

Head 31 — CUSTOMS AND EXCISE DEPARTMENT

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

Estimate 2002–03	\$2,019.8m
Establishment ceiling 2002–03 (notional annual mid-point salary value) representing an estimated 5 249 non-directorate posts at 31 March 2002 reducing by 132 posts to 5 117 posts at 31 March 2003	\$1,558.7m
In addition there will be an estimated ten directorate posts at 31 March 2002 and at 31 March 2003....	
Capital Account commitment balance	\$48.7m

Controlling Officer's Report

Programmes

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

Detail

Programme (1): Control and Enforcement

	2000–01 (Actual)	2001–02 (Approved)	2001–02 (Revised)	2002–03 (Estimate)
Financial provision (\$m)	1,123.9	1,085.2 (–3.4%)	1,097.0 (+1.1%)	1,203.6 (+9.7%)

Aim

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

Brief Description

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

- monitoring both the import and export of goods and the licensing of the movement of prohibited and prescribed articles;
- conducting primary checks on passengers, crew, cargoes, postal parcels, aircraft, vessels and vehicles, and secondary examination of those considered high risk, in order to detect contraband, controlled items and other violations of the law;
- conducting regular maritime and land patrols within Hong Kong's territorial boundaries to detect and suppress violations of customs law and other illegal activities; and

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- inspecting and verifying licences and manifests in order to control the import and export of prohibited articles and the carriage of prescribed articles.

4 The performance targets for 2001 were generally achieved.

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

Targets

	Target	2000 (Actual)	2001 (Actual)#	2002 (Plan)
% of licences for prescribed articles to be issued within 14 working hours upon receipt of applications	100	100	100	100
% of detained sea cargo to be cleared within 5 working days from date of request	100	100	100	100
% of detained air cargo to be cleared within 80 minutes from time of request..	100	100	100	100
% of passengers to be cleared within 15 minutes upon queuing up for Customs clearance (except those selected for further examination)	100	100	100	100
% of vehicles crossing the land boundary to be cleared within 60 seconds (except those selected for secondary examination)	100	99.9	99.9	99.9

Figures for 2001 are based on 11 months' actual performance projected to full-year and are subject to adjustment.

Indicators

	2000 (Actual)	2001 (Actual)#	2002 (Estimate)
carriage and import and export licences issued.....	16 018†	19 769	20 000
seizures (no. of cases)	24 556†	21 104	—@
value of seizures (\$m)			
dutiable commodities	46.9†	29.8§	—@
vehicles	10.6†	7.0	—@
speedboats/small craft.....	14.3†	9.8	—@
prescribed articles	20.3†	5.1	—@
prohibited articles.....	180.9†	172.3	—@
others (dangerous goods, agricultural pesticides, reserved commodities, endangered species, etc.)	30.7†	104.9	—@

Figures for 2001 are based on 11 months' actual performance projected to full-year and are subject to adjustment.

§ The decrease in value of seizures in 2001 was due to the re-distribution of some of the enforcement responsibility for the combat of illicit cigarettes to the Anti-Illicit-Cigarette Task Force, whose performance is reported in Programme Area 4.

† Figure has been updated after the preparation of the 2001–02 Estimates.

@ Not possible to estimate.

Matters Requiring Special Attention in 2002–03

6 During 2002–03, the department will:

- maintain vigorous action against smuggling by air, land and sea;
- continue enforcement action against the illegal distribution, storage and sale of dutiable commodities within Hong Kong;
- install two fixed X-ray vehicle inspection systems to enhance the detection of smuggling activities at Lok Ma Chau Control Point;
- enhance customs control and set up two additional passive-alert dog teams to combat smuggling activities, especially smuggling of psychotropic drugs involving young people, at Lo Wu Control Point; and
- establish the Intelligence and Co-operation Branch to further promote the use of intelligence and risk management in operations.

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Programme (2): Anti-narcotics Investigation

	2000-01 (Actual)	2001-02 (Approved)	2001-02 (Revised)	2002-03 (Estimate)
Financial provision (\$m)	139.0	140.2 (+0.9%)	139.9 (-0.2%)	141.9 (+1.4%)

Aim

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

Brief Description

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

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

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

10 2001 was another successful year for the department in anti-narcotics work.

