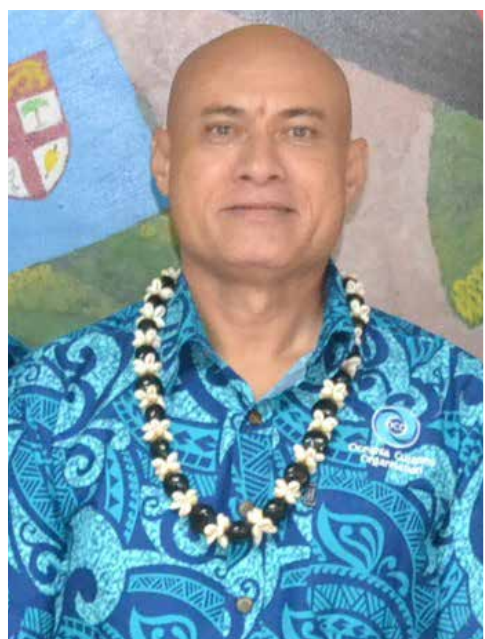




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Message from the Head of Secretariat



It is an honour to present the 2016/17 Annual Report to the Members, donors and development partners of the Oceania Customs Organisation, and to our regional and international stakeholders and partners in Trade Facilitation, Border Security and Law Enforcement. This report provides a summary of the main activities undertaken and major achievements by the OCO in the fiscal year ended 30 June 2017, under the guidance of Members and the OCO Steering Committee.

The year ended 30 June 2017 is the final year of delivering the 2015-2017 strategic plan, and this report is the last report against that strategic plan. As the new OCO's 2017 – 2022 strategic plan was approved by OCO Members at the 2017 Annual Conference in Guam, future reports will be reported against the new

strategic plan.

As we embark on this exciting new stage in OCO's development and evolution, I am happy to report that OCO's governance mechanisms and processes are sound and functioning effectively, and have provided a robust platform for establishment of confidence in the organisation by regional and international development partners and donors.

To complement OCO's 2017 – 2022 strategic plan, Members also commenced consideration during the year of a revised membership structure and fees, to ensure that OCO is appropriately resourced to deliver the plan. This exercise is expected to be concluded over the coming year, and its completion would make a significant contribution to the long-term financial sustainability of the organisation.

To conclude, I would like to express my appreciation to the commitment and dedication by OCO staff, who although small in number, have been able to deliver a significant amount of work during the year. This report contains many examples of successes and achievements in our endeavours, and I am sure that OCO Members will join me in thanking the team for their efforts.

Seve Paeniu

Head of Secretariat

Guam hosts the 2017 Annual Conference on 2 – 5 May 2017



Key Outcomes:

- **Adoption of the OCO 2017 – 2022 Strategic Plan**

The Conference adopted the OCO Strategic Plan for 2017-2022, which sets out the strategic direction of the OCO with a focus on assisting Member administrations develop various core competencies that will enable them to implement modernisation reforms to align with customs international standards and best practice.

- **OCO Steering Committee Membership**

Apart from the permanent members of Australia and New Zealand, the Conference elected Solomon Islands (Melanesia), Kiribati (Micronesia) and Samoa (Polynesia) to serve on the OCO Steering Committee for a two-year term from July 2017 to June 2019.

- **OCO Long-term Sustainable Funding Strategy**

Members reaffirmed their commitment to the long-term sustainability of the OCO, and supported in principle the revised membership structure and fees proposed in the OCO Long-term Sustainable Funding Strategy, while noting that socialisation of the proposed fee increases through Member's respective national budgeting processes would require time.

- **Working Group on Information Sharing**

Members acknowledged and commended the Working Group on Information Sharing for the work and results achieved thus far, and acknowledged Australia for the progress on the development of the smartphone application initiative for small craft movement reporting. The Conference also supported New Zealand on its offer to develop a common Pacific notebook template. Members endorsed further work to pursue a multilateral arrangement in the form of a less than treaty status Memorandum of Understanding and/or appropriate mechanism that will enable information sharing across the region, and endorsed extending the tenure of the Working Group until the 2018 Annual Conference to facilitate this work.

- **Pacific Tariff Framework**

The Conference noted the update on progress of the OCO Working Group on Harmonised System, and approved the Pacific Tariff Framework and Action Plan for implementation of HS 2017.

- **Data Analysis for Effective Border Management**

The Conference welcomed the presentations provided by Member administrations and partner organisations sharing experiences linked to implementing data management and information sharing initiatives for managing risk, and trade facilitation measures. Members also:

- (a) noted the WCO products and tools available for data analysis, and the importance of sharing information to achieve Members objectives;
- (b) supported the UNODC Global Container Control Programme for expansion of the programme to the Pacific;
- (c) welcomed the offer of technical assistance from Homeland Security Investigations to provide computer forensic services; and
- (d) supported the OCO Capacity Development Framework, including an evaluation of the PCMP Programme aimed at strengthening institutional governance and succession planning.

Delivering the OCO Strategic Plan 2015 - 2017

In the twelve months ended 30 June 2017, the OCO carried out a number of activities that contributed to achieving its 2015-2017 Strategic Plan. These activities continue to be delivered according to OCO's coordination and facilitation role, for the benefit of its wider membership, and address OCO's responsibilities under the Strategic Plan 2015 – 2017. A number of these activities also contributed to delivering OCO's responsibilities in completing the European Union-funded Trade Facilitation in Customs Cooperation (TFCC) project.

The current organisational structure of the OCO Secretariat approved by Members to deliver the strategic plan is included at Annex 1 to this document.

1. Law Enforcement and Border Security

1.1 *Improve border management and usage of modern tools and techniques*

Oceania Regional CITES Implementation and Prevention of Wildlife Trafficking Workshop

The workshop was held from 29 May – 2 June 2017 in Nadi, Fiji and spearheaded by the New Zealand's Department of Conservation and in partnership with Fiji's Ministry of Environment, Local Government and Housing. The overall aim of the workshop is to ensure that regional efforts are properly coordinated to combat wildlife trafficking and transnational crime, which has an adverse effect on livelihoods, ecosystems, and governance.



1.2 Improve intelligence and investigation capacity

Regional Vessel Search Training Programme

The OCO facilitated a regional marine awareness and maritime vessel search training program offered by the Australian Department of Immigration and Border Protection at the Australia Border Force College in Sydney, Australia from 5 to 9 December 2016. It offered



training capacity for members on planning and undertaking systematic vessel searches taking into account potential hazards, methods of concealment and modern tools and personal protective equipment.

Regional Intelligence Analysis Course

The OCO members participated in a regional intelligence analysis course conducted by the Australian Department of Immigration and Border Protection in Suva, Fiji on 13 to 17 March 2017. The workshop was aimed at increasing the law enforcement and compliance capacity of members through introduction to the foundation principles and basic practices behind intelligence analysis, and the application of standard intelligence products to enhance capacity for strategic, operational and tactical intelligence activities.



