

Head 31 — CUSTOMS AND EXCISE DEPARTMENT

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

Estimate 2008–09	\$2,308.1m
Establishment ceiling 2008–09 (notional annual mid-point salary value) representing an estimated 5 623 non-directorate posts as at 31 March 2008 rising by 48 posts to 5 671 posts as at 31 March 2009	\$1,621.1m
In addition, there will be an estimated nine directorate posts as at 31 March 2008 and as at 31 March 2009	
Commitment balance	\$105.3m

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

	2006–07 (Actual)	2007–08 (Original)	2007–08 (Revised)	2008–09 (Estimate)
Financial provision (\$m)	1,171.2	1,452.5	1,370.5 (–5.6%)	1,580.1 (+15.3%)
				(or +8.8% on 2007–08 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 Customs and Excise 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 key performance measures are:

Targets

	Target	2006 (Actual)	2007 (Actual)	2008 (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 detained rail cargo within 60 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

	2006 (Actual)	2007 (Actual)§	2008 (Estimate)
carriage licences issued.....	148	12	12
seizure cases	38 900	45 876	—@
value of seizures (\$m)			
dutiable commodities¶.....	21.0	39.6	—@
articles other than dutiable commodities.....	311.1	329.2	—@
conveyance used for smuggling (e.g. vehicles, speedboats, small crafts, etc.).....	4.9	12.0	—@
persons compounded for offences relating to illicit cigarettes	8 299	5 644	—@

§ As it takes time to verify the data, figures for 2007 are subject to adjustment.

@ Not possible to estimate.

¶ Denotes 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 2008–09

5 During 2008–09, the Department will:

- continue to take proactive action against smuggling activities through intelligence-based 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
- develop a Road Cargo System to enable shippers to submit electronic advance cargo information for enhancing the operational efficiency of cargo clearance for road cargoes and facilitating cross-boundary cargo movement.

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Programme (2): Anti-narcotics Investigation

	2006–07 (Actual)	2007–08 (Original)	2007–08 (Revised)	2008–09 (Estimate)
Financial provision (\$m)	127.7	120.6	132.1 (+9.5%)	136.0 (+3.0%)
				(or +12.8% on 2007–08 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	2006 (Actual)	2007 (Actual)	2008 (Plan)
issuing 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
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

	2006 (Actual)	2007 (Actual)Δ	2008 (Estimate)
drug abusers reported to the Central Registry of Drug Abuse maintained by Security Bureau.....	13 204	10 996φ	—Ω
average purity of heroin (indicative of availability) (%).....	29.7	38.4	—Ω
average retail price of heroin (\$ per gram)	441.9	414.2	—Ω
dangerous drugs seized in Hong Kong			
seizure cases	638	695	—Ω
narcotics seized			
heroin (kg)	43.6	26.7	—Ω

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	2006 (Actual)	2007 (Actual) Δ	2008 (Estimate)
psychotropic drugs seized			
cocaine (kg)	9.3	182.4	— Ω
cannabis (kg)	101.3	263.0	— Ω
MDMA (ecstasy) (tablet)	19 935	2 427	— Ω
methylamphetamine (ice) (kg)	0.6	42.0	— Ω
ketamine (kg)	57.4	26.3	— Ω
dangerous drugs seized outside Hong Kong (as a result of customs co-operation with agencies outside Hong Kong) (kg)	142.0	3.0	— Ω
persons arrested outside Hong Kong (as a result of customs co-operation with agencies outside Hong Kong)	12	7	— Ω
assets of drug traffickers (\$m)			
restrained	0	0	— Ω
confiscated	0.4	0.4	— Ω
poisons/anti-biotics seized in Hong Kong			
seizure cases	50	79	— Ω
quantity (kg)	0.3	4.0	— Ω
quantity (tablet)	82 547	249 896	— Ω

Δ As it takes time to verify the data, figures for 2007, unless otherwise stated, are subject to adjustment.

ϕ Based on the figure provided by the Narcotics Division of Security Bureau up to September 2007.

Ω Not possible to estimate.

