

Head 31 — CUSTOMS AND EXCISE DEPARTMENT

Controlling officer: the Commissioner of Customs and Excise will account for expenditure under this Head.

Estimate 2003–04	\$2,026.0m
Establishment ceiling 2003–04 (notional annual mid-point salary value) representing an estimated 5 114 non-directorate posts as at 31 March 2003 reducing by 74 posts to 5 040 posts as at 31 March 2004.....	\$1,497.2m
In addition there will be an estimated nine directorate posts as at 31 March 2003 and as at 31 March 2004.	
Capital Account commitment balance	\$96.1m

Controlling Officer's Report

Programmes

Programme (1) Control and Enforcement	This programme contributes to Policy Area 6: Commerce and Industry (Secretary for Commerce, Industry and Technology), Policy Area 9: Internal Security (Secretary for Security) and Policy Area 25: Revenue Collection and Financial Control (Secretary for Financial Services and the Treasury).
Programme (2) Anti-narcotics Investigation	This programme contributes to Policy Area 9: Internal Security (Secretary for Security).
Programme (3) Intellectual Property Rights and Consumer Protection	This programme contributes to Policy Area 4: Posts, Power, Competition Policy and Consumer Protection (Secretary for Economic Development and Labour) and Policy Area 6: Commerce and Industry (Secretary for Commerce, Industry and Technology).
Programme (4) Revenue Protection and Collection	This programme contributes to Policy Area 25: Revenue Collection and Financial Control (Secretary for Financial Services and the Treasury).
Programme (5) Trade Controls	This programme contributes to Policy Area 6: Commerce and Industry (Secretary for Commerce, Industry and Technology).

Detail

Programme (1): Control and Enforcement

	2001–02 (Actual)	2002–03 (Approved)	2002–03 (Revised)	2003–04 (Estimate)
Financial provision (\$m)	1,078.6	1,203.6 (+11.6%)	1,141.3 (–5.2%)	1,226.2 (+7.4%)

Aim

2 The aim is to prevent and detect the smuggling of contraband, including narcotics, firearms, strategic goods, dutiable commodities, articles which infringe copyright or trade descriptions, and any other articles the importation or exportation of which is prohibited by law, through action at control points and through regular land and maritime patrols within the territory of Hong Kong.

Brief Description

3 The department is the primary agency responsible for the suppression of smuggling activities and is an integral member of the Joint Police/Customs Anti-smuggling Task Force which was formed to combat smuggling activities at sea. The department also acts as the front-line agency to prevent importation and exportation of any articles which are prohibited by law concerning security, public health and environmental protection or in fulfilling international obligations. The enforcement work includes:

- monitoring both the import and export of goods and the licensing of the movement of prohibited and prescribed articles;
- conducting primary checks on passengers, crew, cargoes, postal parcels, aircraft, vessels and vehicles, and secondary examination of those considered high risk, in order to detect contraband, controlled items and other violations of the law;

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- conducting regular maritime and land patrols within Hong Kong's territorial boundaries to detect and suppress violations of customs law and other illegal activities;
- strengthening intelligence support to anti-smuggling enforcement actions by establishing the Intelligence Bureau in July 2002; and
- inspecting and verifying licences and manifests in order to control the import and export of prohibited articles and the carriage of prescribed articles.

4 The performance targets for 2002 were generally achieved.

5 In addition to the deterrent effect of preventive action, the results of which cannot be quantified, the other key performance measures are:

Targets

	Target	2001 (Actual)	2002 (Actual)#	2003 (Plan)
% of licences for prescribed articles to be issued within 14 working hours upon receipt of applications	100	100	100	100
% of detained sea cargo to be cleared within 5 working days from date of request	100	100	100	100
% of detained air cargo to be cleared within 80 minutes from time of request..	100	100	100	100
% of passengers to be cleared within 15 minutes upon queuing up for Customs clearance (except those selected for further examination)	100	100	100	100
% of vehicles crossing the land boundary to be cleared within 60 seconds (except those selected for secondary examination)	100	99.9	99.9	100

Figures for 2002 are based on 11 months' actual performance projected to full-year and are subject to adjustment.

Indicators

	2001 (Actual)	2002 (Actual)#	2003 (Estimate)
carriage and import and export licences issued	19 769	30 568§	30 570
seizures (no. of cases)	21 407†	20 750	N.A.@
value of seizures (\$m)			
dutiable commodities	29.6†	29.9	N.A.@
vehicles	7.7†	4.9	N.A.@
speedboats/small craft	9.2†	4.3	N.A.@
prescribed articles	4.9†	8.2	N.A.@
prohibited articles	168.2†	123.0	N.A.@
others (dangerous goods, agricultural pesticides, reserved commodities, endangered species, etc.)	101.5†	98.2	N.A.@

Figures for 2002 are based on 11 months' actual performance projected to full-year and are subject to adjustment.

§ The increase is mainly due to the greater demand for left-hand drive vehicles.

† Figure has been updated after the preparation of the 2002–03 Estimates.