Intelligence and Investigation Training

The OCO provided technical support and training to customs officials from Commonwealth of Northern Mariana Islands (CNMI) and Guam. The OCO offered intelligence and



investigation training to CNMI in October 2016 and the same training for Guam in December 2016. The technical support mission to CNMI and Guam was undertaken with the specific focus on Intelligence, Risk Management, Compliance Management, Investigation, Change Management, Modernisation and Leadership.

1.3 Improve coordination between border and law enforcement agencies

Working Group on Information Sharing

The OCO Working Group on Information Sharing convened two meetings during the reporting period in Apia (October 2016) and Brisbane (March 2017). The importance of



information and intelligence exchange that contributes to protecting the borders and ensuring a safer Pacific, and the need for all relevant law enforcement agencies to work together to coordinate and facilitate information exchange at both the national and regional levels is strongly encouraged. In this regard, the experiences of regional

networks such as the PTCN/PTCCC and national institutional arrangements such as the TCU setup in fostering collaboration between police, customs, immigration and other border and law enforcement agencies in facilitating information sharing is viewed as an effective model. The existence of an array of IT platforms and secured communication systems such as APAN, CENCom, Interpol and BMS, and ensuring their accessibility by various users for purposes of information and intelligence sharing is encouraged.

The importance of adopting a risk-based intelligence-led culture and having a robust intelligence capability that is linked with compliance strategies is a necessary condition for improved performance and outcomes. To assist members with cultivating an intelligence-led culture within their administrations, a number of tools or products are being updated or under development, including on best practise regional guidelines on intelligence and information management, notebooks, CENCom, and a smartphone application for small craft movement reporting.



Raising awareness on transnational crimes including on money laundering and

terrorist financing has been a key focus for the Working Group and, in particular, on coordinating with the relevant national and regional law enforcement organisations such as APG (FATF), AUSTRAC, Australia Attorney General, AFP and NZ Police on combatting transnational crimes and ML/TF through training and technical assistance for the region.

2. Trade Management and Facilitation

2.1 Adopt profiling and risk management measures

Developing Revenue Administrative Capacity in Compliance Activities

The OCO in partnership with IMF Pacific Financial Technical Assistance Centre (PFTAC) conducted a 5-day regional training on risk-based compliance management on 14 to 18



November 2016 in Suva, Fiji. A key focus for the workshop was to determine the right balance between effort to facilitate legitimate trade, taxpayers and travellers and intervention for non-compliant operators via an intelligence-led and risk-based compliance management approach.

2.2 Improve assessment and valuation methods

7th NSA Dialogue on Pacer Plus

The OCO participated in the Seventh Non-State Actors (NSA) Dialogue Workshop on PACER Plus at the Warwick Le Lagoon Hotel in Port Vila, Vanuatu on 31 May 2017. The Dialogue was organized by the Pacific Islands Forum Secretariat (PIFS) and the Office of the Chief Trade Adviser (OCTA), with the financial support of the Australian and New Zealand governments. The objective of the NSA Dialogue was to facilitate an interactive discussion on the issues covered in the Pacer Plus Agreement.



WTO Agreement on Trade Facilitation

The OCO in partnership with Korea Customs Service facilitated a Pacific Trade Facilitation Workshop in Seoul, Korea on 12 to 16 June 2017. The workshop offered members with an

in-depth knowledge and understanding of the WTO Agreement on Trade Facilitation and its implications for the region, the developments on and application of key trade facilitation measures and instruments, and developing a roadmap towards a harmonised and effective implementation of TFA.



Facilitating Trade for E-Commerce

The OCO was represented at the WTO/UNCTAD/PIFS Regional Workshop on E-Commerce held on 20-22 June 2017 at Sheraton Fiji Resort, Nadi, Fiji. The main objective of the Workshop was to update the Pacific countries on recent developments in e-commerce including discussions of Pacific Islands Countries experiences.



On 23 June, OCO also participated in the National Consultation Workshop on Cross-border Paperless Trade Facilitation in Fiji



organized in collaboration with the FRCS and United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) held at FRCS Nasese Complex. This workshop aimed to raise understanding of the Framework Agreement (FA) to promote cross-border paperless trade by enabling the exchange and mutual recognition of trade-related data and documents in electronic form.

2.3 Implement Post Clearance Audits

WTO Valuation, ROO and PCA

The OCO supported a sub-regional training on WTO Valuation, Rules of Origin, Post Clearance Audit and Harmonised System conducted by Kiribati Customs Service in Tarawa, Kiribati on 8 to 17 November 2016 through sponsorship of customs officials from FSM, Nauru and RMI to participate at the Kiribati training. Even though not party to these WCO conventions and standards, it is highly beneficial for the smaller member administrations to be exposed to and improve their knowledge, skills and capacity on the use of these international instruments and trade facilitation measures.



3. Revenue Management

3.1 *Establish sound financial processes and management systems*

Regional Executive Seminar on Single Window

The OCO Regional Executive Seminar on Single Window was held at the WCO Regional Training Centre in Suva, Fiji from 25 to 26 July 2016 and was attended by Heads of member

customs administrations. The workshop covered various aspects of the Single Window ranging from the conceptual framework to the benefits of single window and discussion was further enriched by the sharing of national experiences and lessons learnt by members.



Regional Executive Seminar on Customs Modernisation and Reform

The OCO through the Trade Facilitation in Customs Cooperation (TFCC) Project coordinated with partner organizations a 5-day Regional Executive Level seminar on Customs

Modernization and Reforms in Suva, Fiji from the 25-26 of November 2016. This Seminar was aimed at strengthening the capacity of OCO Customs Administrations to build their capacity by supporting the development and planning of targeted reforms to establish an appropriate legislative and institutional framework aligned to international standards



Customer Satisfaction Survey (SICED)

On request from Solomon Islands Customs & Excise Department (SICED), the OCO assisted with the conduct of a Customer Satisfaction Survey (CSS) on 13-21 February 2017. The objective of the survey was to capture levels of the stakeholders' satisfaction of SICED's delivery of its responsibilities and duties. SICED intends to use the results and recommendations of the CSS to progress and improve its customer service and related initiatives.



National Workshop on the Convention on the Simplification and Harmonization of Customs Procedures

On 26-30 June 2017 six of the OCO members (Cook Islands, Federated State of Micronesia, Kiribati, Nauru, Solomon Islands and Tuvalu) joined Vanuatu Customs at their National Workshop on the Convention on the Simplification and Harmonization of Customs Procedures, known as the Revised Kyoto Convention (RKC) held in Port Vila, Vanuatu. The main objective of the workshop was to assist Vanuatu and OCO's Members States in acceding to the Revised Kyoto Convention, through the conduct of a Gap Analysis, comparing their national legislation, including the customs laws to the RKC General Annex, Standards and Guidelines.



