

Ministry of Revenue and Customs



Corporate Plan & Budget

2019/20 - 2021/22

Version 1



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List of Abbreviations

CAT	–	Category
CP	–	Corporate Plan
FY	–	Fiscal Year
GPA	–	Government Priority Agenda
HO	–	Head Office
IMF	–	International Monetary Fund
IT	–	Information Technology
KPI	–	Key Performance Indicator
MTED	–	Ministry of Trade and Economic Development
MDA	–	Ministries, Departments, Agencies
MORC	–	Ministry of Revenue and Customs
OCEO	–	Office of the CEO
PFTAC	–	Pacific Finance Technical Assistance Centre
TOD	–	Tax Operational Delivery
TSDf	–	Tonga Strategic Development Framework

Foreword from the Minister



It is an honour as Minister responsible for tax and customs matters to launch the 2019/20-2021/22 Corporate Plan for the Ministry of Revenue and Customs.

This Ministry plays a critical role in the operation of the government of Tonga. It provides services to all Tongans with core duties being the collection of revenue from taxes and duties, border security and trade facilitation. The Ministry is responsible for administering the tax laws in a fair and equitable manner and to improve the lives of the people of Tonga.

The Corporate Plan highlights the Ministry's vision, mission and organisational priorities to action during the relevant period. It outlines the Ministry's approaches to achieving its targeted outputs. They are measured by Key Performance Indicators set up for each Division of the Ministry to manage its performance. This plan supports the government's 10 year plan known as the Tonga Strategic Development Framework II - TSDFII that was designed to improve quality of life for all Tongans by 2025.

The Ministry will continue to monitor environmental pressures as well as its own performance to ensure the tax system adequately responds to change so it can remain effective, efficient and sustainable over the long term. It will ensure that appropriate feedback mechanisms are in place to allow stakeholders, customers and staff the opportunity to freely provide feedback on its performances to assist with future plans.

The Ministry will continuously strive for excellence in all that it does, given the importance of its role for Tonga. With these responsibilities, my stance on **good governance** is clear and I intend to implement measures that will significantly minimise corruptions to a manageable level.

I would like to extend my sincere appreciation to all stakeholders, donor partners and all staff of the Ministry for your valuable contribution and cooperation.

I look forward to working closely together in the implementation of this Plan, as it shall lead us to a more progressive, secure and prosperous Tonga.

.....
Hon. Mateni Tapueluelu
Honourable Minister for Revenue and Customs

Message from the CEO



We in the Ministry will continue to strive to meet taxpayers', our customers' needs as we strategically and effectively raise tax awareness to encourage voluntary compliance.

We also strive to ensure we provide a business environment that makes it easy for our customers to comply.

We have prioritised to strengthen our Customs Division and this means providing it with the appropriate facilities and equipment to service our clients. This is translated into a new Customs building and the acquiring of ASYCUDA, the computerised customs management system developed by UNODC, used in many countries in the Pacific and the world.

Further to this, we have responded to the calls of our nation to help combat illicit drug trade by putting in place certain strategic measures. We are aware of the challenges, yet are determined to ensure immediate and long-term results are achieved by deterring the illicit drug trade and the use of our nation as a transit point and/or final destination.

As Tonga's gatekeeper, we continue to increase our use of intelligence and risk assessment to target our physical checks of containers, vessels, or travellers. We will conduct risk based investigations and audits, and prosecute offenders if necessary.

We are considering various major reforms and this includes a proper consideration of a likely reduction in Consumption Tax (CT) rate from the current 15% to a likely 12.5%. This is a reform that we intend to action in the near future, if all the numbers and factors in play continue to support the cause. We envisage that whilst the Ministry will still continue to increase its collection of revenue, this CT rate reduction will significantly improve and increase economic activity and deliver other favourable outcomes,.

We will continue to provide the opportunity for staff to learn new skills, and to enhance the tools they use in carrying out their daily work. We aim for our staff to be advanced and recognised as technically skilled, fair and professional in their conduct.

I look forward to addressing the challenges ahead, to ensure on-going improvement in public confidence towards the Ministry. I also look forward to working collaboratively with other Government Ministries, stakeholders and our clients to make significant progress in the coming years.

I am confident we will achieve our goal if we are willing to stand together.

.....

Mr Kelemete Vahe

Chief Executive Officer for Revenue and Customs

1. Ministry of Revenue & Customs - Corporate Plan Executive Summary

1.1 Mandate

1.1.1 Stakeholders

Mandate

The Ministry is the main agency of the government tasked to collect revenue efficiently and effectively for the Government of Tonga to fund required goods and services for the people of Tonga. The Ministry is also responsible for continued assessment of the essential functions and processes of cross border security and facilitation of trade and travel. Consequently, the Ministry has many stakeholders (as below) and the expectations from it are covered by relevant legislations and regulations.

Stakeholders - Table 1: Stakeholders by Relationship with Ministry				
Stakeholder	Customer of MORC	Supplier to MORC	Partner with MORC	Oversight of MORC
Cabinet	Advice, Recommendations and Information	Decisions	Operating Effectiveness of Government	Direction
LA	Advice, Recommendations and Information	Decision, Legislations	Operating Effectiveness of Government	Direction
MDAs	Advice, Guidance, Instructions and Information	Information	Operating Effectiveness of Government, Support of the TSDF	Oversight by PMO, PSC – Policy Operations and Finance
Public Enterprises	Advice, Guidance, Instructions and Information	Information	Operating Effectiveness of Government Support of the TSDF	
Business	Advice, Guidance, Instructions, Services and Information	Provide commercial goods, services, fees and charges	Support of the TSDF, Economic Development	Monitor, Petition
NSA, CSO, Churches	Advice, Guidance, Instructions, Services and Information	Goods, services, fees and charges	Support of the TSDF, community work, education and health	Monitor, petition

General Public	Advice, guidance, instructions, services and information	Goods, services, fees and charges	Support of the TSDF	Vote, petition
Development Partners	Advice, guidance, instructions, services and information	Development assistance and advice	Delivery of aid funded programs	Oversight of the use of development funds, general performance management

1.1.2 Key Legislations, Policy decisions and Plans

- The Constitution of Tonga
- Government Act
- Public Service Act
- Income Tax Act 2007
- Consumption Tax Act 2005
- Revenue Services Administration Act 2002
- Customs Act 2007
- Customs and Excise Management Act 2007
- Excise Tax Act 2007
- Bretton Woods Act
- International Agreements
- Tonga Strategic Development Framework II
- Government Priority Agenda

1.1.3 Tonga Strategic Development Framework (TSDF)

TSDF National Outcomes directly supported by MORC

The Ministry makes significant contribution to two out of the seven TSDF National Outcomes:

- A. More inclusive, sustainable and dynamic, knowledge based economy**
- G. More inclusive, sustainable and consistent advancement of our external interests, security and sovereignty**

TSDF Organisational Outcomes directly supported by MORC

The Ministry contributes to the TSDF Organisational Outcomes by providing particular support to:

1.1: Improved macroeconomic management & stability with deeper financial markets

Improved macroeconomic management and stability with the development of a stronger, deeper, more inclusive financial system to ensure sound macro-economic environment within which inclusive and sustainable business and social opportunities can be developed and pursued.

1.5: Better access to, and use of, overseas trade & employment, and foreign investment

Better access to economic opportunities overseas including trade, employment and foreign investment to expand the range of income earning opportunities across the Kingdom and beyond.

3.7: Improved political and defence engagement within the Pacific & the rest of the world

Improved political and defence engagement within the Pacific and the rest of the world, including better engagement with other governments and international organisation to ensure we are an effective member of the international community, able to participate more effectively in the support to other countries and consistent advancement of our international interests, security and sovereignty.

1.1.4 Government Priority Agenda (GPA)

The purpose of the GPA 2018-2021 is to highlight particular aspects of the TSDF II 2015-2025 and other level plans to receive priority focus during the current government's administration term.

Summary of the GPA

Theme: Recovery with Greater Resilience

The Ministry supports all the GPA areas in particular the mandate provided by the cross cutting and resource mobilisation priorities in the following areas:

- **Good Governance, efficient and effective public service delivery**
 - ✓ **Strengthen border security and trade facilitation**
- **Resource Mobilisation**
 - ✓ **Strengthen revenue collection / increase revenue base**

Consumption tax review

- Funding expert consultants and training to work alongside MORC officials in carrying the review/analysis and planning

Cash register review

- Finalising legal requirements for relevant taxpayers to have and use compulsory cash registers in its business dealings

CT on international calls

- 15% CT on outbound international call effective March 2019
- New compliance initiatives/projects
- Initiative/project focused primarily on registrations for taxpayers that have yet to be formally registered for tax purposes

Partnerships

- Tax Assessment Diagnostic Assessment Tool (TADAT)
- Tax Identification Number (TIN)/Tax Clearance Certificate (TCC)
- Pacific Islands Tax Administrators Association - PITAA
- 2021-18th PITAA Heads meeting in Tonga

Customs Strategic Measures

- War on illicit drugs in Tonga
- Trade facilitation: Customs automated systems; engagement in Free Trade Agreements
- Establishment of Authorized Economic Operator Schemes
- Accede to International Customs Conventions for such as the revised Kyoto Convention, SAFE Framework to Standards and HS Convention to harmonize and simplify Customs processes and procedures
- ASYCUDA

1.1.5 Budget Strategy 2019/20 – 2021/22

The Ministry's Corporate Plan is aligned to support the GPA, and is guided by the budget therein.

Ministry Results Map

The following Results Map offers a clear line of sight and shows the various levels in the results chain for the Ministry and its relationship to the TSDF.

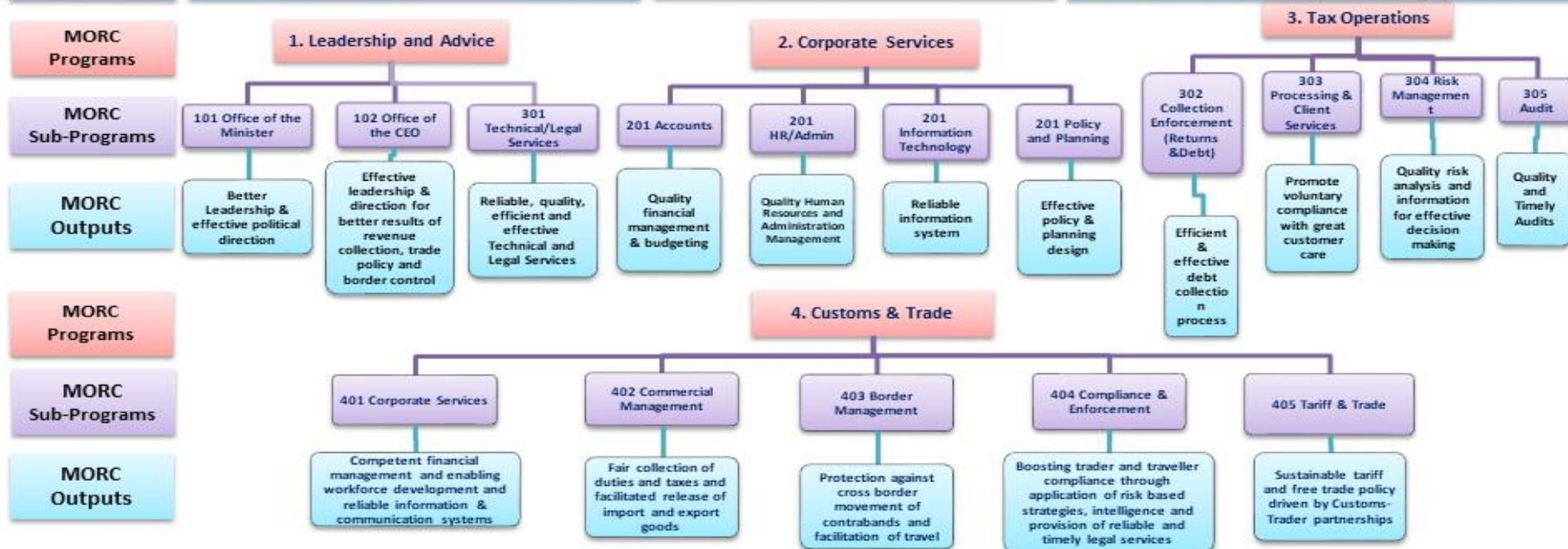
The lowest level contains outputs which support the operations of the Ministry, which support the TSDFII Organisational Outcomes supported by the Ministry. This in turn feeds up to the National Outcomes and Sustainable Development Goals, and ultimately the TSDFII National impact.

The outputs are grouped by the relevant Divisions and/or Sections and Units responsible for them. The numbers relate to the TSDF Organisational Outcome they directly support.

