

Head 31 — CUSTOMS AND EXCISE DEPARTMENT

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

Estimate 2005–06..... **\$1,826.8m**

Establishment ceiling 2005–06 (notional annual mid-point salary value) representing an estimated 5 001 non-directorate posts as at 31 March 2005 reducing by 75 posts to 4 926 posts as at 31 March 2006 **\$1,389.0m**

In addition, there will be an estimated nine directorate posts as at 31 March 2005 and as at 31 March 2006.

Commitment balance **\$24.8m**

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

	2003–04 (Actual)	2004–05 (Original)	2004–05 (Revised)	2005–06 (Estimate)
Financial provision (\$m)	1,184.8	1,132.2	1,146.1 (+1.2%)	1,138.7 (–0.6%)
				(or +0.6% on 2004–05 Original)

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 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 as stipulated in the Import and Export Ordinance;

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- 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;
- conducting regular maritime and land patrols within Hong Kong's territorial boundaries to detect and suppress violations of customs law and other illegal activities;
- providing sustained intelligence support to anti-smuggling enforcement actions through the work of the Intelligence Bureau; 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 2004 were generally achieved.

5 The key performance measures are:

Targets

	Target	2003 (Actual)	2004 (Actual)#	2005 (Plan)
issue licences for prescribed articles within 14 working hours upon receipt of applications (%).....	100	100	100	100
clear detained sea cargo within five working days from date of request (%)...	100	100	100	100
clear detained air cargo within 80 minutes from time of request (%).....	100	100	100	100
clear detained rail cargo within 60 minutes from time of request (%)Ω	100	100	100	100
clear passengers within 15 minutes upon queuing up for customs clearance (except those selected for further examination) (%)	100	100	100	100
clear vehicles crossing the land boundary within 60 seconds (except those selected for further examination) (%).....	100	100	100	100

Figures for 2004 are based on 11 months' actual performance projected to full-year and are subject to adjustment.

Ω New indicator as from 2005.

Indicators

	2003 (Actual)	2004 (Actual)#	2005 (Estimate)
carriage and import and export licences issued.....	30 093	1 798Ψ	1 500
seizure cases	43 314§	52 766	—@
value of seizures (\$m)^			
dutiable commodities¶.....	24.4§	26.2	—@
articles other than dutiable commodities.....	513.6§	352.0	—@
conveyance used for smuggling (e.g. vehicles, speedboats, small crafts, etc.)	9.9§	7.5	—@
persons compounded for offences relating to illicit cigarettes.	1 342§	2 569	—@

Figures for 2004 are based on 11 months' actual performance projected to full-year and are subject to adjustment.

Ψ The drop in the number of licences issued is due to the relaxation of the licensing control on the import, export and transportation of nine categories of articles subsequent to the operation of the Import and Export (Facilitation) Ordinance 2003 on 8 January 2004.

§ The figure has been updated after the preparation of the 2004–05 Estimates.

@ Not possible to estimate.

^ Seizure items have been re-categorised for the sake of clarity and simplicity.

¶ Denotes cases detected at all entry and exit points but excluding those taken over for in-depth investigation which are reflected in Programme (4).

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Matters Requiring Special Attention in 2005–06

6 During 2005–06, the Department will:

- continue to take proactive action against smuggling through intelligence-led operations and closer co-operation with the Mainland authorities;
- continue to improve clearance services to facilitate efficient passenger and cargo flows across the boundary; and
- implement Phase II of the electronic system for cargo manifest excluding road mode for enhancing the back-end processing of manifests and integration with other computer systems for further improvements in enforcement effectiveness and operational efficiency.

Programme (2): Anti-narcotics Investigation

	2003–04 (Actual)	2004–05 (Original)	2004–05 (Revised)	2005–06 (Estimate)
Financial provision (\$m)	132.7	130.9	130.2 (–0.5%)	126.2 (–3.1%)
				(or –3.6% on 2004–05 Original)

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, distribution and 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 illicit 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 The performance targets for 2004 were generally achieved.

