



OCEANIA CUSTOMS ORGANISATION

# ANNUAL REPORT

JULY 2019 – JUNE 2020





**Working together  
to build a safer  
Blue Pacific**



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# Understanding the Oceania Customs Organisation

The Oceania Customs Organisation (OCO) was established in 1986 originally with six member Customs organisations under the Customs Head of Administration Regional Meeting (CHARM) and progressively expanded until in 2011, Timor Leste became the most recent member.

The OCO comprises of twenty-three nations and territories that are independent Customs jurisdictions in the Pacific. The OCO Secretariat plays a pivotal role in providing capacity-building activities to the 23 Member Administration, they are American Samoa, Australia, Cook Islands, Federated States of Micronesia, Fiji, French Polynesia, Guam, Kiribati, Marshall Islands, Nauru, New Caledonia, New Zealand, Niue, Northern Mariana Islands, Palau, Papua New Guinea, Samoa, Solomon Islands, Timor Leste, Tonga, Tuvalu, Vanuatu and Wallis and Futuna.

## **Mission**

OCO's mission is to facilitate and where appropriate help administrations to align with customs international standards and best practice leading to greater economic prosperity and increased border security within the Oceania region.

## **Vision**

To be recognised as a world class regional Customs Organisation that collaborates with regional and global partners to deliver high quality services and sustainable solutions to Member Administrations

## **Values**

We value our members and are committed to providing targeted assistance and lasting solutions to meet their priority needs

We value our development partners and stakeholders and are committed to transparent dialogue and working closely together to serve regional, global and national interests.

We value governance and credible and inspirational leadership



## Our Strategic Priorities Areas



## Our Strategic Priorities Areas



This Annual Report covers activities the OCO conducted between 1 July 2019 and 30 June 2020.

## Our Staff Profile

As at 30 June 2020, six full-time staff, representing three OCO Member countries were employed by the OCO Secretariat.

## Message from the Head of Secretariat



This year is one that will be go down in history, as we witnessed Pacific Island nations collectively close their borders and institute lock down measures to limit the spread of a worldwide pandemic we came to know as COVID-19. In our host country Fiji, the

Secretariat Office was closed for about three months while we worked remotely from home to continue to provide capacity building initiatives to our members. We participated in the Pacific Humanitarian pathway to address border impacts from the pandemic, impacts that included the need to cancel the Cook Islands Conference and hold an annual conference electronically for the first time ever. Internally we saw significant operational and administrative changes arising from decisions made at the 21st OCO Annual Conference and we are most excited to finally obtain the WCO accredited training courses from CCES establishing our professional qualification framework to be delivered to our members in on line modality in 2020.

On the Trade and Revenue front, the two years of the PACER Plus Project were successfully completed in December 2019 with the Harmonised Classification System 2017 being delivered and PACER Plus Rules of Origin and Legislation emerged for the nine PACER Plus signatories - Cook Islands, Kiribati, Nauru, Niue, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu. A pleasing by-product of this project is the "Train the Trainers" format. These trainers from our membership will be further developed to deliver core customs training nationally.

Our Border Enforcement Capacity building efforts were impacted by both staffing and travel restrictions but we saw the cash smuggling workshop delivered in the Cook Islands provide a blueprint for multi-agency exercises and operations moving forward; one we hope to realise through our partnership agreement with PIDC and PICP. Our partnership with the United States Patent Office, delivered workshops on strengthening intellectual property rights which has now evolved to on line webinars with the US department of Justice. The partnership with International Narcotics Control Board established last year saw a training session on IONICS at the OCO office in which FRCS and Fiji Police took part; through the IONICS platform the Fiji Revenue and Customs Service was highly active in immediately stopping illegal exports of restricted pharmaceuticals from Fiji which in itself is a positive result that clearly demonstrates the success of this platform for all of our members to consider. As is our mandate, we have continued to work with members to strengthen their leadership capability and our particular focus for this period was on Change Management. One of the exciting activities we have introduced is the gender equality in Customs administration and hope to progress this to mentoring future leaders in Customs.

As I conclude, I would like to the take this opportunity to express our sincere appreciation to the OCO members, Head of Customs administrations, and our key donors Australia, New Zealand and Fiji, along with our regional partners for their support during this difficult year. We will continue to ensure we work collaboratively across our membership to build a stronger and more secure Pacific.

Stay safe and may God bless you.

Richard Brennan



## Donors and Partners 2019-2020

The OCO is a member driven organisation supported by a large network of donor partners who help fund activities required to implement the Work Program, in addition to offering their knowledge and expertise to support our work.

We gratefully acknowledge our Donors.

### **Fiji Revenue & Customs Service**

- Office accommodation, in kind support and host-country obligations under the host country Agreement.
- Fiji Ministry of Foreign Affairs for support of Diplomatic provisions offered to the OCO.

### **Australian Border Force**

- Core budgetary support for the OCO operations.
- Financial support for the conduct of the Pacific Vessel Search Course aimed at enhancing maritime regional security.
- The ongoing development of the small craft application for our members.

### **Australian Department of Foreign Affairs & Trade**

- PACER Plus Readiness Package to support the PICs signatory countries to prepare for PACER Plus implementation, and their support towards PIC's improved access to international markets.

### **New Zealand Ministry of Foreign Affairs & Trade**

- Core budget support for the OCO operations.
- PACER Plus Readiness Package to support the PICs signatory countries to prepare for PACER Plus implementation, and their support towards PIC's improved access to international markets.

### **New Zealand Customs Service**

- Additional support for the OCO operations and re-establishing the Inter Sub Working Group.
- Sub Regional Training in Polynesia on Cash smuggling.

### **United States Patent and Trademark Office**

- Financial and Policy development support for the Intellectual Property Rights work program.

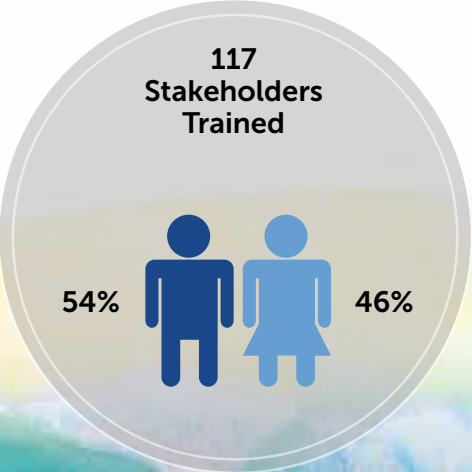
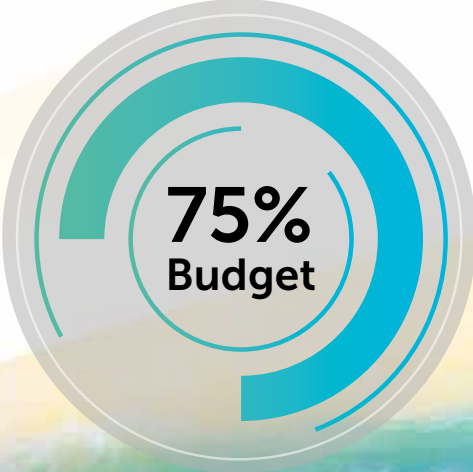
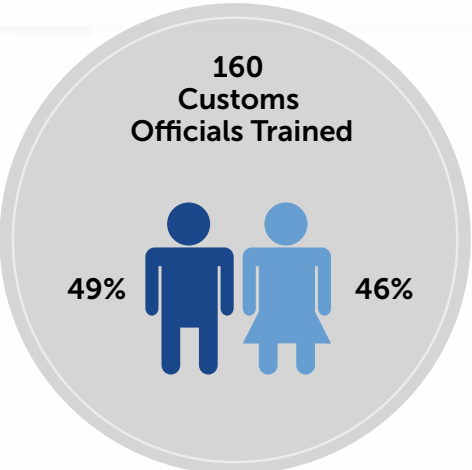
## Partnership Collaborations

