

# 'Future Directions for the Border Sector'

---

## Note about this document

The Government's three border agencies (the Ministry of Agriculture and Forestry, New Zealand Customs Service and Department of Labour) are stepping up work to make trade and travel more efficient through better co-ordination of border services.

'Future Directions for the Border Sector' aims to make travel and trade easier, improve the efficiency of border services, and ensure border security and biosecurity protection are maintained or enhanced.

In addition to the [Ministers' media release](#), this document provides extra information about the scope of the 'Future Directions' programme:

- **PART A:** Priority initiatives
- **PART B:** Initiatives already being planned, or underway, within or across agencies
- **PART C:** Projects underway *and* already resourced

'Future Directions' will build on joint initiatives carried out over the last few years by the border agencies to enhance the sharing of information and targeting of risk at the border.

The programme is also consistent with wider government initiatives and efforts to deliver better public services more efficiently.

## PART A: Priority initiatives

<b>MAF/Customs passenger clearance process</b>	
<b>Suggested approach</b>	<b>Indicative Timeline</b>
<p>The passenger clearance process involves a number of checks and risk assessments at various points – before passengers arrive at the airport and on arrival. On arrival to the airport, all passengers have some sort of risk assessment or checks undertaken on arrival (primary processing). Where necessary, further intervention can be carried out, such as physical checks and issuing of infringement fines (secondary processing).</p> <p>Passenger clearances processes are very transactional and there are obvious opportunities to eliminate duplication, benefiting staff and passengers alike. Currently both Customs and MAF carry out separate primary processing checks at the airport. This can create unnecessary bottlenecks for passengers; the majority of whom are of low-risk. Note that bottlenecks also occur in relation to aviation security and baggage handling. Airport processes must be able to cope with high volumes with variable and sometimes unpredictable peaks and troughs.</p> <p>Reviewing the passenger clearance process has significant potential for productivity gains and should be considered a high priority. Work should begin with a functions-based analysis, followed by a determination of how those functions are best delivered.</p> <p>(Immigration processing will continue to be carried out by Customs on behalf of the Department of Labour.)</p>	<p>The programme will provide recommendations to the Government by mid-year.</p>
<b>Cargo clearance - service delivery</b>	
<b>Suggested approach</b>	<b>Timeline</b>
<p>Cargo clearance activities are increasingly automated and highly dependent on quality information to enable effective risk management. Most imported goods are cleared for Customs purposes before they reach New Zealand. MAF is moving from an inspection-based model to a risk and verification model. As such, both agencies now rely on advance information to assess risk and compliance with standards. Traders that consistently maintain high compliance standards will avoid unnecessary disruption to their trade.</p> <p>Implementing the Joint Border Management System (JBMS) will result in further enhancements to cargo management including the integration of cargo-related information through the Trade Single Window. Given the reliance on quality information and the movement towards verification based systems, consideration should be given to who undertakes verification and audit activities, particularly for low-risk goods.</p>	<p>The programme will provide recommendations to the Government by mid-year.</p>