11 The key performance measures are:

Targets

	Target	2003 (Actual)	2004 (Actual)#	2005 (Plan)
issue authorisation for import/export of chemicals (as listed in Schedule 1 or 2 of the Control of Chemicals Ordinance) within ten working days upon receipt of applications (%).....	100	100	100	100
issue authorisation for export of any chemicals listed in Schedule 3 of the Control of Chemicals Ordinance to any country specified in the same Schedule within ten working days upon receipt of applications (%).....	100	100	100	100
issue approval for storing/keeping any chemicals listed in Schedule 1 or 2 of the Control of Chemicals Ordinance within five working days upon receipt of applications (%).....	100	100	100	100

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Figures for 2004 are based on 11 months' actual performance projected to full-year and are subject to adjustment.

Indicators

	2003 (Actual)	2004 (Actual)#	2005 (Estimate)
drug abusers reported to the Central Registry of Drug Abuse maintained by Security Bureau.....	15 605§	12 003φ	—@
average purity of heroin (%) (indicative of availability).....	59.3§	61.7	—@
average retail price of heroin (\$ per gram)	425.8§	362.2	—@
dangerous drugs seized in Hong Kong			
seizures cases.....	708§	710	—@
narcotics seized			
heroin (kg)	12.0§	11.8	—@
psychotropic drugs seized			
cocaine (kg)	5.8§	13.2	—@
cannabis (kg).....	16.4§	111.2	—@
MDMA (ecstasy) (tablet).....	51 285§	116 477	—@
methylamphetamine (ice) (kg)	3.5§	11.0	—@
ketamine (kg)	11.9§	4.8	—@
dangerous drugs seized outside Hong Kong (kg) (as a result of customs co-operation with agencies outside Hong Kong).....	1 533.9	774.1	—@
persons arrested outside Hong Kong (as a result of customs co-operation with agencies outside Hong Kong).....	27	37	—@
assets of drug traffickers (\$m)			
restrained	0	0.96	—@
confiscated	0	0	—@
poisons/anti-biotics seized in Hong Kong			
seizure cases	50§	52	—@
quantity (kg).....	0.2	2 131.3	—@
quantity (tablet).....	26 000§	51 944	—@

Figures for 2004, unless otherwise stated, are based on 11 months' actual performance projected to full-year and are subject to adjustment.

§ The figure has been updated after the preparation of the 2004–05 Estimates.

φ Based on the figure provided by the Narcotics Division of Security Bureau up to September 2004.

@ Not possible to estimate.

Matters Requiring Special Attention in 2005–06

12 During 2005–06, the Department will continue to:

- take proactive action against drug trafficking at all levels through intelligence-based operations; and
- interdict and prevent the inflow of drugs via the boundary crossings and entry points through closer co-operation with the Mainland authorities and overseas enforcement agencies.

Programme (3): Intellectual Property Rights and Consumer Protection

	2003–04 (Actual)	2004–05 (Original)	2004–05 (Revised)	2005–06 (Estimate)
Financial provision (\$m)	218.5	240.5	220.3 (–8.4%)	214.5 (–2.6%)
				(or –10.8% on 2004–05 Original)

Aim

13 The aims are to prevent and detect copyright and trade mark infringement and dealings in goods bearing false trade descriptions; to collaborate with trade mark and copyright owners, relevant organisations and law enforcement agencies in or outside Hong Kong, 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.

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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 organisations and law enforcement agencies in or outside Hong Kong, 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 investigations and taking enforcement actions against persons and syndicates suspected of committing offences relating to infringement of intellectual property rights;
- executing court orders to detain goods at importation for the purpose of enforcing boundary measures to comply with the Agreement on Trade-Related Aspects of Intellectual Property Rights established under the auspices of the World Trade Organization;
- arranging and supervising the examination and identification of seizures by 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 crimes.

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 performance targets for 2004 were generally achieved.

16 The key performance measures are:

Targets

	Target	2003 (Actual)	2004 (Actual)#	2005 (Plan)
issue licences for import and export of optical disc mastering and replication equipment within two working days upon receipt of applications (%).....	100	100	100	100
issue licences for manufacturing of optical discs within 14 working days upon receipt of applications (%).....	100	100	100	100

Figures for 2004 are based on 11 months' actual performance projected to full-year and are subject to adjustment.

