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CASE PROGRAM

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## The New Zealand Customs Service: recruitment, selection and integrity

**CORRUPT CUSTOMS OFFICER SENTENCED TO NINE YEARS IN PRISON** was the headline in the *New Zealand Herald* on 14 January 2004. The previous July, Tori Puata, an acting Team Leader at Auckland International Airport, had admitted helping a drug syndicate smuggle hundreds of thousands of dollars' worth of crystal methamphetamine into New Zealand. Targeted by an organised crime syndicate, Puata had provided insider knowledge of Customs profiling techniques, and had personally facilitated drugs through Auckland Airport.

For Customs' Manager Drugs Investigations, Simon Williamson, not only had Puata betrayed his own community by helping to smuggle Class A drugs into the country, but he also betrayed all Customs Officers by abusing his power and abandoning his duty to protect the border.

Puata's arrest, conviction and sentencing had focused media attention on Customs with frequent use of the phrase "Corrupt Customs Officer." For Customs, about to recruit more than 200 people nationwide including over 100 for Auckland Airport, the Puata case accentuated the need to reinforce and instil a culture of integrity. Managing risk was Customs' core business, but now managers had to handle risk within their ranks.

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## The New Zealand Customs Service: pride and tradition

Customs was New Zealand's first Government Department and was established in 1840 to collect duty and excise revenue for the Crown. Its role was later expanded to include the protection of New Zealand citizens by managing the security of the country's borders. Since 1910, the Service has proudly called its Chief Executive the Comptroller, a title derived from "controller" that describes someone who manages and/or collects revenue for the Government.<sup>1</sup> Working alongside other law enforcement agencies like the Police, Customs has particularly focused on preventing the importing of illegal drugs, objectionable material and dangerous items like firearms and offensive weapons.

Customs' effectiveness was built on the competence, skill and experience of its staff. For instance, prohibited items were often discovered through experienced staff thinking that something was suspicious about an arriving passenger or something was "wrong" with the details of a cargo entry. In 2002, nearly a million dollars worth of contraband cigarettes were found after an officer wondered why someone would import used mattresses.

Officers at the airport used profiling techniques and instinct to question and detain suspicious travellers, often resulting in the discovery of contraband. Discoveries of drugs and prohibited items on passengers and in cargo were acclaimed and became Customs folklore. Staff were committed to the values of the organisation and had pride in their work serving the community. An internal survey, conducted in April 2003, demonstrated that staff were even more committed to the organisation because of the new focus on border security brought about by the terrorist attacks of September 11 and the Bali Bombing: "Overall, the respondents placed greater importance on the work done by the Service with the increased focus on terrorism."<sup>2</sup>

Customs Officers wore their uniform with pride. The Customs uniform played an important part in conferring status and rank to operational staff. The number of gold stripes on an officer's epaulettes signified authority, a tradition linked back to when Customs' levels of authority and uniform were the same as those used by Naval ratings. A new Customs Officer would have blue epaulettes with Customs emblazoned on them and no stripe.<sup>3</sup> As officers were rated for increasing competence through performance reviews, additional stripes were added. One stripe indicated an officer who was 80 percent competent in their role, and two stripes indicated 100 percent competency.

Three stripes indicated a senior officer, or officers who were deemed to be over 110 percent competent in their roles and/or might be awarded for additional responsibility or achievement. Team Leaders and Operations Managers with no Team Leaders reporting

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<sup>1</sup> <http://dictionary.reference.com/search?q=comptroller>

*Usage Note:* In the 15<sup>th</sup> century, the word *controller* developed the alternate spelling *comptroller* as a result of an association between the first part of the word, *cont*, and the etymologically unrelated word *count* and its variant *compt*.

<sup>2</sup> NZCS, Job Satisfaction & Psychological Wellbeing Survey No. 3, Mansell & Brough, April 2003, Wellington, pg 14.

