



ICT for Customs Modernization: Experiences in Australia and Asia Pacific

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ICT for Customs Modernization: Experiences in Australia and Asia Pacific

A Brief History of the Australian Customs Service ICT

- The ACS has been nationally computerised since the 1970's.
- Was one of the first Government Agencies to have a national network.
- It used to provide computer services to other Government Departments, such as Foreign Affairs, Immigration, Electoral Commission and others.
- In 1986 it implemented it's Import Processing and Historical retrieval systems that are still operational today.
- Over the years more systems to deal with Passenger Processing, Sea Cargo, Air Cargo, Carnets, Drawbacks, Profiling, Status Notification, Licences, Tariff Valuation and so on were developed.
- In 1998 they Outsourced their ALL their in-house IT ability to a private company, EDS, for ideological reasons.



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A Brief History of ACS ICT, continued.

- In 1998 they also decided they needed to Redevelop ALL their current computer systems.
- The outsourced contract with EDS contained redevelopment as well as continued Maintenance of existing systems.
- The Relationship between ACS and EDS deteriorated and was continually plagued with contract disputes, disbelief of information supplied, micro management, insistence on deliverables in the contract, lack of strategic focus and the perception that previously loyal ACS ICT staff were now trying to “Rob” the ACS.
- Eventually ALL the Management on both sides of the contract were replaced.



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A Brief History of ACS ICT, continued.

- ACS management then decided to send the redevelopment contract out to public tender and excluded EDS from bidding.
- A consortium of a number of companies won the main redevelopment contract and other smaller companies won smaller systems to redevelop.
- Since the ACS had retained no ICT staff after the Outsourcing they needed to employ ICT consultants to assist in management of the redevelopment activities.
- This led to ACS Management to employ ICT consultants to try to regain their Strategic perspective.
- So now they have ACS Managers, employing ICT Project Managers to Project Manage the System Developers, who have their own Project Managers and the System Developers don't know who to answer to.



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A Brief History of ACS ICT, continued.

- Issues that affect all of ACS ICT are therefore often neglected as they are seen as someone else's problem. A prime example of this was that since the redeveloped systems will have totally different data structures from current operational systems the migration of the data from the old to the new would be virtually as big a job as the redevelopment, and as expensive. No one had therefore investigated what was to become of the old data. In the end it was decided to retain the old hardware and systems and continue to operate them as an “archive machine”. This decision was almost made too late to be achieved.
- The Redevelopment has now taken longer than originally estimated, it was commenced in 1999 and was scheduled to take 3 years, has had the developer changed from EDS to the Consortium, has missed dates that had been legislated, cost a large amount more than originally budgeted.



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A Brief History of ACS ICT, continued.

- The ACS formed an agreement with it's Minister some time ago whereby it tied the number of Customs Officers to the level of passengers entering and leaving the country and the amount of trade entering and leaving the country. This means that as trade or passenger processing increases ACS could employ more Customs Officers.
- The ACS also formed agreement with it's Minister and the Finance and Treasury Departments such that it could impose a computer processing fee on Import Declaration Processing and could keep a percentage of the fee collected to pay to run, maintain and upgrade its computer systems.



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A Brief History of ACS ICT, continued.

- The ACS also collected money on behalf of other Government agencies, such as Transport, Health, Tax, Aviation and so on. It formed agreements with these Agencies such that it could keep a percentage of this money collected as a “Handling Fee”. This money was also used to fund running costs, maintenance and upgrades to its computer systems.



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Points to Note:

- If you Outsource your ICT then DO NOT do it for Ideological reasons. Have definite reasons or goals that you can measure. These could include: cost reduction, lack of resources, the ability to access a communications network, gain good Project Management control, etc.
- If you have no ICT resources then decide if you want to use an external company or want to recruit your own ICT resources.
- If you have to deal with an ICT company have extensive discussions with their management and decide if you can have a COMFORTABLE relationship with them under the broad umbrella of a contract.
- DO NOT try to describe every item or deliverable in a contract to the “n’t h” degree as this level of micro-management takes your view off your Strategic Objective.