Indicators

	2003 (Actual)	2004 (Actual)#	2005 (Estimate)
<i>Intellectual property rights</i>			
intellectual property rights investigations	13 139\$	10 923	—@
seizures cases	10 760\$	9 208	—@
value of seizures (\$m)			
(including optical discs, textiles, leather-ware, footwear and telecommunications equipment)	270.9\$	311.0	—@
spot checks on optical disc factories	329	322	300
verifications on import/export of optical disc mastering and replication equipment	186	191	180

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	2003 (Actual)	2004 (Actual)#	2005 (Estimate)
<i>Weights and measures</i>			
spot checks.....	598	605	580
seizures cases.....	24§	6	—@
value of seizures (\$'000).....	25.0§	16.0	—@
<i>Toys and children's products safety</i>			
spot checks.....	1 478	1 470	1 450
seizures cases.....	13	8	—@
value of seizures (\$'000).....	37.2§	6.0	—@
<i>Consumer goods safety</i>			
spot checks.....	1 415	1 530	1 350
seizures cases.....	6	0	—@
value of seizures (\$'000).....	65.2§	0	—@
<i>Precious Metals Marking Orders</i>			
spot checks.....	72	82	70
seizures cases.....	0	0	—@
value of seizures (\$'000).....	0	0	—@

Figures for 2004 are based on 11 months' actual performance projected to full-year and are subject to adjustment.

§ The figure has been updated after the preparation of the 2004–05 Estimates.

@ Not possible to estimate.

Matters Requiring Special Attention in 2005–06

17 During 2005–06, the Department will continue to:

- safeguard the rights of intellectual property owners and the interests and safety of consumers;
- strengthen action against piracy and counterfeiting activities by developing more vigorous enforcement strategies and launching more intelligence-based operations;
- sustain the co-operative alliance with the industries and agencies in detecting retail sale of infringing goods to safeguard Hong Kong as a shopping paradise for genuine brand products;
- investigate intellectual property rights offences under the scope of organised and serious crimes, and apply to the court for the forfeiture of financial proceeds obtained from such illicit activities;
- tackle internet piracy and other computer crime problems relating to infringement of intellectual property rights; and
- launch or participate in publicity programmes to promote public/traders' awareness of intellectual property rights and consumer protection legislation.

Programme (4): Revenue Protection and Collection

	2003–04 (Actual)	2004–05 (Original)	2004–05 (Revised)	2005–06 (Estimate)
Financial provision (\$m)	138.1	159.1	127.8 (–19.7%)	124.1 (–2.9%)
				(or –22.0% on 2004–05 Original)

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.

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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.

21 The Department has an Anti-Illicit-Cigarette Investigation Division responsible for combating serious smuggling and distribution of illicit cigarettes activities. Moreover, it has a Diesel Oil Enforcement Division 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 2004 were generally achieved.

24 The key performance measures are:

Targets

	Target	2003 (Actual)	2004 (Actual)#	2005 (Plan)
<i>Dutiable commodities</i>				
issue import and export licences within 12 working days upon receipt of applications (%).....	100	100	100	100
issue permits within half working day upon receipt of applications (%).....	100	100	100	100
provide customs attendance within two working days upon receipt of applications (%).....	100	100	100	100
<i>First Registration Tax</i>				
complete assessment of provisional taxable values of imported vehicles within five working days upon receipt of applications (%).....	100	100	100	100
complete registration of importers/distributors of motor vehicles within seven working days upon receipt of applications (%).....	100	100	100	100

Figures for 2004 are based on 11 months' actual performance projected to full-year and are subject to adjustment.

Indicators

	2003 (Actual)	2004 (Actual)#	2005 (Estimate)
<i>Dutiable commodities</i>			
licences issued	229	235	230
permits issued	85 206	97 348	97 000
duty collected (\$m).....	6,483.9	6,462.0	6,571.6
duty recovered (\$m).....	2.7§	1.9	—@
licence fees, customs attendance fees and other related payments collected (\$m)	30.1	4.4β	4.3
revenue collected per \$1 provision (\$)	80.6	92.8	97.0
cases detected	35	39	—@
<i>Anti-illicit-cigarette enforcement</i> ∞			
seizure cases	4 513§	3 854	—@
cigarettes seized ('000 sticks)	138 436§	153 867	—@
vehicles seized	46§	61	—@
vessels seized	0	1	—@
persons prosecuted for offences relating to illicit cigarettes	3 039§	2 734	—@
<i>Anti-illicit-fuel enforcement</i> ∞			
seizure cases	1 103§	1 288	—@
hydrocarbon oil seized ('000 litres)	1 890§	1 214	—@
illegal fuel detreating plants closed down	22	9	—@
illegal fuel filling stations neutralised	897	997	—@