@ Not possible to estimate.

Matters Requiring Special Attention in 2003–04

6 During 2003–04, the department will:

- continue to take proactive action against smuggling through intelligence-led operations;
- continue enforcement action against the illegal distribution, storage and sale of dutiable commodities within Hong Kong;
- acquire two sets of mobile x-ray vehicle scanning system to enhance the detection capability on cargo and human smuggling activities at Kwai Chung Container Terminals;

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- establish a new Ports and Maritime Command by combining the Ship Search and Cargo Command and the Marine Enforcement Division of the Marine and Land Enforcement Command for full functional alignment and strengthening anti-smuggling capability at sea;
- set up an explosive detector dog team to strengthen detection of explosives smuggling at customs control points;
- continue the use of intelligence and risk management in operations upon the establishment of the Intelligence and Investigation Branch; and
- implement a pilot Container Security Initiative scheme in Hong Kong to enhance the security of the maritime trading system.

Programme (2): Anti-narcotics Investigation

	2001-02 (Actual)	2002-03 (Approved)	2002-03 (Revised)	2003-04 (Estimate)
Financial provision (\$m)	139.1	141.9 (+2.0%)	143.5 (+1.1%)	134.8 (-6.1%)

Aim

7 The aim is to suppress illicit trafficking in and abuse of dangerous drugs, to combat money laundering and to prevent diversion of controlled chemicals for the illicit manufacture of dangerous drugs.

Brief Description

8 The department is responsible for investigating and detecting the illegal import, export, manufacture and distribution, as well as the abuse of dangerous drugs. It conducts financial investigations to trace the assets of drug traffickers and initiates confiscation proceedings in respect of drug-related assets. It also exercises licensing control on the import, export and transshipment of controlled chemicals and conducts investigations to prevent and detect their illicit diversion.

9 The department co-operates with customs administrations and other law enforcement agencies outside Hong Kong to combat international drug trafficking and money laundering, and to prevent diversion of controlled chemicals. This work includes:

- surveillance, investigations and operations to combat organised drug syndicates and individual drug offenders;
- identification and confiscation of drug-related assets derived from offences committed in or outside Hong Kong;
- liaison and co-operation with drug enforcement agencies and other competent authorities in or outside Hong Kong in the suppression of international drug trafficking and illicit diversion of controlled chemicals; and
- collection, collation and exchange of intelligence with law enforcement agencies in or outside Hong Kong.

10 2002 was another successful year for the department in anti-narcotics work.

11 The key performance measures are:

Targets

	Target	2001 (Actual)	2002 (Actual)#	2003 (Plan)
% of authorisation for import/export of chemicals (as listed in Schedule 1 or 2 of the Control of Chemicals Ordinance) to be issued within 10 working days upon receipt of applications	100	100†	100	100
% of authorisation for export of any chemicals listed in Schedule 3 of the Control of Chemicals Ordinance to any country specified in the same Schedule to be issued within 10 working days upon receipt of applications	100	99.3†	100	100
% of approval for storing/keeping any chemicals listed in Schedule 1 or 2 of the Control of Chemicals Ordinance to be issued within 5 working days upon receipt of applications	100	100	100	100

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Figures for 2002 are based on 11 months' actual performance projected to full-year and are subject to adjustment.

† Figure has been updated after the preparation of the 2002–03 Estimates.

Indicators

	2001 (Actual)	2002 (Actual)#	2003 (Estimate)
No. of drug abusers reported to the Central Registry of Drug Abuse	18 509†	17 868‡	N.A.
Average purity of heroin (%) (indicative of availability)	48.7	40.0	N.A.@
Average retail price (\$ per g) of heroin	369.4	404.0	N.A.@
Dangerous drugs			
Seizures (no. of cases)Ω	788†	731	N.A.@
Narcotics			
Opiate (kg)	43.8†	12.1	N.A.@
Psychotropic drugs			
Cocaine (kg)	23.0†	7.6	N.A.@
Cannabis (kg)	188.4†	384.4	N.A.@
MDMA (ecstasy) (tablet)	17 823†	29 228	N.A.@
Methylamphetamine (ice) (kg)	23.3†	25.8	N.A.@
Ketamine (kg).....	45.1†	33.2	N.A.@
Dangerous drugs seized outside Hong Kong (kg) (as a result of Hong Kong Customs co-operation with overseas agencies)	59.5	364.4	N.A.@
Persons arrested outside Hong Kong (as a result of Hong Kong Customs co-operation with overseas agencies)	10	31	N.A.@
Assets of drug traffickers (\$m)			
restrained	1.42	3.14	N.A.@
confiscated.....	0.00	1.75	N.A.@
Poisons/anti-biotics			
seizures (no. of cases)Ω.....	20	33	N.A.@
seizures (kg)	0.3	12.4	N.A.@
seizures (ml)	501	25	N.A.@
seizures (tablet)	49 447	61 405	N.A.@
seizures (tube)	6	350	N.A.@

Figures for 2002, unless otherwise stated, are based on 11 months' actual performance projected to full-year and are subject to adjustment.