3.2 Improve staff integrity and code of conduct

Regional Workshop on Integrity

The OCO facilitated participation by OCO Members at a three-day Regional Workshop on Integrity, organised by FRCS and the WCO from 27-29 July 2016. Members were introduced to WCO Integrity Tools that assist WCO Members to improve integrity through a number of processes of self-assessment, action planning, implementation and evaluation to identify vulnerabilities and develop appropriate measures in response to these vulnerabilities.



3.3 Improve Customs capacity in revenue analysis

The OCO provided technical support and training to customs officials from Republic of Marshall Islands (RMI). The technical support mission to RMI was undertaken in December 2016 with the specific objectives to identify the gaps within the Customs Tariff Act and recommend legal enforcement to the Act to be aligned to the Harmonized System Nomenclature. Working closely with the senior management in developing a road map for the integration of the HS System at the national level and identify key areas within the administration requiring further interventions which will translate into an Action Plan for the way forward to the implementation of the Harmonized System.



Working Group on Harmonised System

Consistent with the mandate from the 2016 Annual Conference, the OCO Working Group on Harmonised System was convened comprising regional HS experts and representatives of

SPC, OCTA and WCO, and New Zealand Customs and Statistics. The Working Group is coordinating the development of a Pacific Tariff Framework that would assist members to inform and update their Harmonized Commodity Description and Coding System to the 2017 amendments. An OCO regional workshop was conducted in Nadi, Fiji on 24 to 28 April 2017 to consider the Framework, devise a regional

action plan for member' implementation of the HS 2017, and scope out the long-term members' capacity development needs related to HS work. The regional HS work is supported through funding assistance from Australia and New Zealand's Pacer Plus readiness package.



4. Institutional Strengthening of Small Customs Administrations

4.1 Update customs legislation

Niue Legislative Drafting Assistance

OCO completed legislative drafting assistance to Niue through an in-country mission in July 2016 to develop legislative amendments to update and modernise their legislative framework to align to the Revised Kyoto Convention and current international standards. At completion of the mission, draft legislative amendments were provided to Niue Customs to progress through its national legislative process, with the relevant Cabinet briefing notes and awareness material.



4.2 Improve leadership at all levels

Small Customs Administration Coordinator

The OCO commenced in the second half of 2016 a secondment arrangement for the Small Customs Administration Coordinator position. The purpose of this position is to coordinate and facilitate assistance to small customs administrations through effective and efficient distribution of target assistance programmes to build their capacity. The secondment arrangement provided a capacity development opportunity for the seconded staff while members gain from the seconded staff contribution to regional solutions and technical and advisory support. In this respect, the OCO welcomed Mr Tuilagi Teii, Head of Tuvalu Customs, who served in that role from June to December 2016. Mr Teii has since returned to his role as Head of Customs in Tuvalu with an invaluable regional experience behind him.

4.3 Enhance appropriate automation systems

UNCTAD is assisting Kiribati Customs with the development and implementation of the proof of concept to develop and test an alternative approach for the development of ASYCUDA World in a smaller Customs Administration in the Pacific. The proof of concept will result in a detailed road map for a full deployment of modernisation reforms and automation with Kiribati Customs.

Organisational Reform and Corporate Services

The OCO Steering Committee continues to provide an effective mechanism to guide and monitor the strategic direction of the organisation and to report on its performance to the Conference, as well as providing high level policy advice and strengthening the governance of OCO.

The OCO Steering Committee has provided advice and guidance to the Head of Secretariat since July 2016 in various corporate governance areas including: review and clearance of OCO's annual report and audited financial statements for the fiscal year ended 30 June 2016; review and approval of revisions to OCO's 2016/17 budget, and review of the 2017/18 budget; review of OCO's financial policies and procedures; review and approval of OCO's performance management system and performance pay awards; review of the draft OCO's 2017 – 2022 strategic plan; and review of the OCO's long term sustainable funding strategy.

In addition to this, the OCO Steering Committee has also: vetted partnership agreements with the World Health Organisation and the Korea Customs Service; provided guidance on on-going work of the OCO in information sharing, internship and WCO membership; reviewed various pipeline funding proposals; reviewed the findings of an external review of

OCO and customer satisfaction survey; and reviewed and approved the format and agenda of the 2017 OCO Annual Conference.

A new output based Annual Budget and Work Program format has been adopted for the 2017/18 fiscal year, which presents the cost of delivering the strategic plan by priority area and specific objectives.



Improvement in effectiveness and efficiency of financial management practices through a comprehensive review of the OCO Financial Policies and Procedure Manual was also completed during the year, with approval of the updated manual by the OCO Steering Committee in February 2017. Financial governance at an operational

level was also improved with production of monthly financial reports and circulation to the OCO Steering Committee commencing since October 2016.

OCO finalised funding arrangements with the Government of Australia for the period from July 2016 to June 2019, with signature of a partnership arrangement in February 2017 that confirms funding to the OCO of AUD\$875,000 per year for the three years. This funding covers Australia's annual assessed membership contribution, core program funding, project funding and Pacer Plus funding. Australia also provided specific project funding of FJD\$202,110 during the year to fund development and implementation of the Pacific Tariff Framework.

OCO also extended its existing funding arrangement with the New Zealand Ministry of Foreign Affairs and Trade (MFAT) for the 2017/18 fiscal year, with signature of an extension to existing terms in July 2016. A three year grant funding arrangement for NZD\$1.8m for the period from 2017/18 to 2019/20, was also agreed and signed in June 2017 with New Zealand MFAT



Trade Facilitation in Customs Cooperation (TFCC) Project

Early in the 2016 calendar year, the OCO finalised the TFCC 2016 annual work plan (AWP4) and Addendum No.4 to the TFCC Grant Contract, which provided the basis for OCO to implement its strategy to settle the liability identified in previous years for TFCC expenditure classified as ineligible.

AWP4 was revised in November 2016 to include two additional regional workshops on Customs and Tax Compliance and Customs Modernisation. Apart from these workshops, AWP4 also included work on legislation review for Tonga, Kiribati and Niue, the Customs Data and Trade Statistics workshop, the Single Window workshop, HS assistance for RMI, and a number of capacity building activities in Vessel Search, WCO Investigation & Interrogation, Document Examination and WTO Valuation.

The 2016 financial audit / expenditure verification exercise for the TFCC project was completed in April 2017, and confirmed eligible project expenditure during 2016. This Expenditure was funded entirely from OCO's internal resources as a mechanism to reimburse ineligible project expenditure previously identified under the project incurred in prior years. The EU has commissioned a final audit of the project spanning the entire project life commencing in July 2017, which will be the basis of determining the final financial position of the OCO with respect to the project.

