

Head 31 — CUSTOMS AND EXCISE DEPARTMENT

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

Estimate 2011–12	\$2,565.7m
Establishment ceiling 2011–12 (notional annual mid-point salary value) representing an estimated 5 654 non-directorate posts as at 31 March 2011 rising by 20 posts to 5 674 posts as at 31 March 2012	\$1,735.0m
In addition, there will be an estimated nine directorate posts as at 31 March 2011 and as at 31 March 2012.	
Commitment balance	\$59.3m

Controlling Officer's Report

Programmes

Programme (1) Control and Enforcement	This programme contributes to Policy Area 6: Commerce and Industry (Secretary for Commerce and Economic Development), 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, Competition Policy and Consumer Protection (Secretary for Commerce and Economic Development) and Policy Area 6: Commerce and Industry (Secretary for Commerce and Economic Development).
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 and Economic Development).

Detail

Programme (1): Control and Enforcement

	2009–10 (Actual)	2010–11 (Original)	2010–11 (Revised)	2011–12 (Estimate)
Financial provision (\$m)	1,704.2	1,768.3	1,733.3 (–2.0%)	1,847.7 (+6.6%)
				(or +4.5% on 2010–11 Original)

Aim

2 The aims are 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 actions 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 (Cap. 60);

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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 key performance measures are:

Targets

	Target	2009 (Actual)	2010 (Actual)	2011 (Plan)
issuing licences for prescribed articles within 14 working hours upon receipt of applications (%).....	100	100	100	100
clearing detained sea cargo within five working days from date of request (%).....	100	100	100	100
clearing detained air cargo within 80 minutes from time of request (%)	100	100	100	100
clearing passengers within 15 minutes upon queuing up for customs clearance (except those selected for further examination) (%)	100	100	100	100
clearing vehicles crossing the land boundary within 60 seconds (except those selected for further examination) (%)	100	100	100	100

Indicators

	2009 (Actual)	2010 (Actual)#	2011 (Estimate)
carriage licences issued.....	19	8	10
seizure cases.....	20 782	20 309	— [^]
value of seizures (\$m)			
dutiable commodities¶.....	40.0	35.3	— [^]
articles other than dutiable commodities.....	332.7	300.3	— [^]
conveyance used for smuggling (e.g. vehicles, speedboats, small crafts, etc.).....	5.7	5.5	— [^]
persons compounded for offences relating to illicit cigarettes	5 506	4 147	— [^]

As it takes time to verify the data, figures for 2010 are subject to adjustment.

[^] Not possible to estimate.

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

Matters Requiring Special Attention in 2011–12

5 During 2011–12, the Department will continue to:

- take proactive action against smuggling activities through intelligence-based operations and closer co-operation with the Mainland authorities;
- improve clearance services to facilitate efficient passenger and cargo flows across the boundary; and
- encourage the industry's early migration to the electronic Road Cargo System before the use of the system is made mandatory on 17 November 2011.

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Programme (2): Anti-narcotics Investigation

	2009–10 (Actual)	2010–11 (Original)	2010–11 (Revised)	2011–12 (Estimate)
Financial provision (\$m)	139.3	144.2	143.5 (–0.5%)	146.0 (+1.7%)
				(or +1.2% on 2010–11 Original)

Aim

6 The aims are 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

7 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.

8 The Department co-operates with other Customs administrations and 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.

9 The key performance measures are:

Targets

	Target	2009 (Actual)	2010 (Actual)	2011 (Plan)
issuing authorisation for import/export of chemicals (as listed in Schedule 1 or 2 of the Control of Chemicals Ordinance (Cap. 145)) within ten working days upon receipt of applications (%).....	100	100	100	100
issuing 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
issuing 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

Indicators

	2009 (Actual)	2010 (Actual)‡	2011 (Estimate)
drug abusers reported to the Central Registry of Drug Abuse maintained by the Security Bureau			
aged under 21.....	3 359	2 261§	—λ
aged 21 or above.....	10 550	7 968§	—λ
average purity of heroin (indicative of availability) (%).....	59.2	56.8	—λ
average retail price of heroin (\$ per gram).....	678.0	857.5	—λ

