

Head 31 — CUSTOMS AND EXCISE DEPARTMENT

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

Estimate 2015–16	\$3,316.9m
Establishment ceiling 2015–16 (notional annual mid-point salary value) representing an estimated 6 077 non-directorate posts as at 31 March 2015 rising by 61 posts to 6 138 posts as at 31 March 2016	\$2,292.3m
In addition, there will be an estimated nine directorate posts as at 31 March 2015 and as at 31 March 2016.	
Commitment balance	\$214.2m

Controlling Officer's Report

Programmes

Programme (1) Control and Enforcement	This programme contributes to Policy Area 1: Financial Services (Secretary for Financial Services and the Treasury), 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

	2013–14 (Actual)	2014–15 (Original)	2014–15 (Revised)	2015–16 (Estimate)
Financial provision (\$m)	2,162.6	2,227.9	2,300.0 (+3.2%)	2,442.2 (+6.2%)
				(or +9.6% on 2014–15 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; as well as to run a regulatory regime for the Money Service Operators (MSOs) under the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (Cap. 615) (AMLO).

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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; as well as to perform the regulatory functions of MSOs under the AMLO. 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);
- 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;
- inspecting and verifying licences and manifests in order to control the import and export of prohibited articles and the carriage of prescribed articles; and
- licensing and supervising MSOs under the AMLO and taking enforcement action against Unlicensed Money Service Operators.

4 The key performance measures are:

Targets

	Target	2013 (Actual)	2014 (Actual)	2015 (Plan)
issuing licences for prescribed articles within one working day 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
issuing or renewing licences for MSOs within 33 working days upon receipt of applications (%)⊖.....	100	—	100	100

⊖ New target as from 2014.

Indicators

	2013 (Actual)	2014 (Actual)#	2015 (Estimate)
carriage licences issued.....	10	5	5
seizure cases.....	23 356	24 648	— [^]
value of seizures (\$m)			
dutiable commodities¶.....	31.9	22.9	— [^]
articles other than dutiable commodities.....	568.8	499.8	— [^]
conveyance used for smuggling (e.g. vehicles, speedboats and small crafts).....	1.7	9.4	— [^]

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	2013 (Actual)	2014 (Actual)#	2015 (Estimate)
persons compounded for offences relating to illicit cigarettes.....	9 136	9 513	— [^]
MSO licences issued or renewed	280	579 [‡]	624 [‡]

Figures 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).

[‡] The AMLO was effective since 1 April 2012 and an MSO licence is normally valid for two years. Renewal of licence is required before expiry. Staggering arrangement has been adopted to spread out the renewal cases from 2014 to 2015.

Matters Requiring Special Attention in 2015–16

5 During 2015–16, the Department will continue to:

- take proactive action against smuggling activities through intelligence-based operations and closer co-operation with the Mainland and overseas 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;
- ensure smooth operation of the Inter-modal Transshipment Facilitation Scheme, whereby cargoes involving inter-modal transfer (e.g. from land to air and sea) will only be subject to customs inspection at either the point of exit or entry;
- promote greater use of the Hong Kong Facilitation Scheme for Cross-Straits Transshipment Cargoes 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;
- promote and develop the Hong Kong Authorized Economic Operator Programme, whereby accredited companies may enjoy facilitation such as reduced inspection and prioritised clearance; and
- maintain effective supervision of licensed MSOs to ensure compliance with the customer due diligence and record-keeping obligations.

Programme (2): Anti-narcotics Investigation

	2013–14 (Actual)	2014–15 (Original)	2014–15 (Revised)	2015–16 (Estimate)
Financial provision (\$m)	186.8	183.6	190.7 (+3.9%)	195.1 (+2.3%)
				(or +6.3% on 2014–15 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.