Representation of OCO at Conferences and Workshops

The OCO is often invited to represent and promote the OCO interests at various international and regional meetings and conferences. In 2016/17 year, the OCO was represented at the following events:

WCO Council, Brussels, Belgium 14-16 July 2016

The Head of Secretariat represented OCO as an observer at the Annual Session of the Customs Cooperation Council at which a number of key customs issues were discussed, including on trade facilitation, WTO TFA, security initiatives, and combatting illicit financial flows. The Head of Secretariat also conducted bilateral meetings with the WCO Secretary General and a number of the WCO senior directorate staff on ways and means by which the OCO members could utilise and benefit from various WCO instruments and programs. These included WCO support for HS 2017 implementation and capacity development programs.



PITAA, Nadi, Fiji 14-16 September 2016

The Head of Secretariat represented OCO as an observer at the annual PITAA meeting and co-presented with PFTAC on potential areas of joint or mutual cooperation between customs and taxation such as on compliance and risk management.

PICP Conference, Tahiti 19-21 September 2016

The Head of Secretariat represented OCO as an observer during the 45th Pacific Islands Chiefs of Police Conference hosted by French Polynesia at which emerging transnational organised crime (TOC) and border security issues in the region were discussed. The Head of Secretariat presented on the role of OCO and its members in addressing those TOC concerns and how information sharing and strengthened cooperation between the law enforcement agencies was important in addressing such concerns.



WCO Asia/Pacific Regional Contact Points Meeting, Sigatoka, Fiji 9-11 November 2016

The Head of Secretariat represented OCO at the 26th WCO Regional Contact Points (RCP) for Asia-Pacific annual meeting as an observer and delivered a presentation to the meeting on OCO activities.

WCO Asia Pacific Heads of Customs, Suva, Fiji 14-16 March 2017

The Head of Secretariat represented OCO at the WCO Heads of Customs for Asia-Pacific annual meeting as an observer. On this occasion, a memorandum of understanding was signed between the Korea Customs Service and the OCO, which formalises the cooperation between the two organizations and identifying areas of mutual assistance and cooperation, including capacity development and the WTO agreement on trade facilitation.



FEMM, Suva, Fiji 3-6 April 2017

The Head of Secretariat represented the OCO as an observer at the annual FEMM in which regional economic and development priorities were discussed. FEMM considered the issue of improved mobility and standardisation of business processes and recognised the importance of aligning national domestic legal and policy frameworks and processes with international standards and best practise, such as the WCO Revised Kyoto Convention and WCO harmonised tariff systems and WTO agreement on trade facilitation.

The Head of Secretariat represented the OCO as an observer at the annual FEMM in which regional economic and development

PNG-OCO Bilateral, Port Moresby, PNG 20-21 April 2017

Upon the invitation of the PNG Customs Service Chief Commissioner, the Head of Secretariat visited PNG and conducted the first official bilateral meeting between OCO and PNG Customs Service, which looked at potential areas of mutual cooperation and assistance to OCO. Following the meetings, the OCO delegation was given a tour of the PNGCS Container Examination Facility at Motukea, and visited the ExxonMobil LNG plant site outside Port Moresby.



Regional Maritime Domain Awareness Workshop, Sydney, Australia 27 – 28 April 2017

The OCO was represented by the Head of Secretariat at a regional maritime domain awareness workshop conducted by Australia in conjunction with FSM in Sydney, Australia. The regional workshop was aimed at improving understanding of the maritime domain through which maritime-related activities relevant to national security can be effectively identified, evaluated and responded to appropriately, including consideration of the expected benefits from a collective approach to combatting MDA.



PIDC, Apia, Samoa 20-22 June 2017

The Head of Secretariat represented OCO as an observer during the 20th Pacific Immigration Directors' Conference. The Head of Secretariat delivered a presentation to the PIDC meeting on the OCO work and the synergies and common areas of mutual collaboration with PIDC.



Partnerships with Key Stakeholders

The OCO has developed closer working relationships with partners to foster integrated approaches to the delivery of assistance in the mandated core program areas. This consultation with key development partners and regional agencies is critical to providing



coordinated and targeted assistance for strengthening the institutional capacities of Customs administrations particularly in the small island states.

Toward this end, almost all of the regional training workshops and in-country activities the OCO has conducted relating to trade facilitation have been delivered with the support

and technical assistance offered by Members, donors, and regional and international technical and multi-lateral organisations such as the WCO, WHO, PFTAC and PITAA.

There have been two MOU's signed between OCO and Korean Customs Service and World Health Organisation, respectively. The MOU with KCS provides for collaboration to expand the capacity building programs to the wider (non-WCO) OCO members, which is a positive step further in strengthening the OCO's efforts in the institutional strengthening of smaller customs administrations and the harmonization and simplification of customs procedures across the region.



The MOU between OCO and WHO will strengthen the collaboration for the elimination of illicit trade in tobacco products in the Pacific mainly through information sharing, alignment of customs legislation, and awareness raising. It is envisaged that these collaborative efforts will provide members with the necessary tools, information and capacity needed to tackle illicit trade on tobacco products.

Value of Service

As a Member based organisation, OCO is focussed on providing value to all Members in the delivery of its annual work program. Table 1 below provides a summary of the cost of delivering activities summarised in “Delivering the OCO Strategic Plan” section of this report, by Member.

Member	Working Group on Information Sharing Activities	Single Window Activities	Small Customs Administrations capacity building, legislative drafting assistance and in-country support	Regional Workshop on Customs Modernisation	Border security training & capacity building	Harmonised System Activities	Trade Facilitation Activities	Support for Compliance Capacity Development	Other costs	Total
American Samoa	2,785	-	-	-	-	-	-	-	75,656	78,441
Australia	2,785	-	-	-	-	-	-	-	75,656	78,441
CNMI	2,785	8,944	1,540	10,647	16,928	8,276	2,198	6,997	120,472	178,786
Cook Islands	2,785	8,944	2,881	10,647	-	8,276	10,935	6,997	110,425	161,888
Fiji	2,785	8,944	1,540	-	-	8,276	8,737	6,997	91,433	128,711
French Polynesia	2,785	-	-	-	-	-	-	-	75,656	78,441
Guam	2,785	8,944	-	10,647	13,711	8,276	2,198	-	88,028	134,589
Kiribati	2,785	8,944	2,881	10,647	-	8,276	10,935	6,997	110,782	162,246
Marshall Islands	2,785	8,944	15,266	10,647	-	37,769	2,198	6,997	103,825	188,431
Micronesia (FSM)	2,785	8,944	16,806	10,647	-	8,276	10,935	-	106,809	165,201
Nauru	2,785	8,944	16,806	10,647	-	8,276	10,935	6,997	116,226	181,615
New Caledonia	2,785	-	-	-	-	-	-	-	75,656	78,441
New Zealand	2,785	-	-	-	-	-	-	-	75,656	78,441
Niue	2,785	8,944	7,065	10,647	-	8,276	2,198	6,997	134,995	181,906
Palau	2,785	8,944	2,881	10,647	-	8,276	2,198	6,997	100,248	142,976
PNG	2,785	8,944	-	10,647	-	8,276	-	6,997	89,602	127,250
Samoa	2,785	8,944	-	10,647	-	8,276	2,198	6,997	91,056	130,902
Solomon Islands	2,785	8,944	11,015	10,647	-	8,276	10,935	6,997	110,298	169,896
Timor Leste	2,785	8,944	1,540	-	-	-	-	6,997	84,504	104,769
Tonga	2,785	-	3,515	-	-	8,276	2,198	6,997	87,334	111,104
Tuvalu	2,785	8,944	2,881	10,647	-	8,276	10,935	6,997	115,455	166,919
Vanuatu	2,785	8,944	-	10,647	-	8,276	2,198	6,997	91,056	130,902
Wallis & Futuna	2,785	-	-	-	-	-	-	-	75,656	78,441
	64,050	143,109	86,614	149,053	30,639	161,910	91,927	104,950	2,206,487	FJ\$ 3,038,741

