



Cook Islands Public Sector Strategy and Business Plan

For

Cook Islands Customs

**For the two years ending
30 June 2013**

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1. Ministers Foreword



Government's priority consideration of "Strong leadership and the ability to articulate clear policy directions are pivotal to ensuring success in a challenging environment". Government is committed to providing this nation with just that: Dignity, Respect and Integrity. Our objective is to serve our people in the most practical, honest and realistic way possible. In doing this we have identified a number of Strategic Goals, including the following:

- A society built on law and order and good governance at all levels
- A strong basic infrastructure base to support national development
- A safe, secure and resilient community

With tourism being the driving industry in the country, initiatives, resources and priorities need to be in place to ensure that the quality and sustainability of this industry is secured. In 2009 the tourism industry generated an estimated \$163 million for the economy. Each year we import a very significant amount of goods which helps contribute to the development of our people and the nation. Customs has a crucial role in both of these key areas of our economy.

Cook Islands Customs works towards the World Customs Organisation's theme "*Knowledge is a Catalyst for Excellence*". Customs is the lead border agency, and as such, we need to maintain a high level of integrity within Customs to ensure that the community is served with honesty which in turn earns trust and credibility from those whom we serve – the Cook Islands public. In this regard Customs has worked tirelessly with reviewing and updating its legislation, and is now in a position to introduce and implement two new acts, the "Customs Revenue and Border Protection Act" and the "Customs Tariff Act". Customs has introduced and implemented a pilot Border Management System for passenger processing for the airport which has been successful since its introduction in May 2010.

Much has changed in recent times in the border sector and within Customs. As we look back at our achievements in recent years I am mindful of the reputation Customs has built, and I am immensely proud of and grateful for having the opportunity to contribute to its continuance.

However work processes will continue to be guided by the introduction and implementation of Policies and Procedures.

My priorities for Cook Islands Customs for the next two years remain unchanged from those set in previous times as:

- be a highly respected organisation while maintaining integrity and honesty of the highest level at the border.
- Review and implement programs on minimisation of any revenue leakage.
- Excellence in border management by developing measured capability and Capacity building.

This Strategic Plan sets out the continuation phase on how Customs is going to progress these priorities and the services Customs will provide to the community over the next two years.

A handwritten signature in black ink, appearing to read 'Mark Brown', written over a horizontal line.

