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海港政府大樓 9 樓



Hong Kong  
Customs and Excise Department  
9/F, Harbour Building,  
38 Pier Road, Central  
Hong Kong

Your Ref : CB(3)/PAC/R39  
Our Ref : (8) in L/M to HDC/AD/36  
Tel No. : 2852 3345  
Fax No. : 2542 1846

19 December 2002

Public Accounts Committee  
(Attn.: Miss Sandy Chu)  
Legislative Council Building  
8 Jackson Rd., Central  
Hong Kong.

Dear Ms CHU,

**The Director of Audit's Report on the  
Results of Value for Money Audits (Report No. 39)**

**Chapter 2: The Customs and Excise Department's efforts  
to protect government revenue from dutiable commodities**

Thank you for your letter of 10 December 2002.

We have received confirmation from the Kowloon Canton Railway Corporation (KCRC) that the five seconds requirement is not a term in the Licence Agreement between the KCRC and the Duty Free Shop at the Lowu Terminal. The requirement was issued by the KCRC as part of a set of operational guidelines for the in-bound duty free business at the Lowu Terminal. Its main purpose is to facilitate smooth customer flow and avoid queuing up outside the premises. The guidelines were devised by the Lo Wu Management Committee comprising the Immigration Department, Customs & Excise Department, Police and KCRC. The Duty Free Shop operator has undertaken to observe and comply with these guidelines. Copies of the relevant letters from KCRC dated 22.9.1999 and 13.12.2002 are attached for your reference.

We are still in the process of reviewing the licence conditions for the Duty Free Shop and will endeavour to complete it as soon as possible. We will report the outcome of the review to the Committee once it is completed.

Yours sincerely,

  
( K Chow )

for Commissioner of Customs & Excise

Encls.

c.c. Secretary for Financial Services and the Treasury  
Director of Immigration  
Director of Audit

Our Ref.: PPT/PSD/CONT/1/8.1

Tel No.: 2688-1715

Fax No.: 2688-0284

13 December, 2002

Hong Kong Customs and Excise Department  
7/F Harbour Building  
38 Pier Road  
Central, Hong KongBy Fax and By Post  
Fax No.: 2541 3470Attn.: Mr. C. C. Hui  
for Commissioner of Customs and Excise

Dear Sir,

**In-bound Duty Free Shop at Lo Wu Station**

Your fax of 11 December 2002 in relation to the review on the licence conditions for the subject refers.

Please be advised of the following in relation to your requested information-

- i) The five seconds requirement was devised as an operation guideline for the in-bound duty free business aiming to facilitate smooth customer flow and avoid queue up outside the shop premises.
- ii) The five seconds requirement was devised by the Lo Wu Management Committee comprising the Immigration Department, Customs and Excise Department, Police and KCRC.
- iii) The five seconds requirement is still a guideline for the in-bound duty free operation.
- iv) The five seconds requirement is not a term in the Licence Agreement.

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- v) The main purpose of the five seconds requirement is to avoid queue up outside the shop premises. As long as there is no queue up outside the premises, KCRC would not take any action.

Should you require further information, we should be grateful to assist.

Yours faithfully,



(Vivianne Lai)

Senior Manager, Commercial (Acting)

c.c. GM-PS

VL/st

Doc00543



Our Ref.: PPT/PSD/CONT/1/8.1 III

Tel.: 2688-1390

Fax: 2688-0284

22 September, 1999

By Fax & By Hand

Distribution

Dear Sir,

In-bound Duty Free Business at Lo Wu Station

This refers to our submissions dated 9 August 1999 and 24 August 1999 regarding the captioned.

After several consultations with all the operating Government departments in the Lo Wu Terminal, we have finalized our proposal for your consideration.

Locations of the Premises

The in-bound duty free shop will be located at the 2/F Arrival Hall of Lo Wu Station which location is marked in annex I. The location of the sub-store and sales counter is also shown in annex II. The operation of the sub-store at this location will be ceased upon the in-bound duty free shop is operational.

Goods Delivery Route

Goods to be sold are solely dutiable commodities. All goods will be delivered from the bonded warehouse on LG/F to the out-bound duty free shop on G/F via lift no. 7, and then via lift no. 5 to the in-bound duty free premises at 2/F Arrival Hall. The routing is shown more specifically in annex III.

Crowd Control System

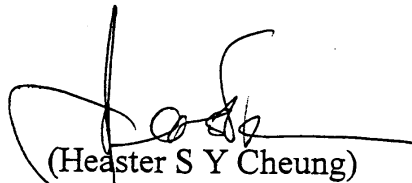
Guidelines for crowd control system and operational arrangement for both the sub-store and the shop are set out in annex IV.

The duty free shop operator has undertaken to observe and strictly comply with these guidelines.

The target business commencement date of the sub-store and the warehouse at 2/F Arrival Hall is 22 September 1999. Any further views from you after the commencement of business will be most welcomed

Should you require further information, please contact the undersigned. Thank you for your attention.