Table 1 - Value of Service Delivered to OCO Members

FINANCIAL REPORT

The OCO Financial Statements and Audit Report for the year ended 30th June 2017 are Annexed to this Annual Report. They show total expenditure of FJ\$3.0m, a deficit for the year of FJ\$66,115, total assets of FJ\$1.1million, and accumulated surpluses at 30th June 2017 of FJ\$0.8million. The financial results for the 30th June 2017 fiscal year are compared against results for the year ended 30th June 2016.



OUR PARTNERS and SUPPORTERS

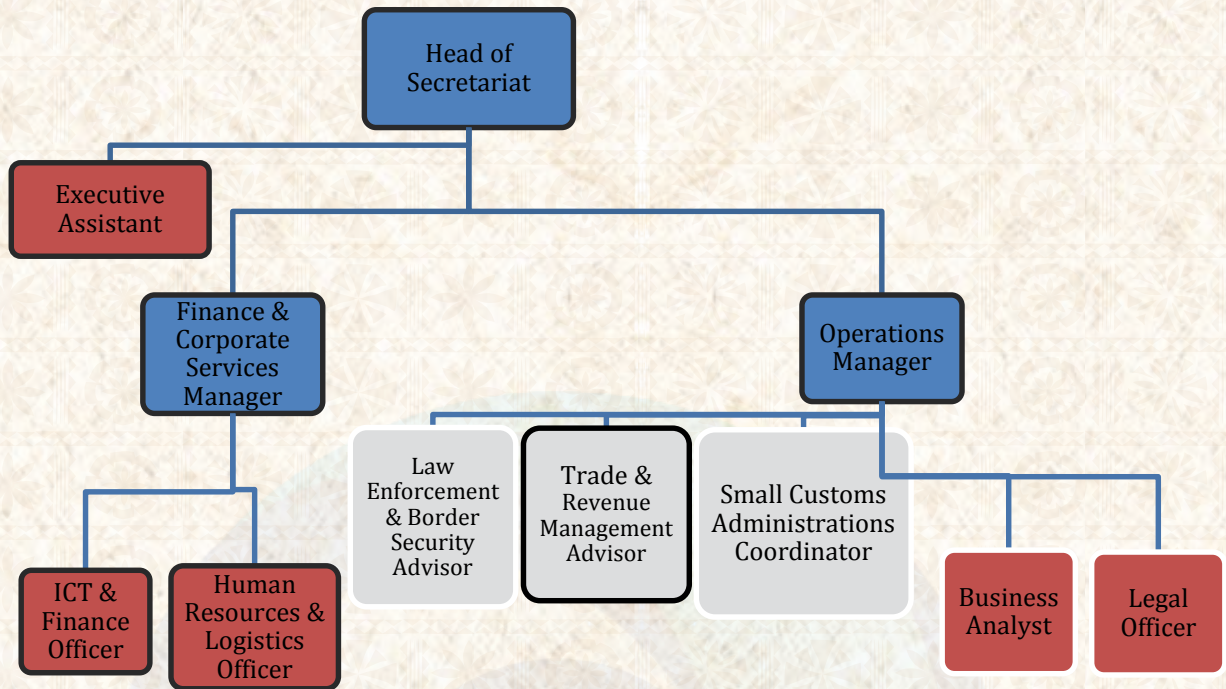
The OCO would like to acknowledge the valuable contribution and on-going support of the following organisations to the work of the organisation.

1. Asian Development Bank
2. European Union through the European Union Delegation for the Pacific
3. Government of Australia through the Department of Foreign Affairs and Trade
4. Government of New Zealand through the Ministry of Foreign Affairs and Trade
5. Government of Republic of Fiji through the Ministry of Foreign Affairs and International Cooperation
6. Government of Japan through Japan Customs and Tariff Bureau
7. International Port Community Systems Association
8. Melanesian Spearhead Group Secretariat
9. New Zealand Statistics
10. Office the Chief Technical Adviser
11. Pacific Financial and Technical Assistance Centre
12. Pacific Immigration Directors Conference
13. Pacific Islands Chiefs of Police Conference
14. Pacific Islands Forum Secretariat
15. Pacific Islands Law Officers Network
16. Pacific Transnational Crime Coordination Centre
17. Secretariat of the Pacific Community
18. United Nations Conference for Trade and Development
19. United Nations Economic and Social Commission for the Asia Pacific
20. United Nations Office on Drugs and Crime
21. World Bank
22. World Customs Organisation (WCO)
23. World Health Organization (WHO)
24. WCO Regional Office for Capacity Building for Asia Pacific
25. WCO Regional Intelligence Liaison Office for Asia Pacific
26. World Trade Organisation