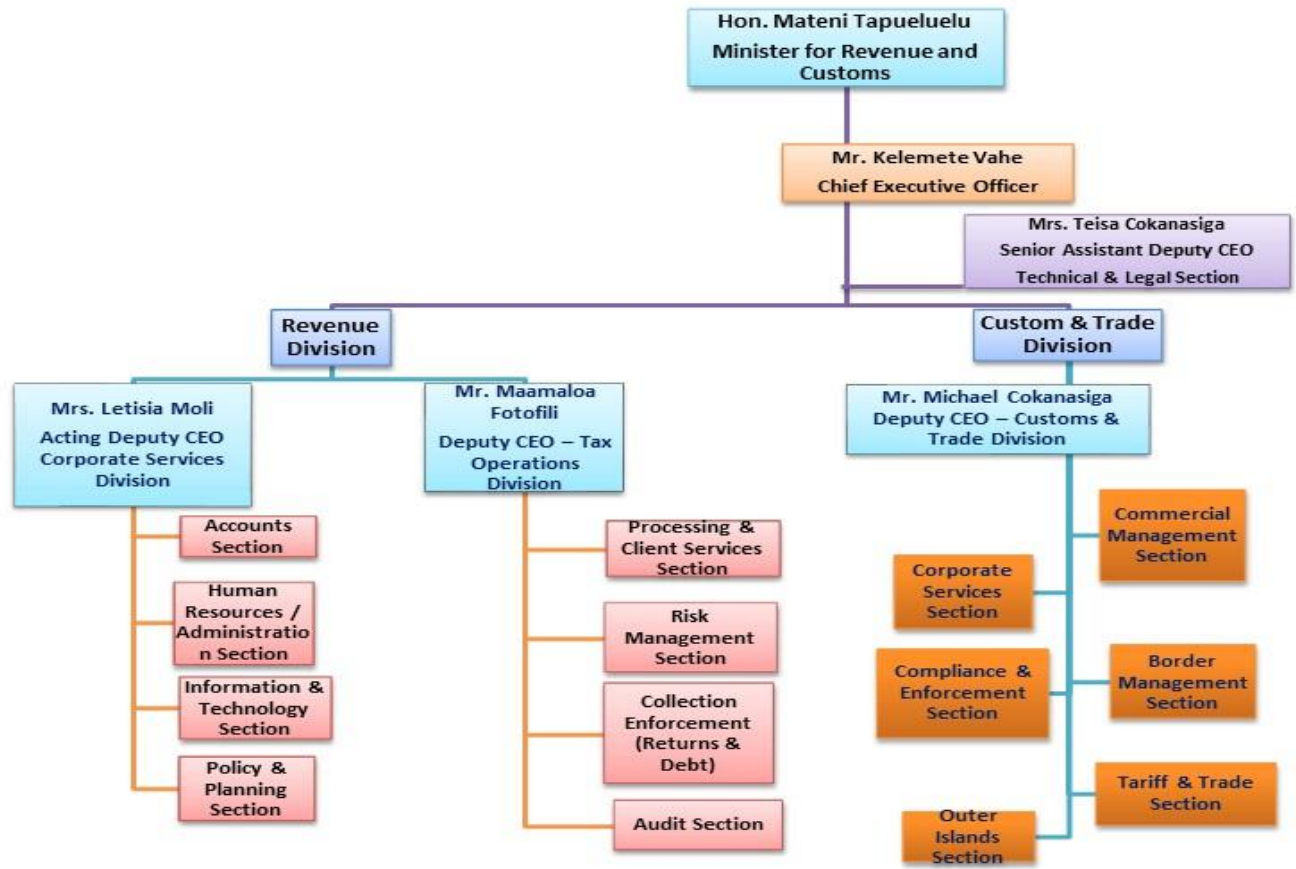
This Corporate Plan sets out how this result map is developed.

1.2 Results Map – Ministry of Revenue & Customs

National Impact	A More Progressive Tonga, Supporting Higher Quality Of Life For All
National Outcome	A. More inclusive, sustainable and dynamic knowledge based economy G. More inclusive, sustainable and consistent advancement of our external interests, security and Sovereignty
Sustainable Development Goals	Goal 8. Promote, sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all Goal 10. Reduce inequality within and among countries Goal 1. End poverty in all its forms everywhere Goal 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture Goal 17. Strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development
Organisational Outcomes	1.1 Improved macroeconomic management and stability with the development of a stronger, deeper, more inclusive financial system to ensure sound macro-economic environment within which inclusive and sustainable business and social opportunities can be developed and pursued. 1.5 Better access to economic opportunities overseas including trade, employment (short and long term and in a wider range of skill areas) and foreign investment to expand the range of income-earning opportunities across the Kingdom and beyond. 3.7 Improved political and defence engagement within the Pacific & the rest of the world, including better engagement with other governments and international organisations, to ensure we are an effective member of the international community, able to participate more effectively in the support to other countries and consistent advancement of our international interests, security and sovereignty.



1.3 Organisational Structure – Ministry of Revenue & Customs



1.4 Summary of Ministry of Revenue & Customs Planned Major Reforms

In light of the ever-evolving economic, social and political climate, the Ministry is taking a proactive approach to ensure that its services and functions continue to adapt and grow with change. It hopes to achieve this through:

- a. Organisational realignment motivated by a service driven attitude to address the needs of the Government, taxpayers and travellers alike.
- b. Provision of an enabling environment for closer Ministry–Stakeholder partnerships
- c. Supporting taxpayers and travellers to improving compliance through the implementation of effective intelligence-led and risk based strategies and controls
- d. Enhancement of the Ministry’s border security and revenue collection capabilities through the use of modern technologies and equipment such as non-intrusive inspection (NII) technologies, maritime and internationally recognized Customs automated systems.

The Ministry continues to pursue various ways to continue to improve efficiency in collection of revenue and compliance. This will be by way of:

1.4.1 New Ministry Vision and Mission

The Ministry

Vision: To be recognised as the best Ministry amongst all Government Ministries

Mission: To establish and promote highest standard of professionalism and good working relationship with all stakeholders.

With a new CEO appointed this year, he has eagerly brought in a renewed focus for the Ministry and is overwhelmingly supported. The Ministry recognises the need to refocus its vision and mission to reenergise and to continue its improvement in performance. This instils a drive within the Ministry to be the best it can be in all facets of its activities from its Customs Department and Revenue Department.

This is a timely revamp for the Ministry as it continues on its path of effectively delivering on its mandate. This new vision and mission together encourages the Ministry to be reminded and to focus on the critical sources/areas that has allowed it to continuously exceed its yearly budgeted target. These areas are as follows:



1.4.1.1 Notable Facts - Ministry Efficiency & Effectiveness

Cost of Collections, GDP Ratio, Asian Development Bank (ADB) Country Performance Assessment (CPA)

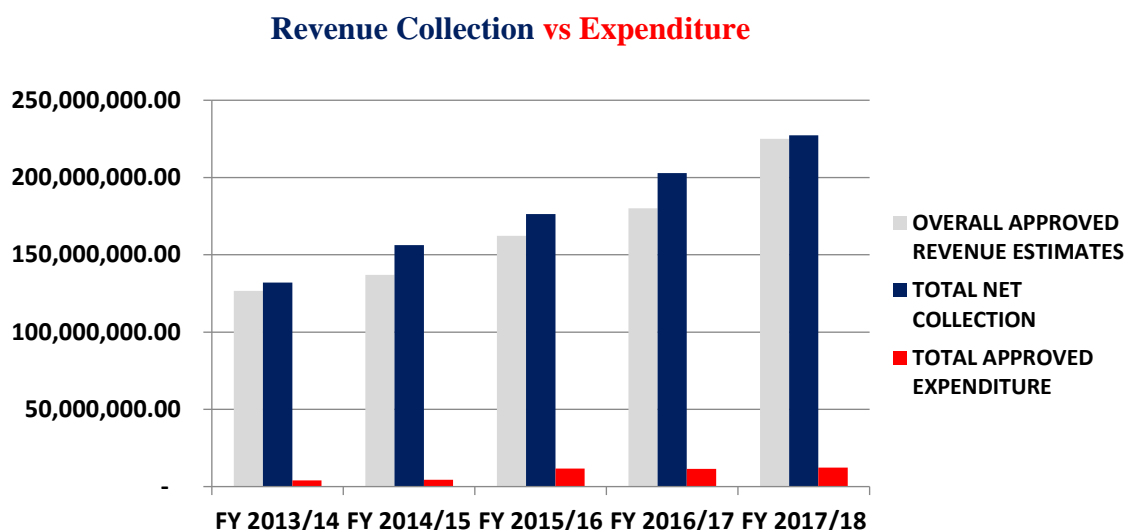
The Ministry encourages the Government and all stakeholders to be well aware and make good note of the efficiency in which the Ministry is currently performing.

The following indicators provide a very clear picture:

1. Cost of collections; an average 4.8%

Effectively 0.05 seniti is expensed/spent by the Ministry to collect \$1 pa'anga – that leaves 95% of collected revenue for the Government to determine how best to utilise in our economy.

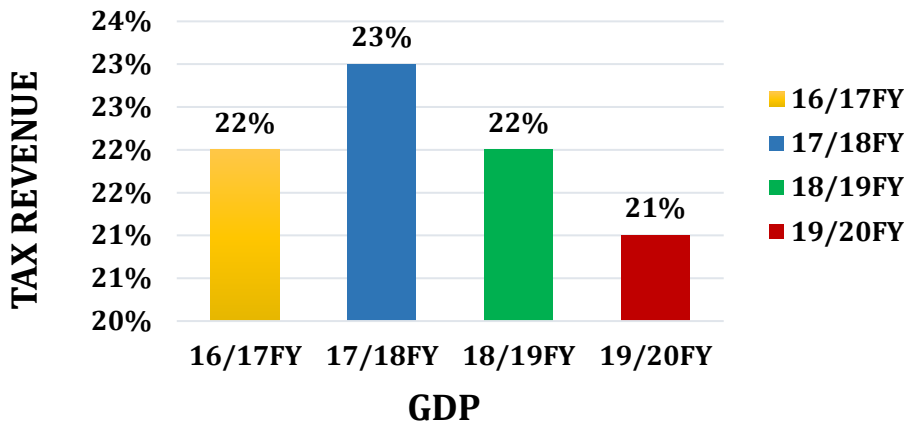
The following graph helps illustrate this efficiency:



2. Tax Revenue collected to GDP Ratio; an average 22%

The tax-to-GDP ratio is used to compare tax receipts from year to year. In most cases, because taxes are related to economic activity, the ratio should stay relatively consistent. Where GDP grows, a vibrant economy should expect tax revenue to increase as well.

There is IMF research to suggest that once a tax-to-GDP ratio is above the 15% threshold, there is room for investment. It should mean there is sufficient revenue collected that can be invested for example, in infrastructure and education and have good effect on the economy.



As the graph above indicates and given IMF stance, the trend and average for which our government and Ministry’s ratio is travelling is one that is stable and healthy in terms of effective revenue collection. This stability and efficiency in collection provides our government with certainty and greatly assists in its budgeting.

The Ministry expects this stability in collection to continue despite the current forecast that it will slightly decline in the near future. The slight decline is primarily due to the after effects of the Tropical Cyclone Gita that devastated the islands of Tonga back in February 2018, with winds reaching 233km/h, flattening Parliament House and causing significant damage and injuries across the Kingdom.

3. ADB CPA Rating – Efficiency of Revenue Mobilisation/Collection; 4.5 out of 5

As required by ADB’s Policy on performance based allocation of the Asian Development Fund, it has recently released in November 2018 the final ratings from its 2018 Country Performance Assessment (CPA). This rating is conducted independently every 2 years using Government latest reports, publications and so forth.

The Ministry alongside MCCTIL were clearly stated as the top performers for our nation with a rated high score of 4.5 (out of highest score 5, 90%) for Efficiency of Revenue Collection and Trade respectively.

Tonga again performed strongly (despite a slight drop from its 2016 ratings) achieving a Composite Country Performance Rating (CCPR) of 13.2 compared with the Pacific average of 10.3.

Out of the 11 Pacific Islands Tonga was rated only second to Samoa - congratulations to our Government.

1.4.1.2 Staff Retention & Recruitment

Revenue Department

The Ministry is strongly of the opinion that despite the very strong achievements mentioned above staff numbers have been stretched to their limit in capacity for a few years now. Contributing to this has been the increasing number of senior staff leaving the Ministry for better pay conditions in other

Ministries and elsewhere over recent years to date. The Ministry is therefore currently pursuing various options to address this concern.

The options being actioned / considered include the following:

1. Appeal to Public Services Commission (PSC)

The Ministry has made an appeal to PSC in this re-evaluation cycle for re-evaluation of Specific Posts in the Ministry that have been determined as:

- Low in Band salary level when considering other posts in the Ministry at same level of seniority, and/or
- Other line Ministries with similar post/title are at higher Band salary level

The Ministry sees the above determinants as major contributory causes for the increase in senior staff leaving and this is expressly made in our appeal along with other factors.

The Ministry seeks to make clear the paramount importance of its functions to the Government and its insistence on PSC recognising its value and economic contribution (as outlined above in Notable Facts).

The Ministry now awaits a decision and is hopeful for a favourable outcome. It is also aware that at present the Remuneration Authority makes the final determination. Depending on the outcome, the Ministry may seek further avenue to rectifying this important matter that poses a risk to its Vision and Mission.

2. Organisational Restructure

The Ministry as in every year will consider how best to restructure the organisation if necessary with expectation for better efficiency and likelihood to help improve retention of staff.

Organisational realignment is motivated by a service driven attitude to address the needs of the Government, taxpayers and travellers alike.

3. Human Resources Unit

The Ministry acknowledges the need to improve in its Human Resources recruitment and management of staff. There are currently 35 vacancies yet to be filled.

The Ministry is appreciative of any funding assistance for technical assistance to reviewing how its Human Resources Unit functions, and the processes and ways to improve. Any funding for staff training is also an avenue that the Ministry will readily consider.

1.4.2 New Office Buildings

Customs Department

The Ministry is expected to have its new Customs building completed by February 2019. This is a significant milestone for the Ministry and it is most grateful for the Government of today in realising the need for such an important department to have a permanent office of its own. This is befitting of the role/function Customs plays in the generation of revenue for our economy, protecting our borders and facilitating trade.

Revenue Department

The Ministry finds it appropriate to now consider a permanent office establishment for its Revenue department branch. This department has been renting for many years at the Queen Salote College, Ex Students Building, Railway Road.

As the only tax agency of the government always seeking efficiency and effectiveness in performance, it is fair that it seeks technical assistance to carry out a feasibility study to consider the option of having its own office.