The OCO has a broad range of partners it collaborates with which are detailed on page 21. To implement our 2019-2020 Work Program we collaborated with the following Organisations in shared aims to secure a safer and prosperous region:

- Australian Border Force for presenting at the leadership and Gender workshop.
- New Zealand Customs Service for its continued support in anti-money laundering activity.
- World Customs Organisation and ROCB Asia Pacific for small island economic policies.
- Pacific Islands Forum Secretariat and the Regional Security Task Force in delivering the Pacific Humanitarian Pathway protocols.
- The Australian National University, the Pacific Immigration Development Community Secretariat and Pacific Island Chiefs of Police Secretariat for their continued collaboration in developing sub regional and regional Border Enforcement activities as a means to working towards a more secure Pacific.
- World health Organisation supporting illicit tobacco trade activity.
- Asia Pacific Group on Money Laundering [APG] for its assistance in capacity building the Anti Money Laundering network.
- United Nations Office on Drugs and Crime International Narcotics Control Board with their IONICS program and Fentanyl handling kits, in addition to supporting the emerging container control program in the Pacific.
- United States Joint Interagency Task Force West (JITFWEST) for assisting in our APAN network.
- United States Trademark and Patent Office, US Department of Justice and US Immigration & Customs Enforcement (USICE) for continued support in improving Intellectual Property Rights enforcement in the Pacific as well as the development of Webinars to assist our membership in their capacity building activities.
- Charles Sturt University-Centre for Customs & Excise Studies for assistance in development of on line training modules for our membership including training trainers for regional applications.
- Melanesian Spearhead Group Secretariat in supporting Trade facilitation measures regionally.
- Pacific Financial and Technical Assistance Centre and Pacific Island Tax Authority for collaboration in revenue activities.
- United Nations Conference for Trade and Development (UNCTAD) with its ASYCUDA Implementation program and evolving EDF 11 EU trade facilitation measures.
- Pacific Community for their work in the Pacific Harmonised Commodity Description and Coding System (PACHS) database.



# 2019-2020 Snapshot of Performance



# Timeline of Activity 2019-2020

## July 2019

### PACER Plus Rules of Origin Training

The OCO facilitated 2 days PACER Plus Rules of Origin Training in Tuvalu in which 18 private sector representatives participated.



### Pacific Sub-Regional Cash Courier Workshop, Rarotonga

OCO participated in a Pacific sub-regional cash courier workshop facilitated by the United Nations Office of Drugs and Crime (UNODC), NZ Customs Service, NZ Police Service with coordination support from the APG and hosted by the Government of the Cook Islands.



### PACER Plus Transparency Workshop

In collaboration with the Vanuatu Department of Customs & Inland Revenue (DCIR), OCO

organized a Regional PACER Plus Transparency Provision Workshop in Port Vila, Vanuatu. The workshop was attended by 36 participants and partner Agencies, Pacific Islands Forum Secretariat (PIFS), Melanesian Spearhead Group



### Automation Study Visit

Ten Pacific Island countries participated in automation study visit in Vanuatu. The main objective of the Study Visit was to provide an opportunity for the participants to understand and learn from the Vanuatu Customs experience on automation.

The Automation visit allowed participants to get details of Vanuatu's experience about customs automation, system development process, IT-related issues, and project and change management. The participants also undertook visit to the Customs Wharf Area and Airport to view the system in operation. The participants were impressed with the capability that the ASYCUDA system offers.

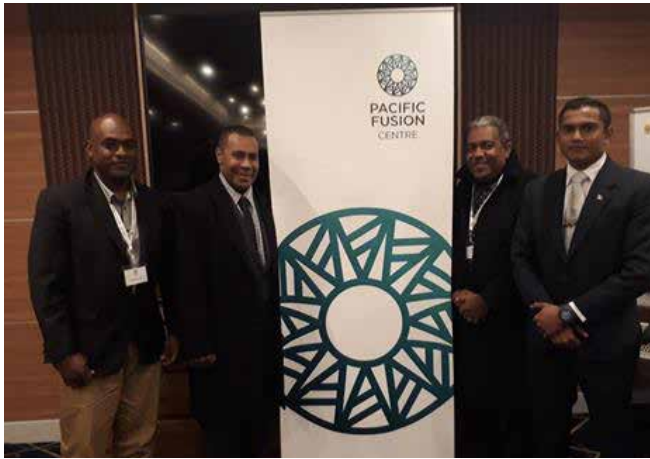




# Timeline of Activity 2019-2020

## Pacific Fusion Centre Reference Group Meeting

OCO participated in the Inaugural Reference Group Meeting of the Pacific Fusion Centre in Canberra, Australia. The Objective of this meeting was to discuss the findings of the feasibility study. The Reference Group will play a key role in Page 10 of 24 guiding the design and establishment of the Centre until governance arrangements are agreed by the region.



## Maritime Domain Awareness Cairns

The OCO participated in the MDA conference in Cairns which focused on law of the sea with practical exercises being delivered to participants from regional navy, Police and Government agencies. The workshop highlighted the need to further develop knowledge of law of the sea.



## August 2019

### Pacer Plus Legislation National Consultation, ROO workshop and Transposition of Tariff Schedules consultation

The OCO facilitated the PACER Plus ROO Workshops in Niue, Tonga and Solomon Islands. The objective of the workshop(s) was to deepen the knowledge and enhance customs capacity on the implementation of PACER Plus ROO.



PIDC PICP and OCO held a side meeting to discuss concepts to strengthen the partnership agreement by development of multi agency exercises at the border, extending to MDA activities into the EEZ and High Seas.





# Timeline of Activity 2019-2020

## September 2019

### PACHS Review Meeting,

OCO organized the Pacific Harmonised Commodity Description and Coding System (PACHS) Review Meeting attended by 19 Customs Officials and included experts from SPC, PIFS and UNEP.

The participants together with the experts formulated the regional and national action plans to ensure that OCO undertake the timely amendment to the PACHS and members complete the migration to HS2022 by the date of its entry into force.



The participants also took part in a 3-day refresher training on HS classification facilitated by Mr. Bill Raikuna, Regional Customs Expert.



### Asia Regional Workshop on Enforcement Against Trade in Counterfeit Goods

Head of Secretariat, Mr. Richard Brennan participated in the Asia Regional Workshop on Enforcement against Trade in Counterfeit Goods, co-organized by USPTO, Department of Justice, Food and Drug Administration, Department of Homeland Security, EUIPO, and the ASEAN Secretariat.



### PACER Plus ROO Workshop

The training was conducted in Samoa to build stakeholders awareness and understanding of the PACER Plus Rules of Origin.





# Timeline of Activity 2019-2020

## October 2019

### PACER Plus Trade Officials Meeting

OCO took part in the PACER Plus Trade Officials meeting and provided presentation the OCO PACER Project and its activities and implementation and a joint presentation with UNCTAD on Customs Transparency provisions.



### Subcommittee on Regional Security

The Head of Secretariat, Mr. Richard Brennan and the Operations Manager, Mrs. Irma Daphney Stone represented the OCO in the Forum Regional Security Reference Group Meeting as well as Observers in the Forum Officials Regional Security Meeting in Suva hosted by PIFS.