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	2009 (Actual)	2010 (Actual)‡	2011 (Estimate)
dangerous drugs seized in Hong Kong			
seizure cases.....	544	431	—λ
narcotics seized			
heroin (kg)	38.7	42.7	—λ
psychotropic drugs seized			
cocaine (kg)	42.1	354.3	—λ
cannabis (kg).....	73.3	7.4	—λ
MDMA (ecstasy) (tablet).....	1 016	1 557	—λ
methylamphetamine (ice) (kg)	30.7	89.0	—λ
ketamine (kg)	379.4	47.9	—λ
dangerous drugs seized outside Hong Kong (as a result of customs co-operation with agencies outside Hong Kong) (kg)	5.8	18.7	—λ
persons arrested outside Hong Kong (as a result of customs co-operation with agencies outside Hong Kong).....	7	18	—λ
assets of drug traffickers (\$m)			
restrained.....	0	0	—λ
confiscated	0	0	—λ
poisons/anti-biotics seized in Hong Kong			
seizure cases.....	85	61	—λ
quantity (kg).....	0.6	3.4	—λ
quantity (tablet).....	303 459	88 517	—λ

‡ As it takes time to verify the data, figures for 2010, unless otherwise stated, are subject to adjustment.

§ Based on the figure provided by the Narcotics Division of the Security Bureau up to September 2010.

λ Not possible to estimate.

Matters Requiring Special Attention in 2011–12

10 During 2011–12, 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 law enforcement agencies outside Hong Kong.

Programme (3): Intellectual Property Rights and Consumer Protection

	2009–10 (Actual)	2010–11 (Original)	2010–11 (Revised)	2011–12 (Estimate)
Financial provision (\$m)	264.2	284.6	246.9 (–13.2%)	254.8 (+3.2%)
				(or –10.5% on 2010–11 Original)

Aim

11 The aims are to prevent and detect copyright and trade mark infringement; 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 trade descriptions.

Brief Description

12 The Department is responsible for suppressing offences and investigating complaints related to copyright infringement under the Copyright Ordinance (Cap. 528) and the Prevention of Copyright Piracy Ordinance (Cap. 544), as well as those related to forgery of trade marks and false trade descriptions under the Trade Descriptions Ordinance (Cap. 362). 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. To safeguard the interests of consumers, the Department also investigates complaints and conducts spot checks to ensure compliance with the Toys and Children's Products Safety Ordinance (Cap. 424), the Weights and Measures Ordinance (Cap. 68), the Consumer Goods Safety Ordinance (Cap. 456), the Trade Descriptions Ordinance, the Trade Descriptions (Marking) (Gold and Gold Alloy) Order (Cap. 362A), the Trade Descriptions (Marking) (Platinum) Order (Cap. 362C), the Trade Descriptions (Provision of Information on Natural Fei Cui) Order (Cap. 362M), the Trade Descriptions (Provision of Information on Diamond) Order (Cap. 362N), and the Trade Descriptions (Provision of Information on Regulated Electronic Products) Order (Cap. 362O). The enforcement work involves:

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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, compliance with the safety requirements for toys and children's products and consumer goods, and compliance with the orders for provision of information on precious stones, metals and regulated electronic products; and
- investigating complaints relating to short weights and measures, unsafe toys and children's products and consumer goods, and false trade descriptions and mis-statements in respect of goods.

