

ITEM FOR FINANCE COMMITTEE

Head 31 – CUSTOMS AND EXCISE DEPARTMENT

Subhead 603 Plant, vehicles and equipment

New Item “Replacement of one High Speed Pursuit Craft”

Members are invited to approve a new commitment of \$17,050,000 for the replacement of one High Speed Pursuit Craft of the Customs and Excise Department.

PROBLEM

The Customs and Excise Department (C&ED) needs to replace a High Speed Pursuit Craft (HSPC), which was grounded during an anti-smuggling operation in October 2010.

PROPOSAL

2. The Commissioner of Customs and Excise, on the advice of the Director of Marine and with the support of the Secretary for Security, the Secretary for Financial Services and the Treasury and the Secretary for Commerce and Economic Development, proposes to replace a HSPC by a new vessel with enhanced navigational capabilities to meet operational requirements for anti-smuggling enforcement.

JUSTIFICATION

Functions of HSPC

3. HSPCs perform anti-smuggling patrols and conduct strike and search operations on suspicious vessels in Hong Kong waters in order to deter and suppress highly diversified sea smuggling activities in the territory. They are specifically deployed for the pursuit and interception of high speed smuggling vessels before those vessels berth or leave Hong Kong waters.

/Need

Need to Replace the HSPC

Encl.1

4. The HSPC proposed to be replaced was commissioned in 2003 and had been in service for almost eight years before it was grounded during an anti-smuggling operation in October 2010. After conducting a thorough inspection of the HSPC, the Marine Department (MD) confirmed that its hull and propulsion system had sustained severe damage (see Enclosure 1) and required a major overhaul with replacement of relevant parts at an estimated cost of about \$2,900,000. The restored HSPC, however, would not be able to attain its original level of performance and durability. For example, its maximum speed would be lower than the original 49 knots, thereby significantly undermining the enforcement capability of C&ED. MD further advised that since the HSPC had already been in service for half of its normal serviceable life span (about 15 years), replacement would be more cost-effective than repair. To ensure that C&ED is sufficiently equipped for enforcement against smuggling activities involving high speed vessels, there is an imminent need for C&ED to replace the HSPC.

The Proposed Replacement HSPC

5. The proposed replacement HSPC will be 15 metres long and equipped with high navigating speed and advanced functions to enhance the overall anti-smuggling enforcement efficiency and capability of C&ED. The functionalities of the new HSPC are summarised as follows:

- (a) The higher speed of the proposed new HSPC at 55 knots will enhance C&ED's capability in intercepting fast-moving target vessels, such as boats used by smugglers which often have a speed of up to 50 knots.
- (b) The proposed new HSPC will adopt the latest design and shipbuilding technology. