and people, increases.

<sup>2</sup> Policy Group working paper

<sup>3</sup> For projection purposes, the forecast compound annual growth rate for online purchases to 2016 identified by Frost and Sullivan (2012) has been applied

Given the challenges involved in dealing with trans-national organised crime, our law enforcement capabilities will require continued development. In particular, our intelligence-led, risk-based approach will be fundamentally important in ensuring that we can make compliance easy to do without undermining our ability to effectively identify and target criminal offending. Increased collaboration with border and law enforcement partners in New Zealand and overseas, and use of capabilities – technological and non-technological – that enable deeper penetration into criminal supply chains, will be essential to our continued ability to effectively disrupt it.

## **Funding**

Budget 2013 forecasts lower government expenditure growth, largely due to smaller allowances for new spending in recent Budgets and the Government's decisions to reduce future operating allowances from Budget 2014 onwards by around \$0.2 billion per Budget.

Significant savings are required to operate within the funding levels provided in Customs' Four Year Budget Plan. Savings of up to \$6.0 million per annum will be required by 2016 to stay within baseline while meeting expected cost pressures and processing the expected higher volumes of trade and travel. This will require us to further improve operating efficiency and increase productivity. This will not be possible without fundamental changes to the way we do our business and deliver our services.

## **Future Direction for the Border Sector – partnership and collaboration in action**

Border sector agencies are implementing the Future Direction for the Border Sector programme as a key part of their joint response to the changing environment.

Good progress has been made in creating a more integrated and responsive border management system and there is a significant programme underway to enhance risk management and improve service delivery which is being rolled out over the next five years. The key platform for this programme is the implementation of a business change programme through new technology tools: the Joint Border Management System (JBMS) and the Immigration Global Management System (IGMS).

Supporting these investments is a work programme that will enable more integrated passenger and cargo clearance, a lower compliance burden for traders and improved risk management.

## PREPARING FOR THE FUTURE

We need to think differently about our purpose and philosophy, and how we do our work, to prepare ourselves for the future. We will need to both protect and promote New Zealand’s interests through our world class border management. We will deliver the most value to New Zealand by operating in a spirit of *Service Excellence*, making *compliance easy to do and hard to avoid* and providing *high assurance with a light touch* in our day-to-day work.

### Our Purpose and Philosophy

The “Customs Story” outlines our purpose, beliefs, spirit and day-to-day focus, and frames the key challenge we are seeking to address over the coming five years.



### Our Purpose

Customs exists to *protect and promote New Zealand through world class border management*. Protection has been a central and enduring part of Customs’ role since 1840 and remains so today. Our role in the *promotion* of New Zealand’s interests is less well-known, but is increasingly important. Particularly in an environment where the volume, speed and efficiency of international trade and travel flows are key contributors to New Zealand’s prosperity and its ability to trade competitively.

We are ‘one Customs Service’. We achieve our objectives by working as a unified organisation to deliver world-class border management systems, processes and integrity.

We have to maintain trust and confidence, not only of our stakeholders and the general public, but also that of other border and law enforcement administrations to continue to work productively with them, and to continue to influence global border settings.

## Our Beliefs

The beliefs that underpin our approach to our work are critical to our ability to deliver consistent, high quality services.

They reflect our focus on the people who are critical to our ability to fulfil our purpose – our staff, our customers, our partners and our stakeholders.

We expect that information, technology and innovation will shape our future, and we are committed to intelligence-led, risk-based border management. Partnerships and collaboration – both internally and externally – are essential to add value and reduce risk, and we value diversity, particularly as we deal with trade and travel from a more diverse range of source countries.

## Our Spirit

We operate with a spirit of **Service Excellence** – and work hard to ensure our reputation for 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 day-to-day focus

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 trade and travellers that present risk are identified and appropriately managed, with the minimum possible adverse impact on legitimate and compliant trade and travellers. This is what all Customs Officers are expected to focus on in performing their duties every day.

## Our key challenge

Our key challenge, and the focus of our strategy over the next three to five years is to **make compliance easy to do and hard to avoid**.

This involves both:

- **Delivering a better service experience for customers who want, and try, to comply.** Including providing more easily accessible information and services and, where necessary, removing barriers to compliance or assisting them to comply.
- **Providing more targeted and cost-effective enforcement of non-compliance.** By developing a better understanding of the changing dynamics in our operating environment, and through better information, analysis and targeting based on improved partnerships with key stakeholders, enabled by more sophisticated technology and analytics.

We need to improve the ease with which our customers are able to understand and meet their border and revenue obligations. Ease of compliance is a key driver of compliance. Initiatives such as *SmartGate* and the *What's My Duty* duty estimator have delivered benefits for the ease of compliance. However, the increasing diversity and range of experience levels of our customers means that we need to develop a better understanding of the needs and

expectations of each segment of our customer-base, and effectively respond to these, to provide further benefits.

This does not mean that we will trade-off our protection and security responsibilities: compliance must remain hard to avoid. We need to be excellent in identifying risk, detecting non-compliance and carrying out our enforcement activities.

We are well-advanced in using information to identify and target potential risks, and in adopting new technologies which will enable higher levels of protection and assurance to be achieved in a cost-effective manner. Our risk and intelligence functionality, and our surveillance and tracking technology, will further enhance our ability to identify and target those goods and travellers that present risk, and carry out cost-effective interventions.

The quality of our relationships underpin our work to make compliance easy to do and hard to avoid. If we are to continue to deliver high levels of assurance over trade and travel flows in a busier and more complex environment we will increasingly have to engage the resources of other players in travel and trade supply chains. We will need clearer insights into both the needs and behaviour of our customers, and better information flows through trade and travel supply chains to increase risk assurance, efficiency and customer service. Strategically - focused partnerships with border sector agencies, international border and enforcement agencies, and our customers, will be increasingly important to our ability to deliver on this challenge.

## Our Strategy

We have eleven challenges that need to be met in order to *make compliance easy to do and hard to avoid*, against a background of world-class border management.

Five of these are focused directly on improving our ability to deliver better services. The remaining six challenges are designed as enablers for delivering better services through aligning our capabilities and resources.

These challenges frame our strategy, and are at the heart of our planning, for the next five years.



The challenges, and the aspirations relating to each, are:

Challenge	Description
<i>Deliver Future Direction and JBMS</i>	We will deliver increased value to our customers and the Government by developing more integrated operating models and risk, intelligence and operations processes and capabilities, and working, across the border sector and within Customs, in the new ways the JBMS enables
<i>Positively contribute to the Better Public Services transformation</i>	We will improve the cost-effectiveness and responsiveness of public services to the needs of citizens and businesses through active participation in <i>Better Public Services</i> initiatives
<i>Deliver efficient and effective revenue collection</i>	We will organise ourselves to deliver increased assurance over the Crown revenue we collect, and more efficient ways of assessing and collecting it
<i>Enhance customer experience, value and confidence</i>	We will increase the value we deliver to our customers by making it easier for them to understand and comply with their customs and revenue obligations, and to identify and

<i>Challenge</i>	<i>Description</i>
	take advantage of opportunities that arise out of our work
<i>Increase our ability to identify risk, detect non-compliance and carry out enforcement</i>	We will increase the efficiency and effectiveness of our risk analysis, targeting and enforcement activities through improved information flows, the application of sophisticated information and enforcement technologies, and enhanced analytical capabilities
<i>Create a great place to work where our people have a sense of belonging, and the capability and desire to meet our challenges</i>	We will create a work environment in which our people are equipped with the right skills and knowledge to contribute to improving the value we provide to New Zealand
<i>Build partnerships with key government, industry and international stakeholders</i>	We will build enduring partnerships with those stakeholders who are critical to our ability to deliver Service Excellence, now and into the future
<i>Ensure a modern regulatory framework that enables the future border environment</i>	We will ensure that our regulatory framework enables Customs and its partners to work in ways that best support New Zealand's interests
<i>Maintain public trust and confidence in Customs</i>	We will work actively to maintain the high levels of trust and confidence the public has in Customs' integrity and services
<i>Continuously improve our processes to deliver better services</i>	We will continuously improve our processes to deliver better services to our customers and improve our efficiency
<i>Maximise the sustainable use of resources within the context of increasing workloads and reducing baselines</i>	We will deliver better value to taxpayers by improving the economy and efficiency with which we utilise our resources to deliver effective services and results

Collectively, these challenges will enable us to fulfil our purpose of *protecting and promoting New Zealand through world-class border management*, and deliver on our major challenge and aspirations.



## Our Services & Operations

The Better Public Services programme signals a shift to more integrated, cost-effective and responsive public services to both businesses and individuals. Services will be more customer-centric, and easily accessible through digital channels.

These themes are reflected in our challenges. The JBMS and Future Direction for the Border Sector programmes will drive changes to our service delivery, enabling more integrated and easily accessible services. In order to make compliance *easy to do and hard to avoid* we aim to enhance customer experience, value and confidence. We will achieve this by developing a deep knowledge of our customers, and engaging with them proactively in a way that suits their interests and circumstances.

A better understanding of our customers will make it easier for us to design appropriate information and accessible services, and will make it easier for our customers to understand and comply with their customs and revenue obligations.

### Who are our customers?

Our *customers* are the users of our services and those who are subject to our regulatory regimes. This includes traders (including individual/private importers), travellers, producers of excisable commodities, and their agents (Brokers, etc), and supply chain participants such as ports, airports, shipping companies, airlines, etc.