† Figure has been updated after the preparation of the 2002–03 Estimates.

‡ Refers to latest figure up to December 2002 from Security Bureau.

@ Not possible to estimate.

Ω Some cases are detected through action against smuggling by air, land and sea.

Matters Requiring Special Attention in 2003–04

12 During 2003–04, the department will continue to :

- take proactive action against drug trafficking at all levels through intelligence-based operations and international cooperation;
- enhance its surveillance capability with the support of high-tech equipment and communication systems;
- detect and deter the illicit diversions of controlled chemicals through investigations and an effective licensing system, participation in international tracking programmes and cooperation with overseas counterparts;
- enhance its drug detection capability through the deployment of drug detector dogs and application of advanced technology; and
- devote efforts in countering money laundering so as to trace and confiscate drug-related assets.

Programme (3): Intellectual Property Rights and Consumer Protection

	2001–02 (Actual)	2002–03 (Approved)	2002–03 (Revised)	2003–04 (Estimate)
Financial provision (\$m)	252.9	266.5 (+5.4%)	262.8 (–1.4%)	267.1 (+1.6%)

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Aim

13 The aim is to prevent and detect copyright and trade mark infringement and dealings in goods bearing false trade descriptions; to collaborate with local and overseas trade mark and copyright owners and relevant organisations as well as law enforcement agencies in order to combat trade mark counterfeiting and copyright piracy; and to enforce consumer protection legislation relating to weights and measures, toys and children's products safety, consumer goods safety and Precious Metals Marking Orders.

Brief Description

14 The department is responsible for suppressing offences and investigating complaints related to copyright infringement, forgery of trade marks, false trade descriptions and misrepresentation of goods. It initiates investigations in these areas and collaborates as necessary with local and overseas organisations and law enforcement agencies, and with trade mark and copyright owners. The department also investigates complaints and conducts spot checks to ensure compliance with the Toys and Children's Products Safety Ordinance, the Weights and Measures Ordinance, the Consumer Goods Safety Ordinance and the Precious Metals Marking Orders and to safeguard the interests of consumers. The enforcement work involves:

Intellectual Property Rights

- conducting investigation and taking enforcement actions against persons and syndicates suspected of infringing intellectual property rights;
- executing court orders to detain goods at importation for the purpose of enforcing boundary measures under the Agreement on Trade-Related Aspects of Intellectual Property Rights;
- arranging and supervising the examination and identification of seizures with the participation of trade mark and copyright owners or their representatives;
- conducting inspections on licensed optical disc mastering and replication factories to guard against manufacture of pirated optical discs and stampers;
- controlling the import and export of optical discs mastering and replication equipment; and
- applying to the court for the confiscation of financial proceeds obtained from intellectual property rights infringement activities.

Consumer Protection

- conducting spot checks on the accuracy of weighing and measuring equipment, the safety of toys and children's products and consumer goods, and the display of Precious Metals Marking Notices; and
- investigating complaints relating to short weights and measures, unsafe toys and children's products and consumer goods, and misrepresentation of the fineness of gold and platinum articles.

15 The overall performance in this programme in 2002 was good and the aims were generally met.

16 The key performance measures are:

Targets

	Target	2001 (Actual)	2002 (Actual)#	2003 (Plan)
% of licences for import and export of optical disc mastering and replication equipment to be issued within 2 working days upon receipt of applications	100	100	100	100
% of licences for manufacturing of optical discs to be issued within 14 working days upon receipt of applications	100	100	100	100

Figures for 2002 are based on 11 months' actual performance projected to full-year and are subject to adjustment.

Indicators

	2001 (Actual)	2002 (Actual)#	2003 (Estimate)
<i>Intellectual Property Rights</i>			
no. of intellectual property rights investigations.....	14 092	14 220	14 000
seizures (no. of cases).....	12 678	12 090	N.A.@
value of seizures (\$m)(including textiles, leather-ware, watches, computer related and music related goods).	281.1	370.6	N.A.@

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	2001 (Actual)	2002 (Actual)#	2003 (Estimate)
spot checks on optical disc factories	330	335	300
no. of verifications on import/export of optical disc mastering and replication equipment	175	181	180
<i>Weights and Measures</i>			
spot checks	591	585	580
seizures (no. of cases).....	69	37	N.A.@
value of seizures (\$'000)	67.0	35.0	N.A.@
<i>Toys and Children's Products Safety</i>			
spot checks	1 539	1 498	1 450
seizures (no. of cases).....	34	18	N.A.@
value of seizures (\$'000)	27.0	27.0	N.A.@
<i>Consumer Goods Safety</i>			
spot checks	1 357	1 614	1 350
seizures (no. of cases).....	88	19	N.A.@
value of seizures (\$'000)	473.0	167.0	N.A.@
<i>Precious Metals Marking Orders</i>			
spot checks	74	72	70
seizures (no. of cases).....	7	4	N.A.@
value of seizures (\$'000)	91.0	12.0	N.A.@

Figures for 2002 are based on 11 months' actual performance projected to full-year and are subject to adjustment.