<b>"Known trader" programme</b>	
<b>Suggested approach</b>	<b>Timeline</b>
<p>Effective trusted trader programmes should create facilitation benefits and incentives for traders to voluntarily comply with border requirements. MAF and Customs have implemented trusted trader programmes, but they do not cover all border clearance processes.</p> <p>Customs, MAF and the Ministry of Transport are currently assessing opportunities to align and streamline those programmes. Initial work has identified some opportunities for reducing duplication across agencies and for industry, and for increasing efficiencies without compromising security.</p> <p>Work on other possible trusted trader programmes should be scoped for development in the long term, with the priority to identify how JBMS can create increased compliance incentives for imports and improved risk assurance for New Zealand's exports. Linkages with existing programmes should also be scoped.</p>	<p>The programme will provide input to work being led by the Ministry of Transport to do a stock take of existing security programmes and opportunities to align and streamline New Zealand's air cargo requirements by June 2012.</p> <p>Scoping value of other trusted trader programmes by December 2012.</p>
<b>Outsourcing to the private sector</b>	
<b>Suggested approach</b>	<b>Timeline</b>
<p>MAF already out sources some border management activities including inspecting low risk sea containers and operating x-ray machines at airports. Border agencies will continue to explore opportunities for further outsourcing of functions when designing changes to service delivery, particularly for cargo clearance activities.</p> <p>Mechanisms would need to be established for contract management and standards setting. An assessment would be needed of whether additional contract management and auditing of third party performance creates reduced efficiency overall.</p>	<p>The programme will provide recommendations to the Government by mid-year.</p>
<b>Border management risk strategy and plan</b>	
<b>Suggested approach</b>	<b>Timeline</b>
<p>Understanding commonalities and differences in each agency's approach to risk management will be crucial to further integration of border activities.</p> <p>The border management risk strategy will set out the key areas of focus for compliance activity at the border, which will, in turn, inform the risk treatment strategy and plan for the sector. This strategy will be a key driver for staff activity at the frontline and will also provide benefits in improved compliance and understanding of border obligations. For example, MAF has a strong science-based approach as the foundation to risk management, while Customs and Immigration rely on intelligence and profiling. While MAF is also moving to an intelligence model, science risk assessments will continue to form</p>	<p>An update on the scope of this work will be provided to Government by mid-year.</p> <p>Develop strategy and plan by October 2012</p>

the basis of border management decisions.

There are short and medium term opportunities from a “whole of border” approach to intelligence capability and sharing tools:

- a shared border sector intelligence model – this is critical for underpinning all further work
- a border risk strategy for operational guidance. This would more clearly articulate the risk assessment activities being undertaken and delivered by individual agencies.
- a border alert system that services the whole of the border system
- JBMS and IGMS capability to support a whole of border approach to intelligence
- a shared, cross-agency training platform for border agencies.

This is a low risk activity for Government that could produce significant efficiencies and productivity improvements in front line operations. This activity is needed to support other initiatives, particularly changes to the primary line.

## Ongoing technology and business improvements

### Suggested approach

The Joint Border Management System (JBMS) being developed by Customs and the Ministry of Agriculture and Forestry will enhance the ability of agencies to work collaboratively, and reduce fragmentation, duplication and costs to both industry and government.

JBMS presents significant opportunities for a step change in border management and border security, for government and for industry. The first tranche is underway, as is planning for the second tranche which will be subject to a further investment decision.

The Immigration Global Management System (IGMS) will replace the core immigration ICT systems across the immigration process, including at the border, to improve service delivery and security and reduce costs.

Investments in JBMS and IGMS will be leveraged to provide benefits from improved business interoperability, especially in managing risks associated with visa applicants and passengers.

The focus of future work between the two systems will include interoperability and supporting the development of the JBMS Tranche 2 business case, particularly the passenger processing component, as well as identifying other opportunities for service and efficiency improvements.

Other opportunities for leveraging technology investments across agencies will continue to be sought.