Our customers want to comply, and want to be supported in this:

*"We want to comply at all times. We need something [processes/procedures] that can be easily understood from the ground floor up"* Regional Port CE

*"Customs could perhaps get better at supporting people, at bringing more of a solutions orientation. 99.9% of people want to comply, but you need to coach them through it. Give a bit of explanation up front as to why this door needs 5 locks. A bit of coaching would really help."* [Regional Airport Operations Manager]



## Compliance and Customer Service

A renewed understanding of the relationship between compliance and the customer experience is central to our approach:

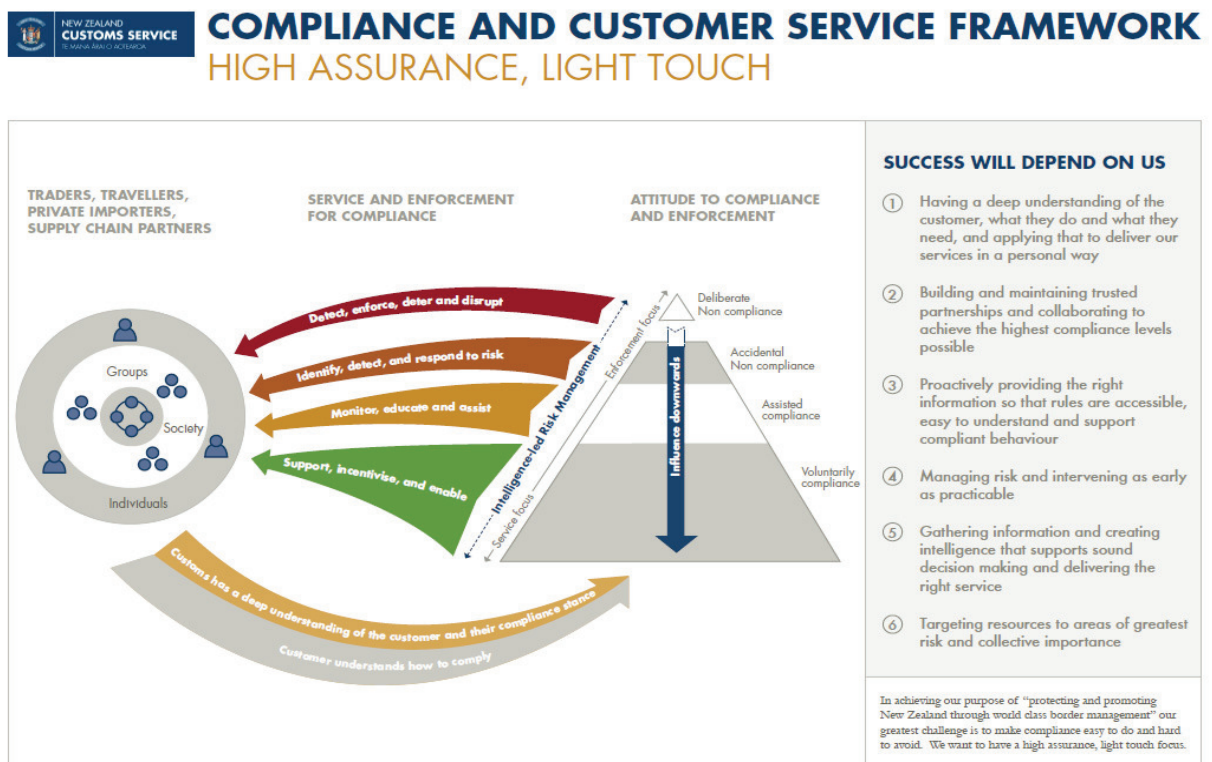
*“The border experience is very important to the traveller. The quality of the visitor experience is huge. It’s a very competitive marketplace now and New Zealand can’t just sit back and rely on delivering a unique experience”*

*Tourism industry representative.*

The service our customers experience will be differentiated on the basis of our deep understanding of their compliance behaviour, and hence, the risk they may present. A service (and enforcement) for compliance approach supports high assurance, light touch.

The vast majority of our customers are compliant and want to comply. If we focus our service delivery on supporting compliance, a light touch can be achieved in the majority of instances, freeing up resources to apply a strong enforcement response where that is appropriate.

Our compliance and customer service framework is set out below.



## Our operations

If we are to deliver *high assurance with a light touch* our operations need to be efficient while providing improved service experiences and value for our customers, and increased risk assurance for New Zealanders.

The BPS, Future Direction and the JBMS programmes create an expectation of operations and services that are:

- more integrated – across the sector and across government
- more accessible, particularly through digital channels
- more responsive to the needs of our increasingly diverse customer base
- more efficient, including using shared services where possible, and
- continuously improved.

These expectations are captured in our challenges, all of which have significant implications for our operations.

