



**Customs Industry Engagement
and Analysis Project**

EXECUTIVE SUMMARY

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ORIGINAL

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by TNS Social Research

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Executive summary

In 2008, the Australian Customs Service (Customs) commissioned TNS Social Research (TNSSR) to undertake the Industry Engagement and Analysis Project, a wide-ranging body of research and consultation with stakeholders across the importing and exporting industry.

The role and functions of Customs in managing the security and integrity of the Australian border, along with assisting people and cargo to move in and out of the country, relies on strong, healthy relationships with industry and stakeholders. Undertaking research with stakeholders provides Customs with both an up-to-date, point in time assessment of the industry and helps inform and feed into future service and policy development. The project ultimately intends to provide a clear picture of the stakeholder environment to assist Customs as it manages and engages with industry in the future.

Scope and methodology

The focus of the research was essentially on two key areas:

1. To gather and collate detailed information on industry stakeholders, forming a **profile of the stakeholder population**, their roles, functions and perspectives towards the wider industry.
2. To assess the **relationship of stakeholders with Customs**, including their perception of the Australian Customs Service, contact with Customs, satisfaction with the service and future needs and preferences.

The research program therefore employed a number of different techniques to elicit this information, using a combination of in-depth qualitative discussion and broader industry consultation. In total, over 700 stakeholders¹ participated in the research in May-June 2008, representing a highly robust response rate of approximately 50%:

- 25 stakeholders participated in **one-on-one in-depth interviews** with the TNSSR research team. These exploratory interviews took place in Sydney, Melbourne and Perth and lasted approximately one hour each.
- 702 stakeholders took part in a **telephone (or online) survey**. The survey lasted between 15 and 20 minutes and further quantified issues raised in the depth interviews, such as perceptions of work, the industry, relationship with Customs and future needs.
- 40 stakeholders engaged in two separate **online discussion forums** over a three day period. The forums explored in greater depth some of the issues raised in other phases of the consultation.

¹ Stakeholders consulted were generally the most senior person within a stakeholder organisation who regularly deal with Customs. This was often the 'Customs Manager' or equivalent.

Discussion of key findings

The research highlighted a number of key points regarding stakeholders and their relationship with Customs:

- 1 Stakeholders are a considerably diverse group and vary from minimal interaction and involvement with Customs to a daily, ongoing relationship.**
- 2 Stakeholders are optimistic about future growth in the industry, though face most challenges in relation to time and client pressures rather than because of Customs.**
- 3 Overall, stakeholders are satisfied with Customs and accepting of the service provided by the organisation.**
- 4 Areas of communication offer most potential improvement in terms of access, information provision, consistency and an evolving two-way relationship.**
- 5 There is considerable desire for greater consultation and collaboration between industry and Customs on an ongoing basis moving forward.**

Where to now?

Much of the research indicates the **relationship between stakeholders and Customs is operating well**, with high satisfaction despite some issues raised regarding the service and interaction with Customs. The relationship is, on the whole, fairly **transactional** and 'hands-off' in nature; this does offer scope for an added-value partnership through collaboration, something which a substantial number of stakeholders are keen to achieve. This could be through:

- Communication and interaction which is more **tailored** and 'personal' in nature, possibly through case management or targeted communication at different groups of the population.
- Displaying **greater understanding** for their business and industry sector, being **on the front foot** in recognising and tackling common issues proactively and in partnership.
- Showing **empathy and support** for the challenges in the industry, such as the time pressures involved, educating clients, and minimising the impact of Customs on these challenges.
- Opening up **regular, accessible communication channels** so that stakeholders can increase their voice within the organisation and feel like they are being heard.

Further discussion of these issues, along with key findings from the research, follow in the remainder of this section, with detailed results presented in the main report body.

The stakeholder environment

The research reiterated that there was not one 'typical' stakeholder, rather a range of individuals and businesses taking varied involvement in Customs-related activity. This could vary from small, low-transactional individuals who may import a few times a year, to large, multinational players in the importing and exporting business. With such a diverse population, a 'one size fits all' approach to stakeholder management is likely to be limited in its efficacy.

