

Head 31 — CUSTOMS AND EXCISE DEPARTMENT

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

Estimate 2012–13	\$2,779.2m
Establishment ceiling 2012–13 (notional annual mid-point salary value) representing an estimated 5 674 non-directorate posts as at 31 March 2012 rising by 166 posts to 5 840 posts as at 31 March 2013	\$1,896.3m
In addition, there will be an estimated nine directorate posts as at 31 March 2012 and as at 31 March 2013.	
Commitment balance	\$188.0m

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

	2010–11 (Actual)	2011–12 (Original)	2011–12 (Revised)	2012–13 (Estimate)
Financial provision (\$m)	1,727.9	1,847.7	1,872.7 (+1.4%)	2,042.2 (+9.1%)
				(or +10.5% on 2011–12 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 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	2010 (Actual)	2011 (Actual)	2012 (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

	2010 (Actual)	2011 (Actual)#	2012 (Estimate)
carriage licences issued.....	8	16	16
seizure cases	20 339	19 585	— [^]
value of seizures (\$m)			
dutiable commodities¶.....	35.5	72.2	— [^]
articles other than dutiable commodities.....	341.3	666.6	— [^]
conveyance used for smuggling (e.g. vehicles, speedboats, small crafts, etc.).....	7.8	2.4	— [^]
persons compounded for offences relating to illicit cigarettes	4 142	6 681	— [^]

As it takes time to verify the data, figures for 2011 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 2012–13

5 During 2012–13, 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;
- closely monitor the operation of the electronic Road Cargo System to ensure efficient and effective clearance of cross-boundary goods vehicles;
- enhance publicity of the Inter-modal Transshipment Facilitation Scheme, whereby cargoes involving inter-modal transfer (e.g. from land to air/sea) will only be subject to customs inspection at either the point of exit or entry;

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- promote greater use of the voluntary integrity-checking scheme to enable traders to enjoy tariff reductions under the Economic Cooperation Framework Agreement for goods that are transhipped through Hong Kong between the Mainland and Taiwan; and
- ensure the readiness of new cargo examination facilities for a new air cargo terminal to be commissioned at the Hong Kong International Airport in early 2013 and the provision of effective cargo clearance thereat.

Programme (2): Anti-narcotics Investigation

	2010–11 (Actual)	2011–12 (Original)	2011–12 (Revised)	2012–13 (Estimate)
Financial provision (\$m)	146.3	146.0	155.1 (+6.2%)	156.6 (+1.0%)
				(or +7.3% on 2011–12 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	2010 (Actual)	2011 (Actual)	2012 (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

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Indicators

	2010 (Actual)	2011 (Actual)‡	2012 (Estimate)
drug abusers reported to the Central Registry of Drug Abuse maintained by Security Bureau			
aged under 21	2 753	1 647§	—λ
aged 21 or above.....	9 667	8 037§	—λ
average purity of heroin (indicative of availability) (%).....	58.0	57.6	—λ
average retail price of heroin (\$ per gram)	844.5	709.7	—λ
dangerous drugs seized in Hong Kong			
seizure cases	427	447	—λ
narcotics seized			
heroin (kg)	40.0	142.3	—λ
psychotropic drugs seized			
cocaine (kg)	350.4	30.1	—λ
cannabis (kg).....	7.1	35.2	—λ
MDMA (ecstasy) (tablet).....	1 557	2	—λ
methylamphetamine (ice) (kg)	91.4	31.2	—λ
ketamine (kg)	46.9	75.7	—λ
dangerous drugs seized outside Hong Kong (as a result of customs co-operation with agencies outside Hong Kong) (kg).....	18.7	10.6	—λ
persons arrested outside Hong Kong (as a result of customs co-operation with agencies outside Hong Kong).....	18	5	—λ
assets of drug traffickers (\$m)			
restrained	0	3.0	—λ
confiscated	0	0	—λ
poisons/anti-biotics seized in Hong Kong			
seizure cases	66	71	—λ
quantity (kg).....	3.5	49.5	—λ
quantity (tablet).....	101 721	57 893	—λ

‡ As it takes time to verify the data, figures for 2011, unless otherwise stated, are subject to adjustment.