<sup>3</sup> NZCS Standard of Dress Procedures, April 2004

to them attained four stripes. Only Operations Managers with Team Leaders reporting to them wore a special epaulette with a wide stripe and crossed Taiahas.<sup>4</sup>

## Staff

In 1997 a modernisation programme, including organisational restructuring and downsizing from 1100 to 800 staff, accompanied the implementation of what would become a world-renowned electronic Customs system. Named CusMod, this system screened all cargo entering and departing New Zealand shores, and was the database for profiling, intelligence and investigative information. Passenger movements and details were also recorded on this database.

After a slight increase in capability between 1997 and 2003, as at January 2004 there were more than 1000 Customs staff nationwide. However, the demographic had some worrying trends. The average age was 40, with 59 percent of staff aged between 35 and 55. The average tenure for these older staff was 13.7 years.<sup>5</sup> In contrast, Customs had difficulty retaining workers under 25 who tended to enter jobs at the operational level and leave within two years.<sup>6</sup> Sixty percent of staff was male and the Service had problems attracting women to, and retaining them in, management positions.<sup>7</sup> Although the Service had modernised with the introduction of its new database these demographics show an ageing, predominantly male workforce, which had trouble keeping younger people. The loss of institutional knowledge and experience would soon become a problem if new staff did not remain for a substantial time within the Service.

In July 2002, the Service increased staff pay levels to the public sector median pay rates.<sup>8</sup> However, many traditional benefits, like travel allowances, some shift allowances and retiring leave were exchanged for increased wages. The new contract also introduced a system of “banding”<sup>9</sup> which sought to rationalise the pay and bonuses to make it transparent and standardise the performance review policy and procedures. This meant that based on function, authority and influence every role was placed in a band from A to L. For instance, operational Customs Officer roles were near the bottom of the scale in H band and their tier three managers at the top in A band. However, even after the July 2002 wage increases, the Service did not offer exceptional remuneration and still had some difficulty attracting high quality applicants.

Overall, the 2003-04 turnover rate for the Service was the same as the public sector average of approximately 11 percent. However, this average is a combination of both full and part time staff. The turnover rate for part time staff was much higher.

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<sup>4</sup> A two handed Maori fighting weapon that can be employed in a number of offensive and defensive fighting forms.

<http://www.tu.co.nz/taiaha.htm>.

<sup>5</sup> NZCS Employee Turnover And Movement Reports: For the Quarter 1 October 2003 to 31 December 2003: Exhibit 1

<sup>6</sup> Ibid

<sup>7</sup> NZCS Six Monthly EEO Report for Period Ending 30 September 2003: Exhibit 2

<sup>8</sup> NZCS, Funding For Customs Service Capability Needs Business Case, 2002.

<sup>9</sup> Hay Banding. A system where positions are ranked. Senior, more influential positions are banded higher with more junior roles beneath. For instance, a Level 3 manager is Band A, a Team Leader at Inspections Base is Band F and the majority of Customs Officers in Band H. Salaries are commensurate with position banding.

The part time positions were a large group of Primary Processing Officers (PPOs), who were employed to immigrate and check passengers as they arrive into New Zealand. PPOs' pay levels were low in comparison to other Customs positions. The roles often involved working split shifts, at odd hours of the day, to meet international flights. The majority of PPOs were employed at Auckland International Airport in Mangere. The population demographic in this area was mainly lower socio-economic and predominantly Maori and Pacific Island.

PPOs could apply for full time work as Customs Officers as positions became available. Those who wished to progress within the Service had moved into Customs Officer positions, initially in the Air and Marine and Goods Management business units. However, the full-time workforce demographic did not reflect the high percentage of Maori and Pacific Island employees in the PPO work group.

### **Tori Puata's arrest**

In July 2003, Tori Puata was detained as he entered Auckland Airport, disembarking from a flight from Australia. Puata had joined Customs in 2000 as a part time PPO and at the end of that year had applied, and been accepted, for employment as a Customs Officer. At the same time as his offending started, Puata had been promoted to Acting Team Leader, and was running a small team of officers on shift at Auckland Airport.