Matters Requiring Special Attention in 2008–09

10 During 2008–09, 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

	2006–07 (Actual)	2007–08 (Original)	2007–08 (Revised)	2008–09 (Estimate)
Financial provision (\$m)	219.9	218.2	232.8 (+6.7%)	237.1 (+1.8%)

(or +8.7% on
2007–08 Original)

Aim

11 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 fair trading in precious metals.

Brief Description

12 The Department is responsible for suppressing offences and investigating complaints related to copyright infringement under the Copyright Ordinance and the Prevention of Copyright Piracy Ordinance, as well as those against forgery of trade marks and false trade descriptions under the Trade Descriptions Ordinance. 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, the Weights and Measures Ordinance, the Consumer Goods Safety Ordinance, the Trade Descriptions (Marking) (Gold & Gold Alloy) Order and the Trade Descriptions (Marking) (Platinum) Order. 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;

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- 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.

13 The key performance measures are:

Targets

	Target	2006 (Actual)	2007 (Actual)	2008 (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

	2006 (Actual)	2007 (Actual)§	2008 (Estimate)
<i>Intellectual property rights</i>			
intellectual property rights investigations	10 725	10 578	—Ψ
seizure cases	9 860	9 837	—Ψ
value of seizures (including optical discs, textiles, leather-ware, footwear and telecommunications equipment) (\$m).....	183.7	185.9	—Ψ
spot checks on optical disc factories.....	311	312	300
verifications on import/export of optical disc mastering and replication equipment.....	186	185	180
<i>Weights and measures</i>			
spot checks.....	600	600	600
seizure cases	12	12	—Ψ
value of seizures (\$'000).....	26.0	63.1	—Ψ
<i>Toys and children's products safety</i>			
spot checks.....	1 508	1 478	1 450
seizure cases	26	3	—Ψ
value of seizures (\$'000).....	53.3	142.4	—Ψ
<i>Consumer goods safety</i>			
spot checks.....	1 353	1 362	1 350
seizure cases	1	9	—Ψ
value of seizures (\$'000).....	243.0	37.9	—Ψ
<i>Fair trading in precious metals</i>			
spot checks.....	80	85	80
seizure cases	0	22	—Ψ
value of seizures (\$'000).....	0	1,875.7	—Ψ

§ As it takes time to verify the data, figures for 2007 are subject to adjustment.

Ψ Not possible to estimate.

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Matters Requiring Special Attention in 2008–09

14 During 2008–09, 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

	2006–07 (Actual)	2007–08 (Original)	2007–08 (Revised)	2008–09 (Estimate)
Financial provision (\$m)	129.8	121.0	131.2 (+8.4%)	134.1 (+2.2%)
				(or +10.8% on 2007–08 Original)

Aim

15 The aims are 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

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 has an Anti-Illicit-Cigarette Investigation Division responsible for combating serious smuggling and distribution of illicit cigarette 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.

19 Customs officers engaged in marine and land enforcement duties also conduct regular land and sea patrols to suppress the importation, exportation, distribution and selling 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.

20 The key performance measures are:

Targets

	Target	2006 (Actual)	2007 (Actual)	2008 (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

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	Target	2006 (Actual)	2007 (Actual)	2008 (Plan)
<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				
		2006 (Actual)	2007 (Actual)§	2008 (Estimate)
<i>Dutiable commodities</i>				
licences issued		225	241	240
permits issued		120 021	117 427	117 000
duty collected (\$m)		6,956.5	7,031.4	6,768.9
duty recovered (\$m).....		1.8	2.7	—@
licence fees, customs attendance fees and other related payments collected (\$m)		5.4	5.8	6.2
revenue collected per \$1 provision (\$)		98.0	95.4	91.9
cases detected		66	59	—@
<i>Anti-illicit-cigarette enforcement</i> ∇				
seizure cases		1 567	965	—@
cigarettes seized ('000 sticks)		66 999	103 400	—@
vehicles seized		62	51	—@
vessels seized		4	6	—@
persons prosecuted for offences relating to illicit cigarettes		2 171	1 436	—@
<i>Anti-illicit-fuel enforcement</i> ∇				
seizure cases		1 214	1 152	—@
hydrocarbon oil seized ('000 litres)		804	897	—@
illicit fuel detreating plants closed down		11	5	—@
illicit fuel filling stations neutralised.....		960	939	—@
<i>First Registration Tax</i>				
cases detected		8	10	—@
inspection and verification of imported vehicles for payment of First Registration Tax		424	442	440
assessment of provisional taxable value on imported vehicles (cases).....		42 594	48 754	48 000
re-assessment of provisional taxable value on imported vehicles (cases).....		12 295	9 946	10 000

§ As it takes time to verify the data, figures for 2007 are subject to adjustment.