13 The key performance measures are:

Targets

	Target	2009 (Actual)	2010 (Actual)	2011 (Plan)
issuing licences for import and export of optical disc mastering and replication equipment within two working days upon receipt of applications (%).....	100	100	100	100
issuing licences for manufacturing of optical discs within 14 working days upon receipt of applications (%).....	100	100	100	100

Indicators

	2009 (Actual)	2010 (Actual) ^Ψ	2011 (Estimate)
<i>Intellectual property rights</i>			
intellectual property rights investigations	9 533	1 660@	—δ
seizure cases.....	7 823	1 237@	—δ
value of seizures (including optical discs, textiles, leather-ware, footwear and telecommunications equipment) (\$m).....	114.8	79.6	—δ
spot checks on optical disc factories.....	300	300	300
verifications on import/export of optical disc mastering and replication equipment	183	183	180
<i>Weights and measures</i>			
spot checks.....	1 520	2 409	2 400
seizure cases.....	70	71	—δ
value of seizures (\$'000).....	301.1	244.1	—δ
<i>Toys and children's products safety</i>			
spot checks.....	1 507	1 498	1 600
seizure cases.....	11	64	—δ
value of seizures (\$'000).....	103.2	72.9	—δ
<i>Consumer goods safety</i>			
spot checks.....	1 384	1 374	1 600
seizure cases.....	17	4	—δ
value of seizures (\$'000).....	1,991.4	5.0	—δ

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	2009 (Actual)	2010 (Actual) ^Ψ	2011 (Estimate)
<i>Fair trading in regulated articles (trade descriptions)</i>			
spot checks.....	3 301	4 261	4 000
seizure cases.....	30	55	— ^δ
value of seizures (\$'000).....	24,350	6,084	— ^δ

^Ψ As it takes time to verify the data, figures for 2010 are subject to adjustment.

[@] Since early 2010, the Department has adopted a preventive strategy to tackle on-street sale of pirated goods. In addition to regular raids, officers are deployed to carry out intensive and high profile patrol in the known black spot areas to deter peddling of pirated goods. The new strategy has resulted in a significant reduction in such activities and in the number of investigation and seizure cases.

^δ Not possible to estimate.

Matters Requiring Special Attention in 2011–12

14 During 2011–12, the Department will continue to:

- 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;
- promote public/traders' awareness of intellectual property rights and consumer protection legislation through publicity programmes;
- take enforcement actions against false trade descriptions and mis-statements in respect of goods; and
- conduct spot checks to deter short-weight malpractices.

Programme (4): Revenue Protection and Collection

	2009–10 (Actual)	2010–11 (Original)	2010–11 (Revised)	2011–12 (Estimate)
Financial provision (\$m)	129.7	131.2	127.2 (–3.0%)	129.1 (+1.5%)

(or –1.6% on
2010–11 Original)

Aim

15 The aims are to collect and protect revenue from dutiable commodities stipulated in the Dutiable Commodities Ordinance (Cap. 109) and to assess the provisional taxable values of motor vehicles under the Motor Vehicles (First Registration Tax) Ordinance (Cap. 330).

Brief Description

16 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.

17 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.

18 The Department is responsible for combating smuggling and distribution of illicit cigarette and taking enforcement action against illicit fuel activities at all levels.

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19 The key performance measures are:

Targets

	Target	2009 (Actual)	2010 (Actual)	2011 (Plan)
<i>Dutiable commodities</i>				
issuing import and export licences within 12 working days upon receipt of applications (%).....	100	100	100	100
issuing permits within half a working day upon receipt of applications (%).....	100	100	100	100
providing customs attendance within two working days upon receipt of applications (%).....	100	100	100	100
<i>First Registration Tax</i>				
completing assessment of provisional taxable values of imported vehicles within five working days upon receipt of applications (%).....	100	100	100	100
completing registration of importers/distributors of motor vehicles within seven working days upon receipt of applications (%).....	100	100	100	100