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9 The key performance measures are:

Targets

	Target	2013 (Actual)	2014 (Actual)	2015 (Plan)
issuing authorisation for import/export of chemicals (as listed in Schedule 1 or 2 of the Control of Chemicals Ordinance (Cap. 145)) within ten working days upon receipt of applications (%)	100	100	100	100
issuing authorisation for export of any chemicals listed in Schedule 3 of the Control of Chemicals Ordinance to any country specified in the same Schedule within ten working days upon receipt of applications (%)	100	100	100	100
issuing approval for storing/keeping any chemicals listed in Schedule 1 or 2 of the Control of Chemicals Ordinance within five working days upon receipt of applications (%)	100	100	100	100

Indicators

	2013 (Actual)	2014 (Actual) ^λ	2015 (Estimate)
drug abusers reported to the Central Registry of Drug Abuse maintained by Security Bureau			
aged under 21	1 182	618 [§]	— [^]
aged 21 or above	8 887	6 854 [§]	— [^]
average purity of heroin (indicative of availability) (%)	52.6	63.3	— [^]
average retail price of heroin (\$ per gram).....	826.1	768.4	— [^]
dangerous drugs seized in Hong Kong			
seizure cases	516	808	— [^]
narcotics seized			
heroin (kg).....	53.9	39.4	— [^]
psychotropic drugs seized			
cocaine (kg).....	173.9	117.7	— [^]
cannabis (kg).....	48.6	68.6	— [^]
MDMA (ecstasy) (tablet).....	273	0	— [^]
methylamphetamine (ice) (kg).....	83.4	418.0	— [^]
ketamine (kg)	47.6	127.5	— [^]
dangerous drugs seized outside Hong Kong (as a result of customs co-operation with agencies outside Hong Kong) (kg)	41.9	221.9	— [^]
persons arrested outside Hong Kong (as a result of customs co-operation with agencies outside Hong Kong)	12	36	— [^]
assets of drug traffickers (\$m)			
restrained	4.1	0	— [^]
confiscated	0	0.3	— [^]
poisons/anti-biotics seized in Hong Kong			
seizure cases	143	155	— [^]
quantity (kg).....	295.2	80.9	— [^]
quantity (tablet).....	179 099	106 290	— [^]

^λ Figures for 2014, unless otherwise stated, are subject to adjustment.

[§] Based on the figure provided by the Narcotics Division of the Security Bureau up to September 2014.

[^] Not possible to estimate.

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Matters Requiring Special Attention in 2015–16

10 During 2015–16, the Department will continue to:

- strengthen the co-operation and intelligence exchange on drug trafficking, money laundering and smuggling of controlled chemicals with overseas law enforcement agencies;
- step up enforcement actions against drug trafficking via airport and land boundary control points through closer co-operation with the Mainland authorities and overseas counterparts; 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

	2013–14 (Actual)	2014–15 (Original)	2014–15 (Revised)	2015–16 (Estimate)
Financial provision (\$m)	290.5	314.9	321.0 (+1.9%)	324.5 (+1.1%)
				(or +3.0% on 2014–15 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, trade descriptions and trade practices.

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), forgery of trade marks, false trade descriptions and unfair trade practices under the Trade Descriptions Ordinance (Cap. 362), short weights and measures under the Weights and Measures Ordinance (Cap. 68), unsafe toys and children's products under the Toys and Children's Products Safety Ordinance (Cap. 424) as well as unsafe consumer goods under the Consumer Goods Safety Ordinance (Cap. 456). 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 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 Trade Descriptions Ordinance. 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, compliance with the orders for provision of information on precious stones, metals and regulated electronic products, and compliance with the requirements on trade descriptions and trade practices; and
- investigating complaints relating to short weights and measures, unsafe toys and children's products and consumer goods, false trade descriptions and unfair trade practices.

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13 The key performance measures are:

Targets

	Target	2013 (Actual)	2014 (Actual)	2015 (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	N.A.β	100	100
commencing investigations into urgent complaints against short weights and measures and unsafe products within 24 hours upon receipt of complaints (%).....	100	100	100	100
commencing investigations into priority complaints against short weights and measures and unsafe products within three working days upon assessment of complaints (%).....	100	100	100	100
commencing investigations into urgent complaints against unfair trade practices within 24 hours upon receipt of complaints (%)Ψ.....	100	—	100	100
commencing investigations into priority complaints against unfair trade practices within three working days upon assessment of complaints (%)Ψ.....	100	—	100	100

β No such application was received in 2013.

Ψ New targets as from 2014.