@ Not possible to estimate.

∇ Denotes the enforcement efforts of the Department but excluding cases mentioned in Programme (1).

Matters Requiring Special Attention in 2008–09

21 During 2008–09, the Department will continue to:

- strengthen regional co-operation with other Customs administrations in combating smuggling of illicit cigarettes; and
- strengthen co-operation with the Mainland Customs in combating cross-boundary smuggling of illicit fuel.

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Programme (5): Trade Controls

	2006-07 (Actual)	2007-08 (Original)	2007-08 (Revised)	2008-09 (Estimate)
Financial provision (\$m)	204.4	215.1	216.1 (+0.5%)	220.8 (+2.2%)
				(or +2.6% on 2007-08 Original)

Aim

22 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

23 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.

24 The key performance measures are:

Targets

	Target	2006 (Actual)	2007 (Actual)	2008 (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
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

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	Target	2006 (Actual)	2007 (Actual)	2008 (Plan)
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

	2006 (Actual)	2007 (Actual)§	2008 (Estimate)
factory and consignment inspections	94 467	98 040	80 600
factory audit checks	201	189	190
reserved commodities inspections	3 464	3 272	3 300
blitz checks on consignments subject to licensing control or covered by CO(CEPA) at entry and exit points, and public cargo working areas.....	33 746	37 790	36 400
import and export declarations			
declarations processed	19 485 178	19 758 381	19 812 000
revenue collected (\$m).....	1,289.0	1,408.2	1,411.6
revenue recovered (\$m)	7.9	6.8	—Ω
administrative penalties imposed (\$m)	20.6	17.0	—Ω

§ As it takes time to verify the data, figures for 2007 are subject to adjustment.

Ω Not possible to estimate.

Matters Requiring Special Attention in 2008–09

25 During 2008–09, the Department will continue to:

- assume 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 2007; and
- enforce the textiles control system and closely monitor the latest development with a view to combating illegal transhipment activities.

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ANALYSIS OF FINANCIAL PROVISION

Programme	2006-07 (Actual) (\$m)	2007-08 (Original) (\$m)	2007-08 (Revised) (\$m)	2008-09 (Estimate) (\$m)
(1) Control and Enforcement	1,171.2	1,452.5	1,370.5	1,580.1
(2) Anti-narcotics Investigation	127.7	120.6	132.1	136.0
(3) Intellectual Property Rights and Consumer Protection	219.9	218.2	232.8	237.1
(4) Revenue Protection and Collection ..	129.8	121.0	131.2	134.1
(5) Trade Controls	204.4	215.1	216.1	220.8
	1,853.0	2,127.4	2,082.7 (-2.1%)	2,308.1 (+10.8%)
				(or +8.5% on 2007-08 Original)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2008-09 is \$209.6 million (15.3%) higher than the revised estimate for 2007-08. This is mainly due to the net increase of 48 posts to meet operational needs, full-year provision for vacancies filled in 2007-08, and increased operating expenses and cash flow requirement for capital projects.

Programme (2)

Provision for 2008-09 is \$3.9 million (3.0%) higher than the revised estimate for 2007-08. This is mainly due to increased salary provision resulting from staff changes and increased operating expenses.

Programme (3)

Provision for 2008-09 is \$4.3 million (1.8%) higher than the revised estimate for 2007-08. This is mainly due to increased salary provision resulting from staff changes and increased operating expenses.