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Points to Note, continued:

- If your Managers are not skilled in Project Management then either have a single Project Management area that manages ALL projects and Strategic Direction or trust the companies Project Managers. Otherwise you end up paying for 3 levels of management and these people are the most expensive in ICT today.
- The ACS management focussed on negative issues and the fact that EDS delivered 80% of Projects on time and on budget was lost. Celebrate Good News.
- While it is safe and nice to blame an outside company or person for a failure, IT IS ALSO YOUR FAILURE. Why couldn't you both have made it a success.
- Always record lessons learned, both good and bad.



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Points to Note, continued:

- To ensure sustainability of your investment in computing into the future try and arrange agreements to keep a percentage of “Extra Revenue Collected”, that is the Processing and Handling Fees, to ensure you can afford your computer systems in the future and to apply a “Rolling Wave Upgrade Program”. That is to replace a certain number of your PCs, servers etc, before they become totally obsolete.



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ICT at the ACS is NOT ALL BAD:

- The ACS has one of the best Customs computer systems in the world. A Broker/Importer can lodge an electronic Import Declaration, pay for it, be told the goods may be delivered and have his carriers advised of this, **in 3 Seconds**.
- The redeveloped systems will be even more Integrated than the current systems and will be available over the Internet.
- The Security of the systems available over the Internet will be as stringent as possible to overcome hacking and viruses.



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Experiences at Kiribati Customs Service:

- The power is unreliable.
- The telecommunications stability is very fragile and phone lines nearly always fail when it rains.
- The physical environment in the Customs Buildings is very poor with leaks, open windows and coral dust blowing into the buildings.
- There is very little IT Expertise in Kiribati.
- Personal Computers (PCs) can be purchased there, imported from Australia, but the post-sales support and repair of the of PCs is often a concern.
- Lack of provision of funds in the budget to perform necessary building upgrades and allow for the extra expense of purchasing PCs and software has impeded progress of the project ICT component.
- The Project was counting on a Multi-lateral Asycuda++ project for funding for the software. But this has not been funded.



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Outcomes at Kiribati Customs Service:

- Power can be provided by a Generator.
- Pay the telecommunications supplier to either establish special dedicated lines or a micro-wave link.
- The lack of building improvements by the Kiribati Government has meant AusAID is reluctant to purchase any computers.
- A bonded ICT scholarship holder has been appointed to Customs.
- The PC supplier has increased its staff.
- Without building improvements and funding from Kiribati then AusAID will not consider Asycuda++ funding so PC Trade will probably be purchased when the funding issue is resolved.



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Experiences at Maldives Customs Service:

- Defined, Analysed and Designed a Valuation system and a Price Analysis Tool to establish a base for Profiling in Asycuda++.
- Produced and delivered a strategy for the introduction of Risk Management techniques within ASYCUDA++ and their other computer applications and general processes.
- Produced their ICT Strategic Plan and arranged purchase of appropriate equipment, training courses and software.
- Utilised the ICT staff with Maldives Customs to develop the Price Analysis Tool.



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Experiences at Vanuatu Customs Service:

- They were performing Post-Event data entry of their declarations and were getting further behind and impeding trade rather than facilitating it.
- The telecommunications system was very slow so the transmission of data was slow and subject to failure.
- The Government was inhibited in its ability to make policy and changes to things such as Tariff Rates by its lack of Trade Statistics as these were Post-Event transactions.



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Experiences at Royal Thai Customs Service:

- Went to Tender for a Customs Systems and, I believe eventually had almost identical systems to the ACS.
- Reluctant to embrace Risk Management and this could have been a threat to success of computer systems.
- Did not communicate the Commitment to computerisation.
- One un-stated goal was corruption reduction by attempting to have all Broker/Importers type in their own declarations. When Officers used to a “Facilitation Fee” no longer received this fee because the trading community no longer had access to them then it was a possibility active sabotage could have occurred.
- Most business concerning Imports etc was carried out on the back of a motorbike and Thai Customs was hoping to have Broker/Importer data entry by the 20% of the trading community with computers, since they generated 80% of entries.