## December 2019

### Change Management and Gender Equality Workshop

In partnership with the Australian Border Force (ABF), SPC, Pacific Islands Chiefs of Police (PICP) Secretariat, WCO and World Bank Group (WBG), the OCO convened the Workshop attended by 23 senior management staff of which 48% were female participants.



The OCO Secretariat and participants have committed to further promoting gender and equality at the national level having made a number of recommendations accordingly.





# Timeline of Activity 2019-2020

## **Ionics Briefing and Training**

OCO organized a training on dangerous substances trafficked in the region and use of practical INCB intelligence exchange systems during a 2-day event hosted at OCO Headquarters in Suva, Fiji. INCB led sessions on awareness raising, safe handling and interdiction, precursors and synthetic drug trafficking and intelligence exchange, with key officers from the OCO, Fiji Police and Fiji Revenue and Customs Services.



## **Regional Vessel Search and Border Fundamentals Course**

OCO in partnership with the International Border Cooperation Program (IBCP) supported the participation of 10 customs officers from OCO member countries to attend the Regional Vessel search and Border Fundamentals Course at the Australian Border Force College in Sydney. The course drew multi-agency participation with attendees from Immigration and Police Officers learning alongside Customs Officers.



## **January 2020**

### **National Consultation in Preparation for the 22nd OCO Conference**

The OCO Secretariat visited Cook Islands on 27-30 January, 2020 to undertake preparatory discussions with the Cook Islands Customs Service and their stakeholders regarding the forthcoming 22nd Annual OCO Conference.



## **February 2020**

### **Regional Workshop on Customs Intellectual Property Rights (IPR) Enforcement**

In collaboration with the United States Patent and Trademark Office (USPTO), the International Trademark Association (INTA), the Pharmaceutical Security Institute (PSI), the OCO successfully organized a Regional Workshop on Customs IPR Enforcement in Nadi, Fiji





## Timeline of Activity 2019-2020

Preceding this Workshop an information sharing platform training was conducted by OCO together with the International Narcotics Control Board (INCB) on the APAN as well as the IONICs information sharing platforms. The workshop was attended by 16 senior customs staff from 13 OCO member countries.

### **Pacific Fusion Centre Anchoring Strategic Intelligence Analysis, Canberra, Australia**

OCO participated with PILON, PIDC, and FFA and with 9 member countries from different border agencies in the training provided by the Pacific Fusion Centre in collaboration with the Pacific Security College on anchoring strategic intelligence analysis. The training included analysis and writing fundamentals, collecting and collating open-source intelligence information for decision makers' use.



### **Information & Intelligence Sharing, PIDC Regional Workshop National Contact Points, Apia, Samoa**

OCO participated in the PIDC Regional workshop for national contact points on information and intelligence sharing. OCO discussed the OCO APAN system and its current structure generating discussion in information collection, storage, analysis and alignment to regional and international standards. The workshop allowed

networking and establishing relationship in information sharing between law enforcement partners recognizing that national contact points and regional contact points partnership is critical for a successful information sharing outcome.

## May 2020

### **International Narcotic Control Board (INCB) COVID 19 E-Week Global Rapid Interdiction of Dangerous Substances (GRIDS)**

OCO and Fiji participated in the INCB interactive webinars series for 1 week. This was a practical response to the current COVID-19 pandemic, to raise awareness of new trafficking trends and provide practical approaches for law and regulatory enforcement focal points around the global. The GRIDS e-Week event held 18 to 22 May, assembled frontline officers, national and international experts, private-sector partners, academics and think tank experts from around the world to explore the impact of the pandemic on global drugs and dangerous substances trafficking and offer potential solutions.



# Timeline of Activity 2019-2020

## June 2020

### OCO facilitates online discussion with members on HS 2022

Due to the Covid-19 travel restrictions, the OCO conducted its meeting with Tariff Officers in the region remotely by videoconference. The meeting took place on 4th June, 2020 with 14 participants from nine of the OCO member countries. The meeting included a presentation from OCO on the overview of the HS 2022 amendments, current work done to update the Pacific Harmonised Commodity Description and Coding (PACHS) and the proposed regional work plan for the implementation of HS 2022. The OCO had provided extensive support to members through funding under the PACER Plus Readiness Package to implement HS 2017 and also ensured that national administrations had the capacity to be able to progress to implementing HS 2022 in a timely and efficient manner.

Although January 2022 is still a long way off, the meeting was convened to encourage members to start the preparatory work for the implementation of HS 2022. Given that the majority of OCO members are non-WCO members, the OCO will continue to provide capacity building to assist members with the implementation



### National Rules of Origin Training

The OCO co-facilitated with the national ROO Trainer, a two-day Rules of Origin Training for the FRCS held in Suva, Fiji. About 29 Customs Officers participated in the Workshop, 14 of whom joined virtually from Lautoka and Labasa. The objective of the workshop was to help the participants understand the major concepts on Rules of Origin and the application of origin procedures under the different Free Trade Agreements



### IPR COVID 19 Enforcement series and the Dark Net Series from June through to the end of July

OCO and its members - Confederates States of Northern Mariana, Fiji, Guam, Kiribati, Papua New Guinea, Niue, Solomon Islands, and Tonga participated in the US Department of Justice (USDOJ) - International Computer Hacking and Intellectual Property (ICHIP) and the US Patent and Trademark Office (USPTO) webinars series on COVID-19 crimes as well as a series on the Dark Web. These are 2 separate webinar series which runs for 1 hour each. We continue to work with USPTO and USDOJ and their teams to strengthen our partnership and are moving forward with them in the next financial year to assist members with their IPR legal framework. The webinars series program will continue until the end of July 2020.



# Capacity Development for Forum Island Countries for the Implementation of Harmonised System 2017 Project

## Project Description

The Pacific Agreement on Closer Economic Relations (PACER) Plus was signed by Australia, New Zealand and nine Pacific Island Countries (PICs) - Cook Islands, Kiribati, Nauru, Niue, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu in 2017.

In all free trade agreements as in PACER Plus, the Harmonized Commodity Description and Coding System (HS) is used to define the product coverage, in the form of product lists with HS codes and/ or product descriptions, identify products. Every five years, the World Customs Organization (WCO) makes an update to the HS and the latest version, HS 2017 became effective on 1 January 2017.

In February 2017, only three of the PICs had adopted HS 2017.

The uniform application of the HS across the PICs is very important to ensure the correct identification of the products being exported/ imported under the PACER Plus. In this regard, the Capacity Development for Forum Island Countries for the implementation of HS 2017 Project is aimed at assisting PACER Plus signatory countries to implement HS 2017.

The overall objective of the Project was to ensure that the PACER plus signatories were prepared to benefit from the Agreement on entry into force.

### Duration

November 2017 – December 2019

### Project Budget

AUD 2million (PACER Plus Readiness Package by Australia and New Zealand)

### Recipients

Customs administrations of nine PICs PACER Plus signatory countries - Cook Islands, Kiribati, Nauru, Niue, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu.