## Intelligence-led, Risk-based

Our operations will be *intelligence-led and risk based*. More targeted and cost-effective enforcement of non-compliance, and delivery of better service experiences for customers who are trying to comply, will require better information and analysis to underpin targeting of our interventions. This will be underpinned by our partnerships with our stakeholders and customers, and enabled by more sophisticated technology and analytics. Our operations will be delivered in a nationally consistent way.

## The JBMS

The JBMS will be the prime driver and enabler of change to our operations. In particular, the enhanced risk and intelligence capabilities provided by JBMS will both require different ways of working and enable new ways of operating, with more centralised risk analysis and targeting, and more 'joined up' interventions across border sector agencies. This will necessitate a review of our Operating Model and processes to ensure the full benefits are delivered.

A business change programme will drive the transformation required to make *compliance easy to do and hard to avoid*. There have already been significant investments in technology to enhance risk management and improve service delivery. Implementation of the Project Compass structure has delivered structural arrangements that will enable the necessary cultural, technological and transformational changes. Underpinning these will be a business change programme that takes an integrated view across all the key transformation initiatives to ensure a consistent and coherent approach to implementation of the necessary changes to our operations.

## Revenue Assurance

Our challenge is to ensure *efficient and effective revenue collection*. Customs is a significant contributor to the Government 's coffers, collecting approximately 15% of Crown revenue. We have to be able to provide high levels of assurance over the revenue system as trade patterns, business practices and international supply chains change.

We will need to deliver increased assurance over the Crown revenue we collect, and more efficient ways of assessing and collecting it. In order to maintain the integrity of the revenue base as global manufacturing and sourcing practices and international supply chains continue to become more complex we will need to ensure our understanding of changing business practices is sufficient to keep us alert to those areas that are likely to present the most risk, and that our assessment and collection activities are appropriately targeted to current and emerging risk. In addition, as the value of international trade that comes through non-traditional channels such as internet shopping increases, we will need to be able to interact effectively with online shoppers, both to ensure they are aware of their obligations and to *make compliance easy to do and hard to avoid* for them.

We will need to ensure our regulatory framework enables us to provide appropriate assurance and customer service across all trade streams, and that we define and prioritise our interventions to deliver *high assurance with a light touch*.

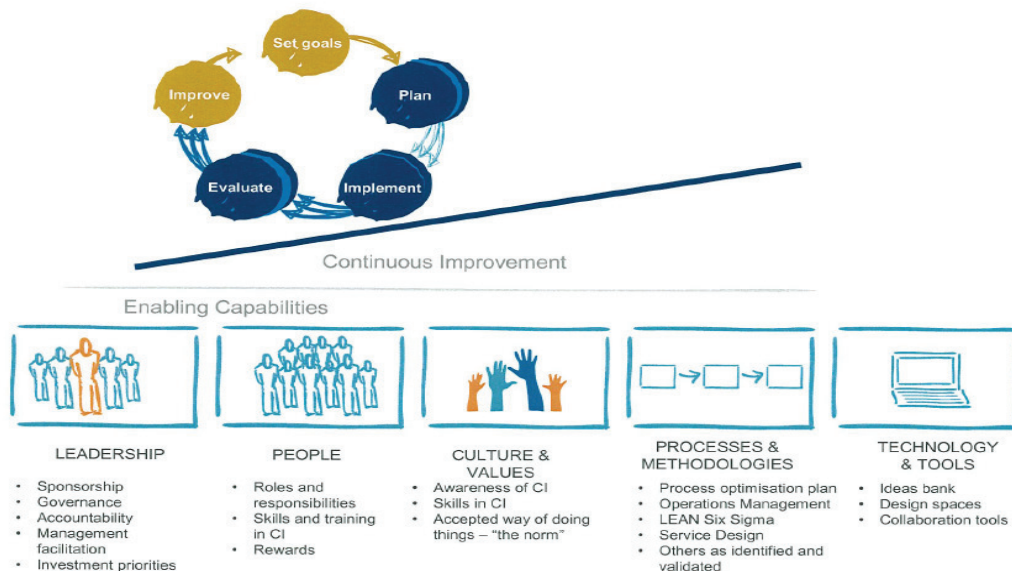
## Continuously improving our services

One of our challenges is to *continuously improve our processes to deliver better services*. We will achieve this through establishment of a Continuous Improvement (CI) programme. CI includes a suite of management practices that aim to drive efficiency and productivity, empower staff, improve customer service and overall create a positive work environment and strong staff engagement.

A model has been developed to underpin our approach to our CI programme.

### Continuous Improvement Model

THINKPLACE



## **Our Regulatory Framework**

One of our challenges is to ensure a modern regulatory framework that enables the future border environment. The Customs and Excise Act has served us well but is not designed for fast moving, constantly changing and interconnected border management.

Since the current Act came into force, there has been significant growth in and diversification of trade and travel. Expectations of Customs have changed significantly, border management practice has evolved, technology has changed significantly, and the risk environment has become more complex. Our future environment will be no less dynamic.