§ Based on the figure provided by the Narcotics Division of the Security Bureau up to September 2011.

λ Not possible to estimate.

Matters Requiring Special Attention in 2012–13

10 During 2012–13, the Department will continue to:

- strengthen the co-operation and intelligence exchange on drug trafficking, money laundering and smuggling of controlled chemicals with overseas enforcement agencies;
- step up enforcement actions against cross-boundary drug trafficking via land boundary control points through closer co-operation with the Mainland authorities; and
- liaise with relevant policy bureaux and government departments to monitor any new threat posed by drugs of abuse and precursor chemicals in other regions and constantly review the corresponding enforcement strategies.

Programme (3): Intellectual Property Rights and Consumer Protection

	2010–11 (Actual)	2011–12 (Original)	2011–12 (Revised)	2012–13 (Estimate)
Financial provision (\$m)	225.0	254.8	262.9 (+3.2%)	275.0 (+4.6%)

(or +7.9% on
2011–12 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.

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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 against 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:

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	2010 (Actual)	2011 (Actual)	2012 (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
commencing investigations into urgent complaints against short weights and measures and unsafe products within 24 hours (%)ψ.....	100	—	—	100
commencing investigations into priority complaints against short weights and measures and unsafe products within three working days (%)ψ.....	100	—	—	100

ψ New Targets as from 2012.

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Indicators

	2010 (Actual)	2011 (Actual)#	2012 (Estimate)
<i>Intellectual property rights</i>			
intellectual property rights investigations	1 660@	1 121	—δ
seizure cases	1 237@	756	—δ
value of seizures (including optical discs, textiles, leather-ware, footwear and telecommunications equipment) (\$m).....	79.9	112.2	—δ
spot checks on optical disc factories.....	300	300	300
verifications on import/export of optical disc mastering and replication equipment.....	183	181	180
<i>Weights and measures</i>			
spot checks.....	2 409	2 400	2 400
seizure cases	71	45	—δ
value of seizures (\$'000)	244.1	203.4	—δ
<i>Toys and children's products safety</i>			
spot checks.....	1 498	1 618	1 600
seizure cases	64	23	—δ
value of seizures (\$'000)	73.3	22.6	—δ
<i>Consumer goods safety</i>			
spot checks.....	1 374	1 699	1 600
seizure cases	4	30	—δ
value of seizures (\$'000)	5.0	125.6	—δ
<i>Fair trading in regulated articles (trade descriptions)</i>			
spot checks.....	4 261	4 064	4 000
seizure cases	55	57	—δ
value of seizures (\$'000)	6,084	8,596	—δ

As it takes time to verify the data, figures for 2011 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 2012–13

14 During 2012–13, the Department will continue to:

- strengthen the co-operative alliance with the industries and enforcement agencies in detecting online sale of infringing goods;
- widen the application of the Organised and Serious Crimes Ordinance (Cap. 455) to the investigation of intellectual property crimes;
- upgrade the capability in the investigation of Internet and electronic crimes relating to infringement of intellectual property rights;
- promote public/traders' awareness of intellectual property rights and consumer protection legislation through publicity programmes; and
- strengthen enforcement actions against false trade descriptions and mis-statements in the sale of goods.

Programme (4): Revenue Protection and Collection

	2010–11 (Actual)	2011–12 (Original)	2011–12 (Revised)	2012–13 (Estimate)
Financial provision (\$m)	121.2	129.1	148.6 (+15.1%)	151.8 (+2.2%)
				(or +17.6% on 2011–12 Original)

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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 actions against illicit fuel activities at all levels.