@ Not possible to estimate.

Matters Requiring Special Attention in 2003–04

17 During 2003–04, the department will continue to:

- safeguard the interests and safety of consumers and the rights of intellectual property owners;
- strengthen enforcement against copyright piracy by implementing new control measures and launching intelligence-based operations;
- monitor optical disc mastering and replication factories by conducting spot checks and inspections at irregular intervals to guard against manufacture of pirated optical discs and stampers;
- investigate intellectual property rights offences that are classified as organised and serious crimes, and apply to the court for the forfeiture of financial proceeds obtained from such illicit activities;
- take enforcement action against corporate piracy offenders of certain copyright works and enforce the criminal provisions of unauthorised possession of video recording equipment in places of public entertainment used primarily as a cinema, theatre or concert hall;
- provide support to frontline enforcement officers in tackling internet piracy and other computer crime problems; and
- launch programmes to promote traders' awareness of consumer protection legislation.

Programme (4): Revenue Protection and Collection

	2001–02 (Actual)	2002–03 (Approved)	2002–03 (Revised)	2003–04 (Estimate)
Financial provision (\$m)	175.0	162.1 (–7.4%)	179.2 (+10.5%)	157.7 (–12.0%)

Aim

18 The aim is to collect and protect revenue from dutiable commodities stipulated in the Dutiable Commodities Ordinance and to assess the provisional taxable values of motor vehicles under the Motor Vehicles (First Registration Tax) Ordinance.

Brief Description

19 The department is responsible for the collection and protection of duties derived from dutiable commodities stipulated in the Dutiable Commodities Ordinance. It administers a licensing and permit system to control the manufacture, import, export, storage and movement of dutiable commodities.

20 The department assesses the provisional taxable values of motor vehicles for the purpose of calculating the first registration tax and maintains a registration scheme for motor vehicle importers and distributors.

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21 Upon the lapse of 44 time-limited posts and the redeployment of five posts for intelligence operation, the department has a 35-person Anti-Illicit-Cigarette Task Force responsible for combating all forms of illicit cigarettes activities. Moreover, a 24-person Diesel Oil Enforcement Division is dedicated to conduct in-depth investigations and surveillance of syndicates involved in the smuggling and supply of illicit fuel.

22 Customs officers engaged in marine and land enforcement duties also conduct regular land and sea patrols to eradicate the selling and distribution of illicit cigarettes and fuel. Large-scale operations mobilising customs officers of other units are also mounted from time to time to suppress these illicit activities.

23 The performance targets for 2002 were generally met.

24 The key performance measures are:

Targets

	Target	2001 (Actual)	2002 (Actual)#	2003 (Plan)
<i>Dutiable Commodities</i>				
% of Import and Export Licences to be issued within 14 working days of receipt of applications.....	100	100	100	100
% of permits to be issued within 1/2 working day of receipt of applications§	100	100§	100§	100
% of Customs' attendance provided within 2 working days of receipt of applications	100	100	100	100
<i>First Registration Tax</i>				
% of assessment of provisional taxable values of imported vehicles to be completed within 5 working days of receipt of applications	100	100	100	100
% of registration of importers/distributors of motor vehicles to be completed within 7 working days of receipt of applications.....	100	100	100	100

Figures for 2002 are based on 11 months' actual performance projected to full-year and are subject to adjustment.

§ With the introduction of electronic mode of issuance of permits since 21.7.2002, the target has been improved from within 2 working days of receipt of applications to within 1/2 working day. The actual performance prior to 21.7.2002 was based on the previous target of 100% of permits to be issued within 2 working days of receipt of applications.

Indicators

	2001 (Actual)	2002 (Actual)#	2003 (Estimate)
<i>Dutiable Commodities</i>			
licences issued	208	215	215
permits issued	128 467	120 891	89 840‡
duty received (\$m)			
Collected	6,942.6†	6,588.5	7,474.0
Recovered.....	6.8	5.0	5.0
licence fees, Customs' attendance fees and other related payments collected (\$m)	70.0†	76.2	28.0φ
revenue collected per \$1 provision (\$).....	66.5†	65.5	73.6
no. of cases detected.....	75	60	65
<i>Anti-Illicit-Cigarette Task Force (excluding performance under the Dutiable Commodities columns in Programme 1 and this Programme)</i>			
no. of cases detected.....	975†	1 339	N.A.@
no. of cigarettes seized	325 000 000†	165 498 000Ω	N.A.@
no. of vehicles seized.....	20†	46	N.A.@
no. of vessels seized	1	2	N.A.@
no. of persons prosecuted for offences relating to illicit cigarettes§.....	1 150	1 969∞	N.A.@
no. of persons compounded for offences relating to illicit cigarettes§.....	475	627μ	N.A.@

