

New Zealand Single Window opens for business

IN AUGUST, THE New Zealand Customs Service (NZCS) and the Ministry for Primary Industries (MPI) officially opened the Trade Single Window (TSW) for business, leveraging the WCO model to improve risk management and facilitation of compliant trade. New Zealand's economic wellbeing relies on efficient international travel and trade, while maintaining a secure border.

During 2012/13 NZCS processed 9,7 million international air passengers, and 6,21 million import and 3,48 million export transactions, while collecting 11,239 billion NZ dollars in revenue. With primary production currently generating more than two thirds of the country's export earnings, effective screening of arriving people, goods and craft for biosecurity risk is an ongoing concern for MPI.

NZCS and MPI have been developing their Joint Border Management System (JBMS) over the last three years. The JBMS modernizes the two agencies' border systems and allows them to better share processes, data and technology. The TSW is a key component of the JBMS, and will ultimately provide a single channel for New Zealand's international cargo industry to submit information and receive responses from border agencies.

Existing border systems

All people, goods, and craft entering and leaving New Zealand must be reported to NZCS, and this is mainly done using electronic messages based on an early United Nations trade facilitation committee data model. Airlines and shipping lines submit information about the aircraft or ship, and its cargo, crew and passengers, in messages, including Inward and Outward Cargo Reports.

Information about arriving ships and crew is currently provided in an emailed form which is shared with MPI and New Zealand's maritime safety agency and port health officers. Commercial importers and exporters or their agents have to submit more detailed information electronically to obtain Customs clearance, including import entries and export entries.

The existing Customs system manages this, identifying craft and cargo that could pose a risk, managing import and export permit controls, collating information for invoicing duty and tax, sending clearance notifications to cargo terminals, and recording the results of inspections and audits for analysis and learning.

Information on export and import cargo that is required to manage biosecurity and food safety risks is also sent to MPI systems. Importers may need to submit a Biosecurity Authority Clearance Certificate (BACC) application to MPI for inbound shipping containers and many imported consignments. They are currently either sent electronically or by fax, and may be supplemented by data passed from Customs' system.

Importers of certain foods need to email documents to a central processing office to obtain an import permit, and most animal and plant products exported from New Zealand must be accompanied by an approved export certificate which exporters apply for through MPI's export certification systems.

The existing NZCS and MPI systems lack the flexibility to respond to the increasing demands being placed on them to manage border risks while ensuring the smooth flow of trade and travel. The existing systems and border processes are not well integrated, requiring the duplication of data and processing which slows the supply chain.

While many commercial freight software products are able to join up information at the 'front end' for industry users, at the 'back end' the data is sent to the agencies separately, and updating software can be complex when there are changes.

Clients have also been limited to using one mandated 'messaging gateway' for sending electronic messages to NZCS and MPI.

A smarter, swifter border system

The JBMS initiative modernizes the two agencies' border systems and brings a fundamental change to the way NZCS and MPI

operate at the border. It will enable the agencies to work more collaboratively, with shared processes, data and technology.

The TSW will ultimately provide a single channel for importers, exporters and their agents to provide information required by border agencies. It will cut out the duplication of data and connections required for submitting information to the agencies' separate systems (see illustration).

The richer information available in new messages will be shared by NZCS and MPI to support New Zealand's border and revenue protection, and management of biosecurity and food safety risks. The country's maritime safety agency and port health officers will also access information about craft and crew, and give directions to ships via the TSW.

New message formats

The new electronic craft and cargo reporting and clearance messages are one of three key changes as a result of the TSW. They are based on Version 3.2 of the WCO Data Model (WDM3), enabling information requirements to be harmonized across the border agencies as much as possible. New Zealand border agencies have been closely involved in the development of the WDM3, and are now amongst the first agencies to use the new message formats.

These new WDM3 messages will ultimately replace the current or 'legacy' craft arrival and departure notices, inward and outward cargo reports and import and export clearance documents. The messages will be shared by the border agencies, starting with NZCS, MPI, Maritime New Zealand and port health officers.

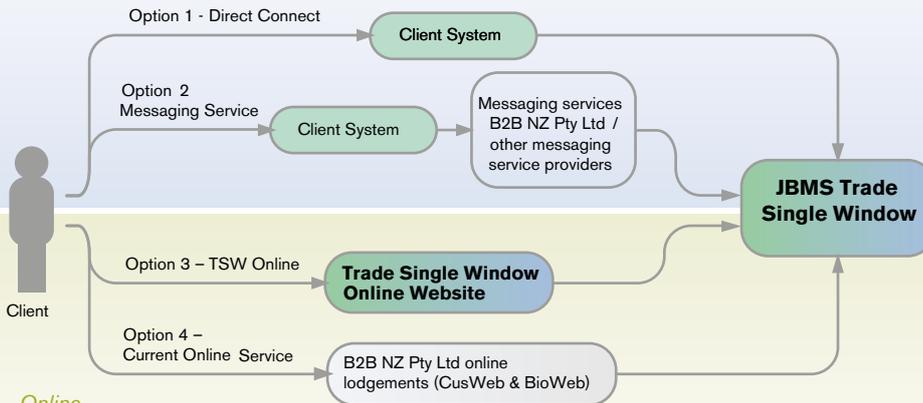
For example, the new WDM3-based Import Declaration combines the Customs, biosecurity and prescribed food information required for clearance, in one message. Clients can move to the new WDM3 messages as they are introduced, or continue to use the current 'legacy' messages until the new messages are mandated. NZCS and MPI are consulting with industry on the mandatory date, but it will be no earlier than December 2014.