Indicators

	2009 (Actual)	2010 (Actual)Δ	2011 (Estimate)
<i>Dutiable commodities</i>			
licences issued.....	97	119	120
permits issued	78 881	87 889	88 000
duty collected (\$m)	6,243.4	7,097.2	7,038.9
duty recovered (\$m).....	5.6	8.8	—@
licence fees, customs attendance fees and other related payments collected (\$m).....	5.1	5.2	5.6
revenue collected per \$1 provision (\$).....	88.2	98.1	97.3
cases detected.....	22	25	—@
<i>Anti-illicit-cigarette enforcement</i> ψ			
seizure cases.....	1 662	1 228	—@
cigarettes seized ('000 sticks)	54 395	71 137	—@
vehicles seized	46	31	—@
vessels seized	1	8	—@
persons prosecuted for offences relating to illicit cigarettes	2 074	1 949	—@
<i>Anti-illicit-fuel enforcement</i> ψ			
seizure cases.....	572	320	—@
hydrocarbon oil seized ('000 litres)	125	106	—@
illicit fuel filling stations neutralised.....	527	289	—@
<i>First Registration Tax</i>			
cases detected.....	22	21	—@
inspection and verification of imported vehicles for payment of First Registration Tax.....	430	452	460
assessment of provisional taxable value on imported vehicles (cases).....	35 134	58 514	59 000
re-assessment of provisional taxable value on imported vehicles (cases).....	15 868	13 738	13 800

Δ As it takes time to verify the data, figures for 2010 are subject to adjustment.

@ Not possible to estimate.

ψ The figures reflect the enforcement efforts of the Department but exclude cases mentioned in Programme (1).

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Matters Requiring Special Attention in 2011–12

20 During 2011–12, the Department will continue to:

- strengthen regional co-operation with other Customs administrations in combating smuggling of illicit cigarettes;
- step up enforcement actions against distribution and peddling of illicit cigarettes; and
- strengthen co-operation with the Mainland Customs in combating cross-boundary smuggling of illicit fuel.

Programme (5): Trade Controls

	2009–10 (Actual)	2010–11 (Original)	2010–11 (Revised)	2011–12 (Estimate)
Financial provision (\$m)	171.2	181.1	177.8 (–1.8%)	188.1 (+5.8%)
				(or +3.9% on 2010–11 Original)

Aim

21 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 (Cap. 60E) and clothing levies under the Industrial Training (Clothing Industry) Ordinance (Cap. 318).

Brief Description

22 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;
- 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.

23 The key performance measures are:

Targets

	Target	2009 (Actual)	2010 (Actual)	2011 (Plan)
conducting pre-issue consignment inspections relating to textile licences / production notifications within two working days upon receipt of referral of applications from the Trade and Industry Department (TID) (%)	100	100	100	100

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	Target	2009 (Actual)	2010 (Actual)	2011 (Plan)
conducting pre-issue consignment inspections relating to non-textile licences within four working days upon receipt of referral of applications from the TID (%).....	100	100	100	100
conducting 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 the TID (%)	100	100	100	100
conducting registration inspections relating to control on reserved commodities within three working days upon receipt of referral of applications from the TID (%)	100	100	100	100
conducting pre-issue consignment inspections relating to licences for strategic commodities within two working days upon receipt of referral of applications from the TID (%).....	100	100	100	100
conducting registration and re-registration inspections under the Air Transhipment Cargo Exemption Scheme for Strategic Commodities within four working days upon receipt of referral of applications from the TID (%)	100	100	100	100

Indicators

	2009 (Actual)	2010 (Actual) ^Ω	2011 (Estimate)
factory and consignment inspections	36 027	30 819	36 400^β
factory audit checks	68	22	10
reserved commodities inspections.....	3 956	4 060	3 800
blitz checks on consignments subject to licensing control or covered by CO(CEPA) at entry and exit points, and public cargo working areas.....	16 361	14 048	13 000
import and export declarations			
declarations processed	17 380 254	19 140 987	19 413 000
overdue declarations verified ^Λ	—	—	305 800
under-valued declarations verified ^Λ	—	—	18 100
revenue collected (\$m).....	1,287.2	1,576.9	1,597.5
revenue recovered (\$m)	12.9	13.5	—^α
administrative penalties imposed (\$m).....	31.5	29.5	—^α

^Ω As it takes time to verify the data, figures for 2010 are subject to adjustment.