We need a legislative framework that enables ongoing operational change and provides the ability to respond and adapt to rapidly changing technologies and risks. The current Act has been in force for 17 years and has been subject to 57 amendments in that time. It does not enable timely responses to new threats and opportunities, or new ways of working, and is becoming unworkable in an environment where facilitation of legitimate trade and travel is a priority.

A fundamental review of the Act, including a move to a more principles-based approach supported by a range of delegated powers specified in regulation and rule-making, is being proposed to address these issues.

## Our Information and Technology

“ICT is not just about technology – it’s about the ways in which information and technology are used to deliver better services and enhance trust and confidence in government”

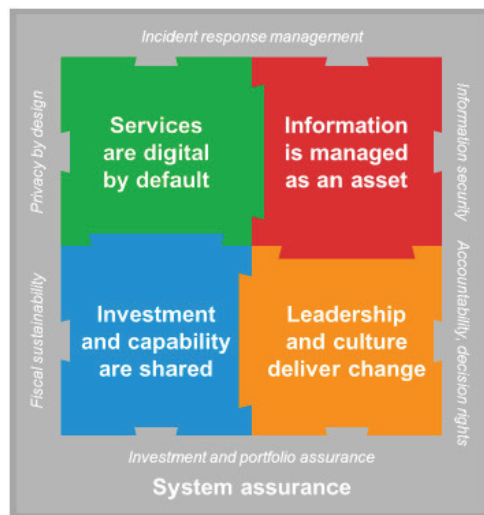
Source: *Government ICT Strategy and Action Plan to 2017*

Customs has long been a world leader in border information strategy and systems. We have a long and successful track record of technology-related innovation that has positioned us as a technology-enabled organisation.

Recent investments such as SmartGate, digitally enabled systems for enforcement, and JBMS have continued to advance this position. Increasingly, technology will enable transformation of our operations and services.

### Government ICT Strategy

Information, innovation and technology will increasingly shape our future. The *Government ICT Strategy and Action Plan to 2017* outlines an ambitious transformation agenda to drive changes to the delivery of public services. This envisages reduced fragmentation and duplication across government, delivering a single coherent system that integrates to meet the needs of citizens, businesses and government. It has four focus areas with the following outcomes:



Source: *Government ICT Strategy and Action Plan to 2017*

## Better Public Services

Two of the *Better Public Services* result areas underpin the drive to deliver services through electronic delivery channels:

- *Result 9: New Zealand businesses have a one-stop online shop for all government advice and support they need to run and grow their business.*
- *Result 10: New Zealanders can complete their transactions with the Government easily in a digital environment.*

The Trade Single Window is our main contribution to achievement of BPS Result 9. SmartGate and the Departure Information Project are our main contributions to achievement of BPS Result 10.

### **JBMS/TSW – a key driver and enabler of change**

Implementation of JBMS will provide a set of tools that will enable new ways of operating that provide both an improved customer experience and enhanced levels of risk identification and targeting. It will provide a set of modern, integrated information technology products designed to give MPI and Customs far better information and risk assessment tools for the protection of the country, its people, trade, and biosecurity. It will also ultimately provide a single channel for international traders and carriers to comply with border requirements (the Trade Single Window).

### **Benefits**

JBMS will enable Government border sector agencies and industry to work together to keep New Zealand's border safe and secure. It will make processes more effective and efficient, reduce duplication, assure government revenue collection, and enhance New Zealand's international reputation as a highly desirable trading partner and tourist destination.

Industry will benefit from a more efficient and competitive supply chain thanks to streamlined processes, earlier certainty of border requirements, and reduced complexity. Better information and risk assessment tools will lead to better targeting of people, goods and craft; faster clearance for those who comply; and more attention paid to those who do not.

### **Related Changes**

These benefits can only be realised with changes to the ways in which we operate, and to the skill mix of our staff. This will require us to develop:

- a more enabling regulatory framework
- a new operating model and processes, with more centralized risk analysis and targeting, and more 'joined up' interventions across border sector agencies, and
- new skills, particularly in data-mining and risk analysis.

## **Future Technologies**

To meet the increasing demands of our operating environment in more cost-effective ways, we need to continue to take advantage of new technologies that offer cost-effective responses to our customer service and enforcement needs.

The pace of technological change is such that we cannot foresee the technologies that will be available in the medium-term. What we do know is that they will offer further opportunities for us to improve our understanding of our customers and our risk environment, and to fulfill our service delivery and enforcement responsibilities in smarter and more cost-effective ways. We need to be agile to ensure we are well-placed to anticipate, capture and take advantage of these needs and opportunities.



## **Our People**

Our people will remain fundamentally important to Customs' future. While we are increasingly a technology-enabled organisation, it is our people who will enable us to realise the benefits technology offers.

We aim to create a great place to work where our people have a sense of belonging, and the capability and desire to meet our challenges.