ACRONYMS

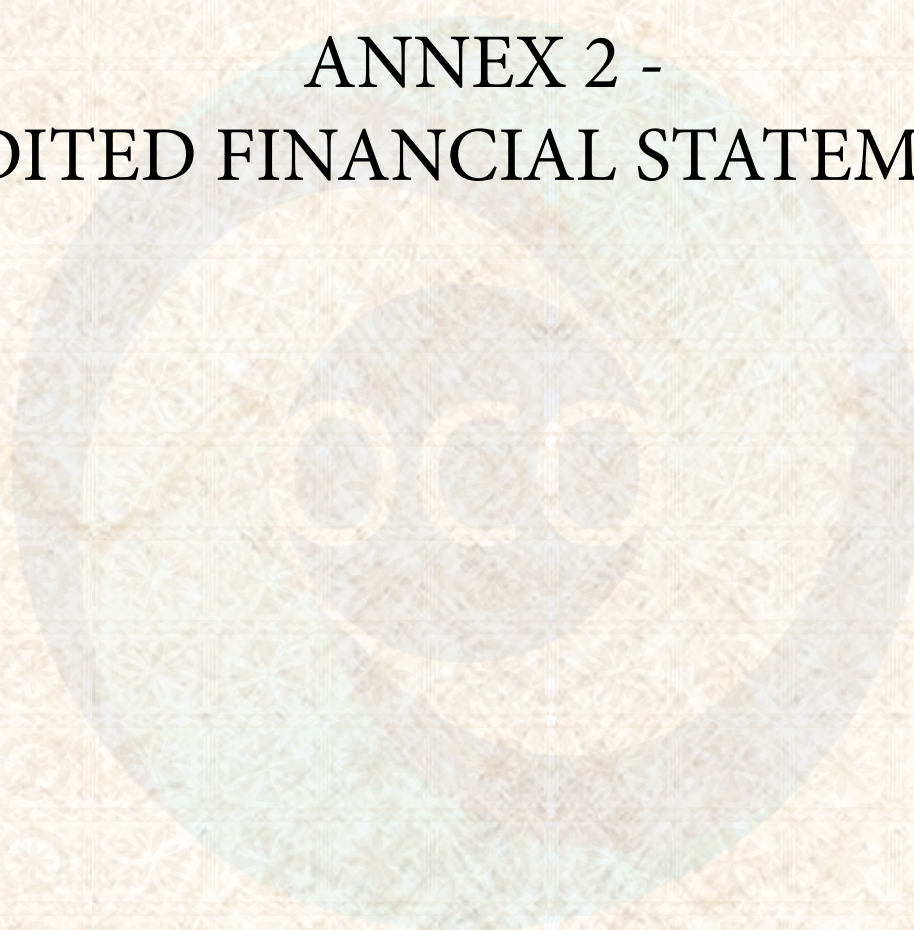
AFP	Australian Federal Police
APAN	All Partners Access Network
APG	Asia Pacific Group on Money Laundering
AUSTRAC	Australian Transaction Reports and Analysis Centre
CENCom	Customs Enforcement Network Communications
CITES	Convention on International Trade in Endangered Species
CSS	Customer Satisfaction Survey
DIBP	Australian Department of Immigration and Border Security
ESCAP	United Nations Economic and Social Commission for Asia and the Pacific
EDF	European Development Fund
EPA	Economic Partnership Agreement
EU	European Union
FRCS	Fiji Revenue & Customs Service
FRSC	Forum Regional Security Committee
FSM	Federated States of Micronesia
HS	Harmonized System
HOS	Head of Secretariat
ICT	Information Communications Technology
IMF	International Monetary Fund
IT	Information Technology
MDA	Maritime Domain Awareness
MOU	Memorandum of Understanding
NSA	Non State Actors
NZCS	New Zealand Customs Service
OCO	Oceania Customs Organisation
OCTA	Office of the Chief Trade Adviser
PACER	The Pacific Agreement on Closer Economic Relations
PCMP	Pacific Customs Management Programme
PFTAC	Pacific Financial Technical Assistance Centre
PICP	Pacific Islands Chiefs of Police
PIDC	Pacific Immigration Directors Conference
PIFS	Pacific Islands Forum Secretariat
PNGCS	Papua New Guinea Customs Service
PTCCC	Pacific Transnational Crime Coordination Center
PTCN	Pacific Transnational Crime Network
RMI	Republic of Marshall Islands
RKC	Revised Kyoto Convention
SICED	Solomon Islands Customs & Excise Department
SW	Single Window
TCU	Transnational Crime Unit
TFA	Trade Facilitation Agreement
TFCC	Trade Facilitation in Customs Cooperation
UNCTAD	United Nations Conference on Trade and Development
UNODC	United Nations Office on Drugs and Crime
WCO	World Customs Organisation
WHO	World Health Organisation
WTO	World Trade Organization

ANNEX 1 – CURRENT ORGANISATION STRUCTURE



□ = Filled Positions

**ANNEX 2 -
AUDITED FINANCIAL STATEMENTS**



OCEANIA CUSTOMS ORGANISATION SECRETARIAT

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

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OCEANIA CUSTOMS ORGANISATION SECRETARIAT
STATEMENT BY THE HEAD OF SECRETARIAT
FOR THE YEAR ENDED 30 JUNE 2017

In the opinion of the Head of Secretariat of Oceania Customs Organisation Secretariat:

- 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 2017;
- 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 2017;
- 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 2017;
- 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.
- f) These financial statements exclude the Trade Facilitation in Customs Corporation fund (TFCC), a European Commission funded project.

For and on behalf of the members of Oceania Customs Organisation Secretariat.

Date this 21st day of August 2017.



.....
Seve Paeniu
Head of Secretariat

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 ("OCO"), which comprise the statement of financial position as at 30 June 2017, 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. These Financial Statements exclude the Trade Facilitation in Customs Corporation fund (TFCC).

In our opinion, the financial statements present fairly, in accordance with OCO's Financial Regulations and Policies, the financial position of Oceania Customs Organisation Secretariat as at 30 June 2017 and the results, cash flows and movement in funds for the year then ended.

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 ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our other responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Organisation to comply with the financial reporting provisions of OCO's Financial Regulations and Policies. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for OCO and should not be distributed to or used by parties other than OCO.

Responsibilities of the Secretariat and Management for the Financial Statements

The Secretariat and Management are responsible for the preparation and fair presentation of the financial statements in accordance with OCO's Financial Regulations and Policies and for such internal control as the Secretariat and Management 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 Secretariat and Management 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 Secretariat and Management either intend to liquidate the organisation or to cease operations, or have no realistic alternative but to do so.

The Secretariat and Management are responsible for overseeing the organisation's financial reporting process.

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.

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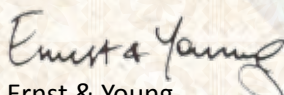
INDEPENDENT AUDITOR'S REPORT continued

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

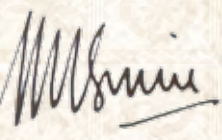
As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- 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 management and Secretariat.
- Conclude on the appropriateness of the Secretariat 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.

We communicate with the Secretariat and Management 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.



Ernst & Young
Chartered Accountants



Sikeli Tuinamuana
Partner
Suva, Fiji

21 August 2017

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OCEANIA CUSTOMS ORGANISATION SECRETARIAT
 STATEMENT OF COMPREHENSIVE INCOME AND ACCUMULATED LOSSES
 FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 \$	2016 \$
Income			
Australia grant income		1,324,813	929,181
New Zealand grant income		795,600	795,585
Members contribution		517,007	482,928
Other income	3	335,206	414,427
Reversal of European Union liability	12	-	1,232,591
Total income		2,972,626	3,854,712
Expenditure			
Depreciation		48,099	15,151
Doubtful debts		8,941	18,764
Operating expenses	4	2,981,701	2,388,752
Total expenditure		3,038,741	2,422,667
(Loss)/surplus of income over expenditure before income tax		(66,115)	1,432,045
Income tax expense		-	-
(Loss)/surplus of income over expenditure after income tax		(66,115)	1,432,045
Other comprehensive income		-	-
Total comprehensive (loss)/income for the period		(66,115)	1,432,045
Accumulated surplus/(losses) at 1 July		873,392	(558,653)
Accumulated surplus at 30 June		807,277	873,392

The accompanying notes form an integral part of this Statement of Comprehensive Income.