Indicators

	2013 (Actual)	2014 (Actual)#	2015 (Estimate)
<i>Intellectual property rights</i>			
intellectual property rights investigations	8 309@	1 913	—^
seizure cases	657	796	—^
value of seizures (including optical discs, textiles, leather-ware, footwear and telecommunications equipment) (\$m)	49.4	69.9	—^
spot checks on optical disc factories	100	100	55
verifications on import/export of optical disc mastering and replication equipment	157	162	85
<i>Weights and measures</i>			
spot checks	1 244	1 588	2 400
seizure cases	37	49	—^
value of seizures (\$'000).....	208.6	261.7	—^
<i>Toys and children's products safety</i>			
spot checks	1 215	1 417	1 600
seizure cases	10	2	—^
value of seizures (\$'000).....	119.0	28.8	—^
<i>Consumer goods safety</i>			
spot checks	1 255	1 146	1 600
seizure cases	9	13	—^
value of seizures (\$'000).....	11.9	283.8	—^

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	2013 (Actual)	2014 (Actual)#	2015 (Estimate)
<i>Fair trading in articles (trade descriptions)</i>			
spot checks	4 155	4 052	4 000
seizure cases	28	62	— [^]
value of seizures (\$'000).....	2,239	2,774	— [^]

Figures for 2014 are subject to adjustment.

@ The Department has expedited efforts to complete the administrative formality of closing outstanding cases which no longer warrant further investigation. A total of 6 921 of such cases were closed between January and December 2013, and included in the yearly figure.

[^] Not possible to estimate.

Matters Requiring Special Attention in 2015–16

14 During 2015–16, the Department will continue to:

- strengthen the co-operative alliance with the industries and enforcement agencies in detecting online sale of infringing goods;
- apply 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 and traders' awareness of intellectual property rights and consumer protection legislation, including the amended Trade Descriptions Ordinance, through publicity and education programmes; and
- strengthen enforcement actions against false trade descriptions and unfair trade practices in respect of both goods and services.

Programme (4): Revenue Protection and Collection

	2013–14 (Actual)	2014–15 (Original)	2014–15 (Revised)	2015–16 (Estimate)
Financial provision (\$m)	169.6	169.5	176.0 (+3.8%)	178.2 (+1.2%)
				(or +5.1% on 2014–15 Original)

Aim

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

Brief Description

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

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

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

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19 The key performance measures are:

Targets

	Target	2013 (Actual)	2014 (Actual)	2015 (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

	2013 (Actual)	2014 (Actual)#	2015 (Estimate)
<i>Dutiable commodities</i>			
licences issued.....	170	102	100
permits issued.....	119 595	134 871	135 000
duty collected (\$m).....	9,216.0	9,749.2	10,265.4
duty recovered (\$m).....	6.6	2.2	— [^]
licence fees, customs attendance fees and other related payments collected (\$m).....	5.6	5.4	5.3
revenue collected per \$1 provision (\$).....	113.4	120.9	127.3
cases detected.....	37	29	— [^]
<i>Anti-illicit-cigarette enforcement^δ</i>			
seizure cases.....	798	853	— [^]
cigarettes seized ('000 sticks).....	83 296	47 009	— [^]
vehicles seized.....	96	84	— [^]
vessels seized.....	0	0	— [^]
persons prosecuted for offences relating to illicit cigarettes....	1 962	2 239	— [^]
<i>Anti-illicit-fuel enforcement^δ</i>			
seizure cases.....	48	25	— [^]
hydrocarbon oil seized ('000 litres).....	10	10	— [^]
illicit fuel filling stations neutralised.....	43	22	— [^]
<i>First Registration Tax</i>			
cases detected.....	57	52	— [^]
inspection and verification of imported vehicles for payment of First Registration Tax.....	1 206	1 428	1 413
assessment of provisional taxable value on imported vehicles (cases).....	67 652	77 690	85 000
re-assessment of provisional taxable value on imported vehicles (cases).....	16 213	25 944	28 000

Figures for 2014 are subject to adjustment.

[^] Not possible to estimate.

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

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Matters Requiring Special Attention in 2015–16

20 During 2015–16, the Department will continue to:

- strengthen enforcement actions against illicit cigarettes activities, especially in respect of cross-boundary smuggling and 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

	2013–14 (Actual)	2014–15 (Original)	2014–15 (Revised)	2015–16 (Estimate)
Financial provision (\$m)	151.4	160.7	176.0 (+9.5%)	176.9 (+0.5%)
				(or +10.1% on 2014–15 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 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 to ensure compliance with legislation governing the issue of Certificates of Origin and import and export of other prohibited goods,
- 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.