19 The key performance measures are:

Targets

	Target	2010 (Actual)	2011 (Actual)	2012 (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

	2010 (Actual)	2011 (Actual)Δ	2012 (Estimate)
<i>Dutiable commodities</i>			
licences issued	119	142	140
permits issued	87 889	99 857	99 500
duty collected (\$m).....	7,097.2	7,810.6	8,298.3
duty recovered (\$m).....	8.8	2.0	—μ
licence fees, customs attendance fees and other related payments collected (\$m)	5.2	5.4	5.5
revenue collected per \$1 provision (\$)	98.1	101.8	108.2
cases detected	25	18	—μ
<i>Anti-illicit-cigarette enforcement</i> ψ			
seizure cases	1 228	1 097	—μ
cigarettes seized ('000 sticks)	71 137	90 424	—μ
vehicles seized	31	54	—μ
vessels seized	8	1	—μ
persons prosecuted for offences relating to illicit cigarettes	2 108	2 180	—μ
<i>Anti-illicit-fuel enforcement</i> ψ			
seizure cases	320	180	—μ
hydrocarbon oil seized ('000 litres)	105	71	—μ
illicit fuel filling stations neutralised.....	289	166	—μ

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	2010 (Actual)	2011 (Actual) ^Δ	2012 (Estimate)
<i>First Registration Tax</i>			
cases detected	21	34	— ^μ
inspection and verification of imported vehicles for payment of First Registration Tax	452	471	471
assessment of provisional taxable value on imported vehicles (cases).....	58 514	63 707	63 000
re-assessment of provisional taxable value on imported vehicles (cases).....	13 738	16 722	20 000

Δ As it takes time to verify the data, figures for 2011 are subject to adjustment.

μ Not possible to estimate.

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

Matters Requiring Special Attention in 2012–13

20 During 2012–13, the Department will continue to:

- strengthen enforcement actions against illicit cigarettes activities, especially in the area of telephone-order peddling;
- 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.

Programme (5): Trade Controls

	2010–11 (Actual)	2011–12 (Original)	2011–12 (Revised)	2012–13 (Estimate)
Financial provision (\$m)	153.7	188.1	150.0 (–20.3%)	153.6 (+2.4%)
				(or –18.3% on 2011–12 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;

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- 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	2010 (Actual)	2011 (Actual)	2012 (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
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 Transshipment Cargo Exemption Scheme for Strategic Commodities within four working days upon receipt of referral of applications from the TID (%)	100	100	100	100

Indicators

	2010 (Actual)	2011 (Actual)Ω	2012 (Estimate)
factory and consignment inspections	30 819	37 078	35 600β
factory audit checks	22	1	2
reserved commodities inspections	4 060	4 402	4 400
blitz checks on consignments subject to licensing control or covered by CO(CEPA) at entry and exit points, and public cargo working areas.....	14 048	13 054	13 000
import and export declarations			
declarations processed	19 140 987	18 384 383	17 838 100
overdue declarations verifiedΛ.....	—	303 658	305 800
under-valued declarations verifiedΛ.....	—	17 796	18 100
revenue collected (\$m)	1,576.9	1,721.0	1,673.0
revenue recovered (\$m)	13.5	10.5	—α
administrative penalties imposed (\$m)	29.5	22.5	—α

Ω As it takes time to verify the data, figures for 2011 are subject to adjustment.

β The figure includes 4 264 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.

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Matters Requiring Special Attention in 2012–13

24 During 2012–13, 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;
- deter late lodgement of import and export declarations and cargo 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	2010–11 (Actual) (\$m)	2011–12 (Original) (\$m)	2011–12 (Revised) (\$m)	2012–13 (Estimate) (\$m)
(1) Control and Enforcement	1,727.9	1,847.7	1,872.7	2,042.2
(2) Anti-narcotics Investigation	146.3	146.0	155.1	156.6
(3) Intellectual Property Rights and Consumer Protection	225.0	254.8	262.9	275.0
(4) Revenue Protection and Collection	121.2	129.1	148.6	151.8
(5) Trade Controls	153.7	188.1	150.0	153.6
	2,374.1	2,565.7	2,589.3 (+0.9%)	2,779.2 (+7.3%)
				(or +8.3% on 2011–12 Original)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2012–13 is \$169.5 million (9.1%) higher than the revised estimate for 2011–12. This is mainly due to the full year provision for vacancies filled in 2011–12, a net increase of 150 posts to meet operational needs, increased operating expenses and increased cash flow requirement for capital projects.