## Baseline Diagnostic Assessment

- HS edition - HS 2012
- PSR and Schedule of Tariff Commitment submitted in HS 2012
- Limited knowledge of Customs provision in PACER Plus
- Limited knowledge of PACER Plus Rules of Origin
- Legislative gaps on customs procedures under PACER Plus

## Project Activities

1. Support FICs customs administrations to implement HS 2017
2. Provide HS Tools to assist users of the HS
3. Capacity Building on Transposition of Tariff Schedule and Product Specific Rules from HS 2012 (or earlier) to HS 2017
4. Development of Training Modules and Training of the Trainers on PACER Plus Rules of Origin
5. Customs Officers Capacity Building on PACER Plus and Customs Matters
6. Strengthening Legislative Capacity to implement HS 2017 and customs provisions in the PACER Plus

## Project Partners

- Implementing Partner – OCO, Customs Administration of the PICs
- Other Partners –Australia Border Force, Australia Department of Foreign Affairs and Trade, New Zealand Customs Service, New Zealand Ministry of Foreign Affairs and Trade, Pacific Community (SPC), Centre for Customs & Excise Studies-Charles Sturt University, United Nations Conference on Trade and Development (UNCTAD)

# Project Outcomes

## Project Outcomes

- ✓ All of the PACER Plus PICs signatories have adopted and using HS 2017
- ✓ PACER Plus signatories have the capacity to undertake their own transposition when HS 2022 is implemented
- ✓ Sustained Rules of Origin capacity through the use of national trainers to train Customs and Stakeholders on PACER Plus ROO
- ✓ Workshops conducted in 9 PACER Plus signatory sensitizing the Agreement
- ✓ Cross section of Trading Community benefitted from training on HS and ROO
- ✓ Network of Customs Officers established
- ✓ Network of ROO Trainers established
- ✓ Legislative drafting technical assistance completed
- ✓ Cooperation with regional and national institutions improved
- ✓ Increase participation of women in capacity building activities

## Building PICs Capacities Transposition of Tariff Reduction Schedules and Product Specific Rules

Under the Project, training on HS 2017 was provided for Customs and private sector stakeholders in all of the nine PICs - Cook Islands, Kiribati, Nauru, Niue, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu.

Two Regional Workshops on transposition of Tariff Schedules were convened for all Parties, which brought together Customs and Trade Officials. The participants were provided with Guidelines containing instructions for conducting the transposition.

While Guidelines were provided, based on members' requests, hands- on training sessions were provided in-country. The training was focused on the Customs officials who were directly responsible for transposition to ensure accuracy and institutional support for the implementation post-Project. The overall result from the OCO support, about 98 Customs Officers and 167 Stakeholders trained on HS and Tariff transposition



# Project Outcomes

## Outcomes

- ✓ **Individuals' Capacity:** Increased Customs Officials knowledge and competence on HS transposition and application of HS at national level.
- ✓ **Organisational Capacity:** Enhanced coordination and engagement with relevant Government Agencies and the private sector.
- ✓ **Institutional capacity:** Facilitated the successful implementation of HS 2017 and transposition of the PACER Plus Tariff Schedules and PSRs.



HS Mission - Cook Islands



HS Mission - Niue



HS Mission - Kiribati



HS Mission - Samoa



HS Mission - Solomon Islands



HS Mission - Nauru

### Building Capacities on PACER Plus Rules of Origin

Rules of origin are important legal instruments for the application of preferential trade agreements. Correct and accurate application of the Rules of Origin (ROO) is required to provide both accurate trade statistics and to ensure the proper application of regional trade agreements. With the signing of PACER Plus, the determination of the eligibility of products and granting of preferential tariffs to goods originating in PACER Plus member states is an important process in the implementation of PACER Plus and regional integration.

Stakeholders can better utilize and benefit from PACER Plus when they understand ROO, including how to access and undertake the necessary procedures. In this regard, the Customs administrations as competent authority in the administration of the ROO provisions must ensure that they and all the stakeholders are fully aware of their roles and procedures stipulated under PACER Plus.

In collaboration with the Centre for Customs and Excise Studies, Charles Sturt University, the Project delivered a Train the Trainers (TTT) Programme on PACER Plus ROO. The long-term outcome of the TTT was to establish a pool of trainers on PACER Plus ROO who could provide guidance and train on the subject at national and regional level to Customs officials and relevant stakeholders.

Eighteen (18) Customs Officers undertook the initial Core TTT Course in July 2018 and then undertook an obligatory online course on Rules of Origin between the months of August-September 2018. Following the completion of the online course, the participants attended Specialized PACER Plus ROO TTT Course from 8-12 October 2018 in Canberra, Australia facilitated by CCES. The next steps for accreditation as OCO Trainers, participants were assessed on delivering a PACER Plus ROO Workshop at the national level.

At the end of the Program, OCO was able to accredit 13 Trainers as PACER Plus ROO Trainers having also completed 60 hours of dedicated study (both online and face- to- face mode).

PACER Plus ROO In-Country Training and Stakeholder Awareness The PACER Plus ROO Training for Customs Officials and stakeholders was completed for all PICs, with a total of 104 Customs officials trained and 168 stakeholders trained. The training also encouraged the participation of women, where of the total number of those trained, 43% were females.

#### PACER Plus Rules of Origin Manual

The PACER Plus ROO Manual was provided to help Customs administrations and exporters and importers to understand the Rules of Origin (ROO) under PACER Plus. The Manual is available on the OCO Website - <https://www.ocosec.org/pacer-plus-roo-manual/participants> also undertook visit to the Customs Wharf Area and Airport to view the system in operation. The participants were impressed with the capability that the ASYCUDA system offers.



# Project Outcomes

## Outcomes

✓ **Individuals' Capacity:** The Project resulted in creation of 13 PACER Plus ROO Trainers, increased knowledge of Customs Officers on ROO and Exporters and importers have knowledge to use the new PSRs

✓ **Organisational Capacity:** Enhanced coordination and engagement with the private sector

✓ **Institutional capacity:** The Project facilitated the successful capacity building on Rules of Origin for PACER Plus signatories.



ROO Train the Trainers Workshop



ROO Workshop - Cook Islands



ROO Workshop - Samoa



ROO Stakeholders Workshop - Samoa



ROO Workshop - Tonga



ROO Stakeholders Workshop - Tonga



ROO Transposition Workshop - Tonga



ROO Workshop - Tuvalu



ROO Stakeholders Workshop - Vanuatu

# Capacity Development for Forum Island Countries for the Implementation of Harmonised System 2017 Project

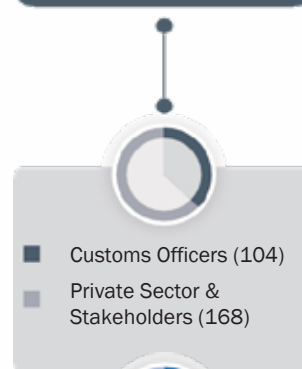
Regional Workshops conducted



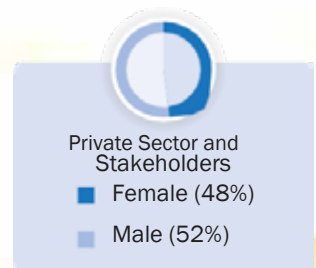
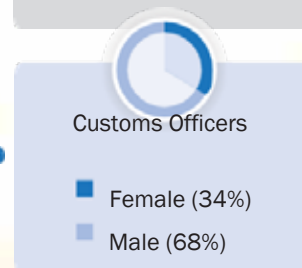
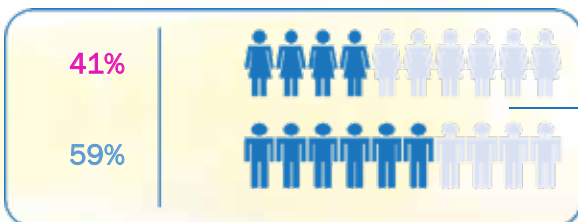
National Workshops on Harmonized System (Customs + Private Sector)



National Workshops on Rules of Origin (Customs + Private Sector)



Regional Trainers on PACER Plus ROO





## OCO Partners and Supporters

In addition to the members, the OCO would like to acknowledge the valuable contribution and on-going support of the following organisations to the work of the organisation.