At the airport, Team Leader Drugs Investigations, Mark Day asked Puata if he knew why he was being questioned. He answered yes, and with little prompting admitted that in the previous few months he had helped a drug syndicate smuggle crystal methamphetamine into New Zealand on three occasions, and had carried drugs himself through the arrivals hall of Auckland International Airport. Before his trial in November 2003, Puata was dismissed from Customs for having breached the Service's Code of Conduct.

It was Puata's sentencing that dominated the headlines again in January 2004. The story appeared in mid-January in the *Dominion Post*, *Christchurch Press*, *Otago Daily Times* and *New Zealand Herald*. The sentencing was covered by TV One and 3 News and was the opening story on each programme.<sup>10</sup> Each news item stressed how Puata had betrayed his position of trust as a public servant but also focused on his remorse over his actions.

Presenter, One News: "Tori Puata was a Customs Officer when he began helping drug couriers bring methamphetamine into New Zealand. He made an emotional plea to a judge today voicing his extreme remorse but his crime was described as corruption at the highest level."

Customs staff watched in shock at the seemingly endless media coverage generated by Puata's sentencing. Papers with headlines of corruption were examined in detail throughout the Service. The then Comptroller, Robin Dare, sent out a message on the day of the sentencing commending the internal investigation and the conduct of officers during the heightened media scrutiny brought about by Puata's trial.

Dare acknowledged the betrayal of the Customs "family" by writing

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<sup>10</sup> TV One 6pm -One News, 14 January 2004, Opening story.

“In some ways the sentencing today brings closure to all those who have felt personally betrayed by Puata’s actions.”<sup>11</sup>

## **Betraying the Customs family**

Allen Bruford, National Manager Goods Management, believed Customs had a strong sense of family and felt that Puata's betrayal cut to the very core of the Service. Long-serving officers who started as cadets in the 70s, 80s and 90s, explained Bruford,

created the sense of family because

“Customs work took them away from their homes and they lived and breathed together. You spent more time away with your work colleagues than you did at home with your family. So they knew each other's lives, they knew each other's children and that sort of thing.”

These long-serving Customs Officers had become team leaders and operations managers and were influential in what Bruford termed “norming the behaviours of the organisation.” For Bruford, belonging to the Customs family “happens in spite of us” and

“I don't know if that's something you can alter, add to or take away from. It’s an all-pervasive thing and while that generation of the 70s and 80s remains on the payroll, I think you'll find that the culture will remain.”

Simon Williamson, Manager Drugs Investigations and the Customs manager in charge of the enquiry, demonstrates these family values in his strong reactions to Puata. For Williamson, Puata’s betrayal of the Customs family was deplorable because

"He betrayed everything. He betrayed us all. He betrayed most importantly, the people of this country who paid his wages and that is pretty, in my view, despicable. He betrayed the public’s trust in him as a public servant... to line his pockets with gold. You don’t get worse than that. It’s like a child rapist. You don’t get worse. So hang him up. He’s doing his time."

For Mark Day, the Senior Investigator who initially detained Puata, the event was one of the hardest he had to deal with in his 23-year career at Customs because it involved a member of his own Customs family. As the investigation was internal, activity leading up to Puata’s arrest had been kept from other drugs investigators and airport officers who worked with him. Day decided to detain Puata himself rather than delegate it to his staff because of the emotion and sensitivities around questioning one of their own. He went to Auckland Airport and waited for Puata to disembark from his late night flight from Australia. As they sat in the Airport Police interview room, Day realised how damaging this would be for Puata:

"He was crying. I was really near tears. Watching a young person break down. And seeing one of your mates, your work colleagues crying in front of you and you know he's in the trough of life. The time I was in that room was one of the most significant things that ever happened to me."

