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Panel on Security

**Background brief prepared by the Legislative Council Secretariat
for the meeting on 1 March 2011**

**Replacement of two mobile x-ray vehicle scanning systems of
the Customs and Excise Department**

Purpose

This paper summarizes past discussions by Members on the procurement of mobile X-ray vehicle scanning systems ("MXRVSSs") for the Customs and Excise Department ("C&ED").

Background

2. There has been a steady increase in cross boundary vehicular and passenger traffic between the Mainland and the Hong Kong Special Administrative Region over the years. According to the Administration, the increase in cross boundary traffic has made it more onerous for C&ED to detect smuggling activities. Analysis of detected cases by C&ED reveals that the method of smuggling has greatly diversified, including concealment inside chassis, spare tyres, fuel tanks, truck doors, false compartments or mixing smuggled items among general cargoes. The items seized include stolen vehicles, mastering and replication equipment, pirated discs, narcotics, dutiable cigarettes, firearms, ammunition and other contrabands.

3. Before the procurement of MXRVSSs, Customs officers at boundary control points ("BCPs") conducted inspections of vehicles manually, based on their experience and intelligence received. To facilitate the search, they had to unload and sometimes unpack the cargoes for inspection. Where there was a need to conduct a detailed check or thorough search on the inner portion of the cargo compartment of a fully loaded goods vehicle, Customs officers had to go

through the laborious and time-consuming process of unloading and loading of all cargoes on board.

4. To overcome the above problems and to enhance the detection capability of customs inspections at land BCPs, C&ED found it necessary to use X-ray equipment to assist it in the search of vehicles.

Procurement of two MXRVSSs for land BCPs in 1998-1999

5. At its meeting on 4 December 1998, the Finance Committee considered the Administration's proposal to procure two MXRVSSs at a non-recurrent cost of \$67,930,000 to enhance customs inspections at land BCPs.

6. The Administration explained that MXRVSSs had been well-tried and highly effective in identifying concealed compartments and suspicious cargoes, and had in fact been recommended by the United States Customs Service. The scanners were film and food safe. As for its effect on the drivers, since all persons would have to stay away from the vehicles being scanned, they would not be subject to direct exposure to X-ray. The radiation exposure from the MXRVSSs had also been confirmed to be within acceptable limits by the Food and Drug Administration of the United States.

7. Noting that some 20 minutes would be required for the MXRVSSs to scan a 40-foot container truck, some members were concerned that this might delay the flow of cross boundary vehicular traffic and cause inconvenience to those traders who were not in breach of the law. In this connection, members noted that the proposed scanners were capable of imaging a loaded vehicle without the need to unload and unpack the cargoes. This would provide useful clues to Customs officers as to whether the vehicle under inspection was carrying suspicious articles, thus reducing the need for manual search and expediting vehicular flow. It took two to four hours to complete the manual search of goods in a container.

8. Some members referred to the fixed vehicle X-ray inspection system used in Huanggang and opined that the Administration should, instead of purchasing a mobile system which might be more expensive and less durable, purchase a fixed system. The Administration responded that the proposed mobile system was preferred to a fixed system because of the lack of space at both the Man Kam To and Sha Tau Kok Control Points to accommodate a fixed system. Moreover, having regard to the urgent need of the two BCPs for X-ray equipment to assist in the search of vehicles, the two MXRVSSs were preferred to a fixed system which took a longer time to install.

Procurement of two MXRVSSs for the Ship Search and Cargo Command of C&ED in 2001-2002

9. At its meeting on 21 June 2002, the Finance Committee considered the Administration's proposal to procure two MXRVSSs at a total cost of \$61,900,000 for the Ship Search and Cargo Command ("SSCC") of C&ED. Members were informed that the proposal would enhance the detection capability of customs inspections at container cargo terminals.