11 The key performance measures are:

Targets

	Target	2000 (Actual)	2001 (Actual)#	2002 (Plan)
% of authorisation for import/export of chemicals (as listed in Schedule 1 or 2 of the Control of Chemicals Ordinance) to be issued within 10 working days upon receipt of applications	100	100§	99	100
% of authorisation for export of any chemicals listed in Schedule 3 of the Control of Chemicals Ordinance to any country specified in the same Schedule to be issued within 10 working days upon receipt of applications	100	100§	99	100
% of approval for storing/keeping any chemicals listed in Schedule 1 or 2 of the Control of Chemicals Ordinance to be issued within 5 working days upon receipt of applications	100	100^	100	100

Figures for 2001 are based on 11 months' actual performance projected to full-year and are subject to adjustment.

§ The service standard was improved from within 14 working days to within 10 working days in 2001. Figures for 2000 are based on the previous service standard.

^ The service standard was improved from within 7 working days to within 5 working days in 2001. Figure for 2000 is based on the previous service standard.

Indicators

	2000 (Actual)	2001 (Actual)#	2002 (Estimate)
no. of drug abusers reported to Central Registry of Drug Abuse	18 275†	15 421‡	N.A.B
average purity of heroin (%) (indicative of availability)	50.4†	48.7	48.7
Average retail price (\$ per g) of heroin	376.3†	369.4	369.4

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	2000 (Actual)	2001 (Actual)#	2002 (Estimate)
Dangerous drugs			
Seizures (no. of cases)Ω.....	778†	798	—@
Narcotics			
Opiate (kg).....	44.5†	46.3	—@
Psychotropic drugs			
Cocaine (kg).....	5.2†	24.6	—@
Cannabis (kg).....	59.9†	189.6	—@
MDMA (ecstasy) (tablet)φ.....	91 645	23 663	—@
Methylamphetamine (ice) (kg)φ.....	38.1	25.6	—@
Ketamine (kg)φ.....	1.0	48.5	—@
Dangerous drugs seized outside Hong Kong (kg) (as a result of Hong Kong Customs co-operation with overseas agencies).....	5.0	59.5	—@
Persons arrested outside Hong Kong (as a result of Hong Kong Customs co-operation with overseas agencies).....	5	10	—@
Assets of drug traffickers (\$m)			
restrained.....	0.85	1.42	1.00
confiscated.....	0.55	0.00	0.48
Poisons/anti-biotics			
seizures (no. of cases)Ω.....	50†	20	—@
seizures (kg).....	103.4†	0.3	—@
seizures (ml).....	1 204†	501	—@
seizures (tablet).....	2 349 761†	49 447	—@
seizures (tube).....	15 000†	6	—@

Figures for 2001 are based on 11 months' actual performance projected to full-year and are subject to adjustment.

† Figures have been updated after the preparation of the 2001–02 Estimates.

β Not applicable.

@ Not possible to estimate.

‡ Refers to latest figure up to September 2001 available from the website of Central Registry of Drug Abuse.

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

φ New indicators.

Matters Requiring Special Attention in 2002–03

12 During 2002–03, the department will:

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

Programme (3): Intellectual Property Rights and Consumer Protection

	2000–01 (Actual)	2001–02 (Approved)	2001–02 (Revised)	2002–03 (Estimate)
Financial provision (\$m)	274.9	265.6 (–3.4%)	259.5 (–2.3%)	266.5 (+2.7%)

Aim

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

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Brief Description

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

Intellectual Property Rights

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

Consumer Protection

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

15 The overall performance in this programme in 2001 was good and the aims were generally met.

16 The key performance measures are:

Targets

	Target	2000 (Actual)	2001 (Actual)#	2002 (Plan)
% of licences for import and export of optical disc mastering and replication equipment to be issued within 2 working days upon receipt of applications	100	100	100	100
% of licences for manufacturing of optical discs to be issued within 14 working days upon receipt of applications.....	100	100	100	100