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23 The key performance measures are:

Targets

	Target	2013 (Actual)	2014 (Actual)	2015 (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	—
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	N.A. ^α	100
conducting factory registration and re-registration inspections relating to the issue of Certificates of Origin within four working days upon receipt of referral of applications from the TID (%).....	100	100	100	100
conducting registration inspections relating to control on reserved commodities within three working days upon receipt of referral of applications from the TID (%).....	100	100	100	100
conducting pre-issue consignment inspections relating to licences for strategic commodities within two working days upon receipt of referral of applications from the TID (%).....	100	100	100	100
conducting registration and re-registration inspections under the Air Transhipment Cargo Exemption Scheme for Strategic Commodities within four working days upon receipt of referral of applications from the TID (%).....	100	100	100	100

⊖ Target to be removed as from 2015 as the licensing and notification requirements for all textiles imports and exports, and production notification requirement for cut-and-sewn garments, are abolished as from 21 November 2014.

α No such referral was received in 2014.

Indicators

	2013 (Actual)	2014 (Actual) [#]	2015 (Estimate)
factory and consignment inspections	28 194	31 637	30 900
factory audit checks ^γ	2	2	—
reserved commodities inspections.....	4 295	4 407	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.....	1 957	1 196	1 200
import and export declarations			
declarations processed.....	19 181 773	19 688 958	19 689 000
overdue declarations verified	194 890	164 443	158 300
under-valued declarations verified.....	16 681	11 304	11 100
revenue collected (\$m).....	968.8	997.0	997.0
revenue recovered (\$m)	6.3	3.4	— ^Λ
administrative penalties imposed (\$m)	15.5	12.4	— ^Λ

Figures for 2014 are subject to adjustment.

γ Indicator to be removed as from 2015 as no factory audit check will be conducted upon abolishment of textile controls by end of 2014.

Λ Not possible to estimate.

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Matters Requiring Special Attention in 2015–16

24 During 2015–16, 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, 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	2013–14 (Actual) (\$m)	2014–15 (Original) (\$m)	2014–15 (Revised) (\$m)	2015–16 (Estimate) (\$m)
(1) Control and Enforcement	2,162.6	2,227.9	2,300.0	2,442.2
(2) Anti-narcotics Investigation	186.8	183.6	190.7	195.1
(3) Intellectual Property Rights and Consumer Protection	290.5	314.9	321.0	324.5
(4) Revenue Protection and Collection	169.6	169.5	176.0	178.2
(5) Trade Controls	151.4	160.7	176.0	176.9
	2,960.9	3,056.6	3,163.7 (+3.5%)	3,316.9 (+4.8%)
				(or +8.5% on 2014–15 Original)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2015–16 is \$142.2 million (6.2%) higher than the revised estimate for 2014–15. This is mainly due to a net increase of 61 posts to meet operational needs, increased operating expenses, and increased cash flow requirement for capital projects.

Programme (2)

Provision for 2015–16 is \$4.4 million (2.3%) higher than the revised estimate for 2014–15. This is mainly due to the increased operating expenses.

Programme (3)

Provision for 2015–16 is \$3.5 million (1.1%) higher than the revised estimate for 2014–15. This is mainly due to the increased operating expenses.

Programme (4)

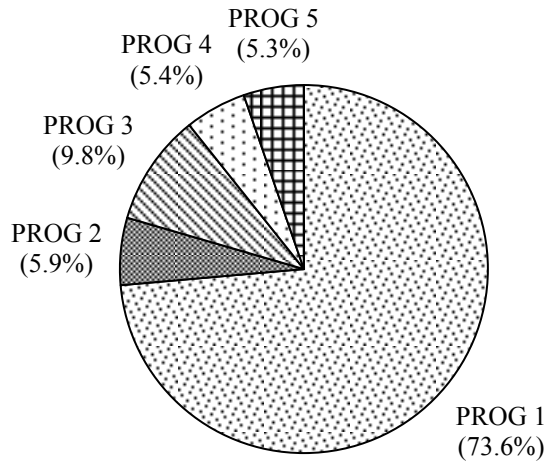
Provision for 2015–16 is \$2.2 million (1.3%) higher than the revised estimate for 2014–15. This is mainly due to the increased operating expenses.