Hon Mark Brown
Minister for Customs

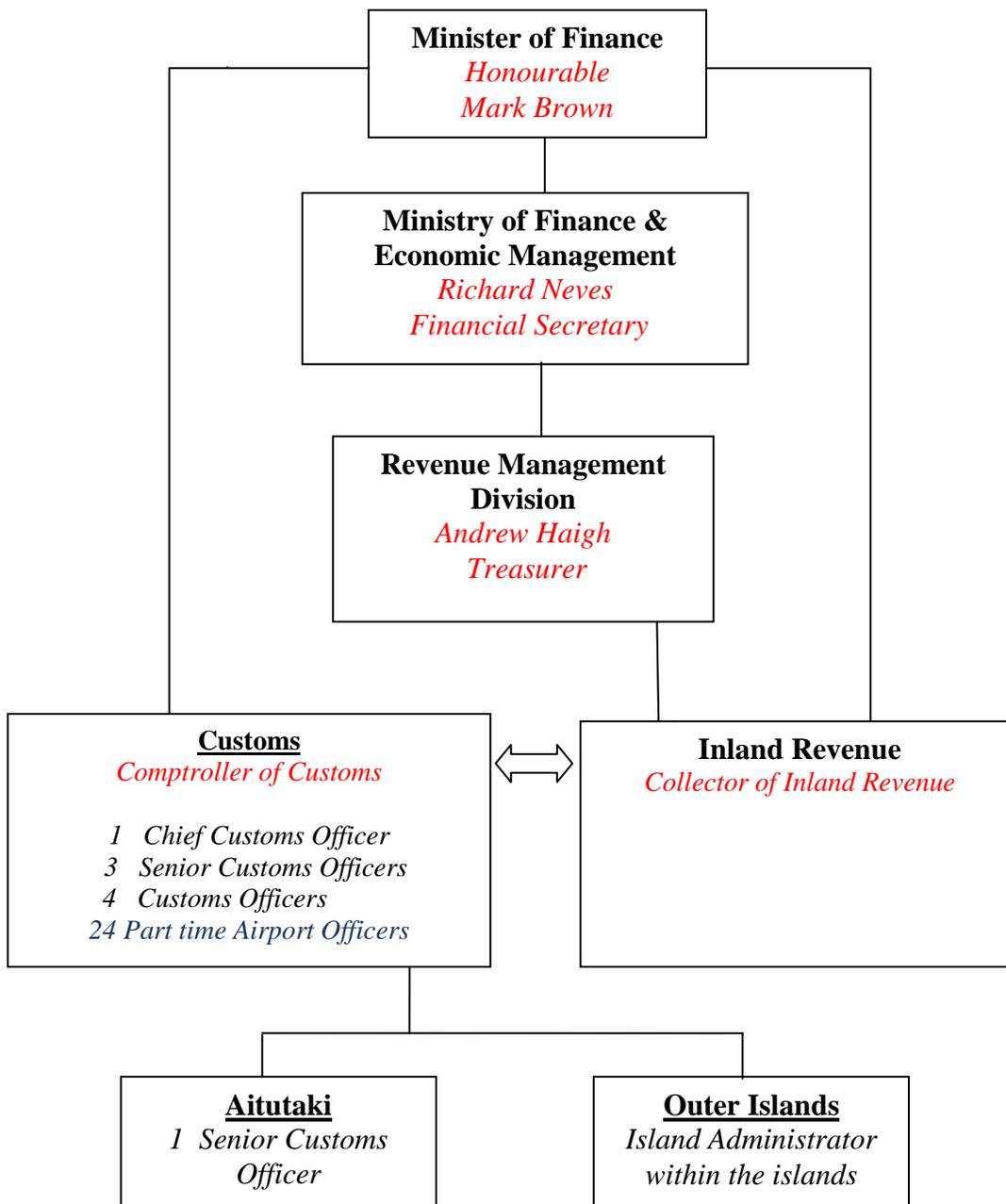
2.Introduction

This Strategic plan will cover the period 01 July 2011 to 30 June 2013.

2.1. Who we are

Customs is one half of Revenue Management Division of the Ministry of Finance and Economic Management. The other half is Inland Revenue. Customs is one of the leading revenue collecting agencies of Government, collecting customs duty and import VAT, whilst managing risk at the border.

Diagram 1



Note: The Comptroller of Customs reports directly to the Minister on operational matters.

2.2. Our Area of operation

The Cook Islands has 9 designated Customs ports of entry
Rarotonga International Airport

Avarua, Rarotonga

Avatiu, Rarotonga

Arutanga, Aitutaki

Akaiami Sea Landing, Aitutaki

Taunganui, Atiu

Omoka, Penrhyn

Yato, Pukapuka

Tauhunu, Manihiki

Tukao, Manihiki



Outer Islands (excludes Aitutaki)

Customs duties in approved ports of entry in the Outer Islands are delegated to approved government representatives on each island. Apart from Rarotonga and

Aitutaki islands the following are the approved customs ports of entry in the outer islands;

Approved Ports of Entry

Omoka, Penrhyn – Customs Officer, Island administration
 Tauhunu and Tukao, Manihiki – Police Officer
 Yato, Pukapuka – Police Officer, Island Administration
 Taunganui, Atiu – Police Officer, Island Administrator

Non approved Customs Port of Entry,

Suwarrow – Park Rangers, Environment Services
 Palmerston – Quarantine Officer

We have offices in Avarua, Aitutaki and Penryhn. Our areas of operations include airports, vessels, marine ports, airfreight and seafreight facilities, postal centre, and express mail.

2.3. Our Responsibilities

Customs covers a wide range of responsibilities from facilitating trade through Air cargo, postal mail and sea freight, collecting approximately \$28 million or 37% of the Governments revenue by way of Import Levies and Import VAT and Excise duty. Customs is also a key border agency in the facilitation of tourism while providing border security.

Airport: Processes: 120,000 passengers 800 - 900 flights
Craft: Processes: 50 commercial vessels 30 Cruise vessels 300 yachts
Revenue: Collects: \$28 - \$32 million from Import Duty and Import VAT 37% of Government revenue
Entries: Processes: 10500-12500 Import entries 300-500 Export entries
Examination: Inspects: 300- 400 postal items 300-400 Airfreight items 300-400 Seafreight items 3,000 passengers baggage

Customs currently operates under four primary Acts. This will soon change to two with the amalgamation of three of the acts in to one. There are several other Acts

that also relate to Customs - (refer Annex I) to assist with the protection and control at the Border. This is both in Rarotonga and the Outer Islands, inclusive of the Cook Islands Exclusive Economic Zone (EEZ) of 1.8million km².