Programme (2)

Provision for 2012–13 is \$1.5 million (1.0%) higher than the revised estimate for 2011–12. This is mainly due to an increase of one post to meet operational needs and increased operating expenses.

Programme (3)

Provision for 2012–13 is \$12.1 million (4.6%) higher than the revised estimate for 2011–12. This is mainly due to the increased salary provision resulting from staff changes and increased operating expenses.

Programme (4)

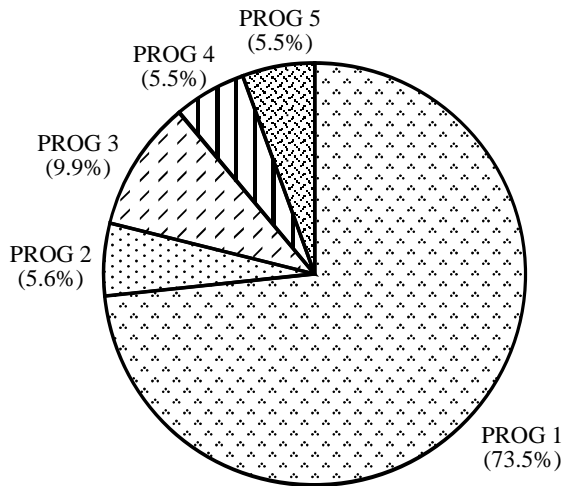
Provision for 2012–13 is \$3.2 million (2.2%) higher than the revised estimate for 2011–12. This is mainly due to a net increase of 15 posts mainly for strengthening the Department's capacity in anti-illicit cigarette operation.

Programme (5)

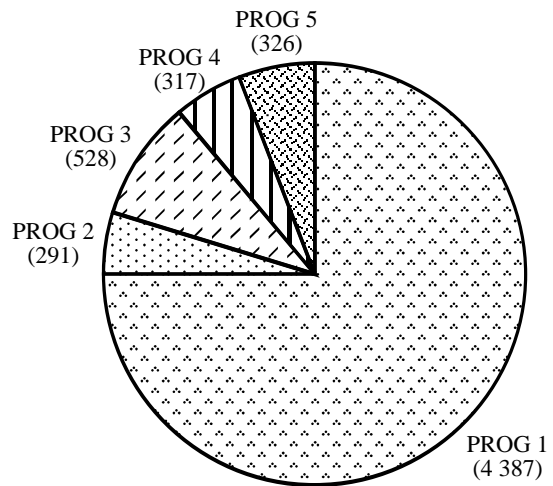
Provision for 2012–13 is \$3.6 million (2.4%) higher than the revised estimate for 2011–12. This is mainly due to the full year provision for vacancies filled in 2011–12 and increased operating expenses.