Indicators

	2000 (Actual)	2001 (Actual)#	2002 (Estimate)
<i>Intellectual Property Rights</i>			
no. of intellectual property rights investigations	7 207	14 092	14 092
seizures (no. of cases).....	6 759	12 678	—@
value of seizures (\$m)(including textiles, leather-ware, watches, computer related and music related goods)	241.3	281.1	—@
spot checks on optical disc factories.....	348	330	300
no. of verifications on import/export of optical disc mastering and replication equipment	175	175	175
<i>Weights and Measures</i>			
spot checks	581	591	580
seizures (no. of cases).....	55	69	—@
value of seizures (\$'000)	68.0†	67.0	—@

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	2000 (Actual)	2001 (Actual)#	2002 (Estimate)
<i>Toys and Children's Products Safety</i>			
spot checks	1 440	1 539	1 450
no. of investigation.....	428	422	400
seizures (no. of cases)	31	34	—@
value of seizures (\$'000).....	179.0†	27.0	—@
<i>Consumer Goods Safety</i>			
spot checks	1 490	1 357	1 350
no. of investigation.....	310	374	300
seizures (no. of cases)	58	88	—@
value of seizures (\$'000).....	291.0	473.0	—@
<i>Precious Metals Marking Orders</i>			
spot checks	71	74	70
seizures (no. of cases)	3	7	—@
value of seizures (\$'000).....	46.0	91.0	—@

Figures for 2001 are based on 11 months' actual performance projected to full-year and are subject to adjustment.

† Figures have been updated after the preparation of the 2001–02 Estimates.

@ Not possible to estimate.

Matters Requiring Special Attention in 2002–03

17 During 2002–03, the department will:

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

Programme (4): Revenue Protection and Collection

	2000–01 (Actual)	2001–02 (Approved)	2001–02 (Revised)	2002–03 (Estimate)
Financial provision (\$m)	167.0	168.3 (+0.8%)	179.0 (+6.4%)	162.1 (–9.4%)

Aim

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

Brief Description

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

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

21 The department has a 84-person Anti-Illicit-Cigarette Task Force responsible for combating all forms of illicit cigarettes activities and a 24-person Diesel Oil Enforcement Division dedicated to conduct in-depth investigations and surveillance of syndicates involved in the smuggling and supply of illicit fuel.

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

23 The performance targets for 2001 were generally met.

24 The key performance measures are:

Targets

	Target	2000 (Actual)	2001 (Actual)#	2002 (Plan)
<i>Dutiable Commodities</i>				
% of Import and Export Licences to be issued within 14 days of receipt of applications	100§	97.0	100	100
% of permits to be issued within 2 days of receipt of applications	100	97.8	100	100
% of Customs' attendance provided within 2 days of receipt of applications	100	100	100	100
<i>First Registration Tax</i>				
% of assessment of provisional taxable values of imported vehicles to be completed within 5 days of receipt of applications	100ß	97.6	100	100
% of registration of importers/ distributors of motor vehicles to be completed within 7 days of receipt of applications	100	96.3	100	100

Figures for 2001 are based on 11 months' actual performance projected to full-year and are subject to adjustment.

§ The service target was improved from 96% to 100% in 2001.

ß The service target was improved from 90% to 100% in 2001.

Indicators

	2000 (Actual)	2001 (Actual)#	2002 (Estimate)
<i>Dutiable Commodities</i>			
licences issued	236	208	200
permits issued	138 231	128 467	128 500
duty received (\$m)			
Collected	7,348.6	6,943.3	7,943.4
Recovered	3.4†	6.8	6.8
licence fees, Customs' attendance fees and other related payments collected (\$m)	67.1†	71.8	35.0‡
revenue collected per \$1 provision (\$)	72.9†	66.4	75.5
no. of cases detected	75†	75	75
<i>Anti-Illicit-Cigarette Task Force (excluding performance under the Dutiable Commodities columns in Programme 1 and this Programme)</i>			
no. of cases detected	750	990	—@
no. of cigarettes seized	153 520 251	340 000 000	—@
no. of vehicles seized	27	25	—@
no. of vessels seized	1†	1	—@
<i>Diesel Oil Enforcement Division (excluding performance under the Dutiable Commodities columns in Programme 1 and this Programme)</i>			
no. of cases detected	492†	336	—@
quantities of hydrocarbon oil seized (litres)	813 391†	628 546	—@
<i>First Registration Tax</i>			
inspection and verification of imported vehicles for payment of First Registration Tax	378	390	390
no. of assessment of provisional taxable value on imported vehicles completed	56 776	63 231	63 200
no. of re-assessment of provisional taxable value on imported vehicles	9 708	11 715	11 700

Figures for 2001 are based on 11 months' actual performance projected to full-year and are subject to adjustment.