Co-operative Arrangements with Police, Immigration, Financial Intelligence Unit (FIU) and the Ministry of Agriculture are currently in force, and plans are underway to further enhance relationships with other Government Agencies and stakeholders, as well as within and around the Pacific region.

Customs has some seasonal peaks and troughs throughout the year. These are:

Small craft - May to September

Peak tourism – April to September and December

Cruise Ship – January to March

3. Ministerial Focus

The Minister, Honourable Mark Brown has listed the priorities he sees for Customs as a department are:

- To be highly respected with the highest level of integrity and honesty at the border
- Minimising any leakage of revenue
- Providing excellence in Border Management by developing capability and capacity.

❖ Integrity and Honesty

In response to the Ministers priorities of respect, integrity and honesty at the border, a code of conduct has been developed. This is in line with the World Customs Organisation's Arusha Declaration revised in 2003, where it identifies the need to develop a comprehensive code of conduct which sets out in very practical and unambiguous terms the behaviour expected of all Customs personnel. This will build on MFEM's Personnel Policy already in place.

❖ Revenue

In response to the Minister's priority of minimising revenue leakage, we continue to collect the optimum amount of revenue forecast from import tariffs and import VAT at the border and collect the appropriate excise duties. The introduction of risk management principles provides a mechanism for targeting high risk goods in terms of revenue. The identification of suitable training opportunities for Customs officers and the private sector will also assist in ensuring compliance is continued.

We aim to meet revenue forecasts each year by correctly assessing and collecting what is owed, at the appropriate time, in the most efficient way, supported by high levels of voluntary compliance.

Our work in this area will focus on:

- Making importers aware of how to correctly declare the value of goods.
- Improving our understanding of revenue gaps and revenue leakage through our research and relationships with others.
- Increase focus on customs post clearance audit activities.



❖ **Border Management**

Lastly in response to the Minister's priority of excellence in border management, Customs will continue to develop its capability and capacity. The establishment of refresher training sessions and the identification of suitable training opportunities within and outside the Cook Islands are seen as developing staff that are knowledgeable and well trained. The capacity of Customs is enhanced through training. The identification and development of an automated passenger processing system is ongoing.

The recruitment of a Senior Customs Officer focussed on the investigation of matters relating to the breach of Customs laws has risen up the Customs team morale and Customs identity. Customs is leading in the group of Border Sector Agencies in looking at the strategic direction of the Border as a group. This will assist in agencies supporting each other at a strategic level and will include the development of a Border Sector Strategy Document.

4. Vision

"Leadership in border protection and revenue collection that enhances the security and prosperity of the Cook Islands while facilitating trade and tourism"

5. Objectives

Cook Islands Customs has the following 3 objectives:

Objective 1 - Protecting Cook Islands interest at the border

The Cook Islands is protected at the border, from the entry, or exit, of people, craft, or goods and other treasured items, where the entry or exit may pose a risk to our national interests.

Objective 2 - Facilitating legitimate trade and travel

The Cook Islands economic, social, environmental and cultural interests are sustained and enhanced by the flow of legitimate trade, travel and goods, and other treasured items, across the border.

Objective 3 - Revenue flows from collecting import levies, excise duty and value added tax.

Customs revenue is collected to support Government's social, economic, and fiscal objectives.

6. Customs Priorities

The priorities for Customs for the next two years are:

1. Support the further development of, and maintain, the border management system (BMS) for passenger processing;
2. Ensure the introduction and successful implementation of the Customs Revenue and Border Protection Bill and that it meets the needs of a modern Customs organisation;
3. Improve performance on targeted interventions through the use of risk management principles;
4. Develop a respected Customs organisation of high integrity through providing opportunities for continual improvement amongst Customs staff.
5. Promoting a greater level of inter-agency cooperation and collaboration to assist in addressing security issues;

7. Strategy

Project Kaveinga

In 2006, a meeting between the former Minister of New Zealand Customs Service the Hon. Nanaia Mahuta and Sir Terepai Maoate, Cook Islands Deputy Prime Minister and Minister of the Ministry of Finance & Economic Management agreed to the secondment of a New Zealand Customs Officer to the Cook Islands for a 2 year period, to assist in resurrecting the Border Management Strategy and to further enhance opportunities to share information in relation to the passage of goods, craft and cargo. A project named, "Toi'anga Kaveinga o Te Mana Arai" – Carving a direction for Customs (or Project Kaveinga) was commenced to consider four main areas of Customs:

- Automation
- Legislation
- Training
- Policy and Procedures

This project has guided our future progress as we strive to strengthen our Border Management Capabilities in order to facilitate trade and tourism while ensuring protection of the community. The underlying theme throughout this is that this cannot be completed as an agency alone and will require the continued enhancement of relationships, both internal and external to the Cook Islands.

