



MAURITIUS REVENUE AUTHORITY

Performance Measurement in Customs

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Introduction

- Performance Measurement means:
 - Assessing outputs & outcomes for:
 - (i) Determining effectiveness of strategies & operations, and
 - (ii) Removing shortcomings and deficiencies, if any.
- Performance is measured in terms of Key Performance Indicators (KPIs).

Introduction

- To achieve their intended purpose, Performance Measures must be **SMART**, i.e.
 - **S**pecific purpose
 - **M**easurable
 - **A**chievable targets
 - **R**elevant for the organization, and;
 - **T**ime specific

Performance Measurement : A Global Perspective

- Revenue organizations around the world measure performance in terms of KPIs.
- All KPIs emanate from strategic objectives, with each of these having clearly laid down targets or benchmarks to be attained over a certain time period.
- Customs also uses KPIs to evaluate its performance.
- These KPIs relate to:

➤ Collecting revenues	➤ Enforcing laws effectively
➤ Facilitating trade	➤ Protecting society
➤ Managing risks	➤ Securing borders

Performance Measurement : A Global Perspective

• New Zealand

The following four goals have been emphasized, each having KPIs:

Goals	KPIs
Trade Facilitation	<ul style="list-style-type: none">○ Time taken to clear passengers and cargo○ Client satisfaction measured by stakeholders' surveys
Border security	<ul style="list-style-type: none">○ Border compliance levels○ Stakeholders' confidence○ Operational results

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Performance Measurement : A Global Perspective

Goals	KPIs
Maintenance of effective relationship with stakeholders	<ul style="list-style-type: none">Commercial clients' perception surveyFormal relationship agreements
Revenue collection	<ul style="list-style-type: none">Revenue collection rateSystem integrity

Performance Measurement : A Global Perspective

- Jordan

Jordan Customs has 5 targeted performance areas:

Performance Areas	KPIs
Internal processes	<ul style="list-style-type: none">Customs clearance time% of goods examined and interdictedValue of seizures and monetary penaltiesNo. of Intellectual Property Rights (IPR) casesRevenue collected from Post Clearance Audits (PCAs)Value and type of prohibited goods seized
Learning and growth	<ul style="list-style-type: none">No. of training coursesEmployee satisfactionNo. of IT Systems implemented

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Performance Measurement : A Global Perspective

Performance Areas	KPIs
Client Satisfaction	<ul style="list-style-type: none">○ Client Satisfaction Surveys○ Client perception of integrity○ No. and types of complaints
Stakeholders Agreements	<ul style="list-style-type: none">○ Agreements with other Customs Administrations○ Compliance with WCO & WTO Agreements
Corporate Governance	<ul style="list-style-type: none">○ No. of integrity complaints○ No. of integrity violations

Performance Measurement : A Global Perspective

- **South Africa**

The major goals and KPIs measuring these are:

Goals	KPIs
Optimization of revenue	<ul style="list-style-type: none">○ Targeted collections
Risk Reduction and Trade Facilitation	<ul style="list-style-type: none">○ Processing turn around time on Bills of Entry○ Use of electronic channels○ No. of post clearance inspection audits○ No. of cargo stops and their success rate
Compliance and border security	<ul style="list-style-type: none">○ Amount of narcotics and counterfeit goods seized

Performance Measurement : A Global Perspective

- Japan

- Amongst various objectives, Trade Facilitation is considered to be one of the most important.
- Time required for the release of goods is a critical indicator to measure the same.
- Its reduction from 7 days in 1991 to 2.8 days placed Japan 17th out of 183 economies with regard to Trading Across Borders in World Bank's "Doing Business Report 2010".

Performance Measurement : A Global Perspective

- Egypt

- Reduction in clearance time is a major performance measure. This was sought to be achieved by:
 - Reduction of Customs tariff to 6 rates instead of 27
 - Elimination of most tariff distortions
 - Introduction of the single window system
 - Pre-arrival release
 - Payment of Customs duty and taxes using Visa cards etc.
- All these reforms resulted in reducing clearance time of imported shipments to 2-6 hours instead of 22 days earlier.