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	2003 (Actual)	2004 (Actual)#	2005 (Estimate)
<i>First Registration Tax</i>			
cases detected	7	6	—@
inspection and verification of imported vehicles for payment of First Registration Tax	394	399	390
assessment of provisional taxable value on imported vehicles completed (cases)	36 536	44 524	—@
re-assessment of provisional taxable value on imported vehicles (cases)	15 742	10 502	—@

Figures for 2004 are based on 11 months' actual performance projected to full-year and are subject to adjustment.

§ The figure has been updated after the preparation of the 2004–05 Estimates.

@ Not possible to estimate.

β The decrease in the figure is due to the implementation of the Open Bond System since April 2003, which does not require Customs attendance at bonded warehouses.

∞ Denotes the enforcement efforts of the Department but excluding those mentioned in Programme (1).

Matters Requiring Special Attention in 2005–06

25 During 2005–06, the Department will continue to:

- assist the Financial Services and the Treasury Bureau in the public consultation on the implementation of a Goods and Services Tax;
- strengthen the regional co-operation with other Customs administrations in combating smuggling of illicit cigarettes; and
- strengthen the co-operation with the Mainland Customs in combating cross-boundary smuggling of illicit fuel.

Programme (5): Trade Controls

	2003–04 (Actual)	2004–05 (Original)	2004–05 (Revised)	2005–06 (Estimate)
Financial provision (\$m)	242.2	241.5	237.0 (–1.9%)	223.3 (–5.8%)
				(or –7.5% on 2004–05 Original)

Aim

26 The aims are 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; as well as 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.

Brief Description

27 The Department enforces the relevant laws for various trade controls systems including those concerning the issue of Certificates of Origin, the import and export of textiles, strategic commodities, reserved commodities and other prohibited goods, as well as compliance with the Chemical Weapons Convention, with a view to preventing and detecting abuses of these systems. The Department is also tasked to collect import and export declarations, declaration charges and clothing levies, and to enforce the relevant statutory control on these systems. The enforcement work involves :

- factory and consignment inspections and factory audit checks to ensure compliance with legislation governing the issue of Certificates of Origin and import and export of textiles;
- costing checks on goods covered by Certificates of Hong Kong Origin – Closer Economic Partnership Arrangement (CO(CEPA)) to help ensure that only goods that pass a value-added percentage threshold can benefit from the tariff preference under the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA);
- blitz checks on consignments subject to licensing control or covered by CO(CEPA) at entry and exit points and public cargo working areas;
- consignment inspections to ensure compliance with legislation governing the import and export of strategic commodities and other licensable items;

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- inspections and verifications to ensure the effective implementation of the Chemical Weapons Convention in Hong Kong;
- inspections to enforce control on reserved commodities;
- collection of import and export declaration charges and clothing levies under the respective legislation;
- 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 contraventions.

28 The performance targets for 2004 were generally achieved.

29 The key performance measures are:

Targets

	Target	2003 (Actual)	2004 (Actual)#	2005 (Plan)
conduct pre-issue consignment inspections relating to textile licences / production notifications within two working days upon receipt of referral of applications from Trade and Industry Department (TID) (%).....	100	100	100	100
conduct pre-issue consignment inspections relating to non-textile licences within four working days upon receipt of referral of applications from TID (%)	100	100	100	100
conduct factory registration and re-registration inspections relating to the issue of Certificates of Origin within four working days upon receipt of referral of applications from TID (%).....	100	100	100	100
conduct registration inspections relating to control on reserved commodities within three working days upon receipt of referral of applications from TID (%).....	100	100	100	100
conduct pre-issue consignment inspections relating to licences for strategic commodities within two working days upon receipt of referral of applications from TID (%)	100	100	100	100
conduct registration and re-registration inspections under the Air Transshipment Cargo Exemption Scheme for Strategic Commodities within four working days upon receipt of referral of applications from TID (%).....	100	100	100	100

Figures for 2004 are based on 11 months' actual performance projected to full-year and are subject to adjustment.