1. Australian Border Force
2. Asian Development Bank
3. Asia Pacific Group on Money Laundering
4. European Union through the European Union Delegation for the Pacific
5. Government of Australia through the Department of Foreign Affairs and Trade
6. Government of New Zealand through the Ministry of Foreign Affairs and Trade
7. Government of Republic of Fiji through the Ministry of Foreign Affairs and International Cooperation
8. Government of Japan through Japan Customs and Tariff Bureau
9. Government of Korea through Korea Customs Service
10. International Narcotics Control Board
11. Joint Agency Task Force-West
12. Melanesian Spearhead Group Secretariat
13. Ministry for Primary Industry, New Zealand
14. New Zealand Customs Services
15. New Zealand Statistics
16. Pacific Financial and Technical Assistance Centre
17. Pacific Immigration Development Community
18. Pacific Islands Chiefs of Police
19. Pacific Islands Forum Secretariat
20. Pacific Islands Law Officers Network
21. Pacific Transnational Crime Coordination Centre
22. Pacific Community
23. United Nations Conference for Trade and Development
24. United Nations Economic & Social Commission for the Asia Pacific
25. United Nations Office on Drugs and Crime
26. United States Trademark and Patent Office
27. United States Department of Justice
28. World Bank
29. World Customs Organisation (WCO)
30. World Health Organization (WHO)
31. WCO Regional Office for Capacity Building for Asia Pacific
32. WCO Regional Intelligence Liaison Office for Asia Pacific
33. World Trade Organisation

# Acronyms

ABF	Australian Border Force
APG	Asia Pacific Group on Money Laundering
AUSTRAC	Australian Transaction Reports and Analysis Centre
CENComm	Customs Enforcement Network Communications
CIAT	Center for Tropical Agriculture
CNMI	Commonwealth of the Northern Mariana Islands
DEPA	Document Examination Principles and Application
ESCAP	United Nations Economic and Social Commission for Asia and the Pacific
FRCS	Fiji Revenue & Customs Service
FSM	Federated States of Micronesia
Guam CQA	Guam Customs and Quarantine Agency
HS	Harmonised System
IMF	International Monetary Fund
INCB	International Narcotics Control Board
IOTA	Distributed ledger to record and execute transactions between machines in the Internet of Things (IoT) ecosystem
ISORA	International Survey on Revenue Administration
ISOCA	International Survey on Customs Administration
JIATF	Joint Interagency Task Force
LMD	Leadership and Management Development
MFAT	Ministry of Foreign Affairs and Trade
MOU	Memorandum of Understanding
MSG	Melanesian Spearhead Group
NZCS	New Zealand Customs Service
NZP	New Zealand Police
OCO	Oceania Customs Organisation
OECD	Organisation for Economic Co-operation and Development
PACER	The Pacific Agreement on Closer Economic Relations
PACHS	Pacific Harmonised Commodity Description and Coding System
PCA	Post Clearance Audit
PFTAC	Pacific Financial Technical Assistance Centre
PICP	Pacific Islands Chiefs of Police
PICS	Pacific Island Countries
PICTA	Pacific Island Countries Trade Agreement
PIDC	Pacific Immigration Development Community
PIFS	Pacific Islands Forum Secretariat
PITAA	Pacific Islands Tax Administrators Association
PMDP	Pacific Management Development Program
PNG	Papua New Guinea
PTCCC	Pacific Transnational Crime Coordination Center





## Acronyms

RA-FIT	Revenue Administration's Fiscal Information Tool
RMI	Republic of Marshall Islands
ROCB	AP WCO Regional Office on Capacity Building, Asia Pacific
RILO	AP WCO Regional Intelligence and Liaison Office, Asia Pacific
RKC	Revised Kyoto Convention
SMA	Small Member Administration
SPC	Secretariat of the Pacific Community
TA	Trade Agreement
TFA	Trade Facilitation Agreement
TFCC	Trade Facilitation in Customs Cooperation
UNCTAD	United Nations Conference for Trade and Development
UNODC	United Nations Office on Drugs and Crime
US ICE	United States Immigration and Customs Enforcement
USPTO	United States Patent and Trade Mark Office
VAT	Value Added Tax
WCO	World Customs Organisation
WHO	World Health Organisation
WTO	World Trade Organization

# 2019/2020 Financial Report



## OCEANIA CUSTOMS ORGANISATION SECRETARIAT FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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**OCEANIA CUSTOMS ORGANISATION SECRETARIAT  
STATEMENT BY THE HEAD OF SECRETARIAT  
FOR THE YEAR ENDED 30 JUNE 2020**

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As the Head of Oceania Customs Organisation Secretariat (the Secretariat), I hereby declare that:

- a) the accompanying statement of financial position of the Secretariat is drawn up so as to give a true and fair view of the state of affairs of the Secretariat at 30 June 2020;
- b) the accompanying statement of comprehensive income is drawn up so as to give a true and fair view of the results of the Secretariat for the year ended 30 June 2020;
- c) the accompanying statement of cash flows is drawn up so to give a true and fair view of the cash flows of the Secretariat for the year ended 30 June 2020;
- d) at the date of this statement there are reasonable grounds to believe the Secretariat will be able to pay its debts as and when they fall due; and
- e) all related party transactions have been adequately recorded in the books of the Secretariat.

For and on behalf of the Secretariat.

Dated this 26th day of November 2020.

Richard Brennan  
Head of Secretariat



Pacific House  
Level 7  
1 Butt Street Suva Fiji  
PO Box 1359 Suva Fiji

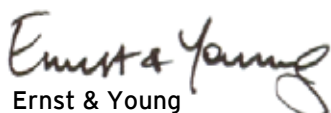
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### Auditor's Independence Declaration to the Head of Oceania Customs Organisation Secretariat

As lead auditor for the audit of Oceania Customs Organisation Secretariat for the financial year ended 30 June 2020, I declare to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Oceania Customs Organisation Secretariat during the financial year.



Ernst & Young  
Chartered Accountants



Sikeli Tuinamuana  
Partner  
Suva, Fiji

26 November 2020





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1 Butt Street Suva Fiji  
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## INDEPENDENT AUDITOR'S REPORT

To the members of Oceania Customs Organisation Secretariat

### Opinion

We have audited the accompanying financial statements of Oceania Customs Organisation Secretariat (the Organisation), which comprise the statement of financial position as at 30 June 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Organisation as at 30 June 2020, and of its financial performance and its cash flows, and financial performance against budget for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS).

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organisation in accordance with the *International Ethics Standards Board for Accountant's Code of Ethics for Professional Accountants* (IESBA Code) together with the ethical requirements that are relevant to our audit of the Financial Statements in Fiji and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information

The management and Steering Committee are responsible for the other information. The other information comprises Statement by the Head of Secretariat but does not include the financial statements and the auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated. If, based upon the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the management and the Steering Committee for the Financial Statements

The management and Steering Committee are responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS, and for such internal control as the management and Steering Committee determine is necessary to enable the preparation of financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management and Steering Committee are responsible for assessing the Organisation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management and Steering Committee either intend to liquidate the Organisation or to cease operations, or have no realistic alternative but to do so.

The management and Steering Committee are responsible for overseeing the Organisation's financial reporting process.