1.4.3 Consumption Tax (CT) Review

Revenue Department

In its pursuit for continuous efficiency delivering results, the Ministry will launch an in depth economic analysis for a potential reduction in consumption tax rate of 15% to possibly 12.5%. Whilst the direct effect is a decrease in the rate, the overall results envisaged will include the following for our nation:

- Increase in actual revenue collection
- Increase in economic activity
- Reduction in cost of consumption to general public
- A more equitable distribution of wealth

The Ministry acknowledges this as a major project that can have profound impact and reform; it therefore needs to carry out a comprehensive review.

To effectively carry this out, the Ministry acknowledges and seeks government assistance by way of funding expert consultants and training to work alongside Ministry officials in carrying out this review/analysis and planning.

1.4.4 Cash Register requirement

Revenue Department

The Ministry is well on its way to finalising the legal requirements for relevant taxpayers to have and use compulsory cash registers in its business dealings. It expects more Ministry activity in the near future in its interaction with the business community and other relevant stakeholders, in its planning, consultation, awareness and implementation phase.

This is another significant milestone for the Ministry. As it seeks to become more effective in carrying out its functions, it is in effect modernising compliance and the business activities of the economy.

1.4.5 CT on International Calls

Revenue Department

Cabinet has made approval in November 2018 to repeal regulation 6 of the Consumption Tax Regulations 2005, which in effect would change the time of supply for phone cards and outbound international call to occur at point of sale. As a result the supply or sale will no longer be zero rated but subject to 15% Consumption Tax (CT).

This supports the Ministry's position that an international outbound call is not an export of good or service therefore is not a zero rated supply and should be subject to 15% CT.

This brings the Government's practice to be in line with international best practices as other countries in the region do not zero rate international outbound calls.

It is important to note that revenue collection is not the primary purpose of this change but simply to put in place a fairer treatment of taxable supplies and uphold the concept of consumption tax.

It is clear through recent consultations with the carriers Tonga Communications Corporation (TCC) and Digicel (Tonga) Ltd that both have been and are currently charging CT at point of sale and are supportive of the change. They have also assured the Ministry that because they are already charging CT at point of sale, there will be no implication on the price of international outbound calls.

The effective date for this decision is 1 March 2019.

The Ministry will ensure compliance is adhered to and address non-compliance where it is identified.

1.4.6 New Compliance Initiatives/Projects

Revenue & Customs Departments

Awareness Campaigns

The Ministry acknowledges the effectiveness of its Awareness Programs, in particular its Roadshow Program that occurs around June each year, and Tax Week Program scheduled for October every year.

As part of the Ministry's reform efforts for the nation, it listens to the voices of our business communities and people and realises that in the current economic climate and growth, it must move on to establish a stronger, vibrant partnership with its stakeholders. It must continue to establish closer working relationships with its people in building the nation's capacity as one tax community.

The Ministry acknowledges that it must continue to establish certain/new initiatives to remain effective and responsive to the changes in time.

Registrations Campaign

It is a natural progression from the awareness phase for the Ministry to formally embark on an initiative/project focused primarily on registrations for taxpayers that have yet to be formally registered for tax purposes. This is to ensure action on compliance, after having been given ample opportunity via the awareness platform to self-register. It will also assist in broadening our tax base, ensuring that the tax laws and regulations of our Ministry and Government are equitably applied and/or enforced.

1.4.7 Partnerships

Revenue & Customs Department

Tax Assessment Diagnostic Assessment Tool (TADAT)

The Ministry is embarking on a review of its performance under the universally accepted Tax Assessment Diagnostic Assessment Tool (TADAT). The aim of TADAT is to provide a standardised means of assessing the health of key components of a country's tax administration system and its level of maturity in the context of international good practice. TADAT is a global tool that can be used by any country to assess the relative strengths and weaknesses of their tax administration system.

One of the areas assessed by TADAT is the accuracy of information in declarations. As the ministry strives to ensure accuracy of information it recognises that it must promote and imbed a process/solution that relevant stakeholders can share and help advance the economy with long-term.

Tax Identification Number (TIN) / Tax Clearance Certificate (TCC)

The Ministry likes to see a future where it is effectively partnered with its relevant stakeholders via a common process/application requirement, likely in the form of a TIN or TCC. With the existence of a simple requirement to have a TIN or TCC in the consideration of any application purpose to any relevant stakeholder such as financial institutions or ministries, it will pave the way to enhancing the collation of meaningful data that can eventually be shared, analysed and acted upon.

The abundance of favourable outcomes to our Ministry, to stakeholders and to the economy will include the following:

- A more streamlined collection of data that can ease/assist the analysis process by relevant stakeholder/s especially the Ministry for their respective purposes
- A more advanced and secure community
- More efficient business practices
- A resulting modernisation of business community practices that could attract/increase investments
- Facilitate Trade
- Significant increase in revenue collection

- The Ministry adapting to the challenges and remaining effective

Such outcomes are an encouragement to the Ministry to build strong partnerships with other ministries and other relevant stakeholders, and calls upon the support of the government.

1.4.8 Pacific Islands Tax Administrators Association - PITAA

Revenue & Customs Department

2018 - 15th Annual PITAA Heads Meeting in Fiji

The Fiji Revenue & Customs Service hosted the 15th Annual PITAA Heads Meeting in Nadi, from the 11th – 13th September 2018.

The Meeting was attended by delegates from twelve of the sixteen PITAA member countries. The members present were Cook Islands, Fiji, Kiribati, Nauru, Papua New Guinea, Palau, Republic of the Marshall Islands, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu.

Also in attendance were observers from local, regional and international organizations. These were:

- i. Pacific Financial Technical Assistance Center (PFTAC),
- ii. Australian Department of Foreign Affairs & Trade- Suva,
- iii. Data Torque,
- iv. Delegation of the European Union in the Pacific,
- v. INSPUR Group,
- vi. Inter-American Center of Tax Administrations (CIAT),
- vii. International Monetary Fund (IMF),
- viii. New Zealand Inland Revenue (NZIR),
- ix. New Zealand Customs Service (NZCS),
- x. Oceania Customs Organization (OCO),
- xi. Organization for Economic Cooperation & Development (OECD)
- xii. Revenue Statistics and
- xiii. Global Forum on Transparency and Exchange of Information for Tax Purposes (Global Forum).

2021 – 18th Annual PITAA Heads Meeting in Tonga

It was noted in the PITAA Meeting the intention of the Ministry to host The PITAA Heads Meeting in 2021.

The Ministry sees this as timely and a worthy commitment which will be beneficial to the region's development and certainly for Tonga, for the Ministry and the economy itself. The Ministry intends to showcase the capacity of our nation to cater for such an event and to give participants a more realistic experience of the improvements of not only the Ministry but also a sense of the result it has on our general economy.

The Ministry takes pride in the Government's position as a leader in the region. Therefore, the Ministry seeks the support of the Government to ensure a successful event, via sufficient funding to assist the initial stages of planning and in due course to the actual implementation come 2021.

Regional Award for the Ministry

It was in this PITTA meeting that the Ministry received the regional award from PFTAC for **'Strengthening Revenue Administration and Governance Arrangements'**.

This award recognises our Ministry's efforts to build an efficient and effective tax system from which the whole nation can benefit. This included the implementation of the Heilala Tax System, the Tax Week, and the restructure and adaptation of the Ministry to being more functional based in its operations.

1.4.9 Customs Strategic Measures

Customs Department

1.4.9.1 Institution strengthening to combat the "WAR ON ILLICIT DRUGS IN TONGA"

In response to His Majesty's national address in the opening of parliament this year requiring the urgent need to tackle the problem of illicit drugs in Tonga, the Ministry at the direction of the Hon. Prime Minister and his Cabinet, set out the following strategic measures to enhance border measures to combat illicit drug trade over Tonga's borders.

These strategies will include –

- (i) The procurement of vital non-intrusive inspection technologies to enable Customs to detect contrabands that are concealed in air, sea cargo and on persons. It will also expedite the inspection processes;**
- (ii) The procurement of a Customs patrol vessel capable of conducting extensive border surveillance of major Ports to outer-island groups. This is a long-term goal for the Ministry, however in the short-term the Ministry will be working in cooperation with Tonga Defence, with the hiring of their vessel to carry out the border surveillance; and**
- (iii) Enhance intelligence capability and coverage across Tonga for more informed and effective strategic development.**

It is expected that through the strategies above favourable outcomes such as the following will be achieved:

- Strengthened relations and improved communication lines with regional and international law enforcement agencies.
- Increase in pre-arrival alerts to Tonga on high risk importers and travellers by 20% in FY.

- Improved monitoring of yacht and other small craft movements within Tonga resulting from access to regional and international law enforcement databases and monitoring systems.

Improved inter-agency cooperation and increased presence of border control agencies like Customs at key border crossing points will provide the public with improved sense of security and also deter and make it difficult for those involved in the illicit trade of drugs to continue to use Tonga as a transit point and final destination for illicit drugs.

1.4.9.2 Acceding to International Customs Convention on the Simplification and Harmonisation of Customs Procedures

Customs aims to accede to key International Customs Conventions such as the Revised Kyoto Convention and the International Convention on the Harmonized Commodity Description and Coding System. This will enable Customs to further harmonize and simplify Customs processes and procedures. The result of harmonized processes will mean increased trader predictability, facilitated clearance and reduced time and cost of Customs clearance.

1.4.9.3 Facilitation of Regional trade initiatives and related Customs procedures

On-going engagement in Free Trade Agreements to open up export markets for Tongan made goods in accordance with current government priority agenda (GPA 2018-2021). Customs is working to align its legislation and procedures to be able to accommodate trade under existing regional free trade agreements such as PACER Plus. In addition to internal preparations, a lot of work is being put into raising the awareness of these free trade agreements with our key stakeholders, with plans to run such awareness across the country.

1.4.9.4 Implementation of an Authorised Economic Operators (AEO) Program

To enhance Customs–Business partnerships, Customs seeks to implement an Authorized Economic Operator program for Tonga. This program will enable Customs to share its security responsibilities with the highly compliant private sector stakeholders and at the same time reward them additional facilitation benefits. Such partnerships with trade will allow Customs to achieve more with less effort and aim at ensuring sustainable and long-term compliance through incentives, such as reduced levels of control, simplified procedures, periodic reporting, deferred payment, and reputational benefits, as well as facilitation benefits across borders through mutual recognition arrangements.

1.4.9.5 Improving the Customs Risk Management Frameworks

To meet the ever-developing needs of trade and the needs of the community, Customs must adopt a risk management strategy that is versatile and enables the practice of risk management in all Customs processes and decision making. This will allow Customs to maximise opportunities and to minimise the adverse effects.

To enable this, assistance is being offered by the World Customs Organisation, through its Mercator Programme and this will see the commencement of the first World Customs Diagnostic Mission as well as technical and capacity building assistance being afforded to Customs.

1.4.9.6 ASYCUDA World Automation Project

To further enhance trade facilitation Customs will be seeking to revalidate the outcome of feasibility studies and also conduct technical assessment of existing ICT infrastructure and business user needs. This work will be spearheaded with the assistance of UNCTAD's ASYCUDA Programme with funding afforded from the Australia Department of Foreign Affairs and Trade as well as New Zealand's Ministry of Foreign Affairs and Trade as part of the on-going assistance to be provided to signatories of PACER Plus.

This project is aimed at facilitating the migration of the current Customs systems to a more international system known as ASYCUDA World.

1.4.10 Traffic Lights - Modernisation

The Ministry in its effort to remain relevant and modernised to best achieve its mandate has carried out a Traffic Lights review exercise of its Sections and Units. The focus areas are as follows:

Training & Capacity Development

The Ministry is very much aware of the need to give sufficient focus on capacity development of its staff. It has strategically undertaken a process of review highlighting certain topics of interest and developmental requirement.

The Ministry will move to finalise a training plan and will seek training and technical assistance accordingly.

Office Procedures and Processes

The review exercise for this area is in the early stages and will be a focus leading up to and including the 2019/20 financial year. Certain elements in consideration include:

- Enhance streamlining of procedures and processes
- Greater awareness and accessibility of processes to the general public
- Significant improvement in transparency

The establishment of the new Policy and Planning Section is one significant step by the Ministry to coordinating and implementing the above.

Staffing Requirements Review

The Ministry has carried out this review with consideration of the staff vacancies already in existence (as mentioned at 1.4.1.2). It is accepted that the process for filling in these vacancies be actioned and completed first and is expected to remedy certain staffing requirements identified.