^β The figure includes 3 666 consignment checks on pharmaceutical products in pursuance of the policy initiative of enhancing the regulation of medicine.

^Λ New Indicators as from 2011.

^α Not possible to estimate.

Matters Requiring Special Attention in 2011–12

24 During 2011–12, the Department will continue to:

- assume any additional enforcement responsibilities arising from the trade in new products that become eligible for the zero tariff preference as a result of the biannual Rules of Origin Consultations under the CEPA implemented in two stages beginning on 1 January 2006;
- uphold the integrity of the Hong Kong Certification of Origin System;
- work closely with the Census and Statistics Department to further enhance the control of import and export declarations as well as manifests by stepping up enforcement actions, etc.; and
- maintain effective enforcement actions on strategic trade controls by strengthening disposal checks and outreaching programmes.

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ANALYSIS OF FINANCIAL PROVISION

Programme	2009–10 (Actual) (\$m)	2010–11 (Original) (\$m)	2010–11 (Revised) (\$m)	2011–12 (Estimate) (\$m)
(1) Control and Enforcement	1,704.2	1,768.3	1,733.3	1,847.7
(2) Anti-narcotics Investigation	139.3	144.2	143.5	146.0
(3) Intellectual Property Rights and Consumer Protection	264.2	284.6	246.9	254.8
(4) Revenue Protection and Collection	129.7	131.2	127.2	129.1
(5) Trade Controls.....	171.2	181.1	177.8	188.1
	2,408.6	2,509.4	2,428.7 (-3.2%)	2,565.7 (+5.6%)
				(or +2.2% on 2010–11 Original)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2011–12 is \$114.4 million (6.6%) higher than the revised estimate for 2010–11. This is mainly due to the full year provision for vacancies filled in 2010–11, a net increase of three posts to meet operational needs, full year effect of operating expenses following the commissioning of the Customs Headquarters Building, increased operating expenses and increased cash flow requirement for capital projects.

Programme (2)

Provision for 2011–12 is \$2.5 million (1.7%) higher than the revised estimate for 2010–11. This is mainly due to the increased salary provision resulting from staff changes and increased operating expenses.

Programme (3)

Provision for 2011–12 is \$7.9 million (3.2%) higher than the revised estimate for 2010–11. This is mainly due to the increased salary provision resulting from staff changes and increased operating expenses, partly offset by a decrease of one post.

Programme (4)

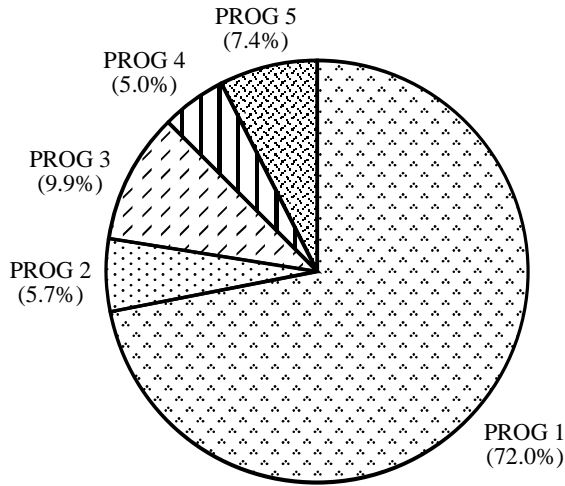
Provision for 2011–12 is \$1.9 million (1.5%) higher than the revised estimate for 2010–11. This is mainly due to the increased salary provision resulting from staff changes and increased operating expenses.

