Risk Management

Submitted by: New Zealand
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
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

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 (e.g. 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;
alanalyse 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
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