1.5 Ministry Outputs Grouped into Divisions/Sub-Programs and Programs

Ministry's Output: Contribute to Tonga's economy, border security, facilitation of legal trade, effective and efficient collection of revenue	
PROGRAM 1. Leadership and Advice	
101 Office of the Minister	
Output: Better leadership & Effective Political direction	
Sub-Outputs	Activities
Better leadership & Effective Political direction	Annual Report
	Bills / Regulations
102 Office of the CEO	
Output: Effective leadership & direction for better results of revenue Collection, trade policy and border control	
Sub-Outputs	Activities
Effective leadership & direction for better results of revenue Collection	Provide advice from CEO over tax & customs related matters
	Manage overall operations and administrations of MORC
Effective leadership & direction for better results of Trade Policy & Border control	Manage overall operations and administrations of MORC
	Endorse amendments to Customs Legislations & Procedures
301 Technical & Legal Services	
Output: Reliable, quality, efficient and effective Legal Services	
Sub-Outputs	Activities
Reliable Technical & Legal Services	Legislations Review and amendments
	Policy developments and proposals
	Legal advice
	Enforcement
PROGRAM 2. Corporate Services	
Output: Quality HR and Financial Management, Planning, Information and Communications Systems and Controls	
201 Accounts	
Output: Quality Financial Management and Budgeting	
Sub-Outputs	Activities

Quality Financial Management & Budgeting	1) Revenue Collection: Prepare revenue projections for each FY and quarterly and annual reports on revenue collection, Undertake financial administration, forecasting and risk analysis for revenue - monitor the accuracy - monthly reconciliation with MOFNP; Organize and maintain financial records;
	2) Expenditure: Controlling of expenditure to be in line with allocated budget; Undertake financial administration, forecasting and risk analysis for all Ministry's expenditure- Provide weekly, monthly vote balance on expenses ; - monthly reconciliation with MOFNP
	4) Assets: Manage and monitor the registration of Ministry's Fix assets, reporting and the security of all MORC assets and reporting to Finance
	5) Procurement Process: Annual Procurement Plan and proper procurement process

201 HR/Administration

Output: Quality Human Resources and Administration Management

Sub-Outputs	Activities
Training & Capacity Development of staff	Carry out induction training for new recruits
	Training needs assessment & review
Internal Quality & Timely Audit	Develop & Execute Internal Audit Plan
	Identify & evaluate risks control
Effective Performance Management System (PMS)	Implement an effective PMS process for MORC
Efficient Customer Services	Providing excellent customer service through receptionist
Efficient Customer Services	Excellent customer service through receptionist

201 Information Technology

Output: Reliable Information and Communications Systems

Sub-Outputs	Activities
Reliable Information and Communication systems	Better IT services and support carried out from time to time

	Better IT infrastructure
201 Policy and Planning	
Output: Effective policy and planning design	
Sub-Outputs	Activities
Planning & Reporting	<p>Manage, monitor and finalise the Ministry's planning activities such as:</p> <ol style="list-style-type: none"> 1. Corporate Plan Development 2. Annual Management Plan 3. Annual reports
Policy Design and Advice	<ol style="list-style-type: none"> 1. Evaluating the economic and revenue impact on tax policies 2. Effectively planning, reviewing and updating policies of the Ministry 3. Review existing policies and update to support Government's development 4. Analyse and formulate policies for tax
Project Plan and Design	<ol style="list-style-type: none"> 1. Facilitating the development and implementation of projects 2. Conducting risk management profiling of all policies and procedures in conjunction 3. Work with Operational Delivery team to develop special projects required from time to time on tax projects to strengthen revenue services
PROGRAM 3. Tax Operations	
302 Debt Collection	
Output: Effective and efficient Debt Collection Management	
Sub-Outputs	Activities
Debt Management	<ol style="list-style-type: none"> 1. Debt payment management 2. Debt Penalties & Fees Management 3. Debt Accounts Maintenance 4. All Tax Type Debt Verification
Returns Management	<ol style="list-style-type: none"> 1. Non-file Returns Management 2. Late Filing Fees Management 3. Tax Returns Maintenance 4. All Tax Type Returns Verification
Efficient Debt collection	Collection of debt arrears, reduction of debt, increase revenue collection
High-Profile Taxpayer Management	<ol style="list-style-type: none"> 1. Processing 2. Assessing & Review 3. Accounts Maintenance 4. Accounts Verification
303 Processing and Client Services	

Output: Increase voluntary compliance of taxpayers	
Sub-Outputs	Activities
Timely process of tax returns & registrations (large & small)	Data entry
	Registrations
	Training
	Site Visits / compliance
	De-registrations
	Tax Reconciliations
	Filing of Returns & Correspondences
Effective & Efficient Clients Services	Heilala Services
	Public and Media Relations
	Customer Services
304 Risk Management	
Output: Quality risk information for efficient and effective decision making	
Sub-Outputs	Activities
Time provision of quality risk information	Collections of relevant/reliable data and information.
	Risk analysis and identification
	Risk prioritization
	Risk Assessment/ Profiling
Interventions to treat risk	Develop interventions to treat risk
	Design Compliance Improvement Strategy (CIS)
	Allocate cases for functional units
Monitored risks through approved interventions/projects	Follow up actions taken in accordance to the planned interventions/projects
305 Audit	
Output: Quality and Timely Audits	
Sub-Outputs	Activities
External Quality & Timely Audit Processes	Prepare Audit Plan
	Conduct complex Audit
	CT refunds
	Other Audits
PROGRAM 4. Customs and Trade	
401 Corporate Services	
Output: Competent financial management and enabling workforce development	
Sub-Outputs	Activities
Accounts Management	1. Budget 2. Revenue Collection Reporting 3. Expenditure monitoring & reconciliation
Human Resources Management	

	<ol style="list-style-type: none"> 1. Recruitment 2. PMS 3. Staff Leave management
Training & Capacity Development of staff	<ol style="list-style-type: none"> 1. Training Design & Logistics 2. Monitoring & evaluation
Properties and Assess Management	<ol style="list-style-type: none"> 1. Property Maintenance 2. Asset Procurement
Transportation Logistics	<ol style="list-style-type: none"> 1. Vehicle Maintenance 2. Logistics Arrangement & Monitoring
407 Information, Communication and Technology Support	
Output: Maximise use of available information and communication technologies to enhance Customs functions	
Sub-Outputs	Activities
Customs Automation	<ol style="list-style-type: none"> 1. System Management & Development 2. Project Planning & Management
Infrastructure	<ol style="list-style-type: none"> 1. Helpdesk & IT support 2. Hardware maintenance 3. Network management, safety & security 4. NII Technical Support
Software development & management	<ol style="list-style-type: none"> 1. Website maintenance 2. Software development and maintenance
402 Commercial Management	
Output: Fair collection of duties and taxes and facilitated release of import and export goods	
Sub-Outputs	Activities
Public Warehouses: effective control, inspection, release processes	<ol style="list-style-type: none"> 1. Air & Sea Cargo Devanning Control 2. Physical Inspections 3. Cargo Control release
Private Bonded Warehouses: effective control, inspection, release processes	<ol style="list-style-type: none"> 1. Lodgement Vetting & Document Examination 2. Cargo Entry Control 3. Warehouse to Warehouse Control 4. Cargo Release Control & Disposal
Local Excise Manufacturing Warehouses: effective control, inspection, release processes	<ol style="list-style-type: none"> 1. Lodgement Vetting & Document Examination 2. Cargo Entry Control 3. Manufacturing & Production Control 4. Cargo Release Control & Disposal
One-Stop-Shop: effective vetting, examination and manifest	<ol style="list-style-type: none"> 1. Help Desk & Lodgement Vetting 2. Document Examination 3. Cashier Services 4. Manifest
Petroleum & LPG Depots: effective operation	<ol style="list-style-type: none"> 1. Discharge Operations Control 2. Lodgement Vetting & Document Examination

Warehouse Stock : Efficient Reconciliation	<ol style="list-style-type: none"> 1. License Processing 2. Stock Reconciliation 3. Warehouse Operator Engagement
403 Border Management	
Output: Protection against cross border movement of contrabands and facilitation of travel	
Sub-Outputs	Activities
Border Management in Tonga's International sea ports and international airports	Primary line Immigration Clearance at all International Ports of entry
	Inward and Outward Customs Clearance of vessels & aircrafts
	Targeting and selection of persons, goods and crafts for enhanced Customs controls by physical inspection.
Fua'amotu International Airport: efficient clearance and control	<ol style="list-style-type: none"> 1. Aircraft Clearance 2. Passport Control 3. Baggage Control 4. Air Cargo Control
Nuku'alofa Port: efficient clearance and control	<ol style="list-style-type: none"> 1. Vessel Clearance 2. Passport Control 3. Baggage Control 4. Cargo Management Control & Disposal 5. Containerised Cargo Inspections (FCL & LCL) 6. Security & Special Operations
Outer Island Customs Office Ha'apai/'Eua: proper clearance and monitoring	<ol style="list-style-type: none"> 1. Ha'apai Small Craft Clearance & Monitoring 2. 'Eua Monitoring Craft Local Movement
Non-intrusive inspections (NII)	<ol style="list-style-type: none"> 1. Full Container Load (FCL) X-Ray Facility 2. Pallet Scanners - Less than Container load (LCL) & Express Courier/Mail 3. Mobile X-Ray Truck 4. Passenger Baggage X-Ray Machines
404 Compliance & Enforcement	
Output: Boosting trader and traveller compliance through application of risk based strategies, intelligence and provision of reliable and timely legal services	
Sub-Outputs	Activities
Risk Management	<ol style="list-style-type: none"> 1. Procedure & Systems Risk Analysis 2. Audit Risk Profiling 3. Secretariat Risk Profiling
Post Clearance Audit	<ol style="list-style-type: none"> 1. Field Audit 2. Desk Audit 3. Refunds

Investigations	<ol style="list-style-type: none"> 1. Field Investigations 2. Exhibit Detained & Seized Goods Management 3. Case File Management
Debt Recovery	<ol style="list-style-type: none"> 1. Recovery 2. Arrears Monitoring & Reporting
406 Legal	
Output: Reliable Legal Services	
Sub-Outputs	Activities
Legal Advice, Contract Vetting & Sign-Off	<ol style="list-style-type: none"> 1. Legal Advisory Services 2. Contract Vetting & Sign-Off
Legislative, Policy & Procedural Drafting	<ol style="list-style-type: none"> 1. Legislative Drafting 2. Policy & Procedure Drafting
Attendance to Court and Tax Tribunal Matters	<ol style="list-style-type: none"> 1. Prosecution & Civil Matters 2. Tax Tribunal Matters
407 Intelligence & Tactical Operations	
Output: Effective Intelligence Report and Information	
Sub-Outputs	Activities
Effective Strategic Intelligence	<ol style="list-style-type: none"> 1. Intelligence development & dissemination 2. Cargo and Persons Profiling, Selection & Targeting
Effective Tactical Operations	<ol style="list-style-type: none"> 1. Field Intelligence 2. Surveillance Operations 3. Vessel Rummage Coordination
Effective Intelligence Liaison	<ol style="list-style-type: none"> 1. National Intelligence Liaison 2. International Intelligence Operations Liaison
405 Tariff & Trade	
Output: Sustainable tariff and free trade policy driven by Customs-Trader partnerships	
Sub-Outputs	Activities
Effective Tariff Policy Formulation & Processing	<ol style="list-style-type: none"> 1. Customs Annual Revenue Policy formulation 2. Review of HS 3. Tariff Concession Processing
Free Trade Agreements (FTAs) - ensure accuracy	<ol style="list-style-type: none"> 1. Formulation of Market Access Offer HS2012 to HS2017 PACER Plus and EPA 2. Rules of Origin (ROO)
Customs Valuation - accuracy and efficiency	<ol style="list-style-type: none"> 1. Specific Commercial goods and private goods 2. Valuation Database development and management
WTO TFA Implementation : accuracy of categorisation	<ol style="list-style-type: none"> 1. Categorisation and Notification on TFA 2. Rulings
Customs-Business Partnership	<ol style="list-style-type: none"> 1. Heilala 2. AEO

1.6 Reasons for Major Changes in Recurrent Budget Allocations

There is an overall net increase of \$1.5million in the operational programs of the Ministry.

Main reasons are:

- \$479k new initiatives for War on Drugs
- \$200k for Rental Boat Hire
- New vote items for the new Customs Office Building to cover utility bills
- New vote items for the new Ha'apai rented office to cover utility bills and general operations
- In-country and overseas training
- General increase in overtime budget
- The expected additional personnel given planned reforms
- Cash Register Project
- Media and awareness programs and equipment
- \$60k allocation for Revenue Management System change request to allow improvements in efficiency and effectiveness of the system to assist reporting and analysis

1.7 Ministry of Revenue & Customs Budget and Staffing

The Ministry seeks to deliver its Outputs to the standards set out for each division, with the following overall budget and staffing:

Table 2: MORC Budget by Recurrent, Development and Item (cash & in-kind)

Expenditure Item	2017/18 Provisional	2018/19 Estimate	2019/20 Estimate	2020/21 Proj.1	2021/22 Proj.2
Recurrent Expenditure					
Established Staff (10xx)	5.26	5.62	6.14	6.14	6.14
Unestablished Staff (11xx)	0.28	0.23	0.20	0.20	0.20
Travel, Communication (12xx)	0.69	0.69	0.65	0.65	0.65
Maintenance, Operations (13xx)	0.94	0.95	0.81	0.81	0.81
Purchase Goods Services (14xx)	1.20	1.16	1.97	1.97	1.97
Grants and Transfers (15xx)	0.00	0.00	0.10	0.10	0.10
Dev Duties Expenditure (16xx)	0.00	0.00	0.00	0.00	0.00
Debt Management (17xx)	0.00	0.00	0.00	0.00	0.00
Contingency Fund (18xx)	0.00	0.00	0.00	0.00	0.00

Pension & Gratuities (19xx)	0.00	0.00	0.00	0.00	0.00
Assets (20xx)	10.39	1.26	.81	.81	.81
Equity Payment (21xx)	0.00	0.00	0.00	0.00	0.00
Private Sect. Dev Support (22xx)	0.00	0.00	0.00	0.00	0.00
TOTAL MINISTRY EXPENDITURE	18.75	9.90	10.68	10.68	10.68
Recurrent Payments					
Established Staff (10xx)	5.26	5.62	6.14	6.14	6.14
Unestablished Staff (11xx)	0.28	0.23	0.20	0.20	0.20
Travel, Communication (12xx)	0.69	0.69	0.65	0.65	0.65
Maintenance, Operations (13xx)	0.94	0.95	0.81	0.81	0.81
Purchase Goods Services (14xx)	1.20	1.16	1.97	1.97	1.97
Grants and Transfers (15xx)			0.10	0.10	0.10
Dev Duties Expenditure (16xx)					
Debt Management (17xx)					
Contingency Fund (18xx)					
Pension & Gratuities (19xx)					
Assets (20xx)	3.99	1.26	0.81	0.81	0.81
Equity Payment (21xx)					
Private Sect. Dev. Support (22xx)					
TOTAL MINISTRY'S RECURRENT EXPENDITURE	12.35	9.90	10.68	10.68	10.68
Development Expenditure					
Established Staff (10xx)					
Unestablished Staff (11xx)					
Travel Communication (12xx)					
Maintenance Operations (13xx)					
Purchase Goods Services (14xx)					
Grants and Transfers (15xx)					
Assets (20xx)	6.40	0.00	0.00	0.00	0.00
TOTAL MINISTRY'S DEVELOPMENT EXPENDITURE	6.40	0.00	0.00	0.00	0.00