Programme (4)

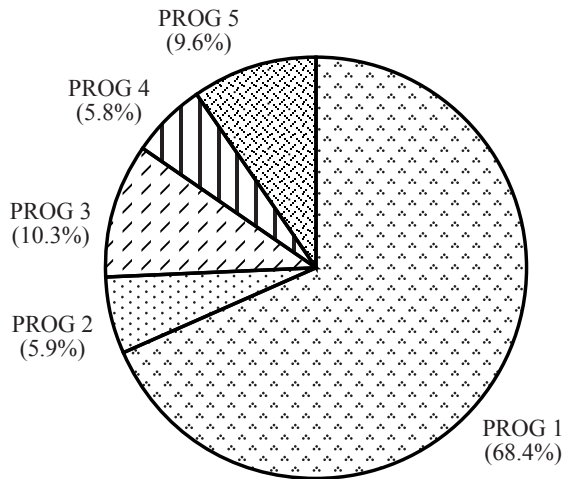
Provision for 2008-09 is \$2.9 million (2.2%) higher than the revised estimate for 2007-08. This is mainly due to increased salary provision resulting from staff changes and increased operating expenses.

Programme (5)

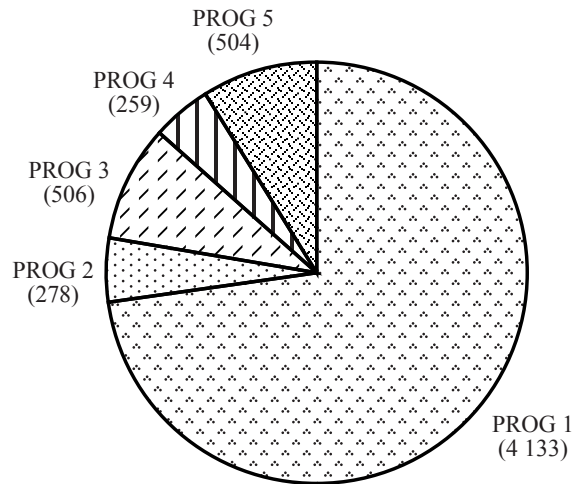
Provision for 2008-09 is \$4.7 million (2.2%) higher than the revised estimate for 2007-08. This is mainly due to the increased salary provision resulting from staff changes and full-year effect of operating expenses upon the commissioning of the Shenzhen Bay Control Point.

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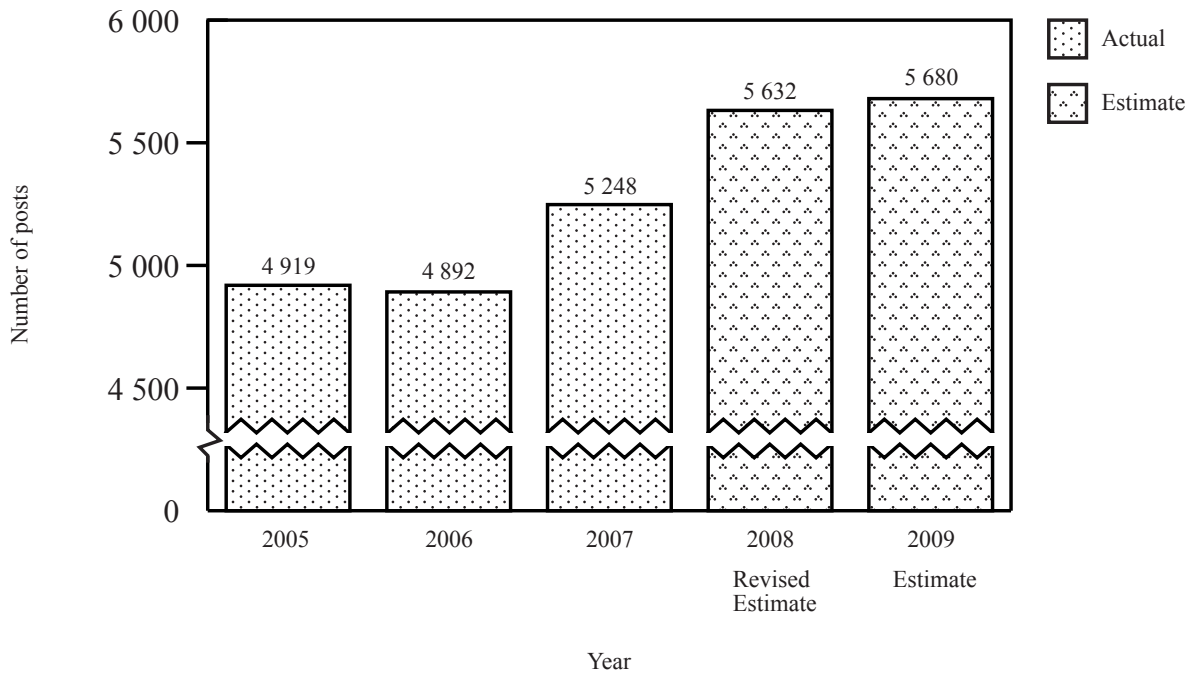
*Allocation of provision
to programmes
(2008-09)*