Indicators

	2003 (Actual)	2004 (Actual)#	2005 (Estimate)
factory and consignment inspections	109 059§	101 536	68 800
factory audit checks	261	325	190
reserved commodities inspections	3 214	3 416	3 200
blitz checks on consignments subject to licensing control or covered by CO(CÉPA) at entry and exit points, and public cargo working areas.....	26 163	25 651	25 000
import and export declarations			
declarations processed	17 236 033	18 153 839	19 519 000
revenue collected (\$m).....	918.6	1,074.1	1,128.5
revenue recovered (\$m)	3.6	4.7	6.5
administrative penalties imposed (\$m)	11.3	12.8	17.6

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- # Figures for 2004 are based on 11 months' actual performance projected to full-year and are subject to adjustment.
- § The figure has been updated after the preparation of the 2004–05 Estimates.

Matters Requiring Special Attention in 2005–06

30 During 2005–06, the Department will:

- assume its enforcement responsibility arising from the implementation of zero tariff for trade in goods under the CEPA II, which came into operation on 1 January 2005; and
- enforce the revised textiles control system implemented on 1 January 2005 as a result of the elimination of textile quotas.

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ANALYSIS OF FINANCIAL PROVISION

Programme	2003-04 (Actual) (\$m)	2004-05 (Original) (\$m)	2004-05 (Revised) (\$m)	2005-06 (Estimate) (\$m)
(1) Control and Enforcement	1,184.8	1,132.2	1,146.1	1,138.7
(2) Anti-narcotics Investigation	132.7	130.9	130.2	126.2
(3) Intellectual Property Rights and Consumer Protection	218.5	240.5	220.3	214.5
(4) Revenue Protection and Collection ..	138.1	159.1	127.8	124.1
(5) Trade Controls	242.2	241.5	237.0	223.3
	1,916.3	1,904.2	1,861.4 (-2.2%)	1,826.8 (-1.9%)
				(or -4.1% on 2004-05 Original)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2005-06 is \$7.4 million (0.6%) lower than the revised estimate for 2004-05. This is mainly due to the full-year effect of the 2005 civil service pay cut, deletion of 62 posts to achieve efficiency savings and reduced cash flow requirement for capital projects, partly offset by the increased operating expenses to strengthen cross-boundary services, creation of ten posts for the additional vehicle kiosks at the Lok Ma Chau Control Point, creation of seven posts arising from the extension of operating hours of the China Ferry Terminal and creation of 26 posts for the cross boundary service at the Tuen Mun Ferry Terminal.

Programme (2)

Provision for 2005-06 is \$4.0 million (3.1%) lower than the revised estimate for 2004-05. This is mainly due to the full-year effect of the 2005 civil service pay cut and deletion of eight posts to achieve efficiency savings.

Programme (3)

Provision for 2005-06 is \$5.8 million (2.6%) lower than the revised estimate for 2004-05. This is mainly due to the full-year effect of the 2005 civil service pay cut and deletion of 12 posts to achieve efficiency savings.

Programme (4)

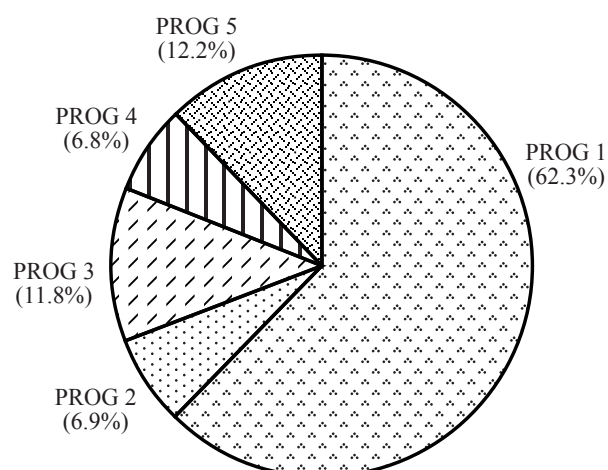
Provision for 2005-06 is \$3.7 million (2.9%) lower than the revised estimate for 2004-05. This is mainly due to the full-year effect of the 2005 civil service pay cut.