## INDEPENDENT AUDITOR'S REPORT *continued*

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud and error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organisation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Steering Committee and management.
- Conclude on the appropriateness of the Steering Committee and management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organisation's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures, are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organisation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management and Steering Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

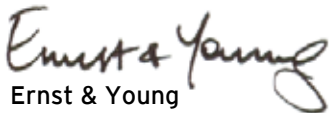




## INDEPENDENT AUDITOR'S REPORT *continued*

### Auditor's Responsibilities for the Audit of the Financial Statements *continued*

We also provide the management and Steering Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Ernst & Young  
Ernst & Young  
Chartered Accountants



Sikeli Tuinamuana  
Partner  
Suva, Fiji

26 November 2020



OCEANIA CUSTOMS ORGANISATION SECRETARIAT  
STATEMENT OF COMPREHENSIVE INCOME AND RETAINED EARNINGS  
FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 \$	2019 \$
<b>Revenue from non-exchange transactions</b>			
Australia grant income - core		733,999	917,993
New Zealand grant income - core	13	830,000	830,000
Members' contribution		657,445	506,108
		<u>2,221,444</u>	<u>2,254,101</u>
<b>Revenue from exchange transactions</b>			
Australia grant income - project funding		22,147	957,293
New Zealand grant income - project funding		-	427,459
Other income	3	314,385	517,094
		<u>336,532</u>	<u>1,901,846</u>
<b>Total income</b>		<u>2,557,976</u>	<u>4,155,947</u>
<b>Expenditure</b>			
Operating expenses	4	2,689,217	3,702,054
Depreciation		43,317	61,394
Doubtful debts		2,688	22,521
<b>Total expenditure</b>		<u>2,735,222</u>	<u>3,785,969</u>
<b>(Deficit)/surplus for the year</b>		(177,246)	369,978
<b>Total comprehensive (loss)/income for the year</b>		<u>(177,246)</u>	<u>369,978</u>
Accumulated surplus at 1 July		2,907,688	2,537,710
Accumulated surplus at 30 June		<u>2,730,442</u>	<u>2,907,688</u>

*The accompanying notes form an integral part of this Statement of Comprehensive Income and Retained Earnings*





OCEANIA CUSTOMS ORGANISATION SECRETARIAT  
STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2020

	Notes	2020 \$	2019 \$
<b>Current assets</b>			
Cash and cash equivalents	10	1,781,752	2,583,987
Receivables and prepayments	5	384,640	659,067
Held-to-maturity investments	11	613,396	605,736
<b>Total current assets</b>		<u>2,779,788</u>	<u>3,848,790</u>
<b>Non-current assets</b>			
Furniture and equipment	6	19,672	21,667
Intangible assets	7	28,511	61,333
<b>Total non-current assets</b>		<u>48,183</u>	<u>83,000</u>
<b>Total assets</b>		<u>2,827,971</u>	<u>3,931,790</u>
<b>Current liabilities</b>			
Creditors and other payables	8	46,158	118,385
Employee benefit liability	9	49,291	72,250
Unexpended funds	13	-	830,000
<b>Total current liabilities</b>		<u>95,449</u>	<u>1,020,635</u>
<b>Non current liabilities</b>			
Deferred income	12	2,080	3,467
<b>Total non-current liabilities</b>		<u>2,080</u>	<u>3,467</u>
<b>Total liabilities</b>		<u>97,529</u>	<u>1,024,102</u>
<b>Net assets</b>		<u>2,730,442</u>	<u>2,907,688</u>
Represented by:			
<b>Accumulated Funds</b>			
General reserve fund		2,609,040	2,204,369
PACER plus specified fund		121,402	703,319
		<u>2,730,442</u>	<u>2,907,688</u>
<b>Total accumulated surplus</b>		<u>2,730,442</u>	<u>2,907,688</u>

The accompanying notes form an integral part of this Statement of Financial Position.



OCEANIA CUSTOMS ORGANISATION SECRETARIAT  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$	2019 \$
<b>Operating activities</b>			
Receipts from donors		1,557,545	4,120,736
Receipts from members		440,783	363,422
Payments to suppliers and employees		(2,784,403)	(3,740,646)
<b>Net cash (used in)/provided by operating activities</b>		<u>(786,075)</u>	<u>743,512</u>
<b>Investing activities</b>			
Acquisition of fixed assets		(8,500)	(28,065)
(Placement of)/proceeds from term deposits		(7,660)	7,368
<b>Net cash flow used in investing activities</b>		<u>(16,160)</u>	<u>(20,697)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		(802,235)	722,815
Cash and cash equivalents at 1 July		2,583,987	1,861,172
<b>Cash and cash equivalents at 30 June</b>	10	<u>1,781,752</u>	<u>2,583,987</u>

*The accompanying notes form an integral part of this Statement of Financial Position.*





OCEANIA CUSTOMS ORGANISATION SECRETARIAT  
 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS  
 FOR THE YEAR ENDED 30 JUNE 2020

	Final Budgeted *	Actual Comparable Basis	Performance Difference (under)/over
	2020 \$	2020 \$	2020 \$
<b>Income</b>			
Australia	1,316,000	756,146	(559,854)
New Zealand	830,000	830,000	-
Member Subscriptions	506,300	657,445	151,145
Other Donors	274,540	172,137	(102,403)
Contribution in kind	78,480	78,487	7
Other Income	36,000	63,761	27,761
<b>Total income</b>	<b>3,041,320</b>	<b>2,557,976</b>	<b>(483,344)</b>
<b>Expenses</b>			
Salaries and benefits	1,539,950	1,255,044	(284,906)
Travel costs	14,000	13,770	(230)
Meeting costs	169,600	46,097	(123,503)
Occupancy costs	93,520	86,176	(7,344)
Computer & office equipment	15,500	17,785	2,285
Communications	48,430	30,957	(17,473)
Publicity	22,400	2,560	(19,840)
Professional fees	57,000	44,884	(12,116)
Finance charges	11,160	22,752	11,592
General and administration	67,480	28,884	(38,596)
Depreciation	49,200	43,317	(5,883)
Work program	1,465,000	1,142,996	(322,004)
<b>Total expenses</b>	<b>3,553,240</b>	<b>2,735,222</b>	<b>(818,018)</b>
<b>Deficit of expenditure over income</b>	<b>(511,920)</b>	<b>(177,246)</b>	<b>334,674</b>

\* Final budget was approved at the Oceania Customs Organisation Annual Conference in June 2019.



OCEANIA CUSTOMS ORGANISATION SECRETARIAT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020

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1. GENERAL INFORMATION

The financial statements of the Oceania Customs Organisation Secretariat (OCOS or the Organisation) for the year ended 30 June 2020 were authorized for issue by the Head of Secretariat on 26 November 2020. The OCOS was established in Fiji under a Memorandum of Understanding between OCOS and the Government of Fiji on 15 March 2006. The principal activities of the Secretariat are detailed in note 15.

2.1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The financial statements have been prepared primarily on the basis of historical costs, unless specifically stated otherwise, do not take into account current valuations of non-current assets. The financial statements are presented in Fijian dollars except when otherwise indicated.

Statement of compliance

The financial statements of the Organisation have been prepared in accordance with and comply with the International Public Sector Accounting Standards (IPSAS) issued by the International Public Sector Accounting Standards Board (IPSASB).

Going concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

2.2. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Judgements

In the process of applying the Organisation's accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements.

Estimations and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant task of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Provision for doubtful debts

The Organisation maintains a provision for estimated losses expected to arise from members and other debtors being unable to make required payments. In assessing the provision, factors such as past collection history, the age of receivable balances, the level of activity in the member accounts, are taken into account.