OCEANIA CUSTOMS ORGANISATION SECRETARIAT
 STATEMENT OF FINANCIAL POSITION
 AS AT 30 JUNE 2017

	Notes	2017 \$	2016 \$
Current assets			
Cash and cash equivalents	11	887,716	532,782
Prepayments and other receivables	5	56,584	519,234
Total current assets		<u>944,300</u>	<u>1,052,016</u>
Non-current assets			
Furniture and equipment	6	117,213	80,798
Total non-current assets		<u>117,213</u>	<u>80,798</u>
Total assets		<u>1,061,513</u>	<u>1,132,814</u>
Current liabilities			
Creditors and other payables	7	37,106	89,995
Employee benefit liability	8	68,939	25,216
Owing to related party member contributions	9	148,191	144,211
Total current liabilities		<u>254,236</u>	<u>259,422</u>
Non current liabilities			
Deferred income	10	-	-
Total non-current liabilities		<u>-</u>	<u>-</u>
Total liabilities		<u>254,236</u>	<u>259,422</u>
Net assets		<u>807,277</u>	<u>873,392</u>
Represented by:			
Accumulated Funds			
Accumulated surplus		807,277	873,392
Total accumulated surplus		<u>807,277</u>	<u>873,392</u>

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

Signed on behalf of the members.



.....
 Seve Paeniu
 Head of Secretariat

OCEANIA CUSTOMS ORGANISATION SECRETARIAT
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
Operating activities			
Receipts from donors		2,709,164	1,961,466
Receipts from members		259,851	259,851
Payments to suppliers and employees		(2,516,151)	(2,706,989)
Interest and other receipts		3,611	3,002
Net cash provided by/(used in) operating activities		<u>456,475</u>	<u>(482,670)</u>
Investing activities			
Purchase of fixed assets		(108,515)	(83,512)
Proceeds from sale of assets		2,994	-
Net cash flow (used in) investing activities		<u>(105,521)</u>	<u>(83,512)</u>
Financing activities			
Loan from related parties		3,980	15,477
Net cash flow provided by financing activities		<u>3,980</u>	<u>15,477</u>
Net increase/(decrease) in cash and cash equivalents		354,934	(550,705)
Cash and cash equivalents at 1 July		532,782	1,083,487
Cash and cash equivalents at 30 June	11	<u><u>887,716</u></u>	<u><u>532,782</u></u>

The accompanying notes form an integral part of this Statement of Cash Flows.

1. GENERAL INFORMATION

The financial statements of the Oceania Customs Organisation Secretariat ("OCO") for the year ended 30 June 2017 were authorized for issue by the Head of Secretary on the 21st of August 2017. The OCO was established in Fiji under a Memorandum of Understanding with the Government of Fiji on 15 March 2006. The principal activities of the Secretariat are detailed in note 13.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The financial statements have been prepared in accordance with OCO's Financial Regulations and Policies. The financial statements are presented in Fiji dollars.

(a) Revenue recognition

Revenue consists of subscriptions from members and grants received for donors. Revenue recognition is based on an accrual basis. Accordingly, revenue is recognized to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Other income is brought to account on an accrual basis.

(b) Grants

Grants and subscriptions are recorded as income when due.

(c) 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.

(d) Income tax

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

(e) 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:

<u>Asset depreciation</u>	<u>Rate</u>
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.

(f) 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.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES *continued*

(g) 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.

(h) 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.

(i) Bank overdrafts

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

(j) Cash and cash equivalents

Cash in the statement of financial position comprise cash at bank and on hand. For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash as defined above.

(k) Deferred income

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 deferred income and recognised as a liability.

(l) Comparatives

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

3. OTHER INCOME	2017 \$	2016 \$
Contribution in kind (FRCA)	90,240	125,500
Interest income	3,611	3,002
Other donors	210,917	145,894
Other income	-	136,631
Sale of asset	2,993	3,400
Unrealized exchange gain	27,445	-
	335,206	414,427
4. OPERATING EXPENSES	\$	\$
Advertisement	3,092	1,004
Auditor's remuneration	10,015	10,015
Annual conference	248,988	263,993
Assets - not capitalised	2,331	721
Bank charges and interest	9,153	3,831
Bad debts	4,000	7,966
Change management fees	9,036	9,074
Consultancy fee	22,334	2,200
Consultant travel	42,788	
Electricity and other occupancy costs	96,811	133,137
Entertainment	8,874	7,523
Education allowance	123,967	71,050
Insurance (motor vehicle and general)	6,370	3,119

OCEANIA CUSTOMS ORGANISATION SECRETARIAT
 NOTES TO THE FINANCIAL STATEMENTS *continued*
 FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
4. OPERATING EXPENSES <i>continued</i>		
Legal fees	-	3,969
Loss on disposal	24,000	-
Motor vehicle expenses	4,317	3,200
Other professional fees	112,251	40,013
Postage and stationery	3,172	5,948
Publicity and public relation	16,605	-
Realised exchange loss	-	4,024
Repair and maintenance	19,011	39,583
Salaries and other benefits	1,265,165	1,146,705
Software maintenance	9,288	6,328
Staff amenities	1,825	2,337
Telecommunication and facsimile	26,147	23,587
Travel and accommodation	65,598	59,993
Unrealized exchange loss	-	8,459
Work program cost	846,563	530,973
	<u>2,981,701</u>	<u>2,388,752</u>
5. PREPAYMENTS AND OTHER RECEIVABLES	\$	\$
Members contributions	31,514	269,625
Prepayments	12,176	-
	<u>43,690</u>	<u>269,625</u>
Other receivables	184,307	412,114
less: Provision for doubtful debts	(171,413)	(162,505)
	<u>12,894</u>	<u>249,609</u>
	<u>56,584</u>	<u>519,234</u>
6. FURNITURE AND EQUIPMENT	2017	2016
<u>Furniture and fittings</u>	<u>\$</u>	<u>\$</u>
<i>Cost:</i>		
At 1 July 2016	13,814	6,434
Additions	6,377	7,380
At 30 June 2017	<u>20,191</u>	<u>13,814</u>
<i>Depreciation and impairment</i>		
At 1 July 2016	6,101	5,266
Annual depreciation	2,804	835
At 30 June 2017	<u>8,905</u>	<u>6,101</u>
Net book value	<u>11,286</u>	<u>7,713</u>
<u>Office equipment</u>	<u>\$</u>	<u>\$</u>
<i>Cost:</i>		
At 1 July 2016	49,625	13,950
Additions	19,905	35,675
Disposals	(42,250)	-
At 30 June 2017	<u>27,280</u>	<u>49,625</u>
<i>Depreciation and impairment</i>		
At 1 July 2016	15,550	13,264
Annual depreciation	9,206	2,286
Disposals	(18,249)	-
At 30 June 2017	<u>6,507</u>	<u>15,550</u>
Net book value	<u>20,773</u>	<u>34,075</u>