### Timeline

Ongoing – with reports to Cabinet at appropriate milestones

## PART B: Initiatives already being planned, or underway, within or across agencies

<b>Reducing the legislative burden</b>	
<b>Suggested approach</b>	<b>Timeline</b>
<p>Maximising the opportunities for improvements at the border will require examination of current legislation. A scoping exercise is required to determine whether adjustments are required in order to implement changes to service delivery (e.g. single primary line) and, additionally, whether a more fundamental review of border legislation is required.</p> <p>There is pressing need to review and modernise the Customs and Excise Act 1996. This review should provide the opportunity to for a fundamental examination of the current border regulatory environment. Customs should commence scoping of the need for modernizing Customs legislation in consultation with other agencies, and develop a plan for this work.</p> <p>Amendments to several pieces of border legislation are already being progressed including the Biosecurity Law Reform Bill, the Customs &amp; Excise (Joint Border Management Systems Information Sharing and Other Matters) Amendment Bill and the Airports (Cost Recovery for Processing of International Travellers) Bill need to be progressed as part of the 2012 legislative programme.</p> <p>In addition, a new and comprehensively updated Immigration Act was enacted in 2009, which enables use of biometric technology at the border (preparatory work is underway).</p>	<p>Legislation will need to be examined in order to implement service delivery changes to passenger and cargo clearance models</p> <p>Customs should commence scoping of the need for modernizing Customs legislation in consultation with other agencies, and develop a plan for this work.</p>
<b>Changing the approach to cost sharing</b>	
<b>Suggested approach</b>	<b>Timeline</b>
<p>Increases in the volume of passengers represent a risk to biosecurity, customs and immigration processes, as these passenger processing services are almost entirely Crown funded and the fiscal environment is tight. Passenger volume growth of 4 percent per year was experienced in most years in the last decade. The sector believes it could accommodate a similar level of growth for up to 5 years, dependent on productivity improvements from capital investments such as JBMS and IGMS. Greater increases may require revisiting border funding options.</p> <p>Across border agencies, a number of projects are underway that have implications for cost recovery, including the Airports (Cost Recovery for Processing of International Travellers) Bill, and the project to establish increased cost recovery to meet the third party share of the costs of the JBMS.</p> <p>Any additional work will need to be undertaken in conjunction with the legislative changes required to implement service delivery changes.</p>	<p>Will need to be examined in order to implement service delivery changes to passenger and cargo clearance models</p> <p>Any further reviews of cost sharing should happen over the longer term in line with the review of the legislative framework and any agency work programmes on cost recovery.</p>

## Making it easier for small and medium enterprises to understand and comply with their obligations

Suggested approach	Timeline
<p>Services for clients need to be adapted to a changing environment. This includes making it easy for clients to voluntarily comply with border requirements - particularly small and medium enterprises that do not always have the capacity to investigate compliance obligations - and to manage their business online, without the need to use an intermediary. The convergence of technologies and the new platform being provided by JBMS provides an opportunity to 'change the game' for the provision of public information services to traders, and result in improvements to compliance and efficiency.</p> <p>There are costs associated with the development and introduction of new technology platforms, and the strategy will also need to identify the benefits to Government and industry from different options.</p>	<p>Develop a border-sector client services strategy in 2012 to support the implementation of JBMS tranche 2 and other developments, for implementation in 2013/2014.</p>

## PART C: Projects underway *and* already resourced

### Known traveller programme and related initiatives

Suggested approach	Timeline
<p>The known traveller concept should be considered as part of the 'domestic-like' travel experience work the Border Sector Governance Group is already undertaking. The long-term goal is to realise a model for trans-Tasman travel where regulatory requirements are completed prior to travel so there would be direct exit for compliant passengers. There are a number of projects underway which are complementary to this work, summarised below.</p>	<p>Underway through other work programme. Long-term</p>

### Initiatives to streamline service delivery

Suggested approach	Timeline
<p>Initiatives underway include:</p> <ul style="list-style-type: none"> <li>• trans-Tasman x-ray image transfer for biosecurity purposes,</li> <li>• streamlining and automating the collection of departure information to remove the need to complete a physical arrival card</li> <li>• integration of SmartGate between New Zealand and Australia to eliminate the need to use SmartGate on arrival</li> <li>• expansion of SmartGate to younger travellers (from 18 to 16 year olds), visa holders and other third-party nationals,</li> <li>• Airline/SmartGate kiosk integration to enable a single self-service kiosk for both government and airline departure requirements</li> </ul>	<p>Underway. Short to long-term depending on work stream</p>

- Immigration policy development to further facilitate business travel and enable air link expansion
- Govt Identity Verification Service to enable individuals to verify their identity online to approved agencies. Has potential to assist in streamlining the collection of arrival and departure information (led by Department of Internal Affairs)

## Understanding what customers want

### Suggested approach

Customer engagement is already an integral part of border agency activities. Border agencies currently undertake stakeholder surveys and engage with key stakeholders through other means. Slight modifications to existing approaches could produce a broader picture of customer needs across border agencies.

### Timeline

Activity is underway – integrate broader approach within existing processes

## Streamlining processes at the International Mail Centre

### Suggested approach

A project to streamline and integrate processes at the International Mail Centre has been substantially progressed in 2011. The project involves Customs, MAF and NZ Post developing and piloting new processes to improve the efficiency of mail clearance. Implementation of the project is expected to be completed in 2011, with follow up reviews planned.

### Timeline

Underway as an existing project