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	2001 (Actual)	2002 (Actual)#	2003 (Estimate)
<i>Diesel Oil Enforcement Division (excluding performance under the Dutiable Commodities columns in Programme 1 and this Programme)</i>			
no. of cases detected.....	330†	710β	N.A.@
quantities of hydrocarbon oil seized (litres)	584 300†	1 219 447β	N.A.@
no. of illegal fuel detreating plants closed down§	31	27	N.A.@
no. of illegal fuel filling stations neutralised§	487	705Ψ	N.A.@
<i>First Registration Tax</i>			
inspection and verification of imported vehicles for payment of First Registration Tax.....	390	393	390
no. of assessment of provisional taxable value on imported vehicles completed	63 231	44 778	N.A.@
no. of re-assessment of provisional taxable value on imported vehicles.....	11 715	12 100	N.A.@

Figures for 2002 are based on 11 months' actual performance projected to full-year and are subject to adjustment.

‡ It is expected that the number of permits to be issued will be reduced following the launching of the EDI-Dutiable Commodities Permits System under which more dutiable commodities items can be included in a single permit.

† Figure has been updated after the preparation of the 2002–03 Estimates.

φ It is expected that there would be a decrease in Customs' attendance fees and other related payments to be collected in 2003, subject to amendments to the Dutiable Commodities Ordinance which seek to extend the Open Bond System to all bonded warehouses.

@ Not possible to estimate.

Ω The decrease is mainly attributed to the diminishing trend in using Hong Kong as a transshipment port of illicit cigarettes.

§ Enforcement figures for the whole department.

∞ The increase is mainly attributed to stepped up enforcement action against street peddling of illicit cigarettes.

μ The increase is mainly attributed to stepped up enforcement action at control points.

β The increase is mainly attributed to stepped up enforcement action against illicit hydrocarbon oil activities.

Ψ The increase is mainly attributed to stepped up enforcement action.

Matters Requiring Special Attention in 2003–04

25 During 2003–04, the department will:

- continue to take vigorous enforcement action through intelligence-based operations against syndicated distribution of contraband cigarettes;
- continue to take raiding action against sellers and buyers of duty-not-paid cigarettes at street-level;
- step up enforcement action against supply and use of illicit fuel;
- implement the Open Bond System for all bonded warehouses for dutiable commodities subject to the passage of the amendments to the Dutiable Commodities Ordinance; and
- establish the Revenue and General Investigation Bureau to strengthen the suppression of smuggling and revenue fraud activities.

Programme (5): Trade Controls

	2001–02 (Actual)	2002–03 (Approved)	2002–03 (Revised)	2003–04 (Estimate)
Financial provision (\$m)	238.4	245.7 (+3.1%)	243.0 (-1.1%)	240.2 (-1.2%)

Aim

26 The aim is to secure and maintain the integrity and credibility of the various trade controls and import and export control systems operated in Hong Kong in fulfilment of international obligations and for public health and safety reasons; and to collect import and export declarations and declaration charges under the Import and Export (Registration) Regulations, and clothing levies under the Industrial Training (Clothing Industry) Ordinance.

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Brief Description

27 The department provides enforcement support to the Trade and Industry Department in the administration of the Certification of Origin System, the Textiles Export Control System, the Strategic Trade Control System and other control systems which cover reserved commodities and other prohibited goods, and prevents or detects abuse of these systems. The department is also responsible for collecting import and export declarations, declaration charges and clothing levies, and for enforcing the statutory control on these systems. The enforcement work involves:

- factory and consignment inspections and factory audit checks to enforce the Certification of Origin System and the Textiles Export Control System;
- blitz checks on textile imports/exports at land entry and exit points and public cargo working areas;
- consignment inspections to enforce the Strategic Trade Control System and other import and export licensing control systems covering a number of licensable items;
- inspections to enforce reserved commodities control;
- collection of import and export declaration charges and clothing levies under the Import and Export Declaration System;
- verification and assessment of the values of import and export consignments to recover under-paid import and export declaration charges and clothing levies; and
- investigation and prosecution of control systems contraventions.

28 The overall performance in this programme in 2002 was good. The aims and targets were generally met.

29 The key performance measures are:

Targets

	Target	2001 (Actual)	2002 (Actual)#	2003 (Plan)
% of pre-issue consignment inspections relating to textile licences / production notifications to be conducted within 2 working days upon receipt of referral of applications from Trade and Industry Department.....	100	100	100	100
% of pre-issue consignment inspections relating to non-textile licences to be conducted within 4 working days upon receipt of referral of applications from Trade and Industry Department.....	100	100	100	100
% of factory registration and re-registration inspections under the Certification of Origin System to be conducted within 4 working days upon receipt of referral of applications from Trade and Industry Department.....	100	100	100	100
% of registration inspections under the Reserved Commodities Systems to be conducted within 3 working days upon receipt of referral of applications from Trade and Industry Department.....	100	100§	100	100
% of pre-issue consignment inspections relating to strategic commodities licences to be conducted within 2 working days upon receipt of referral of applications from Trade and Industry Department†	100	N.A.	100	100
% of registration and re-registration inspections under the Air Transshipment Cargo Exemption Scheme for Strategic Commodities to be conducted within 4 working days upon receipt of referral of applications from Trade and Industry Department†	100	N.A.	100	100

Figures for 2002 are based on 11 months' actual performance projected to full-year and are subject to adjustment.