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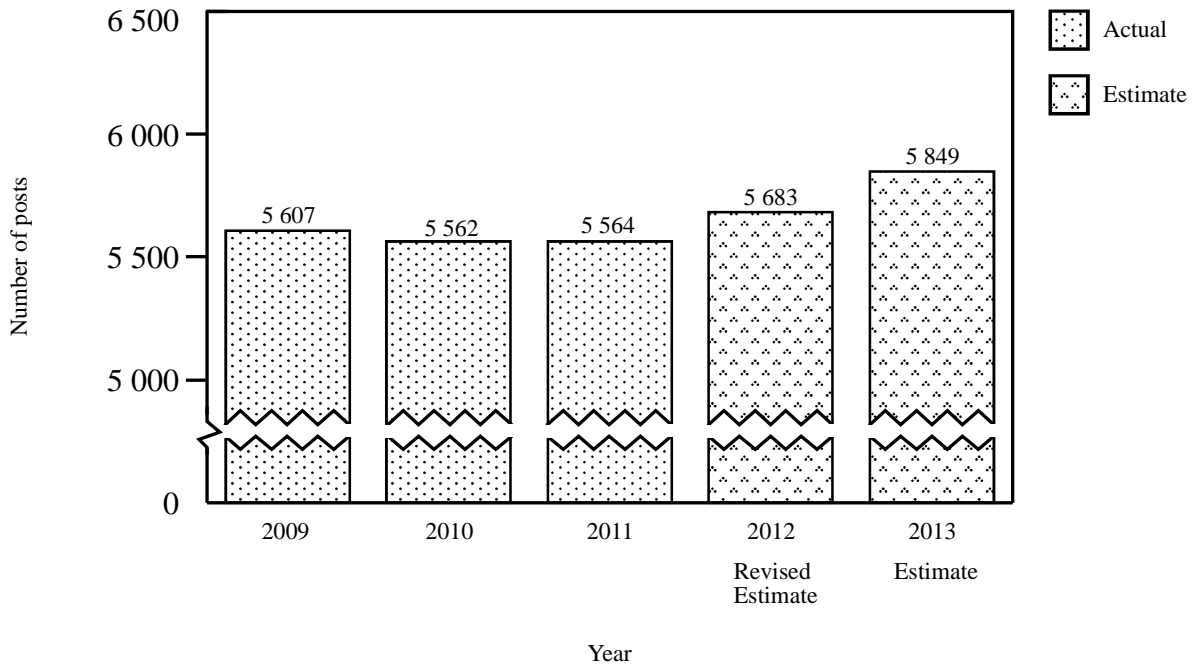
Allocation of provision to programmes (2012-13)



Staff by programme (as at 31 March 2013)



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



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Sub-head (Code)	Actual expenditure 2010-11	Approved estimate 2011-12	Revised estimate 2011-12	Estimate 2012-13	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses	2,310,601	2,453,890	2,510,050	2,629,597
103	Rewards and special services	9,456	9,500	10,000	10,000
292	Seizure management	38,037	44,000	42,000	44,000
	Total, Recurrent	<u>2,358,094</u>	<u>2,507,390</u>	<u>2,562,050</u>	<u>2,683,597</u>
	Total, Operating Account	<u>2,358,094</u>	<u>2,507,390</u>	<u>2,562,050</u>	<u>2,683,597</u>
Capital Account					
Plant, Equipment and Works					
603	Plant, vehicles and equipment	3,110	40,004	11,160	61,373
661	Minor plant, vehicles and equipment (block vote)	12,871	18,313	16,098	34,186
	Total, Plant, Equipment and Works	<u>15,981</u>	<u>58,317</u>	<u>27,258</u>	<u>95,559</u>
	Total, Capital Account	<u>15,981</u>	<u>58,317</u>	<u>27,258</u>	<u>95,559</u>
	Total Expenditure	<u><u>2,374,075</u></u>	<u><u>2,565,707</u></u>	<u><u>2,589,308</u></u>	<u><u>2,779,156</u></u>

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Details of Expenditure by Subhead

The estimate of the amount required in 2012–13 for the salaries and expenses of the Customs and Excise Department is \$2,779,156,000. This represents an increase of \$189,848,000 over the revised estimate for 2011–12 and of \$405,081,000 over actual expenditure in 2010–11.

Operating Account

Recurrent

2 Provision of \$2,629,597,000 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 2012 will be 5 683 permanent posts. It is expected that there will be a net increase of 166 posts in 2012–13. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2012–13, but the notional annual mid-point salary value of all such posts must not exceed \$1,896,296,000.