Table 3: Ministry Total Staff by Key Category Staff per TOP 100,000

Category				Corporate Plan & Budget		
	FY 2017-18	FY 2018-19		FY 2019-20	FY 2020-21	FY 2021-22
	Provisional Outcome	Original Budget	Revised Estimate	Budget	Projection	Projection
Established Staff						
Executive	4	5		5	5	5
Professional	70	93		88	88	88
Other Staff	91	115		127	127	127
Total Established Staff	165	213		220	220	220
Unestablished Staff	25	15		21	21	21
Total Staff	190	228		241	241	241
Total Recurrent Costs	11.98	10.39		10.68	10.68	10.68

Table 3.1: Ministry Total Staff

Description				Corporate Plan & Budget		
	FY 2017-18	FY 2018-19		FY 2019-20	FY 2020-21	FY 2021-22
	Provisional Outcome	Original Budget	Revised Estimate	Budget	Projection	Projection
Total (\$m)	18.38	16.79		17.08	17.08	17.08
Recurrent (\$m)	11.98	10.39		10.68	10.68	10.68
Development (\$m)	6.40	6.40		6.40	6.40	6.40
Established Staff						
Executive Staff	4	5		5	5	5
Professional Staff	70	93		88	88	88
Other Staff	91	115		127	127	127
Total Established Staff	165	213		220	220	220
Unestablished Staff	25	15		21	21	21
TOTAL STAFF	190	228		241	241	241

2 MORC Programs and their Sub-Programs

It must be recognised that all MORC Programs and Sub-Programs, and their Sub-Outputs and Activities are designed to achieve the TSDF National Outcomes attributed to MORC and the corresponding Sustainable Development Goals (SDG). Therefore, no one Sub-Output or Activity can be read to achieve one particular National Outcome or SDG. Rather, in the collective effort of the Ministry in attending effectively to all its activities all relevant National Outcomes and SDGs can be achieved. As per the Results Map on page 11, they are as follows:

National Outcome	<p>A. More inclusive, sustainable and dynamic knowledge based economy</p> <p>G. More inclusive, sustainable and consistent advancement of our external interests, security and Sovereignty</p>
Sustainable Development Goals	<p>Goal 8. Promote, sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p> <p>Goal 10. Reduce inequality within and among countries</p> <p>Goal 1. End poverty in all its forms everywhere</p> <p>Goal 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture</p> <p>Goal 17. Strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development</p>

2.1 Program 1: Leadership and Advice

This program oversees the Leadership roles, major decision makings and direction to the administrative, operational and broader functions and activities of the Ministry. It also oversees the implementation of the Revenue Services Administration Act and Customs Act and to ensure the timely and comprehensive collection of Government Revenues. It includes the Hon Minister's Office and the CEO's Office.

Table 4: Summary: Budget & Staff For Leadership And Policy Advice

Description	Corporate Plan & Budget					
	FY 2017-18	FY 2018-19		FY 2019-20	FY 2020-21	FY 2021-22
	Provisional Outcome	Original Budget	Revised Estimate	Budget	Projection	Projection
Total = Recurrent (\$m)	0.39	0.36		0.37	0.37	0.37
Established Staff						
Executive Staff	2	2		2	2	2
Professional Staff	0	1		1	1	1
Other Staff	1	2		2	2	2
Total Established Staff	3	5		5	5	5
Unestablished Staff	1	0		0	0	0

2.101 Office of the Minister

Leadership and Policy Advice Program have been working closely with all stakeholders of the Ministry. These stakeholders are the people of Tonga, the businesses, the churches, the donor partners, the other Government Ministries and non-Government sectors, the Legislative Assembly and the Cabinet. These stakeholders have come to interact with the Minister and CEO's office very often on a daily basis, either seeking advice, guidance, instructions, information or requesting approvals on certain issues concerned.

The Minister looks at issues from many points of views, from people in his electorate, from the CEO, policy advisors, from Cabinet, from Media, from Ministers from other Ministries and so forth. He has more than one portfolio that all contributes to setting policies and manage priorities for the Ministry thus also to ease the CEO's responsibilities to the Ministry.

2.102 Office of the CEO

The CEO on the other hand, has also a number of responsibilities which includes establishing and maintaining an appropriate Organizational Structure for the Ministry, ensuring that decisions are implemented promptly, oversees the daily management of the Ministry's operation following their plans, developing a code of conduct for the staff and providing timely advice to the employees. He is the main person to which the Government delegates powers.

CEO will set out guidelines that the Ministry must follow in order to achieve desired outcomes and outputs of the Ministry.

Table 5: 101 and 102 Office of the Minister and CEO Outputs and KPIs

Output. Portfolio Leadership and Policy Advice							
Sub-Outputs	Activities	KPIs	2018/19 Baseline	2019/20	2020/21	2021/22	Responsible Division
Better leadership & Effective Political direction	Annual Report	Table and present MORC Annual Report to Parliament	One Annual Report	1	1	1	Office of the Minister
	Bills / Regulations	Table to Parliament	100%	100%	100%	100%	Office of the Minister
Effective leadership & direction for better results of revenue Collection	Provide advice from CEO over tax & customs related matters	Attend CEO Forum	10	10	10	10	OCEO
	Manage overall operations and	Conduct weekly meetings with MORC's HODs	Attend 20 HODs meetings	20	20	20	OCEO

	administrations of MORC	Timely endorsement of MORC's CP, AMP, MORC Budget, Annual Report	1 of each Reports/Plans	1 of each	1 of each	1 of each	OCEO
		Endorse Tax clearance, high amount tax refunds	3 working days	3 working days	3 working days	3 working days	OCEO
Effective leadership & direction for better results of Trade Policy & Border control	Manage overall operations and administrations of MORC	Applications for duty and tax exemptions processed within 2 working days	80% - 100%	80% - 100%	80% - 100%	80% - 100%	OCEO
	Endorse amendments to Customs Legislations & Procedures	Rewrite of Customs laws completed and Bills vetted and presented to Minister for endorsement before July 2017	100%	100%	100%	100%	OCEO
		Updating of legislation to enable implementation of regional and international trade agreements (PACER Plus & WTO TFA)	100%	100%	100%	100%	OCEO

Office of The Minister Budget, Staff and Projects

Table 6: 101 Office of the Minister Budget and Staff

Description	Corporate Plan & Budget					
	FY 2017-18	FY 2018-19		FY 2019-20	FY 2020-21	FY 2021-22
	Provisional Outcome	Original Budget	Revised Estimate	Budget	Projection	Projection
Total = Recurrent (\$m)	0.25	0.23		0.24	0.24	0.24
Established Staff						
Executive Staff	1	1		1	1	1
Professional Staff		1		1	1	1
Other Staff	1	2		2	2	2

Total Established Staff	2	4		4	4	4
Unestablished Staff	1					

Office of the CEO Budget, Staff and Projects

Table 7: 102 Office of the CEO Budget and Staffing

Description	Corporate Plan & Budget					
	FY 2017-18	FY 2018-19		FY 2019-20	FY 2020-21	FY 2021-22
	Provisional Outcome	Original Budget	Revised Estimate	Budget	Projection	Projection
Total = Recurrent (\$m)	0.14	0.13		0.13	0.13	0.13
Established Staff						
Executive Staff	1	1		1	1	1
Professional Staff	0	0		0	0	0
Other Staff	0	0		0	0	0
Total Established Staff	1	1		1	1	1
Unestablished Staff						

2.103 Technical & Legal Services Section

This Section provides legal advice to Minister and CEO, respond to complex technical and legal issues raised by taxpayers, manage objection appeals, ruling and technical policy for all tax types, review of legislatives and provide legal support to all Programs.

This Section must make sure that daily operations of the Ministry are in accordance with prescribed Laws of Tax services at all times.

Table 8: 301 Technical & Legal Services Section Outputs and KPIs

Output: Reliable, quality, efficient and effective Legal Services						
Sub-Outputs	Activities	KPIs	2018/19 Baseline	2019/20	2020/21	2021/22
Technical & Legal Services						
Reliable Technical & Legal Services	Legislations Review and amendments	90% - 100% of the existing rulings reviewed : • Revenue Services Administration review	20%	40%	70%	100%

		<ul style="list-style-type: none"> Consumption Tax review issues identified in the Income Tax Act addressed in amendments 				
	Policy developments and proposals	<p>Complete policy reviews, proposals and changes:</p> <ul style="list-style-type: none"> 100% of issues identified are addressed policies, rulings, developed according to laws of Tonga 	20% completion	40% completion	70% completion	100% completion
	Legal advice	100% staff compliance to the law	100% staff compliance to the law	100%	100%	100%
		Complete and accurate advice provided to CEO & Minister	100% accuracy and completeness	100%	100%	100%
	Enforcement	<p>Demand letters, garnishee notices, temporary close down of business, site visits :</p> <ul style="list-style-type: none"> 100% legal cases followed up 50% of general non-compliant files are settled 20% of arrears is recovered 50% of the outstanding returns of those that are 	20 - 100%	20 - 100%	20 - 100%	20 - 100%

		still active in business are filed				
	Objections	100% of objections reviewed: 80% of objections settled, 30% of original assessment amount are reassessed	30% - 100%	30% - 100%	30% - 100%	30% - 100%

Table 9: 301 Budget & Staffing for Technical and Legal Services Section

Description	Corporate Plan & Budget					
	FY 2017-18	FY 2018-19		FY 2019-20	FY 2020-21	FY 2021-22
	Provisional Outcome	Original Budget	Revised Estimate	Budget	Projection	Projection
Total = Recurrent (\$m)	0.25	0.25		0.26	0.26	0.26
Established Staff						
Executive Staff	0	0		0	0	0
Professional Staff	3	5		5	5	5
Other Staff	1	1		0	0	0
Total Established Staff	4	6		5	5	5
Unestablished Staff						

2.2 Program 2: Corporate Services Division

2.201 Accounts Section

2.202 Human Resources & Administration Section

2.203 Information & Technology Section

2.204 Policy & Planning Section

Corporate Services provides support services to all other Divisions of the Ministry in terms of IT, Financial Management, Human Resource and Administration, Internal Audit, and the newly established Policy and Planning Section.

This program works to ensure effective support is provided to facilitate work of staff in all Divisions. This in return should encourage high performances and the achievement of expected outputs at the end of the Financial Year.

Corporate Services Division Outputs and KPIs

Table 10: 201 Corporate Services Division Outputs and KPIs

Output: Quality HR and Financial Management, Planning, Information and Communications Systems and Controls						
Output: Quality Financial Management and Planning						
Sub-Outputs	Activities	KPIs	2018/19 Baseline	2019/20	2020/21	2021/22
Accounts						
Quality Financial Management & Budgeting	1) Revenue Collection - Prepare revenue projections for each FY and quarterly and annual reports on revenue collection, Undertake financial administration, forecasting and risk analysis for revenue	100% Adherence to Financial Management Act. , Treasury Instructions and related polices; - 100% accuracy, - 100% timely and attempt to solve any differences identified immediately	100% compliance	100% compliance	100% compliance	100% compliance
	2) Expenditure - Controlling of expenditure to be in line with allocated budget; Undertake financial administration, forecasting and risk analysis for all Ministry's expenditure- Provide weekly, monthly vote balance on expenses ; - monthly	100% Adherence to Financial Management Act. , Treasury Instructions and related polices; - 100% accuracy, timely and attempt to solve any differences identified immediately	100% compliance	100% compliance	100% compliance	100% compliance

	reconciliation with MOFNP					
	3) Assets: Manage and monitor the registration of Ministry's Fix assets, reporting and the security of all MORC assets and reporting to Finance	Timely report at end of FY and 100% adherence to Treasury Instructions	100% compliance	100% compliance	100% compliance	100% compliance
	4) Procurement Process: Annual Procurement Plan and proper procurement process	100% adherence to Government's procurement policy ; - 80% - 90% of procurement submissions meet full compliance with the procurement regulations	100% compliance	100% compliance	100% compliance	100% compliance

Output: Quality Human Resources and Administration Management

Sub-Outputs	Activities	KPIs	2018/19 Baseline	2019/20	2020/21	2021/22
HR/Administration						
Training & Capacity Development of staff	Carry out induction training for new recruits	Conduct quarterly induction training	2 training	2	2	2
	Training needs assessment & review	3 Training needs identified and addressed annually	3 per FY	3	3	3
Internal Quality & Timely Audit	Develop & Execute Internal Audit Plan	Advice & support provided to all division through implementation of Audit Plan	On-going implementation and executing of MORC Audit Plan	50%	80%	100%
	Identify & evaluate risks control	Mitigate risks to improve effectiveness of staff	Monthly evaluation of risks	0%	80%	100%