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† Figures have been updated after the preparation of the 2001–02 Estimates.

@ Not possible to estimate.

‡ It is expected that there would be a decrease in Customs' attendance fees and other related payments to be collected in 2002, subject to amendments to the Dutiable Commodities Ordinance which seek to extend the open bond system to all bonded warehouses.

Matters Requiring Special Attention in 2002–03

25 During 2002–03, the department will:

- continue to take vigorous enforcement action through intelligence-based operations against syndicated distribution of contraband cigarettes;
- intensify raiding action against sellers and buyers of duty-not-paid cigarettes at street-level;
- step up enforcement action against supply and use of illicit fuel;
- step up investigation into cases of suspected fraud and non-compliance with the Dutiable Commodities Ordinance detected through the checking of documents submitted by duty payers; and
- extend the open bond system to all bonded warehouses for dutiable commodities, subject to amendments to the Dutiable Commodities Ordinance.

Programme (5): Trade Controls

	2000–01 (Actual)	2001–02 (Approved)	2001–02 (Revised)	2002–03 (Estimate)
Financial provision (\$m)	225.6	228.2 (+1.2%)	242.0 (+6.0%)	245.7 (+1.5%)

Aim

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

Brief Description

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

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

28 The overall performance in this programme in 2001 was good. The aims and targets were generally met.

29 The key performance measures are:

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Targets

	Target	2000 (Actual)	2001 (Actual)#	2002 (Plan)
% of pre-issue consignment inspections relating to textile licences to be conducted within 2 working days upon referral of applications from Trade and Industry Department	100	100	100	100
% of pre-issue consignment inspections relating to non-textile licences to be conducted within 4 working days upon referral of applications from Trade and Industry Department	100	100	100	100
% of factory registration and re-registration inspections under the Certification of Origin System to be conducted within 4 working days upon referral of applications from Trade and Industry Department	100	98	100	100
% of registration inspections under the Reserved Commodities Systems to be conducted within 4 working days upon referral of applications from Trade and Industry Department	100	100	100	100

Figures for 2001 are based on 11 months' actual performance projected to full-year and are subject to adjustment.

Indicators

	2000 (Actual)	2001 (Actual)#	2002 (Estimate)
<i>Inspection</i>			
factory and consignment inspections.....	59 883	70 969	72 200
factory audit checks	213	446	230
reserved commodities inspections	3 076	3 232	3 200
<i>Blitz Checks at Control Points and Public Cargo Working Areas</i>			
textile consignments checked	10 623	28 997	25 000
<i>Import and Export Declarations</i>			
import and export declarations processed.....	16 316 778	15 656 000	15 454 000
revenue collected (\$m)	858.7†	784.4	764.2
revenue recovered (\$m).....	1.9	1.9	2.5
administrative penalties imposed (\$m).....	6.7	6.8	8.2

Figures for 2001 are based on 11 months' actual performance projected to full-year and are subject to adjustment.

† Figure has been updated after the preparation of the 2001–02 Estimates.

Matters Requiring Special Attention in 2002–03

30 During 2002–03, the department will:

- maintain its efforts to combat textile origin fraud and illegal transshipment, mainly through intelligence-based operations, in order to protect the free access of legitimate Hong Kong products to overseas markets; and
- assume its enforcement responsibility for a new piece of legislation to be introduced to implement the Chemical Weapons Convention to make the current Strategic Trade Control System more comprehensive.