Programme (5)

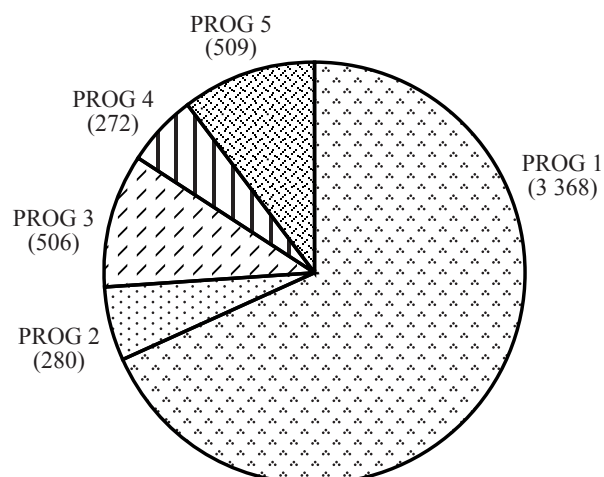
Provision for 2005-06 is \$13.7 million (5.8%) lower than the revised estimate for 2004-05. This is mainly due to the full-year effect of the 2005 civil service pay cut and deletion of 36 posts to achieve efficiency savings.

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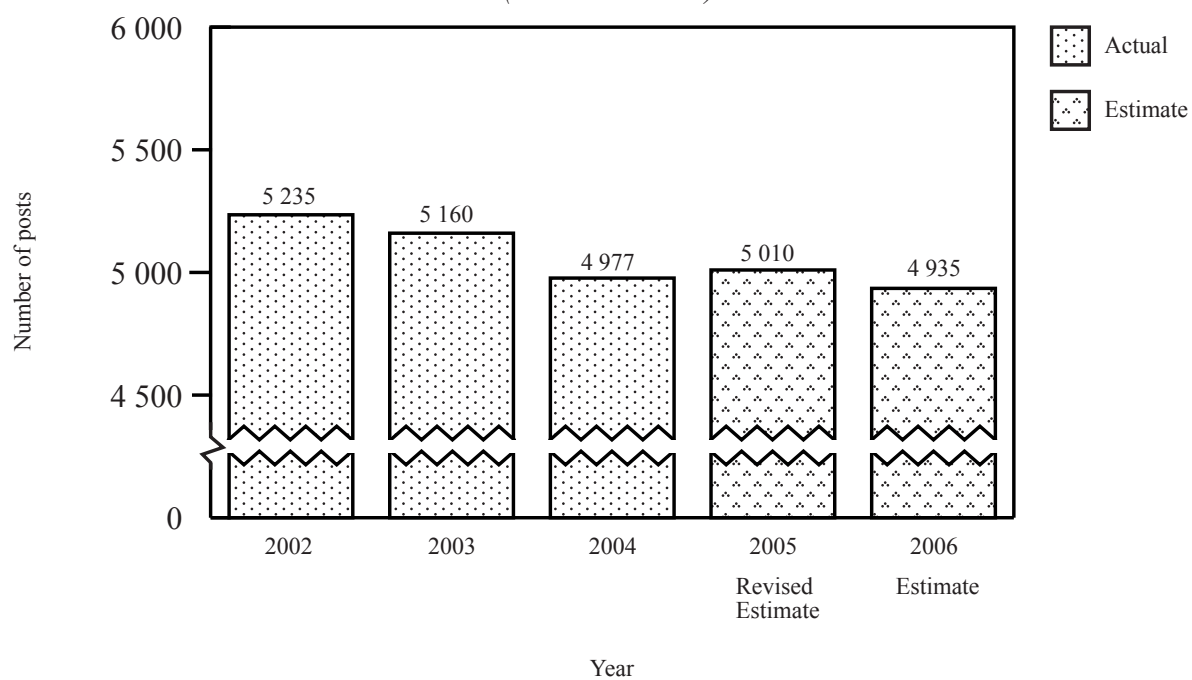
*Allocation of provision
to programmes
(2005-06)*