OCEANIA CUSTOMS ORGANISATION SECRETARIAT
 NOTES TO THE FINANCIAL STATEMENTS *continued*
 FOR THE YEAR ENDED 30 JUNE 2017

6. FURNITURE AND EQUIPMENT <i>continued</i>	2017	2016
<u>IT equipment</u>	\$	\$
Cost:		
At 1 July 2016	245,126	204,669
Additions	82,233	40,457
Disposals	(74,079)	-
At 30 June 2017	<u>253,280</u>	<u>245,126</u>
<i>Depreciation and impairment</i>		
At 1 July 2016	206,116	202,204
Annual depreciation	36,089	3,912
Disposals	(74,079)	-
At 30 June 2017	<u>168,126</u>	<u>206,116</u>
Net book value	<u>85,154</u>	<u>39,010</u>
 <u>Motor vehicle</u>		
Cost:		
At 1 July 2016	130,979	130,979
Disposals	(3,592)	-
At 30 June 2017	<u>127,387</u>	<u>130,979</u>
<i>Depreciation and impairment</i>		
At 1 July 2016	130,979	122,861
Annual depreciation	-	8,118
Disposals	(3,592)	-
At 30 June 2017	<u>127,387</u>	<u>130,979</u>
Net book value	<u>-</u>	<u>-</u>
 Net book value as at 30 June 2017	<u>117,213</u>	<u>80,798</u>
 7. TRADE CREDITORS AND OTHER PAYABLES	\$	\$
Entertainment	486	-
Travel and per diem costs	3,530	58,493
Staff utilities	639	477
Office overhead	8,338	12,811
Audit and professional fees	12,778	10,015
PAYE and superannuation	11,335	8,199
	<u>37,106</u>	<u>89,995</u>
 8. EMPLOYEE ENTITLEMENTS	\$	\$
Annual leave entitlements	<u>68,939</u>	<u>25,216</u>
 9. OWING TO RELATED PARTY	\$	\$
<u>Net amounts owing to related party</u>		
Expenses for Core paid by project	<u>148,191</u>	<u>144,211</u>
 10. DEFERRED INCOME	\$	\$
Balance at 1 July	-	397,800
Less: grant utilised during the year	-	(397,800)
Balance at 30 June	<u>-</u>	<u>-</u>

	2017	2016
11. CASH AND CASH EQUIVALENTS	\$	\$
Cash at bank	887,716	532,782

12. COMMITMENTS AND CONTINGENT LIABILITIES

- a) Capital expenditure commitments at balance date amounted to nil (2016: nil).
- b) Contingent liabilities at balance date amounted to \$1,232,591 (2016: \$1,232,591).

On 14 May 2015 Pacific Islands Forum Secretariat (PIFS) advised the Head of Secretariat that an audit of Trade Facilitation in Customs Corporation project (TFCC) 2013 expenses concluded that €502,404 as ineligible. The total ineligible expense was converted to Fijian dollars using conversion rates existing at year end. No foreign currency gain or loss was taken up in the accounts. The total amount owing was payable to the European Commission (EC) by 31 August 2015. TFCC expenses are not included in these financial statements but the OCO is responsible for TFCC expenses that are deemed ineligible by the European Commission.

On 22 December 2015, addendum No 3 was signed whereby the project life was extended to 31 December 2016. The Secretariat and PIFS agreed a detailed work plan of €851,413 in March 2016, which was fully funded by the Secretariat and included activities to successfully conclude the TFCC project and address the ineligible expenditures. Total audited expenditure up to 31 December 2016 under this work plan was €794,483. Furthermore, the EC agreed that further action on recovery of ineligible expenditure under the project would be deferred until a final assessment was made of project expenditure following project completion. This final expenditure assessment commenced in July 2017 and is expected to be concluded latest by September 2017. The Secretariat has recorded a contingent liability to recognise potential amounts that could be classified as ineligible expenditure under the TFCC project.

13. PRINCIPAL ACTIVITY

The OCO 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.

14. SECRETARIAT DETAILS

Registered office

84 Harris Road
 Suva
 Fiji

Number of employees

As at balance date, 7 full time employees were employed by the Secretariat (2016: 7 employees).

15. SUBSEQUENT EVENTS

There has not arisen in the interval between the end of the financial period 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.

16. APPROVAL OF FINANCIAL STATEMENTS

The financial statements of Oceania Customs Organisation Secretariat for the year ended 30 June 2017 were authorized for issue by the Head of Secretariat on 21st of August 2017.

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 2017

Income	2017 \$	2016 \$
Australia grant income	1,324,813	929,181
Contribution in kind (FRCS)	90,240	125,500
Interest income	3,611	3,002
Membership fee	517,007	482,928
New Zealand grant income	795,600	795,585
Other donors	210,917	145,894
Other income	-	136,631
Reversal of European Union liability	-	1,232,591
Sale of asset	2,993	3,400
Unrealized exchange gain	27,445	-
Total income	2,972,626	3,854,712
Expenditure		
Audit fee	10,015	10,015
Assets - not capitalised	2,331	721
Advertisement	3,092	1,004
Annual conference	248,988	263,993
Bank charges and interest	9,153	3,831
Bad debts	4,000	7,966
Change management fees	9,036	9,074
Consultancy fees	22,334	2,200
Consultant Travel	42,788	-
Depreciation	48,099	15,151
Doubtful debts	8,941	18,764
Entertainment	8,874	7,523
Education allowance	123,967	71,050
Insurance (motor vehicle and general)	6,370	3,119
Legal fees	-	3,969
Loss on disposal	24,000	-
Motor vehicle expenses	4,317	3,200
Occupancy costs	96,811	133,137
Other professional fees	112,251	40,013
Postage and stationery	3,172	5,948
Publicity and public relation	16,605	-
Repair and maintenance	19,011	39,583
Realised exchange loss	-	4,024
Staff amenities	1,825	2,337
Software maintenance	9,288	6,328
Salaries and other benefits	1,265,165	1,146,705
Travel and accommodation	65,598	59,993
Telecommunication	26,147	23,587
Unrealized exchange loss	-	8,459
Work program cost	846,563	530,973
Total expenditure	3,038,741	2,422,667
(Loss)/surplus for the year	(66,115)	1,432,045

The Detailed Comprehensive Income Statement is to be read in conjunction with the disclaimer on page 40.

VARIETY OF PICTURES



OCO-KCS participants who attended the workshop on the Implementation of the WTO Trade Facilitation Agreement at a Korean Culture Show in June 2017



OCO Members and Stakeholders on their way to Funafala for a lunch picnic after the last day of the 2016 Annual Conference



WCO Secretary General Mr Kunio Mikuriya visits the OCO Office in Suva in July 2016



OCO Steering Committee members and OCO staff after the Steering Committee meeting in September 2016



Single Window participants enjoying the evening function at Tanoa Hotel in June 2016



Regional HS 2017 participants at the welcome cocktail reception at Novotel Nadi in April 2017