However, the demands of the future will be different to those of today. It is vital that our workforce culture, capability and capacity are aligned with our future needs, and enabled through effective organisation and change leadership. The key themes across our Workforce Strategy are: achieving value for money, increasing productivity, and providing better public services.

The implementation of advanced technology, the rise in e-commerce channels, and new trade and travel markets will change the operating landscape significantly. They will necessitate a broader, more innovative culture and changes to skills, work practices, work patterns, and resource levels. They will require our people to think, lead and act differently.

## **Culture**

Culture is critical to performance and is enabled by people who feel engaged with the organisation, its philosophy and its direction.

We strive for a culture that reflects our beliefs and spirit of service excellence – encompassing the balance needed between having a customer service focus that encourages and enables voluntary compliance, and the enforcement approach that ensures those who don't comply are dealt with appropriately.

## **Skills**

Central to achieving our challenges is a flexible workforce that enables the organisation to be responsive to the changing demands it faces. The focus is on recruiting, developing and retaining people with the right skill mix and creating a workforce able to work flexibly, and collaboratively, across a range of functions.

Advanced technology in the new environment will require specialist skills to make sense of, and achieve more value from, more refined data and to handle more complex criminal activity.

Our workforce is already adept at using technology, with officers already applying the targeted risk approach. In the next four years these skills will become more critical as manual processes are further automated, and as future technology enables more service delivery on-location and away from the office.

## **Leadership**

Customs' leaders face the challenges of delivery and leading staff through significant changes to the traditional ways of working as a result of our changing environment, the JBMS and other technology investments and workplace changes.

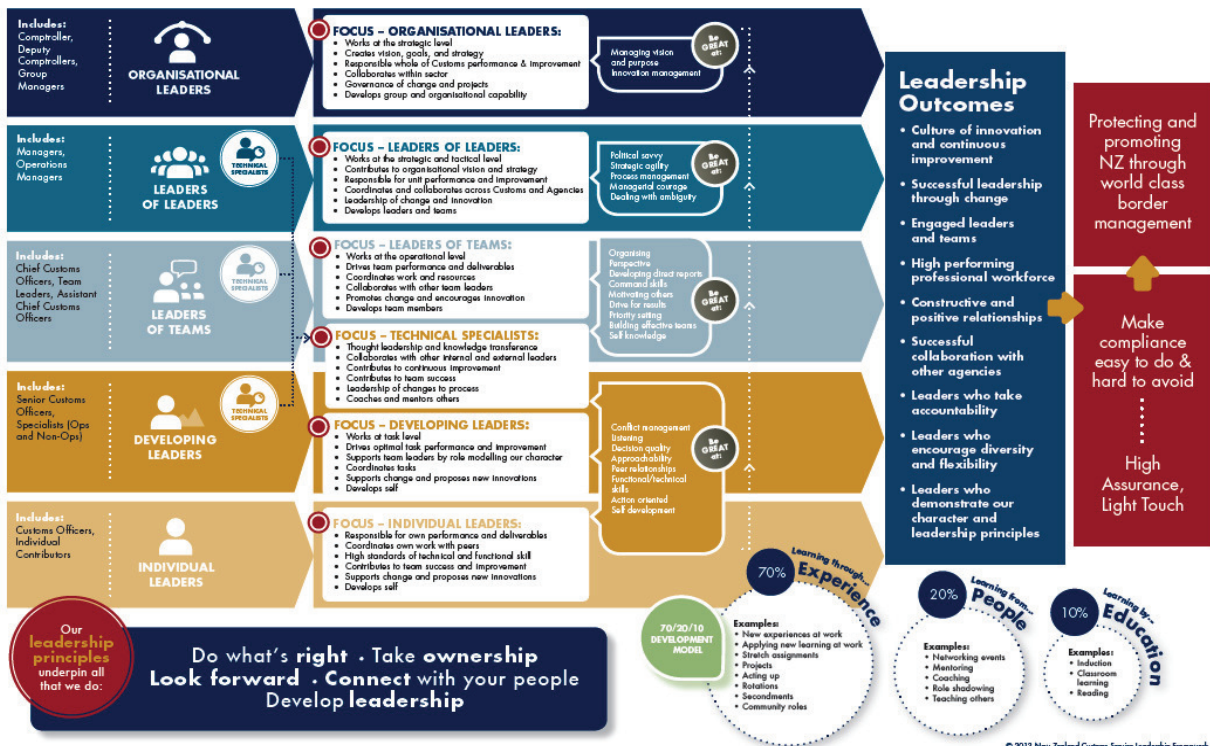
We recognise that effective change leadership is critical to realising the productivity gains from automation, increased collaboration, and integration, and the benefits of changes to our



services. To be successful leaders need to act within a framework and culture that values leadership and supports them to become better leaders and managers.