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§ The service standard was improved from within 4 working days to within 3 working days in 2002. Figure for 2001 is based on the previous service standard.

† New targets introduced in 2002.

Indicators

	2001 (Actual)	2002 (Actual)#	2003 (Estimate)
<i>Inspection</i>			
factory and consignment inspections.....	70 969	77 949	68 800
factory audit checks.....	446	230	230
reserved commodities inspections.....	3 232	3 262	3 000
<i>Blitz Checks at Control Points and Public Cargo Working Areas</i>			
textile consignments checked.....	28 997	28 603	25 000
<i>Import and Export Declarations</i>			
import and export declarations processed.....	15 611 934†	16 513 549	17 219 000
revenue collected (\$m).....	777.7†	811.7	835.9
revenue recovered (\$m).....	1.9	2.9	3.2
administrative penalties imposed (\$m).....	6.8	10.2	11.5

Figures for 2002 are based on 11 months' actual performance projected to full-year and are subject to adjustment.

† Figure has been updated after the preparation of the 2002–03 Estimates.

Matters Requiring Special Attention in 2003–04

30 During 2003–04, the department will:

- maintain its efforts to combat textile origin fraud and illegal transshipment, mainly through intelligence-based operations, in order to protect the free access of legitimate Hong Kong products to overseas markets;
- assume its enforcement responsibility for a new piece of legislation to be enacted to implement the Chemical Weapons Convention to make the current Strategic Trade Control System more comprehensive; and
- assume its enforcement responsibility for the Kimberley Process certification scheme which enables Hong Kong traders to continue to trade rough diamonds with other participating economies of the Kimberley Process.

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ANALYSIS OF FINANCIAL PROVISION

Programme	2001-02 (Actual) (\$m)	2002-03 (Approved) (\$m)	2002-03 (Revised) (\$m)	2003-04 (Estimate) (\$m)
(1) Control and Enforcement.....	1,078.6	1,203.6	1,141.3	1,226.2
(2) Anti-narcotics Investigation.....	139.1	141.9	143.5	134.8
(3) Intellectual Property Rights and Consumer Protection.....	252.9	266.5	262.8	267.1
(4) Revenue Protection and Collection.....	175.0	162.1	179.2	157.7
(5) Trade Controls.....	238.4	245.7	243.0	240.2
	1,884.0	2,019.8 (+7.2%)	1,969.8 (-2.5%)	2,026.0 (+2.9%)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2003-04 is \$84.9 million (7.4%) higher than the revised estimate for 2002-03. This is mainly due to the full-year provision of vacancies filled in 2002-03, salary increments for staff, creation of 23 posts for manning customs facilities at the Container Terminal No. 9, transfer of 20 posts and related resources from the Information Technology Services Department to strengthen information technology management capability, full-year provision of operating expenses of the expansion of border crossing facilities in Lok Ma Chau Control Point and increased cashflow requirement for mobile X-ray vehicle scanning system, partly offset by the full-year effect of civil service pay cut in 2002 and deletion of 49 posts and reduced operating expenses to achieve efficiency savings.

Programme (2)

Provision for 2003-04 is \$8.7 million (6.1%) lower than the revised estimate for 2002-03. This is mainly due to the full-year effect of civil service pay cut in 2002, deletion of 15 posts and reduced operating expenses to achieve efficiency savings.

Programme (3)

Provision for 2003-04 is \$4.3 million (1.6%) higher than the revised estimate for 2002-03. This is mainly due to salary increments for staff, redeployment of ten posts and resources to strengthen the supporting services for intellectual property rights protection, partly offset by the full-year effect of civil service pay cut in 2002 and reduced operating expenses to achieve efficiency savings.

Programme (4)

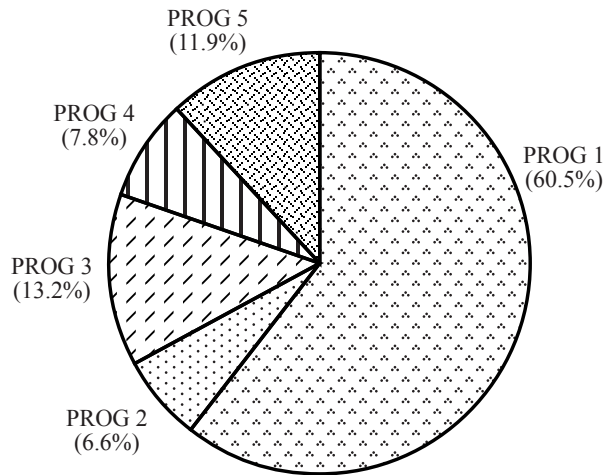
Provision for 2003-04 is \$21.5 million (12.0%) lower than the revised estimate for 2002-03. This is mainly due to the full-year effect of civil service pay cut in 2002, lapse of 44 time-limited posts in the Anti-illicit Cigarette Task Force and deletion of nine posts and reduced operating expenses to achieve efficiency savings.