New connection options

The second key change with the TSW is the availability of new options for clients to submit messages, providing the opportunity to reduce transaction costs. Clients

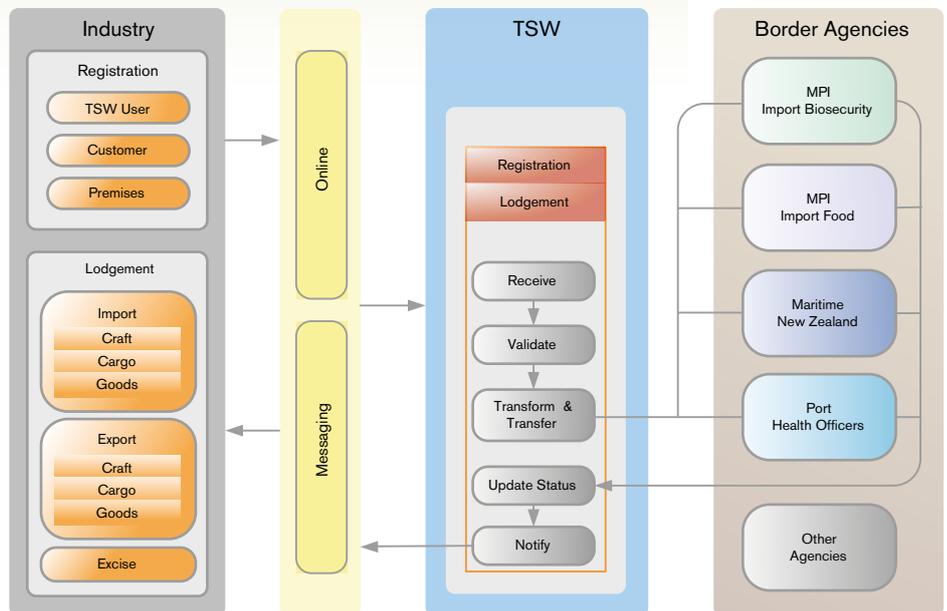
JBMS Connections Options

Business to Business Messaging



Online

JBMS - TSW Interfaces



can continue to use the existing messaging service provider, or use other providers who are now able to compete in this area.

Clients also now have the option of connecting directly to the TSW, without having to use a messaging service provider. This may provide cost savings, depending on the client's volume of messages and set-up costs. It is ideally suited to clients with a reasonable level of information technology expertise to establish and maintain the connection, and to meet security requirements.

For clients with lower message volumes, the TSW Online Website is an alternative to the current online service. TSW Online uses the WDM3-based cargo reporting and clearance messages, and is operated by NZCS and MPI, while the existing service is operated by a third party and uses the previous versions of the messages.

Self-managed registration

NZCS issues client codes to importers, exporters and overseas suppliers, and to organizations or individuals who want to submit messages to the system. These are currently applied for on forms that are generally faxed or emailed to NZCS for data entry. The third key change is that the TSW will allow clients to register online for joint NZCS and MPI codes, and maintain their own details from thereon, improving efficiency and responses times.

Industry support

The New Zealand cargo industry has been very supportive of the new border system and the TSW. A key part of this has been piloting the TSW with a range of indus-

try partners, including a large freight forwarder, a multi-national express courier, Customs and freight software providers, and TSW Online users. The involvement of these players has been vital for real-life testing of the direct connection facility and new WDM3 messages before the TSW was opened to the wider industry.

As well as reducing the duplication of data and the need to connect to two systems, the ability of clients to provide more detailed information before the arrival of goods and craft means border agencies will be able to provide earlier confirmation of the clearance status to help with planning. Over time, as take up of the new WDM3 messages increases and a history of detailed client information is built up, those clients who comply with border requirements and present low risk will face less intervention.

Wider benefits

Within New Zealand the TSW will enable more information to be shared electronically with industry partners, such as ports and transporters, to support logistics planning. In the longer term, the TSW sets up the foundation for better facilitation of trade through country-to-country data sharing, an objective of both the WCO and the Asia Pacific Economic Cooperation (APEC) bloc.

The JBMS programme is also a key contributor to the New Zealand Government's goal for 'Better Public Services' through online services, and will provide better value for money through multi-agency use of capital assets, and more efficient agency processes through joined-up systems.

More information

www.customs.govt.nz