We have a Leadership Framework and a set of leadership principles so leaders are clear on the attitudes, behaviours and outcomes expected of them.

# LEADERSHIP FRAMEWORK



## Integrity

Integrity is necessary to maintain public trust and confidence, to maintain enduring partnerships and to build compliance.

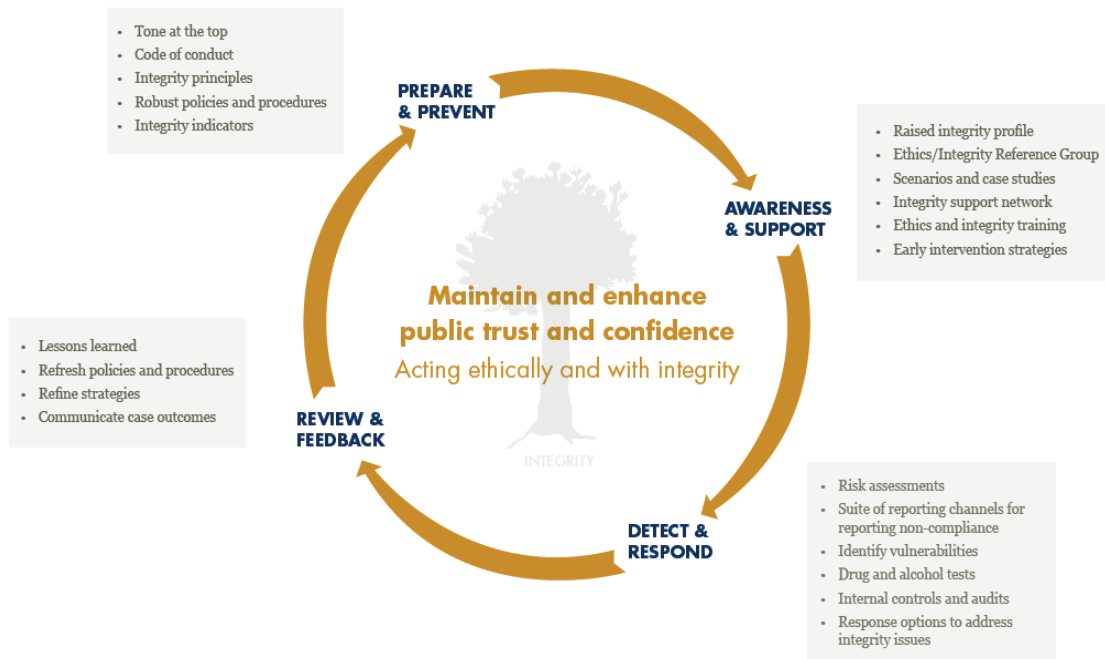
Integrity of the border depends on integrity of Customs staff behaviours and Customs practices. We operate in a spirit of service excellence. We want to be trusted to protect New Zealand's interests with professionalism and integrity.

Integrity is not just about the absence of corruption. Integrity is defined as “a positive set of attitudes which foster honest and ethical behaviour and work practices”. Integrity is about being fair, impartial, responsible and trustworthy in everything we do. We act within the spirit of service excellence to uphold these standards of integrity in pursuit of the best possible outcome. Integrity underpins the work we do and is integral to Customs being fit for purpose.

As we continue to evolve to facilitate New Zealand's economic interests we must also fulfill our regulatory and law enforcement responsibilities. It is important that the security and integrity of the border is maintained by finding the right balance between protecting the community and enhancing New Zealand's economic prosperity. We have a high degree of discretion and as “gatekeepers” we can facilitate trade and travellers by doing - or not doing - something. We have an obligation to uphold the law and to adhere to high ethical standards.

Our people are, and will continue to be fundamental to Customs' future. Changes in technology (eg social networking), process changes, and a changing workforce mean the nature of integrity issues and expectations also changes over time. Further, information management is becoming more important as we continue to manage a lot of sensitive, personal and commercial information. It is imperative that we have mechanisms in place to manage, proactively, these changes.