Programme (5)

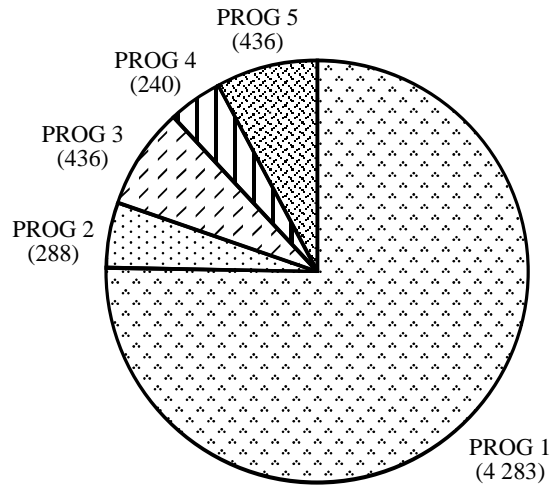
Provision for 2011–12 is \$10.3 million (5.8%) higher than the revised estimate for 2010–11. This is mainly due to the full year provision for vacancies filled in 2010–11, a net increase of 18 posts mainly for strengthening the organisation capacity in the regulation of medicine and increased operating expenses.

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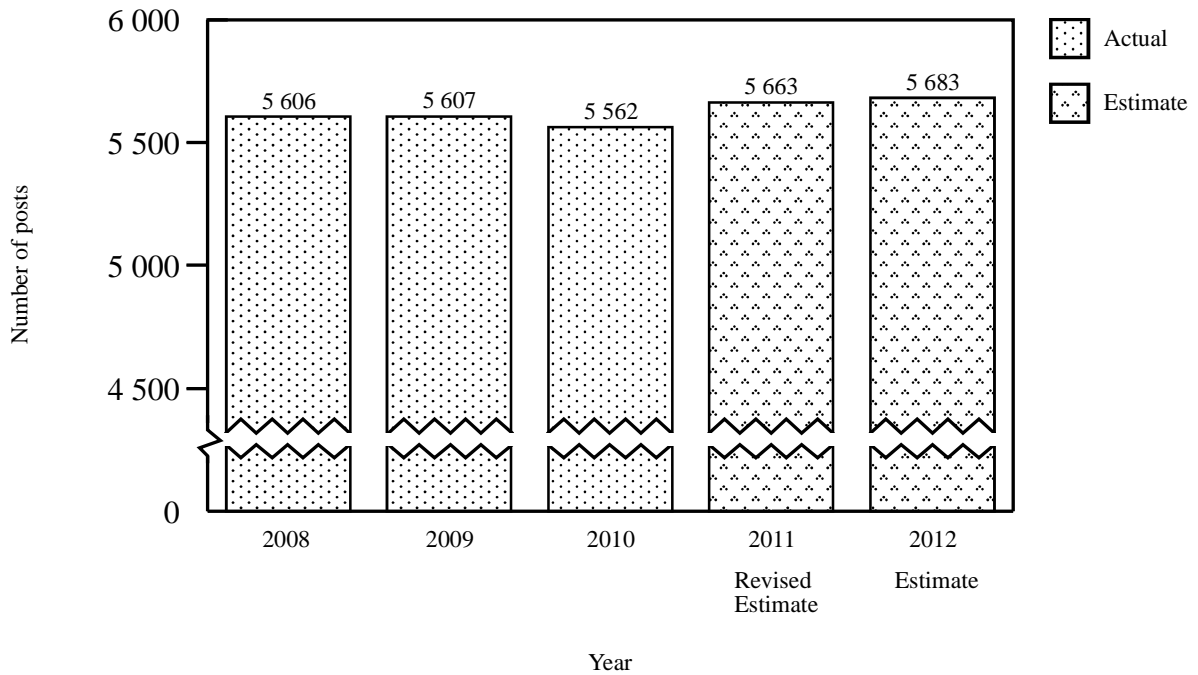
*Allocation of provision
to programmes
(2011-12)*