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ANALYSIS OF FINANCIAL PROVISION

Programme	2000-01 (Actual) (\$m)	2001-02 (Approved) (\$m)	2001-02 (Revised) (\$m)	2002-03 (Estimate) (\$m)
(1) Control and Enforcement	1,123.9	1,085.2	1,097.0	1,203.6
(2) Anti-narcotics Investigation	139.0	140.2	139.9	141.9
(3) Intellectual Property Rights and Consumer Protection	274.9	265.6	259.5	266.5
(4) Revenue Protection and Collection	167.0	168.3	179.0	162.1
(5) Trade Controls	225.6	228.2	242.0	245.7
	1,930.4	1,887.5 (-2.2%)	1,917.4 (+1.6%)	2,019.8 (+5.3%)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2002-03 is \$106.6 million (9.7%) higher than the revised estimate for 2001-02. This is mainly due to the creation of 40 posts for manning customs facilities at Container Terminal No. 9, 48 posts for the expansion of Lok Ma Chau Control Point, 33 posts for facilitating cross-boundary traffic, 24 posts transferred from Marine Department to man harbour launches and increased requirements for new and replacement equipment, partly offset by a net deletion of 50 posts upon the establishment of a new Intelligence and Co-operation Branch, implementation of Electronic Data Interchange (EDI) services for cargo manifest, completion of short term projects, and the deletion of 49 posts under the Enhanced Productivity Programme.

Programme (2)

Provision for 2002-03 is \$2.0 million (1.4%) higher than the revised estimate for 2001-02. This is mainly due to increased requirements for new and replacement equipment.

Programme (3)

Provision for 2002-03 is \$7.0 million (2.7%) higher than the revised estimate for 2001-02. This is mainly due to redeployment of resources for the establishment of the new Intelligence and Co-operation Branch and operational requirement for the computer forensic laboratory, partly offset by the lapse of 49 temporary posts for handling seizures.

Programme (4)

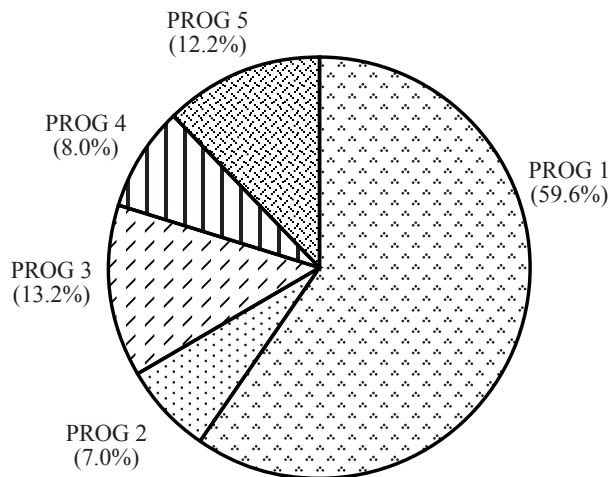
Provision for 2002-03 is \$16.9 million (9.4%) lower than the revised estimate for 2001-02. This is mainly due to the deletion of 27 posts upon implementation of EDI services for Dutiable Commodities Permit and a net deletion of 91 posts under the Enhanced Productivity Programme consequent upon extension of the open bond system.

Programme (5)

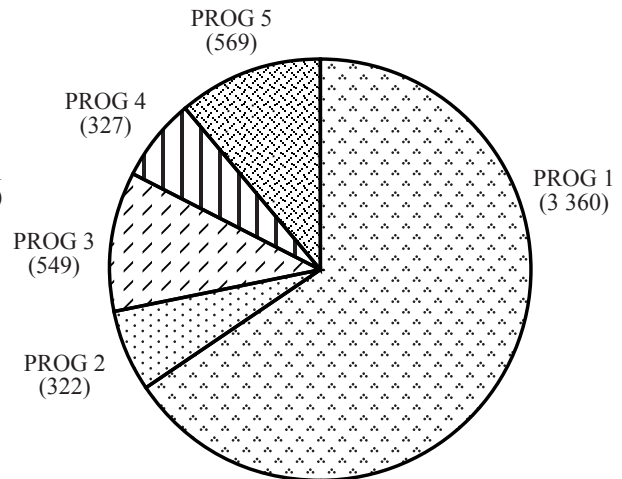
Provision for 2002-03 is \$3.7 million (1.5%) higher than the revised estimate for 2001-02. This is mainly due to redeployment of resources for the establishment of the new Intelligence and Co-operation Branch, partly offset by the deletion of 11 posts under the Enhanced Productivity Programme.