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<sup>11</sup> NZCS Intranet; Message from the Comptroller, January 2004.

Although the sense of family at Customs worked to create a close-knit culture, there were potential pitfalls. Bruford explained that although the sense of family was good, a downside was

“...that you have to be very careful that loyalty does not outweigh acting in the best interests of the organisation and the other people you work with. I think we are a little bit slow from time to time to respond to behaviours and activities that we wouldn't consider to be acceptable. Because it's part of the family we don't respond to it as quickly as we could.”

According to Simon Williamson, being part of the Customs family means you never hang up your Customs hat when you go home at 5 o'clock. As a case in point, he outlined additional problems with Customs staff who tried to support Puata after he was arrested. He believed that there was conflict between the undivided loyalties some officers felt for Puata and the values involved in being a Customs Officer. For Williamson, Puata did not return their loyalty:

“They had been betrayed. Because, don't forget, this was an internal conspiracy involving a serving Customs Officer to import into New Zealand large amounts of controlled drugs. Who's to say there weren't others involved. Individuals went to visit him consequent to his arrest and they knew he had been arrested on drug trafficking charges. They merely put themselves in the spotlight as being potentially part of that greater conspiracy. They needed, frankly, their heads read. You can't have it both ways.”

Mark Day concurred with Williamson to a point. He said, of Puata's colleagues:

“Different people were affected, and it still affects people. He had support from colleagues. He had strong support from Maori officers at the airport. I understand that because that's the staunch way that Maoris give in their culture. Just dig in. One of our Indians is injured, I'll go and lie next to him and look after him.”

But ultimately for Day, part-Maori himself: “We are employed as Customs Officers.... you have to be able to make that distinction. It's really difficult. It's easier to say than do.”

As Puata's investigating officer, Day felt conflicted watching a member of his work family be arrested:

“Tori Puata the Customs Officer, I absolutely hate with disdain. Tori Puata the person is not a bad guy. He gave me an honest answer to release himself. There were two people in my mind.”

Williamson and Day had a vested interest in the recruitment and selection of staff into the Service because the best of the Goods Management and Air and Marine staff would be recruited to work in the prestigious Investigations unit.

In addition to being responsible for internal investigations like that into Puata, Investigations staff also provided education on integrity to the rest of the Service.

Williamson had used Puata as a case to demonstrate risk management methodologies to developing team leaders and managers. Part of his presentation was a summary of

“common traits” of customs officers who have been employed by organised crime syndicates. They were

- living beyond their means
- a high level of indebtedness
- from a lower socio-economic background; and
- initially employed under a Primary Processing Officer programme.

These common traits were identified through an evaluation of another Customs Officer, Phil Nua, who was arrested in 2000 for aiding an organised crime syndicate with the importation of vehicles, in return for a share of the profits. On Puata and Nua, Williamson said there were striking similarities in their behaviours and situations in that both were motivated by money as they had high levels of debt. They were targeted and recruited by organised crime because they had knowledge of Customs’ processing procedures and used this knowledge to get around the system.

### **Recruitment and selection**

Williamson’s profile highlighted the integrity risks of hiring new staff as PPOs because of the part-time nature of the role and Auckland Airport’s workforce demographic. He also felt that rapidly employing large numbers of new staff posed a heightened integrity risk to the Service.

However, five years on from downsizing, Customs had to increase its capability in response to the terrorist attacks of 11 September, 2001, and subsequent terrorist activity across the world. New Zealand Customs signed international agreements to increase world trade and travel security and within this context, in 2002-3, the Government provided nearly \$40 million funding for x-ray technology and staff to secure export trade to the United States. Approximately 100 new positions were created in Goods Management to hire officers to staff the x-ray machinery at ports nationwide. The new positions included 60 entry-level Customs Officers, Bomb Detector Dog Handlers, Team Leaders and Operations Managers. Further funding was received in late 2003 to increase airport and coastal capability in the Air and Marine business unit, which would result in over 100 entry-level officers starting work, mainly at Auckland International Airport, in December 2004.