Over the next two years we will work with other border agencies and key stakeholders to modernise border services in order to enhance border security by developing risk assessment methods to allow better targeting of risk persons, craft and goods.



Technology

As a key government agency in providing border security and collecting revenue, modernisation of key aspects of Customs structures and processes with the support of technology will assist Customs officers' to better target persons of interest. This technology has started with the introduction of a pilot automated passenger processing system. This has been in conjunction with other government agencies including Immigration. This will be further enhanced when work begins on developing and implementing a complete automated system late in 2011.

The identification of a seamless import/export processing system that promotes voluntary compliance will also be undertaken.

Modernising Legislation

The current Customs Act is being modernised in conjunction with the Oceania Customs Organisation Secretariat, and the New Zealand Customs Service. Customs plans to have legislation that will be effective, and will assist Customs and stakeholders alike with the day to day functions and enforcement of the Act.

Targeted interventions

The development of risk management principles will assist in better prioritising of limited resources and increase the efficiency of border management. For example, targeting of goods that are a high risk in terms of revenue leakage through misclassification.

A respected Customs organisation of high integrity

Customs has developed a code of conduct that enhances the image of Customs in the community and which provides Customs officers with a clear direction on the expectation of high integrity by the community. This is in support of MFEM's Personnel Policy already in place.

Enhance relationships with internal and external agencies

Importers, exporters and the travelling public expect coordinated services at the border. Customs will work in collaboration with other border agencies to address the risks posed to the Cook Islands. Customs will lead a group of Border Sector Agencies in developing a strategic vision for the border in the years to come. Customs is also part of the Combined Law Agencies Group (CLAG) which will focus on the operational level of border risks.

Mitigation of these risks will be achieved by improving our intelligence networks with other border agencies as well as maintaining a high level of engagement with industry stakeholders to protect our trade by encouraging compliance.

Provide the opportunities for continual improvement amongst Customs staff.

Customs has a number of senior officers that are knowledgeable and experienced. Customs will allow these officers to share this knowledge to improve the overall competency of its team. A training framework is to be developed to ensure opportunities outside Customs are fully taken advantage of. This could be from within the Cook Islands, from other government agencies, and other Customs administrations, including the Oceania Customs Organisation (OCO) Secretariat. Regular refresher training sessions will also allow officers to maintain and enhance knowledge by completing short practical exercises.



8. Outputs and Key Performance Indicators

8.1. Output 1 - Clearance of international passengers & crew	
Description	This output covers clearance procedures applied to passengers and crew entering, departing, or transiting through the Cook Islands. Procedures include a documentary procedure to ensure compliance with immigration requirements, on-site assessment of passengers against risk profiles and alerts, search of passengers and their accompanying baggage, and intelligence-directed action taken as a result of referrals from Police and Immigration. Intelligence directed actions may include detention of a passenger or crew member pending action by enforcement from Customs Officers.
Objective contribution	This output makes a significant contribution to all three objectives of protection, facilitation and revenue .
Initiatives / Comment:	This output will be assisted by the following initiatives: <ul style="list-style-type: none"> - identification of a suitable automated passenger processing system - continued development of policy and procedures - regular training of Customs Officers operating at the Airport - use of risk management principles.
Key performance indicators	
Quantity/Quality	Performance Indicator (forecast/target)
No. of International Passengers cleared	120,000
<i>Additional interaction</i> with international air passengers arriving and departing on a commercial service	2,500-3,500
% arriving air passengers processed within in timeliness standards	% of arriving passengers processed within timeliness standards <ul style="list-style-type: none"> - A minimum of 90% of arriving passengers exit Customs control within 45 minutes of arrival - A minimum of 98% of arriving passengers exit Customs control within 60 minutes of arrival