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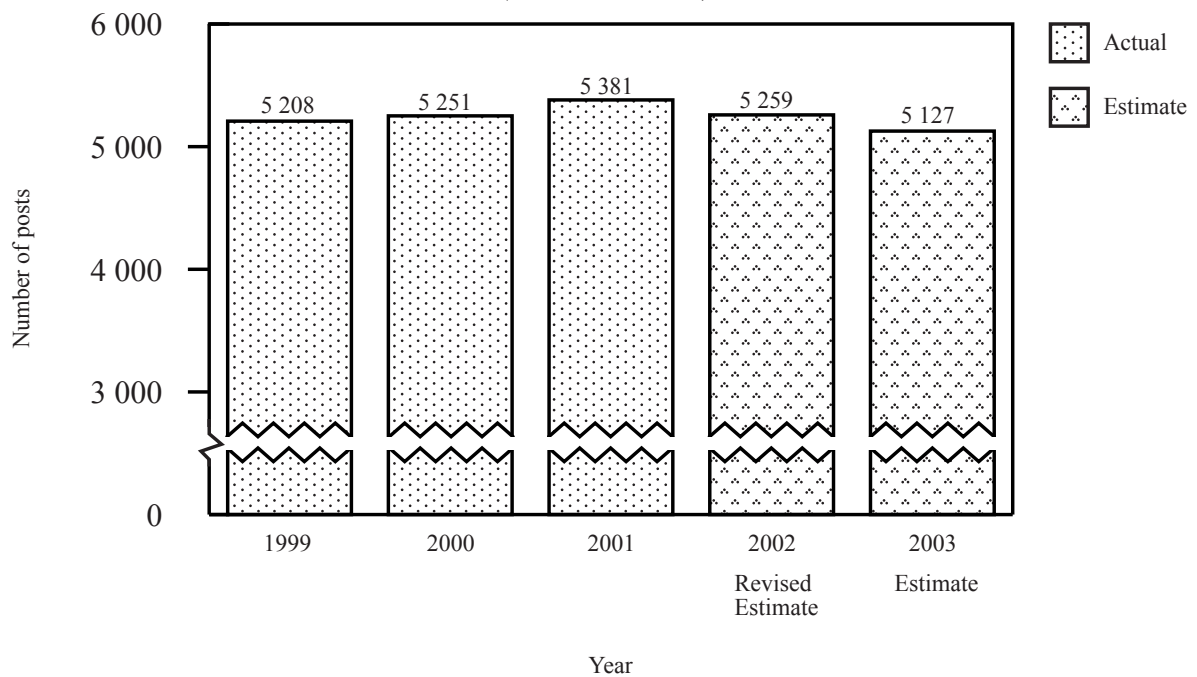
*Allocation of provision
to programmes
(2002-03)*



*Staff by programme
(as at 31 March 2003)*



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



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Sub-head (Code)		Actual expenditure 2000-01	Approved estimate 2001-02	Revised estimate 2001-02	Estimate 2002-03
		\$'000	\$'000	\$'000	\$'000
Recurrent Account					
000	Operational expenses	—	—	—	1,910,315
103	Rewards and special services	8,920	8,000	8,000	8,000*
292	Seizure management	53,459	54,072	50,136	51,687*
	Salaries	1,546,139	1,553,968	1,613,563	—
	Allowances	55,149	57,554	55,025	—
	Job-related allowances	466	770	770	—
	General departmental expenses	141,829	167,661	154,883	—
	Grant to the Customs and Excise Service				
	Welfare Fund	237	250	250	—
	Total, Recurrent Account	1,806,199	1,842,275	1,882,627	1,970,002
Capital Account					
I — Plant, Equipment and Works					
603	Plant, vehicles and equipment	114,261	32,028	18,696	24,985
661	Minor plant, vehicles and equipment (block vote)	8,424	12,283	13,670	23,179
	Total, Plant, Equipment and Works	122,685	44,311	32,366	48,164
II — Other Non-Recurrent					
700	General other non-recurrent	1,544	914	2,414	1,643
	Total, Other Non-Recurrent	1,544	914	2,414	1,643
	Total, Capital Account	124,229	45,225	34,780	49,807
	Total Expenditure	1,930,428	1,887,500	1,917,407	2,019,809

Head 31 — CUSTOMS AND EXCISE DEPARTMENT

Details of Expenditure by Subhead

The estimate of the amount required in 2002–03 for the salaries and expenses of the Customs and Excise Department is \$2,019,809,000. This represents an increase of \$102,402,000 over the revised estimate for 2001–02 and of \$89,381,000 over actual expenditure in 2000–01.