Effective Performance Management System (PMS)	Implement an effective PMS process for MORC	Timely processing of MORC's PMS system for both mid-year and completion of FY	Successful implementations of PMS systems for MORC - to reflect the staff's performance	100%	100%	100%
Efficient Customer Services	Providing excellent customer service through receptionist	95% Customer satisfaction	Daily excellent services	95% Customer satisfaction	95% Customer satisfaction	95% Customer satisfaction
Efficient Customer Services	Excellent customer service through receptionist	95% Positive feedbacks from Customers	Daily excellent services	95% Positive feedbacks from Customers	95% Positive feedbacks from Customers	95% Positive feedbacks from Customers
Output: Reliable Information and Communications Systems						
Sub-Outputs	Activities	KPIs	2018/19 Baseline	2019/20	2020/21	2021/22
Information Technology						
Reliable Information and Communication systems	Better IT services and support carried out from time to time	Well designed and reliable IT system and reports are done as required	70% of those new reports was built in to the system , 50% implementation of the change request list	70%	80%	90%
	Better IT infrastructure	95% monitoring and fully functional IT infrastructure	50% implement disaster recovery plan, 50% upgrade server software, email and anti-virus	50%	60%	70%
OUTPUT: Effective policy and planning implementations to govern and enhance the Ministry's activities.						
Sub-Outputs	Activities	KPIs	2018/19 Baseline	2019/20	2020/21	2021/22
Policy and Planning						

<p>Planning & Reporting</p>	<p>Manage, monitor and finalize the Ministry's planning activities such as:</p> <ol style="list-style-type: none"> 1. Corporate Plan Development 2. Annual Management Plan 3. Annual reports 	<p>100% completion</p>	<p>100% completion</p>	<p>100% completion</p>	<p>100% completion</p>	<p>100% completion</p>
<p>Policy Design and Advice</p>	<ol style="list-style-type: none"> 1. Evaluating the economic and revenue impact on tax policies 2. Effectively planning, reviewing and updating policies of the Ministry 3. Review existing policies and update to support Government's development 4. Analyse and formulate policies for tax 	<p>80% - 100% completion</p>	<p>80% - 100% completion</p>	<p>80% - 100% completion</p>	<p>80% - 100% completion</p>	<p>80% - 100% completion</p>

Project Plan and Design	1. Facilitating the development and implementation of projects					
	2. Conducting risk management profiling of all policies and procedures in conjunction	100% completion	100% completion	100% completion	100% completion	100% completion
	3. Work with Operational Delivery team to develop special projects required from time to time on tax projects to strengthen revenue services					

Table 11: 201 BUDGET AND STAFFING FOR CORPORATE SERVICES DIVISION

Description	Corporate Plan & Budget					
	FY 2017-18	FY 2018-19		FY 2019-20	FY 2020-21	FY 2021-22
	Provisional Outcome	Original Budget	Revised Estimate	Budget	Projection	Projection
Total = Recurrent (\$m)	1.53	1.96		1.71	1.71	1.71
Established Staff						
Executive Staff	1	1		1	1	1
Professional Staff	8	21		13	13	13
Other Staff	11	12		12	12	12
Total Established Staff	20	34		26	26	26
Unestablished Staff	5	4		3	3	3

2.3 Program 3: Tax Operations Division

This program consists of four major sub-programs, namely Debt Collection, the Processing and Client Services, the Risk Management and the Audit Sections. Their main responsibilities are to deliver services to agreed standards thus to collect appropriate revenue on behalf of the Government. They are responsible for the day to day management of the MORC's core activities and the interaction with taxpayers. They are also responsible for creating a strong relationship with Corporate Services to provide feedback on recurring issues and risks identified.

Table 12: Budget & Staffing For Tax Operations Division

Description	Corporate Plan & Budget					
	FY 2017-18	FY 2018-19		FY 2019-20	FY 2020-21	FY 2021-22
	Provisional Outcome	Original Budget	Revised Estimate	Budget	Projection	Projection
Total = Recurrent (\$m)	1.89	2.31		2.74	2.74	2.74
Established Staff						
Executive Staff	0	1		1	1	1
Professional Staff	32	39		45	45	45
Other Staff	23	36		37	37	37
Total Established Staff	55	76		83	83	83
Unestablished Staff	7	7		2	2	2

2.301 Debt Collection Section

The main responsibilities are to follow up outstanding returns, pursue outstanding debt and use a range of techniques to recover these debts and returns.

Table 13: 302 Debt Collection Section Outputs and KPIs

Output: Effective and efficient Debt Collection Management						
Sub-Outputs	Activities	KPIs	2018/19 Baseline	2019/20	2020/21	2021/22
Debt Collection						
Debt Management	1. Debt payment management 2. Debt Penalties & Fees Management 3. Debt Accounts Maintenance	<ul style="list-style-type: none"> 80% Accurate Debt Balance Reported Monthly 80% Individual Taxpayer reconciled & verified 	80 - 100%	80 - 100%	80 - 100%	80 - 100%

	4. All Tax Type Debt Verification					
Returns Management	<ol style="list-style-type: none"> 1. Non-file returns management 2. Late filing fees management 3. Tax returns accounts maintenance 4. All tax type returns verifications 	<ul style="list-style-type: none"> • 80% Accurate tax returns balance reported monthly • 80% individual taxpayer tax returns reconciled and verified 	80 - 100%	80 - 100%	80 - 100%	80 - 100%
Efficient Debt collection	Collection of debt arrears, reduction of debt, increase revenue collection	10% of the Annual Estimates of debt arrears are processed and collected on a monthly basis	80 - 100%	80 - 100%	80 - 100%	80 - 100%
		<ul style="list-style-type: none"> • 100% Approved Instalment payments • 90% of Demand Letters served annually • 100% Follow up of taxpayers with debt due 	90 - 100%	90 - 100%	90 - 100%	90 - 100%
High-Profile Taxpayer Management	<ol style="list-style-type: none"> 1. Processing 2. Assessing & Review 3. Accounts Maintenance 4. Accounts Verification 	<ul style="list-style-type: none"> • 100% Approved Instalment payments managed • 70% Individual Taxpayer reconciled & verified annually • 80% of Demand Letters served annually • 100% Follow up and manage all cases with debt due annually 	90 - 100%	90 - 100%	90 - 100%	90 - 100%

Table 14: 302 Budget & Staffing for Debt Collection Section

Description	Corporate Plan & Budget					
	FY 2017-18	FY 2018-19		FY 2019-20	FY 2020-21	FY 2021-22
	Provisional Outcome	Original Budget	Revised Estimate	Budget	Projection	Projection
Total = Recurrent (\$m)	0.24	0.27		0.56	0.56	0.56
Established Staff						
Executive Staff				1	1	1
Professional Staff	5	6		9	9	9
Other Staff	3	6		8	8	8
Total Established Staff	8	12		18	18	18
Unestablished Staff	1	2				

2.302 Processing & Client Services Section

The main areas of responsibilities and accountabilities are to maximize a timely revenue collection, processing of tax returns into the RMS, management of debts and to promote voluntary compliance.

They are also tasked with handling reactive services via answering correspondence and to handle tax clearances. For the proactive services are provided in terms of visits, education, seminars, brochures etc. They must be able to influence culture and attitudes of tax payers through awareness programs implemented and executed.

The ultimate goal of the Client Service team is to encourage voluntary compliance. With reference to the compliance strategy triangle above, CST is to help those who try to comply but don't always succeed to comply by providing training and other educational programs where needed.

Table 15: 303 Processing and Client Services Section Outputs and KPIs

Output: Increase voluntary compliance of taxpayers						
Sub-Outputs	Activities	KPIs	2018/19 Baseline	2019/20	2020/21	2021/22
Processing and Client Services						
Timely process of tax returns & registrations (large & small)	Data entry	21,000 tax returns timely and accurately processed and checked into the RMS system on a monthly basis Timely and	21,000 returns completely checked and process into RMS during current FY	21,000	21,000	21,000

		accurately process of Government CT journal				
	Registrations	90% increase in registration in terms of individuals and businesses. 100% integrity and reliability of data entered as TIN number and CT registrations per week	90% increase in registration	40%	30%	20%
	Site Visits / compliance	At least 2 site visits per week	100%	100%	100%	100%
	De-registrations	100% management and completion of de-registrations	100%	100%	100%	100%
	Tax Reconciliations	Timely process of reconciliation within 5 working days at lodgement	100% timely processing	100%	100%	100%
	Filing of Returns & Correspondences	Timely filing of returns and documents within 2 days from date received	100%	100%	100%	100%
Effective & Efficient Clients Services	Heilala Services	795 returns to be completely register, check and process into RMS from HTS by next Financial Year.	100%	100%	100%	100%

		Target for next FY for all HTS members 100% lodge and pay on time without asking for extension	100%	100%	100%	100%
		All high risk members completely review	100% reviewed	100% reviewed	100% reviewed	100% reviewed
		Continue friendly visit twice a year to all members	100% conducted	100% conducted	100% conducted	100% conducted
		100% spot checks of selected members	100%	100%	100%	100%
Public and Media Relations		100% implementation of public relations programs and activities	100% implemented	100% implemented	100% implemented	100% implemented
		At least 120 trainings is provided to the businesses/taxpayer	120 trainings	120 trainings	120 trainings	120 trainings
		20% of non-registered ETAX from LBD is registered	20% of non-registered is trained	20% of non-registered is trained	20% of non-registered is trained	20% of non-registered is trained
		Timely recording of TV & Rad Program recorded and aired every 2nd	100% conducted as schedules	100% conducted as schedules	100% conducted as schedules	100% conducted as

		week of every month				schedules
	Customer Services	100% superior customer service is provided at all times	100%	100%	100%	100%

Table 16: 303 Budget & Staffing for Processing & Client Services Section

Description	Corporate Plan & Budget					
	FY 2017-18	FY 2018-19		FY 2019-20	FY 2020-21	FY 2021-22
	Provisional Outcome	Original Budget	Revised Estimate	Budget	Projection	Projection
Total recurrent (\$m)	0.7	0.80		1.03	1.03	1.03
Established Staff						
Executive Staff	0	0		0	0	0
Professional Staff	9	10		11	11	11
Other Staff	16	25		25	25	25
Total Established Staff	25	35		36	36	36
Unestablished Staff	6	3		1	1	1

2.303 Risk Management Section

To strengthen compliance risk policy with the main focuses are on risk identification, risk prioritisation, risk assessment, risk evaluation and risk monitoring. The Section looks at risks that could be affecting the taxpayers and processes of monitoring their compliance level in relation to the risks identified.

Table 17: 304 Risk Management Section Outputs and KPIs

Output: Quality Risk Information for efficient and effective decision making						
Sub-Outputs	Activities	KPIs	2018/19 Baseline	2019/20	2020/21	2021/22
Risk Management						
Timely provision of quality risk information	Collections of relevant/reliable data and information	<ul style="list-style-type: none"> Timeliness - collect data and information within required timeline 	80% - 85%	85% - 90%	90% - 95%	95% - 100%

	<ul style="list-style-type: none"> • Relevancy – relevant data/information is collected from approved/reliable sources • Completeness - required data/information are completely collected • Accuracy – collected data/information are accurate as in its original sources and also when formulas are applying on the database/template 				
Risk analysis and identification	<ul style="list-style-type: none"> • Timeliness – analyse and identify risks from collected data/information within the required timeline. • Reliability – analysed risk information are reliable for decision making 	80% - 85%	85% - 90%	90% - 95%	95% - 100%
Risk prioritisation	<ul style="list-style-type: none"> • Timeliness - prioritise risks within the required timeline • Reliability - risks are prioritizing against given criteria 	80% - 85%	85% - 90%	90% - 95%	95% - 100%

	Risk Assessment / Profiling	<ul style="list-style-type: none"> • Timeliness – assess / profile taxpayers within the required timeline • Accuracy – required field for profiling are completed with correct data and information • Completeness – planned profile cases are completed • Reliability – profiled cases goes through a proper process and approval 	80% - 85%	85% - 90%	90% - 95%	95% - 100%
Interventions to treat risk	Develop intervention to treat risk	<ul style="list-style-type: none"> • Timeliness – develop interventions within the timeframe 	80% - 85%	85% - 90%	90% - 95%	95% - 100%
	Design Compliance Improvement Strategy (CIS)	<ul style="list-style-type: none"> • Timeliness - submit CIS for GM Committee's approval within the required Timeframe • Probability (%) of interventions developed (or CIS) approve by management level (GM Committed) 				
	Allocate cases for functional units	<ul style="list-style-type: none"> • Number of cases allocated to functional units • Increase in revenue collections • Percentage of actual revenue collections vs budgeted 				

		revenue collections				
Monitored risks through approved interventions/projects	Approved Project Plan (activities)	<ul style="list-style-type: none"> • Timeliness / Completeness – Deliver and complete work planned within the timeframe • Feedback from GM Committee and Management Team • Increase in revenue collections • Percentage of actual revenue collections vs budgeted revenue collections 	80%	85%	90%	95%

Table 18: 304 Budget & Staffing for Risk Management Section

Description	Corporate Plan & Budget					
	FY 2017-18	FY 2018-19		FY 2019-20	FY 2020-21	FY 2021-22
	Provisional Outcome	Original Budget	Revised Estimate	Budget	Projection	Projection
Total recurrent (\$m)	0.40	0.38		0.45	0.45	0.45
Established Staff						
Executive Staff	0	0		0	0	0
Professional Staff	7	6		7	7	7
Other Staff	2	1		1	1	1
Total Established Staff	9	7		8	8	8
Unestablished Staff		1		1	1	1

2.304 Audit Section

Once risks are identified and evaluated, they are then passed to the Audit Section for assessing and reviewing. The purpose is to provide an objective examination of client’s financial statements, which increases the value and credibility of the financial statements produced by clients, thus

increase user confidence in the financial statement, and to retrieve appropriate revenue if possible that could have been collected from clients that are non-compliance to tax policies.

