



**Asia-Pacific
Economic Cooperation**

2010/CTI/WKSP/013
Session 7

Risk Management

Submitted by: New Zealand



JAPAN 2010

**Self-Certification of Origin Workshop
Kuala Lumpur, Malaysia
11-12 October 2010**



Risk Management

**APEC Workshop:
Self Certification of Origin
Kuala Lumpur 11-12 October 2010**



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


New Zealand Government

PROTECTING NEW ZEALAND'S BORDER

SLIDE TITLE

Importance of Risk Management

- » Covers all of our work
- » Proactive rather than reactive
- » Improves effectiveness and efficiency
- » Focuses resources and preparation
- » Improves business culture and accountability



Risk Management underpins so much of Customs' work

2 NEW ZEALAND CUSTOMS SERVICE RISK MANAGEMENT

Benefits of Risk Management

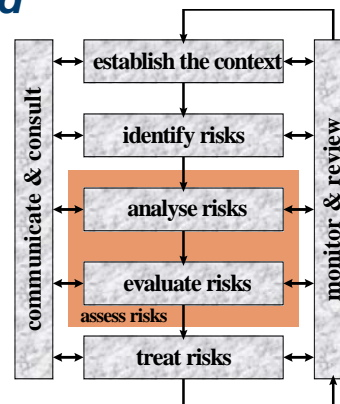
- » Better resource allocation
- » Increased revenue
- » Improved legislative compliance
- » Reduced release times
- » Lower transaction costs
- » Improved cooperation with business
- » Improved reputation and professionalism
- » More intelligent approach



Risk Management provides numerous benefits

Setting the Foundation: International Standard

- Standard Methodology
- Applied to any Situation
- Likelihood & Consequence



Setting the Foundation: *Policy & Approach*

Legislative base:

Customs & Excise Act 1996 sets controls

Domestic & International Co-operation:

Information & compliance

Co-operation with Industry:

Frontline & SES - Information & compliance

Systems and Culture:

Concept embedded in the organisation & drives decision making

Practical Approaches

Pre-clearance screening &
Profile development

Trade Business Rules

Audit Controls

Business Relationships



Pre-clearance screening

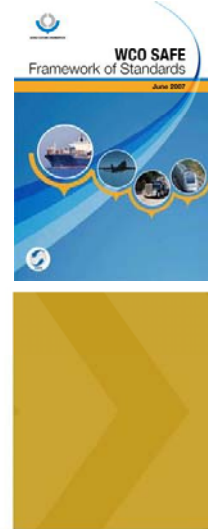
The application of known risk profiles across advance information and prior to the clearance of the goods.

risk profiles

advance information

prior to clearance

Determine low risk & other



Profile Development

Common fields for revenue profiles

- Tariff item
- Goods description
- Weight
- Shipping/freight cost
- VFD
- Duty & GST
- Unit value
- Concession
- Preference indicator
- Relationship indicator
- Country of origin
- Country of export

compile data from revenue evasion (eg the last 12 months);

determine focus e.g. tariff-based, industry sector-based, by country of origin, etc) – this will determine data fields;

break down the information & group it by data fields ;

analyse the information by data fields to identify trends, patterns, data clusters, etc.

Trade Rules

Consistent business rules –
Add to profiles
Used for decision-making
Guide to seek further information

Examples:
First time importer
Irregular supplier
Import inconsistent with previous history
Value/weight inconsistent with declaration
VFD outside expected range
Size of shipment inconsistent with nature of shipment

Alerts in system
General Query to importer (pre-clearance)
Database check for historical data
Open source research

Audit Controls

Comprehensive Trade Assurance programme
Assisting compliance through rolling audits

Comprehensive audits for non-compliant

Planned sector audits (eg “appliances, chemicals”)

Aimed at promoting voluntary compliance & importer accountability

Annual Programme
Planned audits
Feedback loops for profiles & trade rules
Explained to Industry
Prevent Revenue Leakage

Consultation with Industry

Frontline programme – business partnership

Programmes for new importers

Education, advice & information

Information & advice on audits

Transparency – fact sheets, call centre, internet

Business contributes to risk management

Improves voluntary compliance – increases the number of low risk traders

Increases Customs awareness of changing business practice

Risk management is not risk elimination.....

Review & monitor your systems & procedures regularly