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

	2010–11 (Actual) (\$'000)	2011–12 (Original) (\$'000)	2011–12 (Revised) (\$'000)	2012–13 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	1,826,661	1,884,246	1,950,498	2,023,239
- Allowances	46,836	53,620	54,635	55,911
- Job-related allowances.....	7,839	9,891	9,259	10,169
Personnel Related Expenses				
- Rent allowance	371	540	627	800
- Mandatory Provident Fund contribution	4,215	3,266	3,350	5,651
- Civil Service Provident Fund contribution	35,477	44,562	46,780	51,136
- Disturbance allowance.....	20	45	100	50
Departmental Expenses				
- General departmental expenses	385,335	453,750	440,786	477,279
Other Charges				
- Land usage cost	3,581	3,700	3,749	5,100
- Grant to the Customs and Excise Service Welfare Fund.....	266	270	266	262
	2,310,601	2,453,890	2,510,050	2,629,597

5 Provision of \$10,000,000 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 \$34,186,000 under *Subhead 661 Minor plant, vehicles and equipment (block vote)* represents an increase of \$18,088,000 (112.4%) over the revised estimate for 2011–12. 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 31.3.2011	Revised estimated expenditure for 2011-12	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	700	2,422
	825	Procurement of a Z backscatter van for the Ports and Maritime Command.....	9,896	—	200	9,696
	847	Replacement of two mobile X-ray vehicle scanning systems for Man Kam To Control Point and Sha Tau Kok Control Point	101,440	—	1,400	100,040
	867	Procurement of a mobile X-ray vehicle scanning system for cargo examination at the River Trade Terminal in Tuen Mun	36,952	1,510	8,300	27,142
	870	Procurement of one X-ray checker with Air Cargo Clearance System interface feature and one desktop contraband detector for clearance of express cargoes at the new Customs Examination Hall of the Airport Command	3,107	—	—	3,107
	871	Replacement of one mobile X-ray checker van (AM5809)	4,000	—	—	4,000
	872	Replacement of one shallow water launch (CE12)	4,400	—	—	4,400
	873	Replacement of one shallow water launch (CE13)	4,400	—	—	4,400
	874	Replacement of one mobile X-ray checker van (AM5810)	4,000	—	—	4,000
	875	Replacement of one mobile X-ray checker van (AM5950)	4,000	—	—	4,000
	876	Procurement of one set of X-ray checker with conveyor belt modification (carousel no. 1) for the Airport Command.....	2,421	—	—	2,421
	877	Procurement of one set of X-ray checker with conveyor belt modification (carousel no. 3) for the Airport Command.....	2,421	—	—	2,421
	878	Procurement of one set of X-ray checker with conveyor belt modification (carousel no. 7) for the Airport Command.....	2,421	—	—	2,421
	879	Procurement of one set of X-ray checker with conveyor belt modification (carousel no. 8) for the Airport Command.....	2,421	—	—	2,421

Head 31 — CUSTOMS AND EXCISE DEPARTMENT

Commitments—Cont'd.

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2011	Revised estimated expenditure for 2011–12	Balance
			\$'000	\$'000	\$'000	\$'000
<i>Capital Account—Cont'd.</i>						
603	<i>Plant, vehicles and equipment—Cont'd.</i>					
880	Procurement of one set of X-ray checker with conveyor belt modification (carousel no. 12) for the Airport Command.....		2,421	—	—	2,421
881	Procurement of one set of X-ray checker with conveyor belt modification (carousel no. 14) for the Airport Command.....		2,421	—	—	2,421
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	—	200	2,524
888	Procurement of one set of passive millimetre wave screening system for the Airport Command.....		3,298	—	150	3,148
889	Procurement of one set of X-ray checker for conveyor belt (carousel no. 5) for the Airport Command.....		2,421	—	105	2,316
890	Procurement of one set of X-ray checker for conveyor belt (carousel no. 10) for the Airport Command.....		2,421	—	105	2,316
	Total		<u>201,057</u>	<u>1,860</u>	<u>11,160</u>	<u>188,037</u>