2.3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies adopted by the Organisation is set out in this note. The policies adopted are in accordance with accounting principles generally accepted in Fiji and, unless stated otherwise, are consistent with those applied in the prior year. All amounts are stated in Fijian currency.

(a) Revenue recognition

Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Organisation and can be measured reliably.





OCEANIA CUSTOMS ORGANISATION SECRETARIAT  
NOTES TO THE FINANCIAL STATEMENTS *continued*  
FOR THE YEAR ENDED 30 JUNE 2020

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2.3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

(a) Revenue recognition *continued*

*Revenue from non-exchange transactions*

*Transfers from other government entities*

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Organisation and can be measured reliably.

*Assessed contributions*

Contributions from member countries are recognised on an accrual basis and made from reference to assessed computations approved at annual conferences.

*Revenue from exchange transactions*

*Extra-budgetary funds*

Funds received from governments and aid agencies under extra-budgetary work programmes are usually for specified purposes. These funds are separately identified in the accounting system and expenditure recorded against each fund. Revenue is generally recognized at the time of receipt of funds to comply with the fund reporting required by the donor.

*Contribution in kind*

Contribution in kind is recognized as income in the year of receipt. Contribution in kind provided by the Fiji Revenue & Customs Service represents the Fiji Government contribution towards the Secretariat. The grant includes the provision of office space and essential utilities free of charge.

(b) Income tax

The Secretariat is exempted from income tax under the Fiji Diplomatic Privileges and Immunities Act.

(c) Furniture and equipment

Items of furniture and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The following annual rates are used for the depreciation of property, plant and equipment:

Asset depreciation	Rate
Furniture and fittings	20%
IT equipment	40%
Office equipment	20%
Motor vehicle	20%

If there is an indication that there has been a significant change in the depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.



OCEANIA CUSTOMS ORGANISATION SECRETARIAT  
NOTES TO THE FINANCIAL STATEMENTS *continued*  
FOR THE YEAR ENDED 30 JUNE 2020

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2.3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

(d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of comprehensive income in the year in which the expenditure is incurred.

(e) Impairment of assets

At each reporting date, furniture and equipment, and intangible assets are reviewed to determine whether there is any indication that those assets have suffered impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in the statement of comprehensive income.

(f) Employee entitlements

Employee entitlements relating to wages, salaries and annual leave represent the amount which the Secretariat has a present obligation to pay resulting from the employees' services provided up to balance date.

*Wages and salaries and annual leave*

Liabilities for wages, salaries and annual leave are recognized, and are measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date.

(g) Trade payables

Trade payables are obligations on the basis of normal credit terms and do not bear interest. Trade payables denominated in the foreign currency are translated into Fijian dollars using the exchange rate at the reporting date. Foreign exchange gains or losses are included in other income or other expenses.

(h) Bank overdrafts

Interest expense is recognized on the basis of the effective interest method and is included in finance costs.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.





OCEANIA CUSTOMS ORGANISATION SECRETARIAT  
NOTES TO THE FINANCIAL STATEMENTS *continued*  
FOR THE YEAR ENDED 30 JUNE 2020

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**2.3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued***

**(j) Held-to-maturity**

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the company has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortised cost using the effective interest method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or cost that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of comprehensive income. The losses arising from impairment are recognised in the statement of comprehensive income in finance costs.

**(k) Unexpended funds**

Grants received for specific end purpose is recognised as revenue when the conditions attached to the grants have been met. Until those conditions are met, receipt of grant funds in advance is accounted for as unexpended funds and recognised as a liability.

**(l) Deferred income**

Property, plant and equipment acquired with the aid of specific grants or through donations are capitalised and depreciated with the related grant being credited to deferred income (for donated assets). Deferred income is released to the statement of income and expenditure over the expected useful economic life of the related property, plant and equipment. The exception to this is when the acquisition of property, plant and equipment is financed either through the Organisation's own funds or a loan or finance lease when no revenue is deferred.

**(m) Release of deferred income**

Release of deferred income is recognised when the donated asset is depreciated over its useful life.

**(n) Foreign currencies**

Foreign currency transactions are translated to Fijian dollars at rates of exchange ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies are converted to Fijian currency at the rates of exchange ruling at the balance date. All exchange gains or losses whether realised or unrealised are reflected in profit or loss.

**(o) Comparatives**

Where necessary comparative figures have been adjusted to conform with changes in presentation in the current year.

**(p) Reserves**

The general reserve fund contains balances of membership subscriptions and recurrent donor funding received for operation of the OCO, and Specified Funds, which include specific project funds. The PACER plus specified fund contains the balance of funding received from Australia and New Zealand for implementation of the Capacity Development project for Forum Island Countries for the implementation of Harmonised System 2017.



OCEANIA CUSTOMS ORGANISATION SECRETARIAT  
 NOTES TO THE FINANCIAL STATEMENTS *continued*  
 FOR THE YEAR ENDED 30 JUNE 2020

	2020 \$	2019 \$
<b>3. OTHER INCOME</b>		
Contribution in kind (FRCS)	78,487	78,487
Interest income	23,236	23,924
Other donors	172,137	414,683
Other income	23,477	-
Doubtful debts recovered	14,763	-
Gain on sale of asset	750	-
Release of deferred income	1,387	-
Unrealized exchange gain - net	148	-
	<u>314,385</u>	<u>517,094</u>
<b>4. OPERATING EXPENSES</b>	<b>\$</b>	<b>\$</b>
Advertisement	5,199	185
Auditor's remuneration	10,015	10,015
Annual conference	46,097	218,144
Assets - not capitalised	3,167	2,943
Bank charges and interest	12,084	8,671
Occupancy costs	80,977	79,988
Entertainment	4,993	1,930
Insurance (motor vehicle and general)	3,280	7,879
Legal fees	691	-
Motor vehicle expenses	4,767	3,877
Other administrative expenses	1,626	195
Office equipment expenses	1,606	617
Other professional fees	34,869	18,473
Postage and stationery	4,976	2,723
Publicity and public relation	2,560	4,118
Realised exchange loss	10,668	29,071
Repair and maintenance	1,132	1,434
Salaries and other benefits	1,255,044	1,413,925
Software maintenance	16,179	9,274
Staff amenities	1,564	3,964
Telecommunication and facsimile	30,957	28,599
Travel and accommodation	13,769	101,311
Unrealized exchange loss	-	30,946
Work program	1,142,997	1,723,772
	<u>2,689,217</u>	<u>3,702,054</u>
<b>5. RECEIVABLES AND PREPAYMENTS</b>	<b>\$</b>	<b>\$</b>
Members' contributions	216,662	415,775
Prepayments	6,905	15,940
Other receivables	171,520	273,351
Less: provision for doubtful debts	(10,447)	(45,999)
	<u>384,640</u>	<u>659,067</u>



OCEANIA CUSTOMS ORGANISATION SECRETARIAT  
 NOTES TO THE FINANCIAL STATEMENTS *continued*  
 FOR THE YEAR ENDED 30 JUNE 2020