8.2. Output 2 - Clearance of international craft

Description	This output involves administering, reporting and clearance procedures for arrival and departure of air and sea craft engaged in an international voyage. Procedures include receiving and screening craft documentation detailing arrival, voyage, crew, passenger and cargo information, boarding craft; authorizing loading, unloading, embarkation and disembarkation from craft; checking and authorizing stores for craft; and issuing certificates authorizing departure for overseas. This includes designating approved ports of entry for processing craft and passengers.
Objective contribution	This output makes a significant contribution to two objectives of protection and facilitation .
Initiative/Comment:	This output will be assisted by the following initiatives: <ul style="list-style-type: none"> - identification of a suitable automated marine processing system - Continued development of policy and procedures - regular training of Customs Officers involved in the clearance of craft - development and delivery of training for other government agency officers completing Customs functions in relation to the clearance of yachts
Key performance indicators	
Quantity/Quality	Performance Indicator (forecast/target)
No. of aircraft cleared	800-900
No. of Marine craft cleared other than small craft	30-50 Commercial vessels 20-30 Cruise Ships 20-25 Fishing Vessels
No. of Marine small craft cleared	250-300
% arriving commercial marine craft including Cruise vessels boarded at first port of arrival in the Cook Islands	100%

8.3. Output 3 - Clearance of import, export and excise transactions (validation of entry)

Description	<p>This output class provides services relating to the validation, checking and clearance of import and export consignments and excise returns, and screening of import and export mail items.</p> <p>This output covers receipt, validation of entries, waybills and declarations of all goods entering and exiting the Cook Islands. Also included are processing of entries for excisable products. These include detecting error or fraud, ensuring import and export control systems are complied with; ensuring the correct classification, origin and value are declared and appropriate duties and taxes are being paid; and correctly assessing refunds, drawbacks and revenue foregone.</p> <p>Processing of entries is designed and conducted in such a way that importers and exporters can influence cost and time of compliance by correctly completing documentation.</p>
Objective contribution	This output makes a significant contribution to all three objectives of protection, facilitation and revenue.
Initiative/Comment:	<p>This output will be assisted by the following initiatives:</p> <ul style="list-style-type: none"> - development of policy and procedures in relation to entry processing - regular training of Customs Officers involved in the processing of entries. This training may include tariff classification, valuation and origin. - inclusion of importers, brokers and agents in training as appropriate to encourage compliance. - Development of risk management processes to target risk shipments <p>Scoping an automated system for the processing of entries</p>
Key performance and volume indicators	
Quantity/Quality	Performance Indicator (forecast/target)
No. of import transactions (including other cargo clearances and mail items) processed.	10,500-12,500
No. of export transactions (including other cargo clearances and mail items) processed	300-500
No. of Excise returns validated	30-40
Revenue leakage captured as a result of validation activities	Customs Officers will begin measuring discrepancies identified as part of their validation activities

8.4. Output 4 - Verification checks of trade data and revenue (examination of goods)

Description	<p>This output serves to verify the accuracy of declarations. It is also a primary means of interdiction of prohibited goods that would otherwise cross Cook Islands border in cargo, mail or courier packs through Intelligence directed compliance checks and the identification of potential risk areas.</p> <p>The verification process involves risk assessing and auditing documents and physical inspection of consignments, mail and courier items. This includes regular audits of duty free outlets.</p> <p>These processes help ensure effective management of border and revenue risk and the delivery of Cook Islands international obligations at the border.</p>
Objective contribution	This output makes a significant contribution to all three objectives of protection, facilitation and revenue.
Initiative/Comment:	<p>This output will be assisted by the following initiatives:</p> <ul style="list-style-type: none"> - development of policy and procedures - regular training of Customs Officers involved in the examination of cargo - development and delivery of training for other government agency officers assisting Customs with the examination of cargo, including Police drug dogs - Development of risk management processes to target risk shipments

Key performance indicators	
Quantity/Quality	Performance Indicator (forecast/target)
% of import transactions that have a physical examination (includes Airfreight, Seafreight, mail and courier items)	3-5%
% of excise transactions that have a verification check	10-20%
% verifications showing non-compliance	Less than 10% of consignments selected for physical examination contain errors.

8.5. Output 5 - Revenue Collection

Description	This output class covers a range of services that include: <ul style="list-style-type: none"> - Receipt, banking, accounting and reporting activities associated with the collection of import tariffs, including value added tax and excise equivalent duty on imported goods and excise duty on domestically manufactured alcohol products. - Payment of approved refunds and drawbacks relating to import tariffs.
Objective contribution	This output makes a significant contribution to the objective of revenue .
Initiative/Comment:	This output will be assisted by the following initiatives: <ul style="list-style-type: none"> - Continued development of policy and procedures - regular training of Customs Officers involved in the processing of drawback entries and refunds - regular audits of Bonded warehouses
Key performance and volume indicators	
Quantity/Quality	Performance Indicator (forecast/target)
Revenue collected on behalf of the crown	\$28-32 million

