

28 February 2012

Mr G Lewis
The Inquiry Director
Inquiry into International Freight Transport Services
freightinquiry@productivity.govt.nz
New Zealand Productivity Commission
WELLINGTON 6143

Dear Mr Lewis

SUBMISSION TO THE PRODUCTIVITY COMMISSION ON ITS DRAFT REPORT INTO INTERNATIONAL FREIGHT TRANSPORT SERVICES

This letter is the New Zealand Customs Service's (Customs) submission on the Productivity Commission's draft report into international freight transport services. It responds to the findings and recommendations in the draft report and updates the Commission on new border initiatives announced since we sent you our submission on your earlier issues paper.

Customs recognises the work that has gone into the development of the Commission's draft report into international freight transport services. We also appreciate the opportunity to provide additional comment.

General Comment

Customs is pleased to see that our services and fees compare well and that the level of border risk management is not acting as a barrier to the efficiency of the international freight logistics chain. We are also pleased to read that New Zealand is performing reasonably well in respect of customs procedures and documentation requirements.

Chapter 4: Freight transport costs

Continuing efficiency gains

Customs shares the Commission's view that there may be scope for further improvement in customs procedures and documentation requirements. The Government, as well as Customs, recognises that travel and trade patterns are changing rapidly. New technologies are giving us access to information faster and we should be using these to improve our effectiveness and efficiency at the border.

Government has announced a new work programme to look at how the border agencies can operate together more effectively to, amongst other things, improve trade services. Under the “Future Directions for the Border Sector” work programme, Customs, the Ministry of Agriculture and Forestry, and the Department of Labour will review specific functions. The aim is to further improve border services to make trade and travel more efficient.

The Future Directions work programme will focus on:

- reviewing MAF/Customs passenger clearance processes
- reviewing service delivery for cargo clearance
- aligning and streamlining ‘known’ or ‘trusted’ trader programmes
- exploring options to outsource functions to the private sector
- developing a border management risk strategy and plan and
- ongoing technology and business process improvements such as the Joint Border Management System (JBMS) and the Immigration Global Management System.

Recommendations, arising from the Future Directions work, will be provided to the Government by mid-year. If you would like further information on this work, please contact Richard Bargh at Richard.Bargh@customs.govt.nz or on (04) 901-4561.

Chapter 7: Customs, security and biosecurity

Performance measurement

The Commission proposes that the Border Sector Governance Group be strengthened and given the role of developing performance measures for border co-operation. The measures would be additional to those for the JBMS. The Commission considers the Group should report on those performance measures to Ministers every six months.

Customs has a major project underway to improve performance measurement for its Operations Division. This work will result in operational managers being better able to gauge the performance of their units and their success in managing risk.

In our view considerable benefit will be gained by border agencies placing priority on progressing the JBMS and identifying further efficiencies through the Future Directions programme. Development of additional border sector performance framework measurements will be progressed as these initiatives advance.

Border Sector Governance Group

The Future Directions work programme is aimed to progress work to improve the Government’s border services. The Governance Group has been strengthened for the Future Directions work programme as border sector Ministers and chief executives have extended their active oversight of border

management. Ministers will continue to meet regularly and will report six monthly to Cabinet on progress.

Review of the Customs and Excise Act 1996

The Commission proposes to recommend that the Customs and Excise Act 1996 be reviewed to assess whether it remains fit for purpose. Customs is currently scoping the work needed to modernise customs legislation. We intend to report to Ministers in 2012 with a plan for this work.

Trade Facilitation

Customs is pleased to see the report recognise the value of Customs' trade facilitation work, including the development and support of mutual recognition agreements and export schemes. Trade facilitation will remain a priority for Customs for the foreseeable future, including working with overseas customs agencies.

Correction

Please make a correction to Table 7.1. Preventing illegal goods from entering New Zealand is **a** key responsibility of Customs, not **the** key responsibility. Customs is committed to achieving both border protection, and trade and travel facilitation through the smart use of risk management and new technologies.

Customs trusts this information will help the Commission in finalising its report. If you wish to discuss this submission please contact Fi Coster at Fiona.coster@customs.govt.nz or on (04) 903-2494.

Yours sincerely



Carolyn Tremain
Comptroller of Customs