Programme (5)

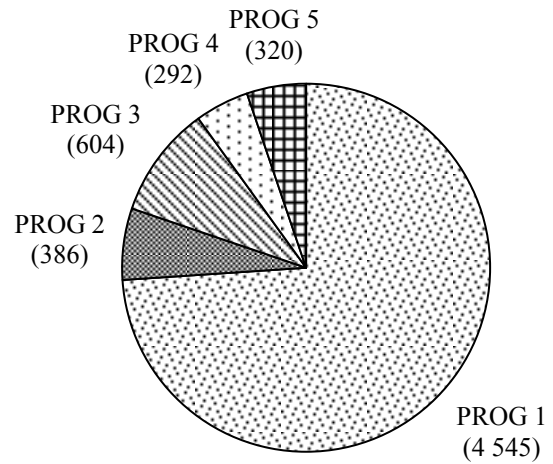
Provision for 2015–16 is \$0.9 million (0.5%) higher than the revised estimate for 2014–15. This is mainly due to the increased operating expenses.

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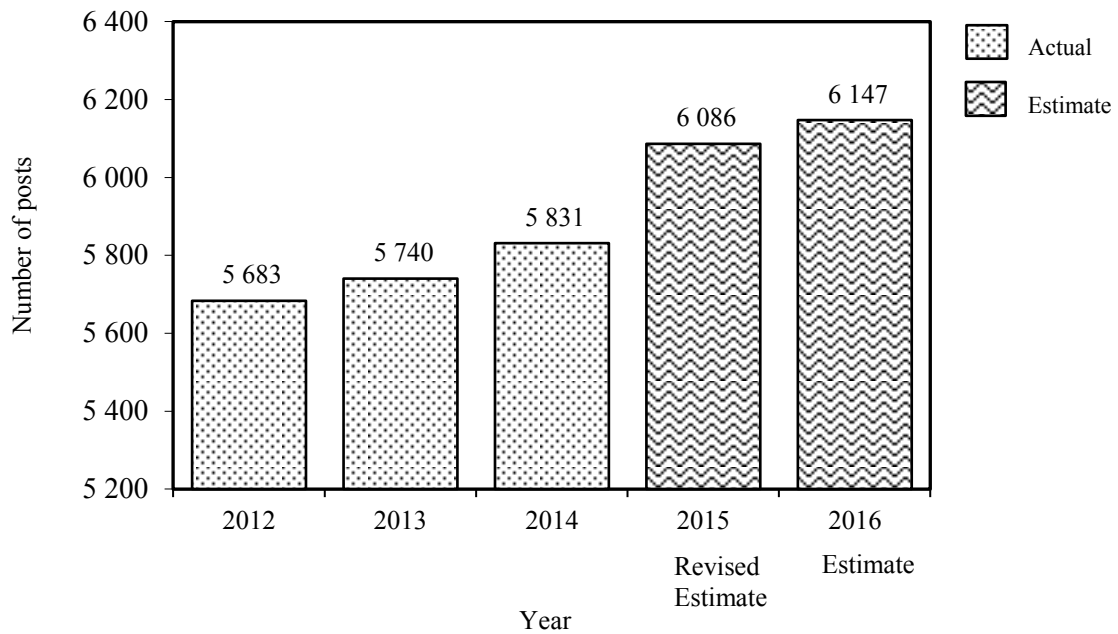
*Allocation of provision
to programmes
(2015-16)*



*Staff by programme
(as at 31 March 2016)*



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



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Sub-head (Code)	Actual expenditure 2013-14	Approved estimate 2014-15	Revised estimate 2014-15	Estimate 2015-16	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses	2,876,752	2,951,276	3,072,115	3,151,170
103	Rewards and special services	10,010	11,000	11,000	11,000
292	Seizure management	39,048	49,000	41,500	44,500
	Total, Recurrent	<u>2,925,810</u>	<u>3,011,276</u>	<u>3,124,615</u>	<u>3,206,670</u>
	Total, Operating Account	<u>2,925,810</u>	<u>3,011,276</u>	<u>3,124,615</u>	<u>3,206,670</u>
Capital Account					
Plant, Equipment and Works					
603	Plant, vehicles and equipment	10,231	21,325	20,472	95,960
661	Minor plant, vehicles and equipment (block vote)	24,810	23,986	18,583	14,260
	Total, Plant, Equipment and Works	<u>35,041</u>	<u>45,311</u>	<u>39,055</u>	<u>110,220</u>
	Total, Capital Account	<u>35,041</u>	<u>45,311</u>	<u>39,055</u>	<u>110,220</u>
	Total Expenditure	<u><u>2,960,851</u></u>	<u><u>3,056,587</u></u>	<u><u>3,163,670</u></u>	<u><u>3,316,890</u></u>