Programme (5)

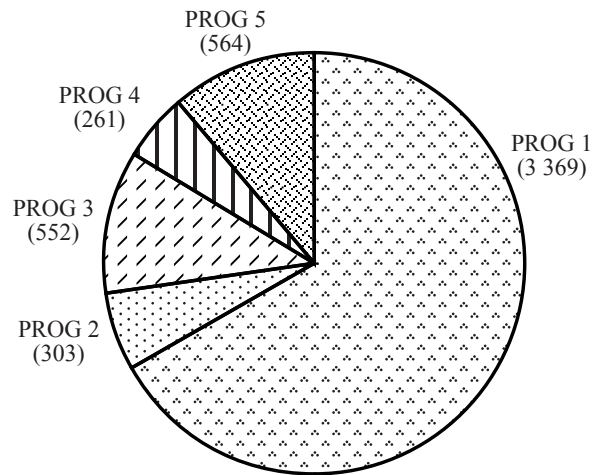
Provision for 2003-04 is \$2.8 million (1.2%) lower than the revised estimate for 2002-03. This is mainly due to the deletion of ten posts and reduced operating expenses to achieve efficiency savings.

Head 31 — CUSTOMS AND EXCISE DEPARTMENT

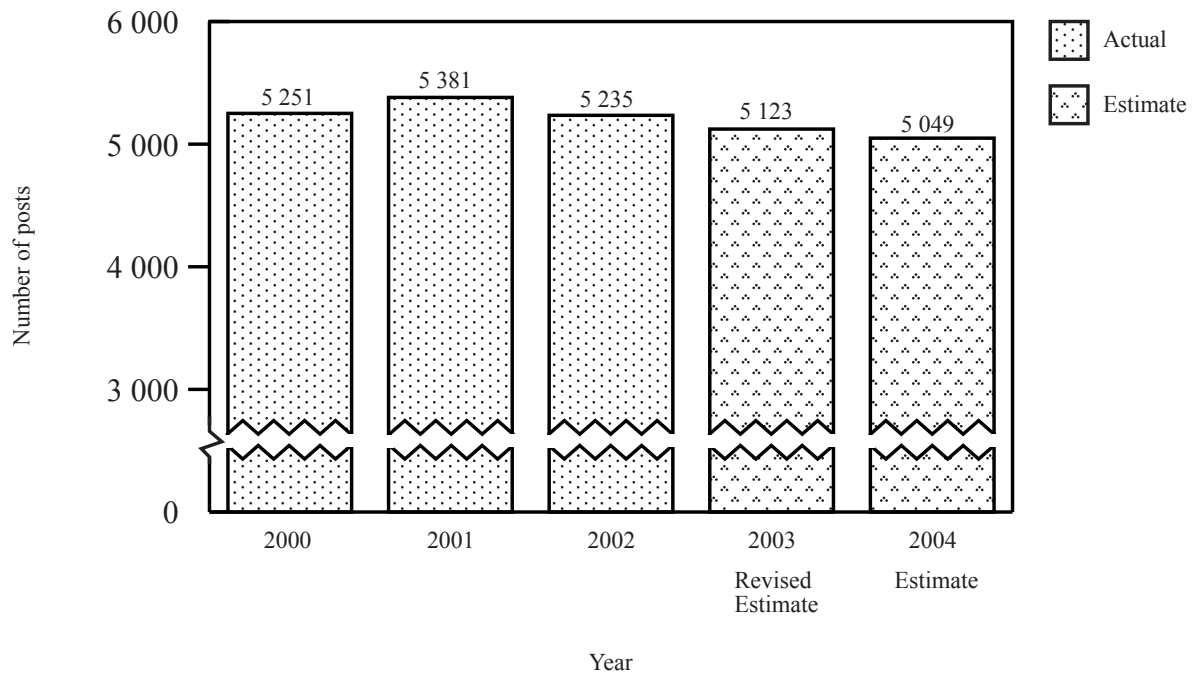
*Allocation of provision
to programmes
(2003-04)*



