

Customs modernisation – leveraging IT and delivering business benefits to the South African supply chain

by Jonathan Sims CA(SA) – CoreFreight Systems (Pty) Limited



“ Evaluate your IT solution alternatives, confirm that the technology you employ is not outdated or the functionality less than optimal. ”

The recent announcement by the South African Revenue Service (SARS) of the Customs Modernisation initiative indicates their intent to transform the organisation into a world-class Customs agency. It also provides an illustration of the use of IT to improve service delivery. The objectives of the programme include the following:

- Implementation of preferred trader status for qualifying parties**
 These traders will receive benefits in accordance with their standing with SARS. Those with appropriate systems, procedures and compliant performance history should enjoy preferential service and support from SARS in the conduct of their business.
- Improved declaration data and supporting submission mechanism**
 EDI systems are being upgraded to accommodate new declaration requirements and facilitate any further validation of items identified by the risk engine for investigation via the electronic submission of supporting documents. A consequence of this is the increasing enforcement by Customs of mandatory electronic communication between themselves and other parties associated with the process.
- Risk-based customs assessment**
 Declarations representing the highest risk based on the automated application of defined criteria will be targeted for attention by the Customs officials, providing greater integrity in the clearing process.
- Centralised Customs capabilities**
 Customs has identified activities that can be conducted on a centralised basis, optimising the allocation of scarce resource and creating centres of excellence which should deliver consistent expert service which is not available under the current decentralised model in place.

All of the above are designed to contribute to improved efficiencies in the supply chain for South African imports and exports, facilitating trade for the benefit of compliant parties. None of the above could be achieved in a cost-effective manner using the existing technology in place and

accordingly SARS have embarked on a major upgrade of their IT systems. They report that the current 37 diverse systems in operation will be replaced by an integrated solution to standardise the processing and validation of Customs declarations.

IT upgrade a critical prerequisite to modernisation

While the Modernisation program is not limited to an upgrade of information technology this was clearly a critical prerequisite to the delivery of the business benefits SARS wished to achieve. This reinforces the assertion that IT makes a difference – modern systems have the potential to provide huge benefit, just as outdated technology will inhibit efficiency.

Collaboration with third party service providers essential component

A secondary aspect to note relates to the process adopted by SARS in the roll-out of the initiative. This is the acknowledgement that collaboration with other relevant service providers in the chain is essential to the success of the project, and the ongoing function of the system. SARS officials have actively engaged with representatives of these organisations and collectively determined mutually acceptable solutions where required.

Sometimes change is mandatory

The Modernisation of Customs no doubt comes at not insignificant cost and discomfort, not only to those responsible for the implementation within SARS but for all those externally who need to adapt to the change. Notwithstanding, the future benefits which should be derived both at the National level and by the individual supply chain participants make the change mandatory, with the associated modernisation of their systems.

Action may be required, despite discomfort!

This is perhaps the primary lesson. If IT is integral to your business, and it is for most participants in the supply chain, you should ensure that the systems you employ will not inhibit your business future. Evaluate your IT solution alternatives, confirm that the technology you employ is not outdated or the functionality less than optimal. If it is, you should act – notwithstanding the discomfort it may cause. ♦