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Experiences at Samoa Customs Service:

- A Three Year Institutional Strengthening Project Funded by AusAID 1996-99.
- Samoa Customs used to perform 100% inspection of Goods and Documents. Now everything is Risk Managed and profiled in Asycuda++.
- Revenue collection has increased while Tariff Rates have reduced.
- It's staff and budget has increased but it has cut overtime to reduce budget impact and is able to mount shift work at the airport, some of this funding comes from the airlines.
- It has also increased its effectiveness against Drug Smuggling. The latest arrest was a 12 year girl with marijuana strapped to her body in July 2003.



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Lessons I have Learned?

- YOU NEED TO HAVE DEFINED YOUR REQUIREMENTS BEFORE YOU INVESTIGATE POSSIBILITIES OTHERWISE YOU BUY SOMETHING THAT LOOKS GOOD BUT GOES BADLY.
- Don't use Technology to entrench a poor manual process. Reengineer the Process and build the computer system to suit the new Process.
- Face the Issues and make a COMMITMENT.
- Disseminate that Commitment throughout your Organisation and reinforce your Commitment at all opportunities.
- Embrace RISK MANAGEMENT. Computers will facilitate honest trade, and possibly reduce Revenue Leakage, and assist in impeding dishonest practices by using sensible, reasoned Risk Management profiles.



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Lessons I have Learned, continued?

- Maintain your focus on your Strategic Goals and Directions and think how your ICT can contribute to the achievement of these Goals.
- Form a trusting Relationship with the ICT people, either internal or external to the organisation.
- Prioritise your Goals and “Pick the low hanging fruit” while working towards picking the higher fruit.
- Attack the computerisation of your major area of threat first (at the same time as “Picking the low hanging fruit”) and then attack the next area of threat down the Priority List.
- When you have sufficiently accurate trade information you can address the idea of Tariff Rate reduction by running “What if” scenarios on the trade data. Remember that sometimes when the Government reduces Tariff Rates that it stops being worthwhile to smuggle or mis-declare goods and therefore your Revenue may rise, as per the Samoa example.



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Lessons I have Learned, continued?

- Assign Responsibility of ICT to a Very Senior Officer to show your Commitment to the organisation.
- Follow the 80/20 rule. That is, 20% of the trading community will be doing 80% of the transactions. So if you convince that 20% of organisations to computerise along with you then **they would do the data entry of 80% of your transactions, thus freeing your staff to perform more Risk Management activities.**
- The lack of, or poor performance of, infrastructure services (such as power and telecommunications) is something that can cause an ICT Project to fail as it is outside the control of the Organisation.



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Lessons I have Learned, continued?

- For sustainability purposes try and form an agreement with your Finance Department, or equivalent, whereby you impose a processing fee on the 80% of organisations for whom you will be doing data entry and pass Finance a Percentage of that fee while you retain a sufficient percentage of the fee to pay for your computer equipment maintenance and upgrades into the future.



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Challenges to Face:

- Adopting Risk Management.
- Obtaining reliable Telecommunications without becoming your own provider.
- Do not attempt Post-Event Transactions, the transaction must go into the computer before any clearances etc are given. Post-event will only lead to a backlog and defeat the purpose of computerisation.
- If your Managers are not skilled in Project Management then either have a single Project Management area that manages ALL projects and Strategic Direction or trust the companies Project Managers.
- Write contracts that have very clearly measured deliverables and very clearly defined penalties for non-delivery.



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Challenges to Face:

- Sustainability and ensuring sufficient budget each year for you to maintain your computer systems.



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What Software Could You Use?

- ASYCUDA++, good possibility.
- PC Trade, probably too small for your country.
- Purpose Built software specifically built to your requirements.
- The still developing ASYCUDA World, which is like Asycuda via the Internet.
- Use another Customs Organisations software, but remember that ALL Customs organisations do the Same Business in slightly Different ways.
- Purchase and install other “Off the Shelf software”. For instance I believe there is possibly a Singapore system, a Port Handling/Customs system in the UK, a French system.



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Thank You

Questions?