In Goods Management, this 45 percent increase in staff would result in over 100 external staff starting work with the Service, mostly as Customs Officers. In planning for this major recruitment, the business unit’s management team was keen to employ young people. They wished to inject some life and a “young culture” into Customs’ ageing workforce. Until the mid 1980s young people were employed in Customs under a cadet scheme where they would spend the first two to three years of work under probation, with no permanent contract while they learnt all aspects of Customs operations. In contrast, the 2004 recruits would be employed as Customs Officers under normal contracts. Young officers who started with Customs would first be trained in their statutory powers and then, supervised, would be able to exercise those powers.

As National Manager, Allen Bruford was keen to bring on young recruits for Goods Management. He believed that young recruits were needed to increase productivity through the injection of vigour and enthusiasm, and to enable older officers to transfer vital Customs knowledge. Further, he said,

“I think that we are in danger of losing touch with the wider community in terms of younger people and how they are going to become the mainstream of New Zealand in the next decade. If you can't relate to the people you're dealing with you can't make good sound judgements about what may be acceptable norms or otherwise as you go forward. So it's critical.”

## **Recruitment processes**

As Puata awaited sentencing in January 2004, the recruitment process for the major intake of new Customs officers began in earnest. Customs uniformed representatives attended school careers expos, and information about careers in the Service was sent to schools. Advertisements ran in all major newspapers and employment websites. When applications closed at the end of the month, over 2200 applications had been received for 60 Customs Officer positions nationwide.

The recruitment process for what was termed the “class of 2004” was changed to deal with the increased numbers, and new procedures were instigated to try and mitigate some of the risks around employing new staff. The procedures included recruitment in groups, rather than single appointments. A start date for each group intake was designated for each Customs port. Every new employee was obliged to start on this allocated day in order to be part of the new intake and to begin the core four-week classroom induction and training. This was designed to create an esprit de corps within teams and supported the creation of family values ubiquitous to Customs.

An orientation day was added to the usual shortlist and interview process. The orientation day provided an opportunity for candidates to view Goods Management staff at work checking cargo in containers for prohibited items, working x-ray machinery and drug and bomb detector dogs. It also allowed the Operations Manager at every port to address the potential recruits and highlight the integrity of the Service, especially in terms of the Police and Customs security checks that would need to be clear before a candidate could work for the Service. From this day, candidates were selected for interview. After interview, candidates were given a medical test, reference-checked and Police and Customs security checks were undertaken.

Procedures were strict. If a candidate could not make the orientation day or the designated start date, they went no further in the process. The onus was on the candidates to ensure they attended each part of the recruitment process. The process was dominated by adherence to procedures and strict rules designed to demonstrate Customs culture from the outset.

After this recruitment process, in March 2004 30 new Customs Officers would begin work in Auckland in Goods Management, and another 30 would start at Customs ports around the country.

## **Integrity training**

The values and behaviours associated with integrity as a public servant, especially in a law enforcement agency, were always made clear from an employee's first day. When staff joined the Service they would be asked to read and sign the Code of Conduct. Their manager would advise them that even in their personal lives, they were still



Customs Officers and would need to practice the high level of integrity required of an officer. The example most used as a warning for new staff is attendance at a party where drugs were available. If, for instance, officers attended a party where there were drugs and were themselves somehow connected to drug users at the party, they would come under scrutiny and could lose their jobs. Conflicts of interest like association with gangs would also have to be notified to managers.

On the first day of an induction course, new officers were taken through a 90-minute integrity workshop using information from the Public Sector integrity framework. This covered issues such as confidentiality, conflicts of interest and the rules and behaviours expected of an exemplary officer. In the 2004 intake induction courses, it was planned to detail and discuss the Code of Conduct before staff acknowledged their understanding by signing it. Periodically over the past five years, mandatory integrity workshops had been held to refresh existing staff. Discussions were encouraged around issues such as receiving gifts from international agencies and conflicts of interest over importing and exporting goods, down to the minutiae of using the photocopier to copy something for personal use.