Head 31 — CUSTOMS AND EXCISE DEPARTMENT

Details of Expenditure by Subhead

The estimate of the amount required in 2015–16 for the salaries and expenses of the Customs and Excise Department is \$3,316,890,000. This represents an increase of \$153,220,000 over the revised estimate for 2014–15 and of \$356,039,000 over the actual expenditure in 2013–14.

Operating Account

Recurrent

2 Provision of \$3,151,170,000 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 2015 will be 6 086 posts. It is expected that there will be a net increase of 61 posts in 2015–16. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2015–16, but the notional annual mid-point salary value of all such posts must not exceed \$2,292,318,000.

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

	2013–14 (Actual) (\$'000)	2014–15 (Original) (\$'000)	2014–15 (Revised) (\$'000)	2015–16 (Estimate) (\$'000)
Personal Emoluments				
- Salaries.....	2,181,868	2,206,885	2,337,136	2,349,294
- Allowances.....	58,043	61,943	59,415	62,682
- Job-related allowances.....	9,213	9,512	9,824	9,942
Personnel Related Expenses				
- Rent allowance.....	762	789	767	768
- Mandatory Provident Fund contribution.....	7,469	12,639	11,208	12,391
- Civil Service Provident Fund contribution.....	64,765	71,134	73,010	91,081
- Disturbance allowance.....	138	120	133	149
Departmental Expenses				
- General departmental expenses	550,246	582,771	576,436	619,380
Other Charges				
- Land usage cost.....	3,978	5,200	3,908	5,200
- Grant to the Customs and Excise Service Welfare Fund	270	283	278	283
	2,876,752	2,951,276	3,072,115	3,151,170

5 Provision of \$11,000,000 under *Subhead 103 Rewards and special services* is for expenditure on rewards and services of a confidential nature.

6 Provision of \$44,500,000 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 \$14,260,000 under *Subhead 661 Minor plant, vehicles and equipment (block vote)* represents a decrease of \$4,323,000 (23.3%) against the revised estimate for 2014–15. This is mainly due to decreased requirement for new and replacement equipment.

Head 31 — CUSTOMS AND EXCISE DEPARTMENT

Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2014	Revised estimated expenditure for 2014–15	Balance
			\$'000	\$'000	\$'000	\$'000
Capital Account						
603	<i>Plant, vehicles and equipment</i>					
832	Replacement of one high speed pursuit craft (CE16)		21,010	—	—	21,010
833	Replacement of one high speed pursuit craft (CE15)β		26,294β	—	—	26,294
834	Replacement of one high speed pursuit craft (CE17)β		26,293β	—	—	26,293
835	Replacement of one high speed pursuit craft (CE18)β		26,293β	—	—	26,293
847	Replacement of two mobile X-ray vehicle scanning systems for Man Kam To Control Point and Sha Tau Kok Control Point.....		101,440	7,000	—	94,440
865	Replacement of one mobile X-ray checker van (AM 5952).....		3,402	—	1,438	1,964
868	Replacement of one mobile X-ray checker van (AM 5953).....		3,950	—	920	3,030
871	Replacement of one mobile X-ray checker van (AM5809).....		4,000	2,300	330	1,370
872	Replacement of one shallow water launch (CE12).....		4,400	—	440	3,960
873	Replacement of one shallow water launch (CE13).....		4,400	—	440	3,960
874	Replacement of one mobile X-ray checker van (AM5810).....		4,000	2,300	330	1,370
876	Procurement of one set of X-ray checker with conveyor belt modification (carousel no. 1) for the Airport Command		2,421	130	173	2,118
881	Procurement of one set of X-ray checker with conveyor belt modification (carousel no. 14) for the Airport Command		2,421	130	173	2,118
	Total		<u>230,324</u>	<u>11,860</u>	<u>4,244</u>	<u>214,220</u>

β This is a new item, funding for which is included in the draft 2015–16 Estimates for consideration by the Legislative Council in the context of the Appropriation Bill.