Table 19: 305 Audit Section Outputs and KPIs

Output: Quality and Timely Audits						
Sub-Outputs	Activities	KPIs	2018/19 Baseline	2019/20	2020/21	2021/22
Audit						
External Quality & Timely Audit Processes	Prepare Audit Plan	1 each year	1	1	1	1
	Conduct complex Audit	Complete 20 complex audit cases	16 - 20	16 - 20	16 - 20	16 - 20
	CT refunds	Complete 95% of refunds applications at end of FY	95%	95%	95%	95%
	Other Audits	Spot check of all tax types	300	300	300	300

Table 20: 305 Budget & Staffing for Audit Section

Description	Corporate Plan & Budget					
	FY 2017-18	FY 2018-19		FY 2019-20	FY 2020-21	FY 2021-22
	Provisional Outcome	Original Budget	Revised Estimate	Budget	Projection	Projection
Total = Recurrent (\$m)	0.30	0.62		0.45	0.45	0.45
Established Staff						
Executive Staff		1		0	0	0
Professional Staff	8	12		13	13	13
Other Staff	1	3		3	3	3
Total Established Staff	9	16		16	16	16
Unestablished Staff		1				

2.4 Program 4: Customs and Trade Division

Improved facilitation of legitimate trade and travel through implementation of international standards and best practice; encourage adherence to customs legislation to improve revenue collection and border security.

The Customs & Trade Division delivers Outputs through 5 main Sections,

- (1) Border Management,
- (2) Commercial Management
- (3) Compliance & Enforcement
- (4) Tariff & Trade
- (5) Outer Islands

Limited Customs services and functions are provided by designated government officials in the Niua and 'Eua islands.

Daily administrative support is provided to all of the above Sections by the Corporate Services Section.

Summary – Customs & Trade Division – Budget, Staffing

Table 21: Summary Budget & Staffing for Customs & Trade Division

Description	Corporate Plan & Budget					
	FY 2017-18	FY 2018-19		FY 2019-20	FY 2020-21	FY 2021-22
	Provisional Outcome	Original Budget	Revised Estimate	Budget	Projection	Projection
Total (\$m)	14.57	12.16		12.26	12.26	12.26
Recurrent (\$m)	8.17	5.76		5.86	5.86	5.86
Development (\$m)	6.40	6.40		6.40	6.40	6.40
Established Staff						
Executive Staff	1	1		1	1	1
Professional Staff	30	32		29	29	29
Other Staff	56	65		76	76	76
Total Established Staff	87	98		106	106	106
Unestablished Staff	12	4		16	16	16
TOTAL STAFF	99	102		122	122	122

2.401 Corporate Services Section

Corporate Services provides support services to all the other Sections of the Customs Department in terms of IT, Financial Management, Human Resource and Administration, and also the Quality Internal Audit of staff performances.

This program must make sure that support are given to facilitate work of staffs in the other Sections thus to push the performances and achieve expected outputs at the end of the Financial Year.

Table 22: 401 Corporate Services Section Outputs and KPIs

Output: Competent financial management and enabling workforce development						
Sub-Outputs	Activities	KPIs	2018/19 Baseline	2019/20	2020/21	2021/22
Corporate Services						
Accounts Management	1. Budget	1. Timely completion and submission of Division Budget	100%	100%	100%	100%
	2. Revenue Collection Reporting	2. 100% Accuracy of Revenue reporting				
	3. Expenditure monitoring & reconciliation	3. Managing Division Expenditure according to Budget				
		4. Timely Coordination of Annual Corporate Planning Exercises				
Human Resources Management	1. Recruitment	4. Development and Monitoring of Division's Annual Staff Leave Plan	1	1	1	1
	2. PMS					
	3. Staff Leave management	1. 100% Recruitment of vacancies within FY against due dates	100%	100%	100%	100%
Training & Capacity Development of staff	1. Training Design & Logistics	1. Development and Monitoring of Division's Annual Training Plan	1	1	1	1
	2. Monitoring & evaluation	2. Timely processing and completion of all Staff Overseas travel requirements	100%	100%	100%	100%
		3. Timely and Complete organisation of all National and Regional Workshops hosted by Tonga Customs Administration				

Properties and Assess Management	1. Property Maintenance 2. Asset Procurement	1. 100% Division's Property Accounted for in FY 2. Timely Processing of approved procurement against due dates 3. Develop, implement and monitor Property Maintenance Schedules	100%	100%	100%	100%
Transportation Logistics	1. Vehicle Maintenance 2. Logistics Arrangement & Monitoring	1. 90% of Division's Vehicles Operational at all times 2. 100% Adherence to Vehicle Maintenance Schedules	100%	100%	100%	100%

Table 23: 401 Budget & Staffing for Corporate Services Section

Description	Corporate Plan & Budget					
	FY 2017-18	FY 2018-19		FY 2019-20	FY 2020-21	FY 2021-22
	Provisional Outcome	Original Budget	Revised Estimate	Budget	Projection	Projection
Total Recurrent (\$m)	5.15	2.92		2.69	2.69	2.69
Established Staff						
Executive Staff	1	1		1	1	1
Professional Staff	8	9		9	9	9
Other Staff	13	17		21	21	21
Total Established Staff	22	27		31	31	31
Unestablished Staff	12	4		16	16	16

2.401a Information, Communication and Technology Support Unit

It is important to have a system that can monitor data, information and communication channel of the Division.

Table 24: 407 Information, Communication and Technology Support Unit Outputs and KPIs

Output: Maximise use of available information and communication technologies to enhance Customs functions						
Sub-Outputs	Activities	KPIs	2018/19 Baseline	2019/20	2020/21	2021/22
Information, Communication and Technology Support Unit						
Customs Automation	1. System Management & Development	1. Automated System 100% Operational at all times	100%	100%	100%	100%
	2. Project Planning & Management	2. Timely implementation of Project against due dates 3. Revenue Policy changes updated to Automated System before beginning of new FY				
Infrastructure	1. Helpdesk & IT support	1. Develop ICT User Policy	100%	100%	100%	100%
	2. Hardware maintenance	2. Develop and Implement Annual Infrastructure maintenance Schedule				
	3. Network management, safety & security	3. Resolution of minor ICT User Issues within -	100%	100%	100%	100%
	4. NII Technical Support	(i) 2 hours for Head Office Issues; (ii) 5 hours for Outside of Head Office (Tongatapu) ; (iii) 2 working days for Regional and Sub-regional Customs Offices				
		4. Timely installation of new workstations against due date	100%	100%	100%	100%

		5. Develop and monitor NII Maintenance Schedule				
		6. Conduct NII Maintenance				
Software development & management	1. Website maintenance 2. Software development and maintenance	1. 100% Computers installed with genuine ICT Protection Softwares 2. Develop and Implement Software maintenance Schedule 3. Resolution of software Issues within – (i) ? for Head Office Issues; (ii) ? for Outside of Head Office (Tongatapu); and (iii) ? for Regional and Sub-regional Customs Offices 4. Website Operational at all times	80%	100%	100%	100%

Table 25: 407 Budget & Staffing for Information, Communication and Technology Support Unit

Description	Corporate Plan & Budget					
	FY 2017-18	FY 2018-19		FY 2019-20	FY 2020-21	FY 2021-22
	Provisional Outcome	Original Budget	Revised Estimate	Budget	Projection	Projection
Total = Recurrent (\$m)	0.22	0.23		0.26	0.26	0.26
Established Staff						
Executive Staff						

Professional Staff	5	5		5	5	5
Other Staff		2		2	2	2
Total Established Staff	5	7		7	7	7
Unestablished Staff						

2.402 Commercial Management Section

This Section is responsible for trade facilitation through the effective use of risk management and ensuring compliance with customs legislation and procedures. Is an important component of a comprehensive strategy for national and regional development, and aims to provide an open regional platform to exchange information, experiences and practices for trade facilitation. Commercial Section consists of the following Units; One Stop Shop; Warehousing & Excise; and Approved places.

Table 26: 402 Commercial Management Section Outputs and KPIs

Output: Effective facilitated movement of imports and express through Customs warehouses and approved places						
Sub-Outputs	Activities	KPIs	2018/19 Baseline	2019/20	2020/21	2021/22
Commercial Management						
Public Warehouses : effective control, inspection, release processes	1. Air & Sea Cargo Devanning Control	1. Develop Annual Operational plan	1	1	1	1
	2. Physical Inspections	2. Reduction of processing time for devanning to: (i) Maximum 5 hours for 40' (ii) Maximum 2-3hrs for 20'	100%	100%	100%	100%
	3. Cargo Control release	3. Reduction of cargo inspection times to 30 minutes				
		4. 100% interdiction of targeted persons, baggage or cargo	100%	100%	100%	100%
		5. 100% cargo accounted for against manifests				

		and warehouse records				
Private Bonded Warehouses : effective control, inspection, release processes	1. Lodgement Vetting & Document Examination 2. Cargo Entry Control 3. Warehouse to Warehouse Control 4. Cargo Release Control & Disposal	1. Develop Annual Operational plan	1	1	1	1
		2. Reduction of processing time to: (i) Maximum 5 minutes for vetting (ii) Maximum 1 minute for green lane (iii) Maximum 30 minutes for yellow lane (iv) Maximum 5hrs and 30 minutes for red lane	100%	100%	100%	100%
		3. 80% Accuracy of document examinations 4. 100% Accuracy of revenue collection against passed entry 5. 100% Cargo transfers and release accounted for against warehouse records	80%-100%	80%-100%	80%-100%	80%-100%
Local Excise Manufacturing Warehouses : effective control, inspection, release processes	1. Lodgement Vetting & Document Examination 2. Cargo Entry Control 3.	1. Develop Annual Operational plan	1	1	1	1
		2. Reduction of processing time to: (i) Maximum 5 minutes for vetting (ii) Maximum 1 minute for green lane	100%	100%	100%	100%

	Manufacturing & Production Control	(iii) Maximum 30 minutes for yellow lane				
	4. Cargo Release Control & Disposal	(iv) Maximum 5hrs and 30 minutes for red lane				
		3. 80% Accuracy of document examinations				
		4. 100% Accuracy of revenue collection against passed entry	80%-100%	80%-100%	80%-100%	80%-100%
		5. 100% Cargo release accounted for against warehouse records				
One-Stop-Shop: effective vetting, examination and manifest	1. Help Desk & Lodgement Vetting	1. Develop Annual Operational plan	1	1	1	1
	2. Document Examination	2. Reduction of processing time to: (i) Maximum 5 minutes for vetting				
	3. Cashier Services	(ii) Maximum 1 minute for green lane	100%	100%	100%	100%
	4. Manifest	(iii) Maximum 30 minutes for yellow lane				
		(iv) Maximum 5hrs and 30 minutes for red lane				

		<p>3. 80% Accuracy of document examinations</p> <p>4. 100% Accuracy of revenue collection against passed entry</p> <p>5. 100% Accuracy of daily revenue summary</p> <p>6.100% Import Cargo Movement Accounted</p>	80%-100%	80%-100%	80%-100%	80%-100%
Petroleum & LPG Depots: effective operation	<p>1. Discharge Operations Control</p> <p>2. Lodgement Vetting & Document Examination</p>	1. Develop Annual Operational plan	1	1	1	1
		<p>2. 100% Attendance to Depot Discharge Operations</p> <p>3. 100% Accuracy of Discharge calculations</p> <p>4. Reduction of processing time to: (i) Maximum 5 minutes for vetting (ii) Maximum 2hours processing</p>	100%	100%	100%	100%
Warehouse Stock : Efficient Reconciliation	<p>1. License Processing</p> <p>2. Stock Reconciliation</p> <p>3. Warehouse Operator Engagement</p>	1. Develop Annual Operational plan	1	1	1	1
		<p>2. 100% Licensing of Operators</p> <p>3. 100% Local Excise Manufacturing Warehouses Stock Reconciled</p> <p>4. 50% Public Warehouses Stock Reconciled</p>	100%	100%	100%	100%

Table 27: 402 Budget & Staffing for Commercial Management Section

Description	Corporate Plan & Budget					
	FY 2017-18	FY 2018-19		FY 2019-20	FY 2020-21	FY 2021-22
	Provisional Outcome	Original Budget	Revised Estimate	Budget	Projection	Projection
Total = Recurrent (\$m)	0.66	0.66		0.67	0.67	0.67
Established Staff						
Executive Staff						
Professional Staff	6	6		4	4	4
Other Staff	16	15		19	19	19
Total Established Staff	22	21		23	23	23
Unestablished Staff						

2.403 Border Management Section

The provision of border protection services are done through the effective use of risk assessment, re-screening information for processing the movement of goods and people and detect the movement of illicit, restricted goods and undesirable travellers. This Section is responsible for the Seaport Units; Physical Inspection; Cargo Management; Airport section and Immigration.