Key business characteristics

- The majority of businesses operating in the industry were **well established** in **one location** in Australia. While most (68%) were operating as a small or micro business, this proportion is markedly lower than that across Australian industry (where 90% are either small or micro in size).
- There was notable **disparity between stakeholders in the extent of Customs-related activity** undertaken – around half took on multiple Customs roles, while the other half took on one role only².
- Similarly, just under half (45%) had a high level of involvement in Customs-related business, with sizeable sections of the stakeholder population having medium (28%) or low (27%) involvement.

Individual perspectives

- The industry workforce is overwhelmingly shaped by **experienced individuals** who have worked in the industry for a significant length of time – 87% have been in the import or export industry for five years or more with almost one half (43%) having in excess of twenty years experience.
- For most individuals, a **high level of job satisfaction** was evident, with positive attitudes towards the dynamic, varied and challenging nature of their role. Negative aspects of the job focused on unrealistic client demands, hold-ups due to regulations, dealing with some colleagues or others in the export / import chain and some of the tight deadlines and heavy workload involved.

Stakeholder diversity: extracting key commonalities

The diversity of the stakeholder population clearly places challenges on building and managing relationships with this broad group. That is not to say they are all dissimilar however, and the research highlighted five clear types of stakeholder:

<p>Family Middlemen Small business owners with multiple Customs roles & activities</p>	<p>Big Players Medium or large, end-to-end multinational Customs services</p>	<p>Transporters Medium or large business focused on transport and storage of cargo</p>	<p>Business Transactors Businesses who import or export - Customs activity not main role</p>	<p>Individual Shippers Small business or individuals with infrequent Customs activity</p>
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A categorisation of this nature, based on common characteristics, may assist in better servicing and managing the relationship with distinct groups of the stakeholder population, rather than considering stakeholders as one universal group or a breadth of disparate individuals.

² Customs roles as defined by the Integrated Cargo System (e.g. Broker, Shipping Agent, Air Cargo Reporter etc).

State of the industry

Stakeholders were generally positive about the state of the industry, qualifying this with comments that there will always be a need for imports into Australia, and the strength of the export industry in part due to economic growth, the resources boom and new markets in Asia. Despite this optimism, stakeholders did report a number of challenges working in the industry; these were predominantly driven by the time-pressured nature of the job and meeting client demands and service guarantees, rather than issues directly related to Customs. Within this environment though, the role of Customs remains crucial, supporting stakeholders through time and client pressures and not adversely contributing to these demands through delays and miscommunication.

The future of the industry

- The majority of stakeholders expressed **optimism about the future** of both the importing (77%) and exporting (61%) industry.
- Most stakeholders were hopeful that they would **grow their business** over the next five years – 59% actively pursuing growth and 29% hoping to grow depending on outside factors.
- High levels of optimism and anticipated growth were driven by a number of factors including: the **strength of world markets** (especially Asia), a perception of increasing **demand for imports** in Australia, **emerging opportunities** (e.g. free trade), and **improved systems** for doing business.

Industry bodies

- Overall there was **limited awareness and low reported membership** of industry bodies – the CBFCA was the most recognised body with around one quarter of stakeholders reporting they were members of this organisation.
- The position of industry bodies and organisations among stakeholders was mixed; although there were some negative experiences expressed, most considered that industry bodies were beneficial in **keeping them informed** of developments and being a **voice for their industry**.

Challenges in the industry

- Relative to other issues they face in the industry, **stakeholders considered compliance with Customs regulations less of a challenge** – dealing with Customs was seen as a necessary part of the process and one which they took as part and parcel of their job.
- The major challenges related to **time pressures and deadlines**, particularly evident if there were customer service guarantees; within this context, **adequate information when cargo is held up by Customs was considered crucial**.
- A number of stakeholders were faced with challenges related to their **clients**, who they felt had unrealistic expectations and demands regarding cargo delivery – perhaps **greater assistance to educate clients would be beneficial to ease this pressure**.
- A common challenge faced by business Australia-wide – **attracting and retaining quality staff** – was also expressed and, with a large number of older, experienced individuals pending retirement, could pose considerable pressures on the industry in the future.

Stakeholder relationship with Customs

Overall, stakeholders held a positive view of Customs and were appreciative of its role in border protection and trade. Discussions with stakeholders indicated they viewed Customs as 'part of the fabric of the industry' rather than providing an added-value role. As is typically the case with government services, expectations of the service from Customs was not particularly high, and as a result most stakeholders tended to have these expectations met or exceeded. Certainly, despite a number of comments and issues raised, the majority of stakeholders (81%) were satisfied overall with Customs.