Investigations Managers watched with interest as Goods Management and Air and Marine began to recruit new people into Customs. For Investigations Managers like Williamson, integrity was a fundamental trait of a person and should be integral to the recruitment and selection process. Although training could teach the behaviours required, acting with integrity meant staff had to accept they were Customs Officers every minute of the day. There were no shades of grey. Reflecting on Puata's actions, Williamson noted,

"I think we'd be naïve if we think we were not going to see repeats of this sort of behaviour. When you're talking millions of dollars worth in the drug world, there's an incentive for organised crime to make sure that it can get those shipments through. They're going to try and infiltrate any law enforcement agency and pay individuals within that agency for information that will help them to facilitate imports."

Puata, who couldn't resist the incentives of an organised crime syndicate, was doing his time. He will serve a maximum of 14 years. It would have been life, if he had been sentenced after 30 May 2004, when the drug was reclassified as "A".

Day believes Puata was a passive and friendly person who happened to be in the right job. At the Auckland Central Police Station, Day recalled,

"Tori said to me at the end, I'm glad you got me. I didn't know how to get out."

The expanded recruitment and selection processes were designed to ensure the best people were brought into Customs. These results would not be known for some time. As staff joined the organisation, Customs management continued to pass on the values of integrity and honesty and attempted to maintain a culture where corruption will not occur. In today's environment and culture, with today's pressures, would that be enough?

## Exhibit 1

### EMPLOYEE TURNOVER AND MOVEMENT REPORTS

For the Quarter 1 October 2003 to 31 December 2003

**Table 5.1** Turnover by Length of Service for the period 1 October 2003 to 31 December 2003.

	Average Head count	Exits				Turnover 1 Oct 2003 to 31 Dec 2003	Annual Turnover*
		Operational	PPOs	Support	Total		
under 2 yrs	238	4	3	3	10	4.2%	18.5%
2-5 yrs	191	0	1	1	2	1.0%	9.5%
5-10 yrs	102	1	0	0	1	1.0%	5.9%
10-20 yrs	87	0	0	0	0	0.0%	1.1%
Over 20 yrs	322	1	0	1	2	0.6%	2.5%

\* Based on figures from 1 January 2003 to 31 December 2003

**Table 2.1** Turnover by Occupational Group for the period 1 October 2003 to 31 December 2003.

	Operational	PPOs	Support	TOTAL
Resignations	5	4	5	14
Retirements	1	0	0	1
Deaths				
Dismissals				
Severances				
Training Not Passed				
Absent Without Authority				
TOTAL	6	4	5	15
Headcount 1 October 2003	638	103	178	919
Headcount 31 December 2003	684	95	181	960
Average Headcount	661	99	180	940
Turnover 1 October 2003 to 31 December 2003	0.9%	4.0%	2.8%	1.6%
Annualised	3.6%	16.2%	11.1%	6.4%

## Exhibit 2

### Six Monthly EEO Report for Period Ending 30 September 2003

#### Gender Ratios for Level Four Managers

- 3.11.1 The overall ratio of women team leaders, equated to 18% in the September 2002 after falling from 19% in March 2002. Since then it has continued to decline and the ratio of female L4 Managers was recorded at 16.5% at the end of September 2003.
- 3.11.2 A comparison of Operational Business Groups (where the majority of L4 managers are employed) shows the ratio of women in L4 roles in March and September 2002 to be as follows:

Bus. Group	Mar 2002	Sept 2002	Mar 2003	Sept 2003	Trend
Air & Marine	21%	24%	17%	15%	-
Goods Management	10%	14%	15%	17%	+
Intelligence	40%	40%	17%	17%	-
Investigations	0%	0%	0%	0%	NC