Recurrent Account

2 Provision of \$1,910,315,000 under *Subhead 000 Operational expenses* is for the salaries and allowances of staff of the Customs and Excise Department and its other operating expenses. The increase of \$85,824,000 (4.7%) over the revised estimate for 2001–02 is mainly due to salary increments for staff, provision for vacant posts to be filled in 2002–03, creation of 121 posts for manning customs facilities at Container Terminal No. 9 and for facilitating cross boundary traffic at Lok Ma Chau and Lo Wu Control Points, transfer of 24 posts for manning harbour launches from Marine Department, operating expenses of EDI systems and Case Processing System and Container Terminal No. 9, and maintenance of two mobile X-ray vehicle scanning systems, partly offset by a net deletion of 126 posts upon the establishment of a new Intelligence and Co-operation Branch, implementation of EDI services for cargo manifest and Dutiable Commodities Permit, completion of short-term projects, the net deletion of 151 posts and reduced operating expenses under the Enhanced Productivity Programme. Management and control of the department's operational expenses take the form of a one-line vote.

3 As a vote-funded department, the department is subject to establishment control. The establishment at 31 March 2002 will be 5 258 permanent posts and one supernumerary post. It is expected that a net 132 posts will be deleted in 2002–03. Subject to certain conditions, the controlling officer may under delegated powers create or delete non-directorate posts during 2002–03, but the notional annual mid-point salary value of all such posts must not exceed \$1,558,698,000.

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

	2000–01 (Actual) (\$'000)	2001–02 (Original Estimate) (\$'000)	2001–02 (Revised Estimate) (\$'000)	2002–03 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	1,546,139	1,553,968	1,613,563	1,649,510
- Allowances	55,149	57,554	55,025	58,092
- Job-related allowances	466	770	770	794
Departmental Expenses				
- General departmental expenses	141,829	167,661	154,883	201,669
Other Charges				
- Grant to the Customs and Excise Service Welfare Fund	237	250	250	250
	<u>1,743,820</u>	<u>1,780,203</u>	<u>1,824,491</u>	<u>1,910,315</u>

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

6 Provision of \$51,687,000 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 \$23,179,000 under *Subhead 661 Minor plant, vehicles and equipment (block vote)* represents an increase of \$9,509,000 (69.6%) over the revised estimate for 2001–02. This is mainly due to additional requirement for new and replacement equipment.

Head 31 — CUSTOMS AND EXCISE DEPARTMENT

Capital Account

Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2001	Revised estimated expenditure for 2001-02	Balance
			\$'000	\$'000	\$'000	\$'000
603		<i>Plant, vehicles and equipment</i>				
	313	Procurement of two sets of mobile X-ray vehicle scanning system for Man Kam To and Sha Tau Kok Control Points.....	67,930	44,222	9,511	14,197
	314	Procurement of high speed pursuit craft CE15.....	8,000	—	—	8,000
	315	Procurement of high speed pursuit craft CE16.....	8,000	—	—	8,000
	316	Procurement of high speed pursuit craft CE17.....	8,000	—	—	8,000
	317	Procurement of high speed pursuit craft CE18.....	8,000	—	—	8,000
			99,930	44,222	9,511	46,197
700		<i>General other non-recurrent</i>				
	510	Hire of Centrex Line Services.....	1,608	282	184	1,142
	514	Overseas training and procurement of dogs for Narcotics Dog Unit.....	235	—	—	235
	515	Relocation of offices from Canton Road Government Offices Building to new premises.....	715	—	—	715
	516	Setting up Customs Container Offices at Public Cargo Working Areas.....	427	—	—	427
			2,985	282	184	2,519
		Total.....	102,915	44,504	9,695	48,716