Perception of the Australian Customs Service

- The role of Customs in **border protection** was widely top of mind among stakeholders, with 84% agreeing that this described Customs. While some stakeholders criticised Customs for focusing on **revenue collection**, only around one third of stakeholders agreed this to be the case.
- There was a sense of Customs as an **authoritative** figure, powerful and controlling but essentially so given the border protection role. While there were some perceptions of Customs as complex and time-consuming, most stakeholders considered them to be **professional** (74%) and **helpful** (64%).

Interaction with Customs

- Related to the diversity of stakeholders, **frequency of contact varied**, with just under one half (47%) of all stakeholders interacting with Customs at least once a week.
- The most common forms of contact (excluding ICS) were **telephone** (93%) or **email** (64%).
- Contact with Customs was typically **triggered only when there was a problem or issue** which stakeholders were unable to resolve – often when cargo was held up. In these cases, stakeholders emphasised the importance of **clear contact channels** and **speedy resolution** (i.e. getting through to someone who can resolve the issue straight away).
- **Perceptions of ICS were positive**, with most stakeholders indicating that the ICS had improved (47%) or stayed the same (46%) over the past twelve months. However, some stakeholders reported issues in relation to **system downtime** and speed, **too many screens** to navigate through and insufficient **information when cargo is on hold**.

Satisfaction with Customs

- The majority of stakeholders reported satisfaction with Customs in general – 55% satisfied and 26% very satisfied.
- Most stakeholders reported they were satisfied with the professionalism and helpfulness of staff, though **staff knowledge** about Customs issues was less well regarded.
- There was limited satisfaction towards Customs **understanding of the industry and the support** provided to business, with around one half of stakeholders satisfied with these aspects of service.
- There were a number of **information and communication issues** expressed during the consultation, with concerns over consistency of information (54% satisfied), keeping business informed about changes (46%), the time it takes to speak to Customs staff (39%), and the amount of consultation with business (31%).

Future relationship

Overall, the majority of stakeholders were satisfied with Customs and around one half (53%) said that they were happy with the current relationship they had with the organisation. This still leaves a considerable proportion (47%) seeking some **change in the relationship**, a desire which was stronger still amongst those who undertake a high level of Customs-related activity (60%). Aspects highlighted for change or improvement included:

Communication issues

A notable proportion of stakeholders expressed a desire for 'better communications'. There were a number of elements driving this:

- Improving **ICS reporting**, in particular communicating why cargo is on hold.
- **Increasing communication** so that business is kept informed about changes in process or policy.
- **Accessibility** to Customs staff – i.e. not always knowing who to speak to or uncertainty over access channels (where to contact).
- **Consistency** of information provided which was thought to vary depending on who they speak to.

A prevalent issue raised was a desire for **more 'personal' communication**. Whilst some stakeholders associated this with face-to-face contact, something which they felt was more common in the past, this was not necessarily the crux of the argument. 'Personal' communication was more related to **relationship-building**, a sense of Customs understanding of their particular business or industry area, and showing this understanding and **empathy** through the interactions which take place. In some respects, this was thought to be something which lends itself to a more tailored approach.

Customer service and staff

Generally stakeholders were satisfied with service delivery and the performance of Customs staff. One area which was notably weaker was the perception of staff knowledge. Part of this was related to consistency, with stakeholders reporting a different service experience each time they spoke to someone different. In a time-pressured context and one in which contact is often made when there is a problem, **improved staff knowledge to be able to resolve a problem quickly and efficiently** was considered to be a highly desirable service attribute.

Partnership with industry

There was a sense of some evolution in the relationship between Customs and industry with larger, high transactional stakeholders typically more likely to feel involved in Customs policy and decision-making. However, gaps remain in the amount of collaboration and **stakeholders were keen to increase levels of consultation** (typified by the response rate to this research). Stakeholders tended to have an 'arms length' relationship with Customs and within this context many appeared to be looking for **greater opportunities to liaise with Customs in a two-way fashion**. This involves both increased stakeholder input into Customs strategy and further Customs engagement in stakeholder business ('walking in their shoes for a day').