Yours faithfully,



Senior Manager, Station Commercial

Distribution

Mr. M K Tang (Senior Principal Immigration Officer, Border, Immigration Dept.)  
Mr. Lam Tak-fai (Divisional Commander, Lo Wu, Customs & Excise Dept.)  
Mr. T K Wong (Commissioner of Police, Lo Wu, Hong Kong Police Force)

Encl.

c.c. Mr. Tong Wai-man (Assistant Staff Officer, Customs & Excise Dept.)  
Mr. Raymond Lo (Operations Manager, DFB Services & Consultants Ltd.)  
Mr. S M Li (General Manager, Property Services, KCRC)  
Mr. Anthony Yan (Customer Services Manager, KCRC)  
Mr. W Y Fung (Senior Building Manager, KCRC)

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**In-bound Duty Free Business at Lo Wu Station**  
**Guidelines on Crowd Control System and Operation Arrangement**  
**on In-bound Duty Free Shop**

**Crowd Control / Queuing Area**

**In-Store Monitoring**

1. Sales activities shall be carried out inside the shop premises. There will be at least one Shop Manager and one Customer Services Supervisor stationed at the shop at all times. They are responsible for maintaining all sales activities inside the shop and keeping order of the shop premises. For normal operating hours, there will be a minimum of 6 sales staff, each aiming at concluding one purchase in 5 seconds and maintaining fast and smooth operation.
2. During peak operating hours, additional sales staff will be maintained at the shop to speed up the sales time. If the shop is overcrowded, the Customer Services Supervisor has to direct the customers to queue inside the shop premises. If there is a customer build-up in the area, he will advise the customers to proceed immediately ahead to the Immigration counters.

**Overcrowding and Queuing**

3. A NO WAITING ZONE shall be set up outside the shop covering the entire shop front. To ensure that no customers / passengers staying around the shop premises, the NO WAITING ZONE will be kept clear at all time such that the passenger flow from the bridge to the Arrival Hall will not be disturbed and the queuing area before the immigration counters will not be occupied by these customers / passengers.
4. The duty free operator shall deploy the Customer Services Supervisor to stay at the shop front area throughout the business hours to regulate and strictly control the customer flow in order to maintain a clearance at the NO WAITING ZONE at all time.
5. The duty free shop is required to be temporarily closed under the following situations -
  - (i) The Customer Services Supervisor has taken action on regulating customer flow but the NO WAITING ZONE is still overcrowded with people that may affect the emergency route or bridge traffic.
  - (ii) The Arrival Hall is overcrowded with long queues of passengers that may extend to inside the NO WAITING ZONE.

- (iii) At the request of an operating department which considers the circumstance warrants, e.g. in an emergency.

Upon receipt of consent from the operating department when situation allows, the duty free operator will resume business.

#### Emergency

6. Emergency always takes priority over the duty free operation. If any of the operating departments sees that there is a need, it may request the duty free operator to take steps to ensure a clear passage in front of the shop.

7. Upon receipt of a request from the operating department, the Customer Services Supervisor will immediately take steps to keep the passageway clear by stopping customers / passengers entering the passageway and diverting customers / passengers to stay inside the shop premises.

#### Contact Person for Crowd Control / Emergency Matters

8. Concerning crowd control / emergency matters, the Shop Manager / Customer Services Supervisor is the contact point.

#### Goods Delivery

9. Daily delivery of goods is scheduled for 2 trips from 10:00 a.m. to 11:00 a.m. and from 4:00 p.m. to 5:00 p.m.. 15 minutes prior to each delivery, the Shop Manager will consult each operating department on the situation. If situation is permissible, the delivery of goods can take place. The goods can be transported when the delivery route is cleared without creating disturbance to normal passenger flow of both the Arrival and Departure Halls.

10. The Shop Manager will accompany the delivery of goods with the escort of Customs and Excise officer.

11. The goods delivery route is from the bonded warehouse on LG/F to the out-bound duty free shop on G/F via lift no. 7, and then via baggage lift no. 5 to the in-bound duty free shop at 2/F.

#### Emergency in Relation to Goods Delivery

12. Emergency always has priority over goods delivery. The emergency access route and lift no. 5 have to be kept clear for ambulance and emergency cases. Should there be any emergency cases as informed by an operating department, delivery shall

not commence and shall be deferred until further notice from the operating departments. In situation when emergency takes place during the delivery, the operating departments will contact the duty free Shop Manager / Customer Services Supervisor / Customs and Excise to stop delivery and vacate the access route and lift immediately. The delivery will be resumed with the confirmation of Customs and Excise when the emergency case is cleared.

13. The keys for lift no. 5 will be kept by Immigration and Customs and Excise. Immigration keeps the key with an aim to control the lift for emergency cases while Customs and Excise keeps the key to control the lift for escorting and supervising the delivery of goods.

### Permit

14. All staff must wear valid Restricted Area Permit for working at 2/F Arrival Hall, and no access to other restricted areas is allowed unless the Restricted Area Permit permitted. For staff responsible for the delivery of goods, it is necessary for them to have proper Restricted Area Permit so as to access different floors of the terminal covered in the delivery route. All staff should observe all the rules and regulations applicable to personnel working in the Lo Wu Terminal, in particular, they should not evade immigration clearance by crossing the boundary. Staff will undertake in writing to observe all the rules and regulations.

### Others

15. Business of the in-bound duty free shop will be commenced 30 minutes after the start of the normal operating hours at Lo Wu Control Point. The shop will be closed 45 minutes before the end of the normal operating hours at Lo Wu Control Point.

16. The contact point of the in-bound duty free shop is the Shop Manager / Customer Services Supervisor.

(Prepared on 21 September 1999)

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