Performance Measurement – The Mauritian Example

The major reforms came with the setting up of the Mauritius Revenue Authority (MRA) in 2006:

- MRA inculcated a new performance culture by having:
 - Clear priorities
 - Focused objectives
 - Measurable KPIs
- The major goals/priorities identified were:
 - Trade Facilitation
 - Risk Management and Enforcement
 - Border Protection
 - Revenue collection

Performance Measurement – The Mauritian Example

• Trade Facilitation

The various leading indicators used are:

- Percentage of cargo subjected to physical inspection
- No. of importers benefiting from Cargo Fast Track (Blue Channel)
- Implementation of Single Window Project
- Expeditious issue of tariff ruling
- Promoting e-payment of duties
- Implementing Cargo Community System
- Stakeholders' Forum

Performance Measurement – The Mauritian Example

- **Enforcement and Risk Management**

Relevant KPIs are:

- No. of Customs Offence Report (CORs) raised
- No. of Post Control Audits (PCAs) carried out
- No. of Value Upliftments
- Other indicators:-
 - Amount collected from compliance and physical inspection prior to delivery.
 - Audit of bonded warehouses, duty free shops and deferred duty and tax scheme shops.

Performance Measurement – The Mauritian Example

- **Border Protection**

Measured in terms of:

- Number of Contraband seizures
- Number of offences detected through X-Ray scanning
- Implementing the Authorised Economic Operator (AEO) concept
- Executing WCO n-CEN System
- Number of IPRs suspended clearance

Performance Measurement – The Mauritian Example

- **Revenue Collection**

- Targets are laid down by the Ministry of Finance and Economic Development at the time of the Budget
- Collections are monitored on a monthly basis through analysis of actual and projected collections
- Measures taken to bridge shortfalls, if any, in revenue collection

Outcome

- **Trade Facilitation**

- The World Bank's "Doing Business 2010 Report" ranked Mauritius 1st in the Africa region and 19th in the world with regard to Trade Facilitation.
- This is the outcome of the trade facilitation initiatives implemented by Customs ever since MRA has been in operation.

Outcome

- Trade Facilitation**

KEY PERFORMANCE INDICATORS	TARGETS (2008/09)	ACHIEVEMENTS (2008/09)
Cargo Dwell time	Sea: 4 hrs Air: 45 mins	Sea: 3 hrs Air: 45 mins
Export Clearance Time	8 mins	7 mins
% of imports subjected to physical inspection	15%	17%
Maximum time taken to issue a tariff ruling	3 days	2.5 days
No. of e-payment users	95	90
% increase of traders under Blue Channel	25	33

Outcome

- Enforcement of Customs Laws**

KEY PERFORMANCE INDICATORS	TARGETS (2008/09) (Rsm)	ACHIEVEMENTS (2008/09) (Rsm)
Total no. of CORs raised	300	576
Duties and taxes raised from CORs	40m	62.5m
Penalty raised from CORs	20m	28.5m
Duties and taxes from value upliftments	20m	17.4m
Total no. of post clearance audits	80	85

Outcome

- Border Protection**

INDICATORS	TARGETS (2008/09)	ACHIEVEMENTS (2008/09)		
Narcotics seizure	NA	Narcotics	Weight/Qty	Value (Rs m)
		Heroin	1,669 gms	38.69
		Hashish/Cannabis	29.05 gms + 209 seeds	0.04
		Subutex	21,755 tabs	21.76
		Psychotropes	none	nil
		TOTAL VALUE		60.49
No. of IPRs suspended clearance	250	264		
No. of offences detected at Port and Airport consequent upon X-Ray scanning	Port: 175 Airport: 150	Port: 190 Airport: 206		

Outcome

- Revenue Collection**

YEAR	DUTY	TARGET (Rs bn)	ACHIEVEMENT (Rs bn)
2007/08	Customs	2.25	2.636
	Excise	7.668	7.900
2008/09	Customs	1.475	1.501
	Excise	8.93	8.50

Conclusion

- KPIs have proved to be an effective performance management tool
- KPIs have been cascaded down to ALL employees of the Customs Department
- Every employee relates his/her role with the basic objectives of the department and owns the KPIs, thus facilitating the organization towards fulfillment of strategic objectives



MAURITIUS REVENUE AUTHORITY

THANK YOU