*Staff by programme
(as at 31 March 2004)*



*Changes in the size of the establishment
(as at 31 March)*



Head 31 — CUSTOMS AND EXCISE DEPARTMENT

Sub-head (Code)	Actual expenditure 2001-02	Approved estimate 2002-03	Revised estimate 2002-03	Estimate 2003-04	
	\$'000	\$'000	\$'000	\$'000	
Recurrent Account					
000	Operational expenses.....	—	1,910,315	1,860,551	1,883,225
103	Rewards and special services	7,473	8,000	8,000	8,000*
292	Seizure management.....	38,018	51,687	50,100	51,688*
	Salaries	1,613,908	—	—	—
	Allowances	52,263	—	—	—
	Job-related allowances	714	—	—	—
	General departmental expenses	154,334	—	—	—
	Grant to the Customs and Excise Service Welfare Fund	235	—	—	—
	Total, Recurrent Account	<u>1,866,945</u>	<u>1,970,002</u>	<u>1,918,651</u>	<u>1,942,913</u>
Capital Account					
I — Plant, Equipment and Works					
603	Plant, vehicles and equipment	7,449	24,985	24,985	71,389
661	Minor plant, vehicles and equipment (block vote)	7,362	23,179	25,496	10,569
	Total, Plant, Equipment and Works	<u>14,811</u>	<u>48,164</u>	<u>50,481</u>	<u>81,958</u>
II — Other Non-Recurrent					
700	General other non-recurrent	2,284	1,643	647	1,170
	Total, Other Non-Recurrent	<u>2,284</u>	<u>1,643</u>	<u>647</u>	<u>1,170</u>
	Total, Capital Account	<u>17,095</u>	<u>49,807</u>	<u>51,128</u>	<u>83,128</u>
	Total Expenditure.....	<u><u>1,884,040</u></u>	<u><u>2,019,809</u></u>	<u><u>1,969,779</u></u>	<u><u>2,026,041</u></u>

Head 31 — CUSTOMS AND EXCISE DEPARTMENT

Details of Expenditure by Subhead

The estimate of the amount required in 2003–04 for the salaries and expenses of the Customs and Excise Department is \$2,026,041,000. This represents an increase of \$56,262,000 over the revised estimate for 2002–03 and of \$142,001,000 over actual expenditure in 2001–02.

Recurrent Account

2 Provision of \$1,883,225,000 under *Subhead 000 Operational expenses* is for the salaries and allowances of staff of the Customs and Excise Department and its other operating expenses.

3 The establishment as at 31 March 2003 will be 5 123 permanent posts. It is expected that a net 74 posts will be deleted in 2003–04. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2003–04, but the notional annual mid-point salary value of all such posts must not exceed \$1,497,153,000.

4 An analysis of financial provision under *Subhead 000 Operational expenses* is as follows:

	2001–02 (Actual) (\$'000)	2002–03 (Original Estimate) (\$'000)	2002–03 (Revised Estimate) (\$'000)	2003–04 (Estimate) (\$'000)
Personal Emoluments				
- Salaries.....	1,613,908	1,649,510	1,615,265	1,602,609
- Allowances.....	52,263	58,092	55,807	53,280
- Job-related allowances	714	794	1,128	9,292
Personnel Related Expenses				
- Mandatory Provident Fund contribution.....	—	—	—	487
Departmental Expenses				
- General departmental expenses.....	154,334	201,669	188,101	217,307
Other Charges				
- Grant to the Customs and Excise Service Welfare Fund	235	250	250	250
	1,821,454	1,910,315	1,860,551	1,883,225

5 Provision of \$8,000,000 under *Subhead 103 Rewards and special services* is for expenditure on rewards and services of a confidential nature.

6 Provision of \$51,688,000 under *Subhead 292 Seizure Management* is to meet expenses related to the transportation and storage of goods seized in anti-smuggling and other enforcement activities.

Capital Account

Plant, Equipment and Works

7 Provision of \$10,569,000 under *Subhead 661 Minor plant, vehicles and equipment (block vote)* represents a decrease of \$14,927,000 (58.5%) against the revised estimate for 2002–03. This is mainly due to reduced requirement for new and replacement equipment.

Head 31 — CUSTOMS AND EXCISE DEPARTMENT

Capital Account

Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2002	Revised estimated expenditure for 2002-03	Balance
			\$'000	\$'000	\$'000	\$'000
603		<i>Plant, vehicles and equipment</i>				
	313	Procurement of two sets of mobile X-ray vehicle scanning system for Man Kam To and Sha Tau Kok Control Points	67,930	46,371	3,505	18,054
	314	Procurement of high speed pursuit craft CE15	8,000	—	4,000	4,000
	315	Procurement of high speed pursuit craft CE16	8,000	—	4,000	4,000
	316	Procurement of high speed pursuit craft CE17	8,000	—	4,000	4,000
	317	Procurement of high speed pursuit craft CE18	8,000	—	4,000	4,000
	319	Procurement of two sets of mobile X-ray vehicle scanning system for the Ship Search and Cargo Command	61,900	—	1,510	60,390
			<u>161,830</u>	<u>46,371</u>	<u>21,015</u>	<u>94,444</u>
700		<i>General other non-recurrent</i>				
	510	Hire of Centrex Line Services	1,608	689	220	699
	514	Overseas training and procurement of dogs for the Narcotics Dog Unit	235	—	—	235
	515	Relocation of offices from Canton Road Government Offices Building to new premises	715	—	—	715
			<u>2,558</u>	<u>689</u>	<u>220</u>	<u>1,649</u>
		Total	<u><u>164,388</u></u>	<u><u>47,060</u></u>	<u><u>21,235</u></u>	<u><u>96,093</u></u>