Table 28: 403 Border Management Section Outputs and KPIs

Output: Protection against cross border movement of contrabands and facilitation of travel						
Sub-Outputs	Activities	KPIs	2018/19 Baseline	2019/20	2020/21	2021/22
Border Management						
Border Management in Tonga's International sea ports and international airports	Primary line Immigration Clearance at all International Ports of entry	60,000 passengers processed through primary line immigration clearance at all International ports of entry	100%	100%	100%	100%
	Inward and Outward Customs Clearance of vessels & aircrafts	Clearance time within an hour	100%	100%	100%	100%

	Targeting and selection of persons, goods and crafts for enhanced Customs controls by physical inspection.	At least 20% of passengers referred for further search or physical examination of their accompanied baggage.	100%	100%	100%	100%
		2000 containers selected for physical inspection during FY	2000	2000	2000	2000
		Processing Customs clearance of an average of 400 yachts	100%	100%	100%	100%
Fua'amotu International Airport: efficient clearance and control	1. Aircraft Clearance 2. Passport Control 3. Baggage Control 4. Air Cargo Control	1. Develop Annual Operational plan	100%	100%	100%	100%
		2. Facilitate aircraft clearance within 1 hour				
		3. Reduction of passport control processing times: (i) Maximum 50 seconds low risk passengers (pax) (ii) Maximum 5 minutes high risk passengers (pax)				
		4. 100% interdiction of targeted persons, baggage or cargo				
		5. 50% positive findings for referrals to Red Channel				
		6. Reduction of air cargo processing times: (i) Maximum 1 hour for inbound cargo	100%	100%	100%	100%

		(ii) Maximum 30 minutes for out-bound cargo				
Nuku'alofa Port: efficient clearance and control	1. Vessel Clearance	1. Develop Annual Operational plan	100%	100%	100%	100%
	2. Passport Control	2. Facilitate vessel clearance within 1 hour				
	3. Baggage Control	3. Reduction of passport control processing times:	100%	100%	100%	100%
	4. Cargo Management Control & Disposal	4. Reduction of cargo inspection times: (i) Maximum 5 hours FCL 40'				
5. Containerised Cargo Inspections (FCL & LCL)	(ii) Maximum 3 hours FCL 20'					
6. Security & Special Operations	(iii) Maximum 1 hour LCL	100%	100%	100%	100%	
	5. 100% interdiction of targeted persons, baggage or cargo					
	6. 100% sea cargo accounted for against manifests					
		7. Conduct 3 Sea Port Operations				
Regional Customs Office Ha'apai/'Eua: proper clearance and monitoring	1. Ha'apai Small Craft Clearance & Monitoring	1. Conduct at least 1 visit to each Regional Customs Office	100%	100%	100%	100%
	2. 'Eua Monitoring Craft Local Movement	2. 100% Small Craft Movements through Ha'apai & 'Eua Reported				

Non-intrusive inspections (NII)	1. Full Container Load (FCL) X-Ray Facility	1. Develop Annual Operational plan	1	1	1	1
	2. Pallet Scanners - Less than Container load (LCL) & Express Courier/Mail	2. Develop technical training schedule for Officers on NII	1	1	1	1
		2. Machines 100% operational at all times	100%	100%	100%	100%
3. Mobile X-Ray Truck	3. Reduction of targeted red lane inspections times by 50%					
	4. Passenger Baggage X-Ray Machines					

Table 29: 403 Budget & Staffing for Border Management Section

Description	Corporate Plan & Budget					
	FY 2017-18	FY 2018-19		FY 2019-20	FY 2020-21	FY 2021-22
	Provisional Outcome	Original Budget	Revised Estimate	Budget	Projection	Projection
Total	8.00	7.57		7.60	7.60	7.60
Recurrent (\$m)	1.60	1.17		1.20	1.20	1.20
Development (\$m)	6.40	6.40		6.40	6.40	6.40
Established Staff						
Executive Staff						
Professional Staff	1	1		1	1	1
Other Staff	21	26		27	27	27
Total Established Staff	22	27		28	28	28
Unestablished Staff						

2.404 Compliance & Enforcement Section

Customs enforcement requires drastic development to keep pace with the tremendous increase in international trade, the growing awareness of transnational crime and, more recently, the threat of terrorism. This has led to an increased awareness in the administrations that national and international co-operation is essential. Co-operation with other Customs administrations, legitimate

business circles and with other national law enforcement authorities are prerequisites for proper law enforcement in the field of customs.

This Section looks after the Post Clearance Audit; Intelligence and Investigation work. Within the Section are three Units - Enforcement, Legal and Intelligence.

Table 30: 404 Compliance & Enforcement Section Outputs and KPIs

Output: Boosting trader and traveller compliance through application of risk based strategies, intelligence and provision of reliable and timely legal services						
Sub-Outputs	Activities	KPIs	2018/19 Baseline	2019/20	2020/21	2021/22
Compliance & Enforcement						
Risk Management	1. Procedure & Systems Risk Analysis	1. Develop Compliance Strategy	1	1	1	1
	2. Audit Risk Profiling	2. Conduct 100% Review of SOPs				
	3. Secretariat Risk Profiling	3. Prepare Quarterly Risk Profiling Reports 4. Complete Bi-annual Taxpayer Profile Report for PCA	100%	100%	100%	100%
Post Clearance Audit	1. Field Audit	1. Develop Annual Audit Strategy	1	1	1	1
	2. Desk Audit	2. Conduct 7 Comprehensive Field Audits	7	7	7	7
	3. Refunds	3. 70% Planned Desk Audits Completed	70%-100%	70%-100%	70%-100%	70%-100%
		4. 70% of Desk Audit Short Payments Recovered				

		5. Increase Revenue recovery by 20%	100%	100%	100%	100%
		6. 95% Refund Applications processed				
		7. 80% Refunds processed within 5 working days				
Investigations	1. Field Investigations	1. Develop Annual Operational plan	8	8	8	8
	2. Exhibit Detained & Seized Goods Management 3. Case File Management	2. 100% Seized and Detained Goods Accounted for 3. Case Briefs submitted within 7 days of completing investigations 4. 100% Accuracy of Investigations Case briefs 5. At least 3 search warrants executed	100%	100%	100%	100%
Debt Recovery	1. Recovery 2. Arrears Monitoring & Reporting	1. Develop Debt Recovery Strategy 2. Process and Monitor Instalment arrangements	100%	100%	100%	100%

		3. 70% of Instalments due collected within FY				
		3. 40% Outstanding debts recovered				
		4. Follow up outstanding debts within 5 working days of becoming overdue				

Table 31: 404 Budget & Staffing for Compliance & Enforcement Section

Description	Corporate Plan & Budget					
	FY 2017-18	FY 2018-19		FY 2019-20	FY 2020-21	FY 2021-22
	Provisional Outcome	Original Budget	Revised Estimate	Budget	Projection	Projection
Total = Recurrent (\$m)	0.25	0.47		0.73	0.73	0.73
Established Staff						
Executive Staff						
Professional Staff	6	5		6	6	6
Other Staff	4	4		4	4	4
Total Established Staff	10	9		10	10	10
Unestablished Staff						

2.404a Legal Unit

Table 32: 406 Legal Unit Outputs and KPIs

Output: Reliable Legal Services						
Sub-Outputs	Activities	KPIs	2018/19 Baseline	2019/20	2020/21	2021/22
Legal						
Legal Advice, Contract Vetting & Sign-Off	1. Legal Advisory Services	1. Develop Legal Work Request Policy				
	2. Contract Vetting & Sign-Off	2. Legal Advice issued within - (i) within 24 hours for minor issues; and (ii) within 3 working days for complex legal matters (iii) 100% Division Contracts vetted (iv) Reduce (Divisions') Contract Vetting time to 48hrs	80%- 100%	80%- 100%	80%- 100%	80%- 100%

Legislative, Policy & Procedural Drafting	<p>1. Legislative Drafting</p> <p>2. Policy & Procedure Drafting</p>	<p>1. Orders for Revenue Policy Drafted and submitted to Crown Law by due date</p> <p>2. Conduct 3 National Consultations on Customs Bills</p> <p>3. Finalise Customs Bills with Crown Law by end of March 2019</p> <p>4. Submit PACER Plus legislative amendments to Crown Law by end of May 2019</p>	80%-100%	80%-100%	80%-100%	80%-100%
Attendance to Court and Tax Tribunal Matters	<p>1. Prosecution & Civil Matters</p> <p>2. Tax Tribunal Matters</p>	<p>1. Timely submission of Tax Tribunal submissions against due dates</p> <p>2. Timely submission of Court submissions against due dates</p> <p>3. Debt Recovery cases referred to Crown Law within 5 working days of receiving file from Debt Recovery</p>	80%-100%	80%-100%	80%-100%	80%-100%

		<p>4. Case Briefs finalised and submitted to Crown Law within 5 working days of receiving file from Investigations</p> <p>5. 60% Success rate for Debt Recovery cases</p> <p>6. 80% Success rate for Prosecution of Customs matters</p>				
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Table 33: 406 Budget & Staffing for Legal Unit

Description	Corporate Plan & Budget					
	FY 2017-18	FY 2018-19		FY 2019-20	FY 2020-21	FY 2021-22
	Provisional Outcome	Original Budget	Revised Estimate	Budget	Projection	Projection
Total = Recurrent (\$m)	0.05	0.05		0.05	0.05	0.05
Established Staff						
Executive Staff						
Professional Staff	1	1		1	1	1
Other Staff						
Total Established Staff	1	1		1	1	1
Unestablished Staff						

2.404b Intelligence & Tactical Operations Unit

Table 34: 408 Intelligence & Tactical Operations Unit Outputs and KPIs

Output: Effective Intelligence Coordination and Reporting						
Sub-Outputs	Activities	KPIs	2018/19 Baseline	2019/20	2020/21	2021/22
Intelligence & Tactical Operations						
Effective Strategic Intelligence	1. Intelligence development & dissemination 2. Cargo and Persons Profiling, Selection & Targeting	1. Develop Intelligence and Information Sharing Strategy	80% - 100% completion of reports	80% - 100%	80% - 100%	80% - 100%
		2. Provide Bi-annual report on overview of border security threats and patterns 3. Develop cargo & persons profiling and targeting operational strategy				
		4. 10 Profiling and Targeting Capacity building for tactical level Officers	10	10	10	10
Effective Tactical Operations	1. Field Intelligence 2. Surveillance Operations 3. Vessel Rummage Coordination	1. Develop Annual Operational plan	1	1	1	1
		2. Conduct 10 vessel surveillance operations 3. Coordinate 10 vessel rummage operations 4. At least 3	80% - 100%	80% - 100%	80% - 100%	80% - 100%

		Cargo and POI Operations				
Effective Intelligence Liaison	1. National Intelligence Liaison 2. International Intelligence Operations Liaison	1. Timely coordination and submission of report for WCO Regional & International Operations 2. Conduct 8 National Stakeholder meetings 3. At least 1 Information exchange MOU with other Customs administrations	100%	100%	100%	100%

Table 35: 408 Budget & Staffing for Intelligence & Tactical Operations Unit

Description	Corporate Plan & Budget					
	FY 2017-18	FY 2018-19		FY 2019-20	FY 2020-21	FY 2021-22
	Provisional Outcome	Original Budget	Revised Estimate	Budget	Projection	Projection
Total = Recurrent (\$m)	0.08	0.08		0.07	0.07	0.07
Established Staff						
Executive Staff						
Professional Staff	1	2		1	1	1
Other Staff	2	1		2	2	2
Total Established Staff	3	3		3	3	3
Unestablished Staff						

2.405 Tariff & Trade Section

This Section looks at the updating of Harmonized System; Participate in Trade negotiations and meetings, formulation of rules of origin; Trade facilitation and Trade Agreements; International Liaison; Policy advise on Trade Issues and Training on Trade matters.

Table 36: 405 Tariff & Trade Section Outputs and KPIs

Output: Sustainable tariff and free trade policy driven by Customs-Trader partnerships						
Sub-Outputs	Activities	KPIs	2018/19 Baseline	2019/20	2020/21	2021/22
Tariff & Trade						
Effective Tariff Policy Formulation & Processing	1. Customs Annual Revenue Policy	1. Develop Annual Operational plan	1	1	1	1
	2. Review of HS	2. 100% accuracy of Customs Annual Revenue Policy 3. 100% accuracy of HS review 4. Reduction of processing time to: Maximum 30 minutes for yellow lane (ii) Maximum 5hrs and 30 minutes for red lane	100%	100%	100%	100%
	3. Tariff Concession Processing					
	5. 80% Accuracy of document examinations					
	6. 100% Accuracy of revenue collection against passed entry 7. 100% Accuracy of daily revenue summary	100%	100%	100%	100%	
Free Trade Agreements (FTAs) - ensure accuracy	1. Formulation of Market Access Offer HS2012 to HS2017 PACER Plus and EPA 2. Rules of Origin (ROO)	1. 100% accuracy of Market Access Offer HS2012 to HS2017 PACER Plus and EPA Formulation 2. 100% accuracy of Rule of Origin (ROO)	100%	100%	100%	100%
		3. Conduct 8 Stakeholder training on PACER Plus	8	8	8	8

Customs Valuation - accuracy and efficiency	1. Specific Commercial goods and private goods 2. Valuation Database development and management	1. 100% accuracy of Valuation for specific Commercial goods and private goods 2. Valuation database updated and accessible 3. Reduction of Valuation processing times to - (i) 30 minutes for non-commercial imports (ii) 1 hour for commercial imports	100%	100%	100%	100%
WTO TFA Implementation : accuracy of categorisation	1. Categorisation and Notification on TFA 2. Rulings	1. 100 % accuracy of Categorization, Notification and Ratification on TFA 2. 50% Completion of Cat B and 10% for Cat C 3. Customs Rulings 100% Compliant with TFA and legislation	100%	100%	100%	100%
Customs-Business Partnership	1. Heilala 2. AEO	1. 1 Minute processing of Heilala entries 2. Manage AEO Establishment Project	100%	100%	100%	100%

Table 37: 405 Budget & Staffing for Tariff & Trade Section

Description	Corporate Plan & Budget					
	FY 2017-18	FY 2018-19		FY 2019-20	FY 2020-21	FY 2021-22
	Provisional Outcome	Original Budget	Revised Estimate	Budget	Projection	Projection
Total = Recurrent (\$m)	0.17	0.18		0.18	0.18	0.18
Established Staff						
Executive Staff						
Professional Staff	2	3		2	2	2
Other Staff	0	0		1	1	1
Total Established Staff	2	3		3	3	3
Unestablished Staff						

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