*Staff by programme
(as at 31 March 2012)*



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



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Sub-head (Code)	Actual expenditure 2009–10	Approved estimate 2010–11	Revised estimate 2010–11	Estimate 2011–12	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses.....	2,253,132	2,415,915	2,361,128	2,453,890
103	Rewards and special services	8,969	9,000	9,500	9,500
292	Seizure management.....	42,904	42,000	43,500	44,000
	Total, Recurrent	<u>2,305,005</u>	<u>2,466,915</u>	<u>2,414,128</u>	<u>2,507,390</u>
	Total, Operating Account.....	<u>2,305,005</u>	<u>2,466,915</u>	<u>2,414,128</u>	<u>2,507,390</u>
Capital Account					
Plant, Equipment and Works					
603	Plant, vehicles and equipment	90,176	8,599	3,690	40,004
661	Minor plant, vehicles and equipment (block vote).....	13,400	33,870	10,846	18,313
	Total, Plant, Equipment and Works	<u>103,576</u>	<u>42,469</u>	<u>14,536</u>	<u>58,317</u>
	Total, Capital Account.....	<u>103,576</u>	<u>42,469</u>	<u>14,536</u>	<u>58,317</u>
	Total Expenditure	<u><u>2,408,581</u></u>	<u><u>2,509,384</u></u>	<u><u>2,428,664</u></u>	<u><u>2,565,707</u></u>

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Details of Expenditure by Subhead

The estimate of the amount required in 2011–12 for the salaries and expenses of the Customs and Excise Department is \$2,565,707,000. This represents an increase of \$137,043,000 over the revised estimate for 2010–11 and of \$157,126,000 over actual expenditure in 2009–10.

Operating Account

Recurrent

2 Provision of \$2,453,890,000 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 2011 will be 5 663 permanent posts. It is expected that there will be a net increase of 20 posts in 2011–12. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2011–12, but the notional annual mid-point salary value of all such posts must not exceed \$1,735,049,000.

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

	2009–10 (Actual) (\$'000)	2010–11 (Original) (\$'000)	2010–11 (Revised) (\$'000)	2011–12 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	1,809,427	1,873,075	1,839,950	1,884,246
- Allowances	48,576	52,797	52,310	53,620
- Job-related allowances.....	7,685	9,539	9,220	9,891
Personnel Related Expenses				
- Rent allowance.....	419	420	420	540
- Mandatory Provident Fund contribution	7,575	3,655	4,230	3,266
- Civil Service Provident Fund contribution	17,994	36,827	36,200	44,562
- Disturbance allowance.....	21	35	35	45
Departmental Expenses				
- General departmental expenses.....	357,594	435,597	414,915	453,750
Other Charges				
- Land usage cost	3,578	3,700	3,581	3,700
- Grant to the Customs and Excise Service Welfare Fund.....	263	270	267	270
	2,253,132	2,415,915	2,361,128	2,453,890

5 Provision of \$9,500,000 under *Subhead 103 Rewards and special services* is for expenditure on rewards and services of a confidential nature.

6 Provision of \$44,000,000 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 \$18,313,000 under *Subhead 661 Minor plant, vehicles and equipment (block vote)* represents an increase of \$7,467,000 (68.8%) over the revised estimate for 2010–11. This is mainly due to 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 31.3.2010	Revised estimated expenditure for 2010–11	Balance
			\$'000	\$'000	\$'000	\$'000
Capital Account						
603		<i>Plant, vehicles and equipment</i>				
813		Replacement of one mobile X-ray checker van (AM 5912).....	3,472	—	350	3,122
825		Procurement of a Z backscatter van for the Ports and Maritime Command.....	9,896	—	—	9,896
867		Procurement of a mobile X-ray vehicle scanning system for cargo examination at the River Trade Terminal in Tuen Mun	36,952	510	1,000	35,442
887		Procurement of digital audio-visual monitoring system cum public announcement system for the new Tactical Training Block at Customs and Excise Training School.....	2,724	—	—	2,724
888		Procurement of one set of passive millimetre wave screening system for the Airport Command	3,298	—	—	3,298
889		Procurement of one set of X-ray checker for conveyor belt (carousel no. 5) for the Airport Command	2,421	—	—	2,421
890		Procurement of one set of X-ray checker for conveyor belt (carousel no. 10) for the Airport Command	2,421	—	—	2,421
		Total	<u>61,184</u>	<u>510</u>	<u>1,350</u>	<u>59,324</u>