10. The Administration advised that in order to enhance the detection capability of cargo inspections, it proposed to procure two MXRVSSs for officers of SSCC to carry out X-ray scanning of laden containers as well as bulky cargoes at the container terminals in Kwai Chung and Tsing Yi Island, Tuen Mun River Trade Terminal ("RTT") and eight other Public Cargo Working Areas. With the MXRVSSs, officers of SSCC could focus efforts on cargoes assessed to be of high risk. Officers of SSCC would be able to select more cargoes with a higher risk ranking for preliminary scanning by the MXRVSSs. This would enable Customs officers to determine, through the images on the computer screen, the necessity for thorough search or release of a container. The use of MXRVSSs would facilitate cargo clearance and improve detection capability.

Procurement of a MXRVSS for cargo examination at the Tuen Mun River Trade Terminal in 2008-2009

11. At its meeting on 3 February 2009, the Panel on Security discussed the Administration's proposal to procure a MXRVSS at a non-recurrent cost of \$36,952,000 to conduct cargo examination at RTT.

12. Members were informed that as a result of the rapid economic development in the Pearl River Delta, the volume of cargoes carried by river trade vessels that go through RTT had increased substantially. From 2000 to 2008, the container throughput at RTT, in terms of 20-foot equivalent units, grew from 0.98 million to 2.05 million. To cope with the rapidly increasing traffic of containerized cargoes at RTT, there was a pressing need to enhance C&ED's ability to provide a more speedy cargo clearance service at RTT.

13. The Administration informed the Panel that the procurement of a MXRVSS for use at RTT would significantly enhance the efficiency and effectiveness of customs cargo inspection. The inspection time for each container would be substantially reduced, and the capacity of customs cargo inspection at RTT would increase from six to 24 containers daily. Moreover,

by analyzing the radiographic images and radiation readings captured by a MXRVSS, Customs officers could readily identify suspected irregularities. More accurate risk assessments would enhance Customs officers' judgement in deciding whether physical examination of cargo contents was needed, thereby enhancing C&ED's capability of detecting contraband goods.

14. Noting that some \$2,000,000 and \$5,000,000 of the total estimated non-recurrent cost for procuring the proposed MXRVSS had been earmarked respectively for contingency and payment to the Electrical and Mechanical Services Trading Fund under the Electrical and Mechanical Services Department, some members enquired about the use of the funds.

15. The Administration explained that the contingency was to account for exchange rate variation, additional works and other incidentals. The contingency would only be used if it was necessary for the completion of the project. The Electrical and Mechanical Services Department would be responsible for the overall project management and hence a charge in the form of a payment to the Electrical and Mechanical Services Trading Fund had to be levied to recover the resources to be spent on the project, which included activities such as system design, tender preparation and invitation, tender evaluation, negotiation and award of contract, system implementation and monitoring.

16. The Finance Committee approved the funding proposal at its meeting on 24 April 2009.

Relevant papers

17. Members may wish to refer to the following minutes of meetings and papers for details of the discussions -

Minutes

- (a) Minutes of meeting of the Finance Committee on 4 December 1998 [LC Paper No. FC75/98-99];
- (b) Minutes of meeting of the Finance Committee on 21 June 2002 [LC Paper No. FC21/02-03];
- (c) Minutes of meeting of the Finance Committee on 24 April 2009 [LC Paper No. FC146/08-09];

- (d) Minutes of meeting of the Panel on Security on 3 February 2009 [CB(2)1288/08-09];

Papers

- (e) Administration's paper for the Finance Committee meeting on 4 December 1998 [Paper No. FCR(98-99)53];
- (f) Administration's paper for the Finance Committee meeting on 21 June 2002 [Paper No. FCR(2002-03)27]; and
- (g) Administration's paper for the Finance Committee meeting on 24 April 2009 [Paper No. FCR(2009-10)6].

18. The above minutes and papers are available on the website of the Legislative Council (<http://www.legco.gov.hk>).

Council Business Division 2
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