*Staff by programme
(as at 31 March 2009)*



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



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Sub-head (Code)	Actual expenditure 2006–07	Approved estimate 2007–08	Revised estimate 2007–08	Estimate 2008–09	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses	1,806,001	2,065,549	2,012,185	2,185,186
103	Rewards and special services	8,984	8,000	8,000	8,000
292	Seizure management	33,496	41,000	38,000	38,000
	Total, Recurrent	<u>1,848,481</u>	<u>2,114,549</u>	<u>2,058,185</u>	<u>2,231,186</u>
Non-Recurrent					
	General non-recurrent	174	—	—	—
	Total, Non-Recurrent	<u>174</u>	<u>—</u>	<u>—</u>	<u>—</u>
	Total, Operating Account	<u>1,848,655</u>	<u>2,114,549</u>	<u>2,058,185</u>	<u>2,231,186</u>
Capital Account					
Plant, Equipment and Works					
603	Plant, vehicles and equipment	—	—	11,700	58,500
661	Minor plant, vehicles and equipment (block vote)	4,349	12,813	12,813	18,461
	Total, Plant, Equipment and Works	<u>4,349</u>	<u>12,813</u>	<u>24,513</u>	<u>76,961</u>
	Total, Capital Account	<u>4,349</u>	<u>12,813</u>	<u>24,513</u>	<u>76,961</u>
	Total Expenditure	<u><u>1,853,004</u></u>	<u><u>2,127,362</u></u>	<u><u>2,082,698</u></u>	<u><u>2,308,147</u></u>

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Details of Expenditure by Subhead

The estimate of the amount required in 2008–09 for the salaries and expenses of the Customs and Excise Department is \$2,308,147,000. This represents an increase of \$225,449,000 over the revised estimate for 2007–08 and of \$455,143,000 over actual expenditure in 2006–07.

Operating Account

Recurrent

2 Provision of \$2,185,186,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Customs and Excise Department. The increase of \$173,001,000 (8.6%) over the revised estimate for 2007–08 is mainly due to the full-year effect of salary provision and operating expenses upon the commissioning of new control points in 2007–08.

3 The establishment as at 31 March 2008 will be 5 632 permanent posts. It is expected that there will be a net increase of 48 permanent posts in 2008–09. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2008–09, but the notional annual mid-point salary value of all such posts must not exceed \$1,621,074,000.

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

	2006–07 (Actual) (\$'000)	2007–08 (Original) (\$'000)	2007–08 (Revised) (\$'000)	2008–09 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	1,503,252	1,663,021	1,661,365	1,757,069
- Allowances	42,234	46,530	46,360	48,990
- Job-related allowances	6,687	8,336	8,045	8,629
Personnel Related Expenses				
- Rent allowance	308	350	370	370
- Mandatory Provident Fund contribution ..	2,907	7,958	8,060	9,480
- Civil Service Provident Fund contribution	930	1,600	1,550	7,000
- Disturbance allowance	21	30	30	30
Departmental Expenses				
- General departmental expenses	249,434	337,464	282,916	350,038
Other Charges				
- Land usage cost	—	—	3,241	3,300
- Grant to the Customs and Excise Service Welfare Fund	228	260	248	280
	1,806,001	2,065,549	2,012,185	2,185,186

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 \$38,000,000 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 \$18,461,000 under *Subhead 661 Minor plant, vehicles and equipment (block vote)* represents an increase of \$5,648,000 (44.1%) over the revised estimate for 2007–08. 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 31.3.2007	Revised estimated expenditure for 2007-08	Balance
			\$'000	\$'000	\$'000	\$'000
<i>Capital Account</i>						
603		<i>Plant, vehicles and equipment</i>				
	895	Replacement of three sector patrol launches.....	117,000	—	11,700	105,300
		Total	117,000	—	11,700	105,300