6. FURNITURE AND EQUIPMENT

	Furniture and fittings	Office equipment	IT Equipment	Motor vehicles	Total
	\$	\$	\$	\$	\$
<b>Cost</b>					
At 1 July 2018	28,166	103,427	277,768	201,007	610,368
Transfers from project	-	-	3,467	-	3,467
At 30 June 2019	28,166	103,427	281,235	201,007	613,835
Additions	-	-	8,500	-	8,500
Disposals	-	-	(4,682)	-	(4,682)
At 30 June 2020	28,166	103,427	285,053	201,007	617,653
<b>Depreciation</b>					
At 1 July 2018	19,632	87,370	239,657	201,007	547,666
Depreciation charge for the year	2,751	4,716	37,035	-	44,502
At 30 June 2019	22,383	92,086	276,692	201,007	592,168
Depreciation charge for the year	2,751	4,716	3,028	-	10,495
Disposals	-	-	(4,682)	-	(4,682)
At 30 June 2020	25,134	96,802	275,038	201,007	597,981
<b>Net book value:</b>					
At 30 June 2019	5,783	11,341	4,543	-	21,667
At 30 June 2020	3,032	6,625	10,015	-	19,672



OCEANIA CUSTOMS ORGANISATION SECRETARIAT  
 NOTES TO THE FINANCIAL STATEMENTS *continued*  
 FOR THE YEAR ENDED 30 JUNE 2020

7. INTANGIBLE ASSETS	2020	2019
Software costs	\$	\$
Cost:		
At 1 July	82,055	57,457
Additions	-	24,598
At 30 June	<u>82,055</u>	<u>82,055</u>
<i>Amortisation and impairment:</i>		
At 1 July	20,722	3,830
Amortisation	32,822	16,892
At 30 June	<u>53,544</u>	<u>20,722</u>
Net book value as at 30 June	<u>28,511</u>	<u>61,333</u>
<b>8. TRADE CREDITORS AND OTHER PAYABLES</b>	<b>\$</b>	<b>\$</b>
Trade creditors	37,456	104,305
Accruals	8,702	14,080
	<u>46,158</u>	<u>118,385</u>
<b>9. EMPLOYEE ENTITLEMENTS</b>	<b>\$</b>	<b>\$</b>
Annual leave entitlements	<u>49,291</u>	<u>72,250</u>
<b>10. CASH AND CASH EQUIVALENTS</b>	<b>\$</b>	<b>\$</b>
Cash on hand	300	300
Cash at bank	994,960	1,806,506
Short-term deposits	786,492	777,181
	<u>1,781,752</u>	<u>2,583,987</u>
<b>11. HELD TO MATURITY INVESTMENTS</b>	<b>\$</b>	<b>\$</b>
Term deposits- ANZ	<u>613,396</u>	<u>605,736</u>
The term of the investment is 6 months at an interest rate of 1.77%.		
<b>12. DEFERRED INCOME</b>	<b>\$</b>	<b>\$</b>
At 1 July	3,467	-
Recognised during the year	-	3,467
Less: release of deferred income	(1,387)	-
At 30 June	<u>2,080</u>	<u>3,467</u>
<b>13. UNEXPENDED FUNDS</b>	<b>\$</b>	<b>\$</b>
At 1 July	830,000	-
Funds received	-	830,000
Utilised during the year	(830,000)	-
At 30 June	<u>-</u>	<u>830,000</u>





OCEANIA CUSTOMS ORGANISATION SECRETARIAT  
NOTES TO THE FINANCIAL STATEMENTS continued  
FOR THE YEAR ENDED 30 JUNE 2020

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14. COMMITMENTS AND CONTINGENT LIABILITIES

- a) Capital expenditure commitments at balance date amounted to \$Nil (2019: \$Nil).
- b) Contingent liabilities at balance date amounted to \$Nil (2019: \$Nil).

15. PRINCIPAL ACTIVITY

The OCOS facilitates and where appropriate helps member customs administrations align with customs international standards and best practice leading to greater economic prosperity and increased border security within the Oceania region.

16. SECRETARIAT DETAILS

Registered office

84 Harris Road  
Suva  
Fiji

Number of employees

As at balance date, 8 full time employees were employed by the Secretariat (2019: 7 employees).

17. SUBSEQUENT EVENTS

The effects of COVID-19 have manifested in the interval between the end of the financial year and the date of this report, however may not affect significantly the operations of the Secretariat in the subsequent financial year.

Apart from the above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely not already considered in these financial statements, in the opinion of the Head of Secretariat, to affect significantly the operations of the Secretariat, the results of those operations or the state of affairs of the Secretariat in the subsequent financial period.

18. SIGNIFICANT EVENTS DURING THE YEAR

The COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020.

The Secretariat has remained operational since this declaration and continues to facilitate and help member customs administrations align with customs international standards and best practice leading to greater economic prosperity and increased border security within the Oceania region. There has not been a significant impact on the business to date. The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community, the economy and the operations of the business.

The scale and duration of these developments remain uncertain as at the date of this report however they are not having an impact on the earnings, cash flow and financial condition. The Head of Secretariat confirms that they have considered all currently known impacts of COVID-19 when preparing the financial statements and applying the going concern concept.

APPROVAL OF FINANCIAL STATEMENTS

The financial statements of Oceania Customs Organisation Secretariat for the year ended 30 June 2020 were authorized for issue by the Head of Secretariat on 26 November 2020.



**OCEANIA CUSTOMS ORGANISATION SECRETARIAT  
DISCLAIMER ON ADDITIONAL FINANCIAL INFORMATION  
FOR THE YEAR ENDED 30 JUNE 2020**

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**Disclaimer on additional Financial Information**

The additional financial information, being the attached Detailed Income Statement has been compiled by the management of Oceania Customs Organisation Secretariat.

To the extent permitted by law, Ernst & Young do not accept liability for any loss or damage which any person, other than Oceania Customs Organisation Secretariat may suffer arising from any negligence on our part. No person should rely on the additional financial information without having an audit or review conducted.





OCEANIA CUSTOMS ORGANISATION SECRETARIAT  
 DETAILED INCOME STATEMENT  
 FOR THE YEAR ENDED 30 JUNE 2020

Income	2020 \$	2019 \$
Australia grant income	756,146	1,875,286
Contribution in kind (FRCS)	78,487	78,487
Interest income	23,236	23,924
Membership fee	657,445	506,108
New Zealand grant income	830,000	1,257,459
Other donors	172,137	414,683
Other income	23,477	-
Doubtful debts recovered	14,763	-
Gain on sale of asset	750	-
Release of deferred income	1,387	-
Unrealized exchange gain - net	148	-
<b>Total income</b>	<b>2,557,976</b>	<b>4,155,947</b>
<b>Expenditure</b>		
Audit fee	10,015	10,015
Assets - not capitalised	3,167	2,943
Advertisement	5,199	185
Annual conference	46,097	218,144
Bank and finance charges	12,084	8,671
Depreciation	43,317	61,394
Doubtful debts	2,688	22,521
Entertainment	4,993	1,930
Insurance (motor vehicle and general)	3,280	7,879
Legal fees	691	-
Motor vehicle expenses	4,767	3,877
Occupancy costs	80,977	79,988
Office equipment expenses	1,606	617
Other administrative expenses	1,626	195
Other professional fees	34,869	18,473
Postage and stationery	4,976	2,723
Publicity and public relation	2,560	4,118
Realised exchange loss	10,668	29,071
Repair and maintenance	1,132	1,434
Staff amenities	1,564	3,964
Software maintenance	16,179	9,274
Salaries and other benefits	1,255,044	1,413,925
Telecommunication	30,957	28,599
Travel and accommodation	13,769	101,311
Unrealized exchange loss	-	30,946
Work program	1,142,997	1,723,772
<b>Total expenditure</b>	<b>2,735,222</b>	<b>3,785,969</b>
<b>(Deficit)/surplus for the year</b>	<b>(177,246)</b>	<b>369,978</b>

The Detailed Income Statement is to be read in conjunction with the disclaimer on page 19.















