

For information
on 6 March 2007

Legislative Council Panel on Security Replacement of Customs Patrol Launches

Purpose

This paper sets out our proposal to procure three new sector patrol launches (SPLs) with enhanced features to replace the three existing SPLs (Damen Mark III type) (DMIII) for the Customs and Excise Department (C&ED).

Background

2. The existing Customs fleet comprises a total of 19 vessels including five SPLs, eight inflatable craft, four high speed pursuit craft and two shallow water speed boats. Each type of vessel plays a specific role in detecting and suppressing smuggling activities in Hong Kong waters. The SPLs perform round-the-clock anti-smuggling patrols in Hong Kong waters while the inflatable craft attached to them are for near-shore sea patrols and diving operations. As for the high speed pursuit craft and shallow water speed boats, they are specifically deployed for the pursuit and interception of speed boats and mechanised sampans suspected to be engaging in smuggling activities. Details of the functions and areas of deployment of the Customs fleet are at **the Annex**.

Justifications for the Proposed Replacement

3. The three DMIII SPLs proposed to be replaced were commissioned in 1986. The Director of Marine (D of M) advises that the normal life expectancy of steel-hulled vessels in the Government fleet is about 20 years, after which the vessels will be beyond economical repair and no longer be able to provide reliable support to sea-borne operations. In 2004, D of M conducted thorough inspections on the three DMIII SPLs and concluded that the vessels would reach the end of their serviceable life by end of 2009, i.e. after 23 years of service. Therefore, we propose to replace the vessels by 2009.

4. As the DMIII SPLs were commissioned 20 years ago, it has become increasingly difficult and costly to maintain them in good operating condition. Most of the spare parts for the vessels are of obsolete models and

some of them are unavailable in the market while others are costly. The average annual maintenance cost for each DMIII SPL has increased from about \$1.0 million when they were first commissioned in 1986 to about \$2.5 million recently, and the figure is estimated to increase to about \$3.0 million in 2009.

5. Enhanced facilities would also enable us to better meet operational requirements and to upkeep enforcement efficiency and effectiveness in anti-smuggling duties. Smugglers use various means of conveyance, including fishing/cargo vessels, mechanised sampans and speed boats, and employ different tactics to evade enforcement detection. As mentioned above, the five SPLs maintain a regular Customs presence in Hong Kong waters to deter and interdict smuggling activities. They also act as the Customs command centre during joint anti-smuggling operations with the Police and provide support to other Customs vessels. Their functions necessitate a design with a size and height comparable to smuggling vessels such as fishing and cargo vessels to facilitate interception and searching.

6. Smuggling activities at sea have remained noticeable in recent years as illegal exportation of goods into the Mainland (such as computers, electrical appliances, mobile phones and diesel oil) and illegal importation of goods into Hong Kong (such as cigarettes) continue to be lucrative. In 2006, there were 173 sea smuggling cases detected by Customs and the Police, in which 405 persons were arrested and the seized goods valued at \$215.2 million.

7. The proposed replacement vessels will command advanced hull form, higher speed, better sea keeping capability^{Note} and facilities to enhance both the navigational and anti-smuggling enforcement capabilities of the Customs fleet. Major enhanced features are summarised as follows-

- (a) the replacement vessels can operate at a higher speed of 25 knots instead of the present 18 knots sustained by the existing launches. The higher speed will enhance the capability of pursuing and intercepting target vessels in Hong Kong waters which normally travel at a speed of not more than 20 knots;
- (b) advanced laser distance measurement device will be installed to measure the distance between the SPLs and its target vessels for formulating the best course of interception strategy as well as strengthening navigation safety;

^{Note} Sea keeping capability is the ability of a vessel to remain stable, and reduce the seasickness of the crew and passengers on board under rough sea conditions.

- (c) night vision equipment will be installed to enhance proactive monitoring of smuggling activities in the waters where visibility is low particularly at night. Such equipment can also enhance navigation safety;
- (d) facilities such as dampened seats, noise absorbent materials, etc. will be provided to improve occupational safety and health; and
- (e) improved power derrick/crane will be installed to enable launching of inflatable craft into the sea while the vessel is in motion to enhance the pursuit capability.

Financial Implications

8. The non-recurrent cost for the three replacement vessels with the necessary equipment on board is estimated to be \$117.0 million, with the breakdown as follows -

Item	HK\$ million
(a) Three basic vessels with equipment on board	105.3
(b) Payment to the Electrical and Mechanical Services Trading Fund for project management	1.2
(c) Contingency (10% of item (a) above)	10.5
Total	117.0

It is estimated that \$11.7 million, \$58.5 million and \$46.8 million will be required for 2007-08, 2008-09 and 2009-10 respectively.

9. The annual recurrent cost for the three existing DMIII SPLs is \$10.1 million and the estimated annual recurrent cost for the three replacement vessels is \$12.2 million. The higher recurrent cost of \$2.1 million per annum is to cover the additional maintenance cost for the larger vessels, high-powered engines, and more advanced navigational and operational equipment, and the higher fuel cost arising from higher vessel power. C&ED will absorb the additional recurrent cost from within its existing resources. No additional staff cost will be incurred.

Implementation Timetable

10. We plan to seek funding approval from the Finance Committee (FC) in April 2007. Subject to funding approval by FC, details of the implementation plan are as follows-

Activity	Target completion date
(a) Preparation of tender specifications	May to September 2007
(b) Invitation of tender	October to December 2007
(c) Tender evaluation and award of contract	January to April 2008
(d) Construction of vessels	May 2008 to July 2009
(e) Delivery of vessels	August 2009

Security Bureau
Financial Services and the Treasury Bureau
Commerce, Industry and Technology Bureau

February 2007

Types and Functions of Existing Customs Launches/Craft

<i>Type</i>	<i>Model</i>	<i>Qty.</i>	<i>Year commissioned</i>	<i>Functions</i>
Sector patrol launch	# Damen Mark III	3	1986	<ul style="list-style-type: none">✧ To perform anti-smuggling patrols in Hong Kong waters, broadly divided into five areas, namely North-west, South-west, South-east, North-east and Mirs Bay;✧ To carry out strike and search operations on suspicious river trading vessels, fishing vessels, etc;✧ To act as the command centre during joint anti-smuggling operations;✧ To serve as the observation and case processing platform;✧ To provide logistic support to other types of Customs vessels; and✧ To act as the training facility for the launch crew of Customs vessels.
	Challenger	2	2000	
Inflatable craft (normally attached to sector patrol launches)	Avon Searider SR5.4M	5	2000	<ul style="list-style-type: none">✧ To provide near-shore and shallow sea patrols in Hong Kong waters; and✧ To be used for diving operations.
	Avon Searider SR6.0M	3	2000	

<i>Type</i>	<i>Model</i>	<i>Qty.</i>	<i>Year commissioned</i>	<i>Functions</i>
High speed pursuit craft	FB 55	4	2003	✧ To conduct pursuit and interception of speed boats and mechanised sampans in the areas off Mirs Bay, Deep Bay, North-east and North-west sectors in Hong Kong waters.
Shallow water speed boat	Boston Whaler 10M	2	1999	✧ To conduct pursuit and interception of speed boats and mechanised sampans, normally in shallow waters.
Total:		19		

Launches proposed to be replaced.