## CUSTOMS INTEGRITY FRAMEWORK



## Organisation

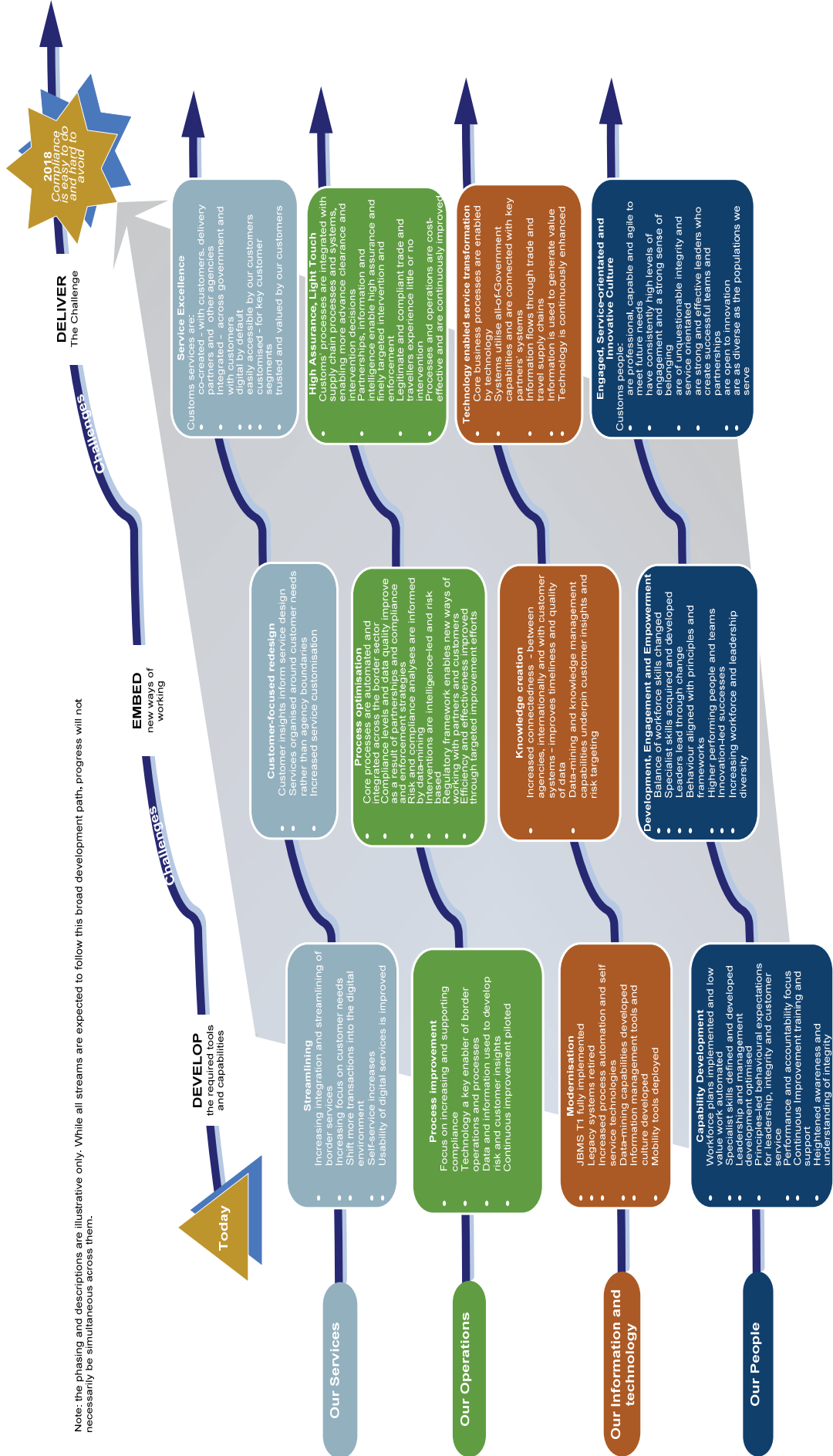
We are organised to enable our strategy to be achieved in an efficient, effective and affordable way. The way we are organised will change over time, consistent with the following principles:

Principles for our organisational structure	
Structure supports strategy	<p>Supports Customs' strategic priorities and goals in line with the four year budget plan</p> <p>Agile enough to respond to a changing strategic environment when necessary</p>
Structure supports change and improvement	<p>Realises the cultural, technological and transformational change needed to meet the challenges in the Customs Story.</p> <p>Promotes continuous improvement and enables active contribution to Better Public Services</p>
Structure has clear accountabilities	<p>Has senior leadership expertise to lead the organisation now and into the future with clearly defined responsibilities, accountabilities and collective stewardship expectations</p>
Structure is aligned to Workforce Strategy	<p>Is aligned to our Workforce Strategy and builds strategic capability</p> <p>Creates the opportunity to develop future leaders, support skill development and workforce planning (eg succession, culture transformation)</p> <p>Clearly defines rotational and non-rotational specialty functions</p>
Structure is affordable	<p>Reduces cost and, where possible, increases effectiveness</p> <p>Groups like functions together to increase synergy and reduce duplication</p>
Structure has effective management	<p>Ensures that all management roles add value with specific accountabilities</p> <p>Managerial roles have an appropriate span of control to meet business needs</p>

## **Towards our future business model**

Our desired approaches to serving our customers, delivering our services and developing our capabilities do not stand in isolation from one-another. They are inter-connected and will be developed as a whole, in a programmed way, to *make compliance easy to do and hard to avoid*.

A high-level roadmap of our journey is set out below.



Note: the phasing and descriptions are illustrative only. While all streams are expected to follow this broad development path, progress will not necessarily be simultaneous across them.