*Staff by programme
(as at 31 March 2006)*



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



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Sub-head (Code)		Actual expenditure 2003–04	Approved estimate 2004–05	Revised estimate 2004–05	Estimate 2005–06
		\$'000	\$'000	\$'000	\$'000
Operating Account					
	Recurrent				
000	Operational expenses	1,812,710	1,820,553	1,782,800	1,754,476
103	Rewards and special services	8,901	9,000	9,000	9,000*
292	Seizure management	37,886	49,500	45,500	45,500*
	Total, Recurrent.....	1,859,497	1,879,053	1,837,300	1,808,976
	Non-Recurrent				
700	General non-recurrent	1,101	200	176	190
	Total, Non-Recurrent	1,101	200	176	190
	Total, Operating Account	1,860,598	1,879,253	1,837,476	1,809,166
Capital Account					
	Plant, Equipment and Works				
603	Plant, vehicles and equipment.....	43,895	18,740	18,740	6,538
661	Minor plant, vehicles and equipment (block vote).....	11,781	6,233	5,179	11,090
	Total, Plant, Equipment and Works.....	55,676	24,973	23,919	17,628
	Total, Capital Account.....	55,676	24,973	23,919	17,628
	Total Expenditure	1,916,274	1,904,226	1,861,395	1,826,794

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Details of Expenditure by Subhead

The estimate of the amount required in 2005–06 for the salaries and expenses of the Customs and Excise Department is \$1,826,794,000. This represents a decrease of \$34,601,000 against the revised estimate for 2004–05 and of \$89,480,000 against actual expenditure in 2003–04.

Operating Account

Recurrent

2 Provision of \$1,754,476,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Customs and Excise Department.

3 The establishment as at 31 March 2005 will be 5 010 permanent posts. It is expected that there will be a net deletion of 75 permanent posts in 2005–06. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2005–06, but the notional annual mid-point salary value of all such posts must not exceed \$1,388,968,000.

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

	2003–04 (Actual) (\$'000)	2004–05 (Original) (\$'000)	2004–05 (Revised) (\$'000)	2005–06 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	1,573,398	1,527,752	1,520,737	1,482,778
- Allowances	43,957	48,218	46,630	43,650
- Job-related allowances	7,058	9,050	8,288	7,862
Personnel Related Expenses				
- Rent Allowance Scheme	—	328	350	350
- Mandatory Provident Fund contribution	543	900	600	500
- Civil Service Provident Fund contribution	—	50	20	920
- Disturbance allowance	—	31	31	30
Departmental Expenses				
- General departmental expenses	187,524	233,994	205,918	218,156
Other Charges				
- Grant to the Customs and Excise Service Welfare Fund	230	230	226	230
	<u>1,812,710</u>	<u>1,820,553</u>	<u>1,782,800</u>	<u>1,754,476</u>

5 Provision of \$9,000,000 under *Subhead 103 Rewards and special services* is for expenditure on rewards and services of a confidential nature.

6 Provision of \$45,500,000 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 \$11,090,000 under *Subhead 661 Minor plant, vehicles and equipment (block vote)* represents an increase of \$5,911,000 (114.1%) over the revised estimate for 2004–05. This is mainly due to the increased requirement for new and replacement equipment.

Head 31 — CUSTOMS AND EXCISE DEPARTMENT

Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2004	Revised estimated expenditure for 2004–05	Balance
			\$'000	\$'000	\$'000	\$'000
<i>Operating Account</i>						
700		<i>General non-recurrent</i>				
	510	Hire of Centrex Line Services.....	1,608	1,052	176	380
<i>Capital Account</i>						
603		<i>Plant, vehicles and equipment</i>				
	319	Procurement of two sets of mobile X-ray vehicle scanning system for the Ship Search and Cargo Command.....	61,900	23,993	16,370	21,537
	320	Re-engineering of customs clearance procedure at kiosks for the land boundary control points.....	4,846	—	1,938	2,908
			66,746	23,993	18,308	24,445
		Total	68,354	25,045	18,484	24,825