8.6. Output 6 - Surveillance, search and containment of craft

Description	<p>This output relates to the search of craft and the patrol of the EEZ for craft that are in breach of Customs legislation. This would include vessels that land at outer islands that have not cleared Customs formalities.</p> <p>The search of craft can include all craft and can be carried out in the outer islands. This will assist in deterring the importation of prohibited goods or the unlawful entry of goods that require revenue collection. This activity will be undertaken as a result of risk assessments which may include information received from both internal and external sources to the Cook Islands.</p> <p>Patrol of the EEZ would be completed using the Cook Islands Patrol Vessel Te Kukupa and surveillance aircraft from NZ, French Polynesia and the US Coastguard. This may be completed with or without a Customs Officer on board.</p>
Objective contribution	This output makes a significant contribution to the objective of protection .
Initiative/Comment:	<p>This output will be assisted by the following initiatives:</p> <ul style="list-style-type: none"> - Continued development of policy, procedures and instructions - Continued training of Customs Officers involved in the search of craft, crew, passengers and goods. - development and delivery of training for other government agency officers completing Customs function on the outer islands and/or in relation to yachts - development and expansion of Customs Annual patrol requirements for maritime patrol assets - development and expansion of a briefing paper for Maritime Police Unit on Customs interest in the maritime environment - increase coordination of activity with other agencies
Key performance and volume indicators	
Quantity/Quality	Performance Indicator (forecast/target)
No. of craft searched	5-10
Annual Customs EEZ patrol requirements provided to Police Maritime Unit and the Ministry of Marine Resources for consideration in the operational planning.	Yes
Briefing provided to crew of patrol vessels prior to commencement of patrol activity	Yes

8.7. Output 7 - Investigation of Offences

Description	This output class provides for proactive and reactive investigative responses to border offending and revenue offences. This includes the investigation of any known or suspected border offending.
Objective contribution	This output makes a significant contribution to the objectives of protection and revenue .
Initiative/Comment:	This output will be assisted by the following initiatives: <ul style="list-style-type: none"> - Continued development of policy, procedures and instructions. - Continued investigative training to Customs officer(s) - Identifying relevant investigative opportunities.
Key performance and volume indicators	
Quantity/Quality	Performance Indicator (forecast/target)
Number of cases identified for further revenue and enforcement Investigation	10-20
Number of cases identified for legal court actions	2-3
Number of cases identified for revenue collection	3-5

8.8. Reporting, Monitoring and Evaluation

Quarterly Report to the Minister and to the Financial Secretary.

9. Glossary of Terms

Additional Interactions

These are interactions with international travellers other than those undertaken by Customs Officers completing Immigration duties.

Inspection/Examination/Search

This is a process whereby a Customs officer physically examines aircraft, sea craft, crew, passenger, cargo, goods, mail and express mail. This can be with the assistance of other agencies such as Bio Security, Health, Immigration and Canine Police Unit.

Investigation cases

An investigation case is opened when an offence has been committed, or where information suggests an offence has been or may be committed, against the Customs Acts, the Value Added Tax Act 1997, the Import Levy Act 1972, or the Customs Tariff Act 1980.

Output

Outputs are the goods or services that are produced by a government department.

Validations Activities

These are activities to validate trade transactions against Customs' business rules including valuation, tariff classification and origin.

Verifications Activities

Assurance and compliance activity that include the inspection of goods, document checks and conducting audits.

Annex 1 - Legislation

Customs operates under the following legislation:

Primary Legislation:	
Customs Act 1913 **	Value Added Tax Act 1997
Import Levy Act 1972 **	Customs Tariff Act 1980 **
Secondary Legislation:	
Proceeds of Crime Act 2003	Antiquities and Artefacts Act 1994-1995
Shipping Act 1998	Films and Censorship Act 1995
Pesticides Act 1987	Crimes Act 2004
Money Laundering Prevention Act 2000	Arms Ordinance Act 1954
Aviation Security Act 2008	Terrorism Suppression Act 2004
Biosecurity Act 2008	Entry, Residence and Departure Act 1971-72
Manufacturing Intoxicating Liquor Act 1987	
Other Legislation (includes withholding issues of Customs Clearance):	
Environment Act 2003	Dangerous Goods Act 1984
Marine Resources Act 2005	Shipping Registry Act 1985

** to be repealed

** to be repealed and replaced by a new Customs Act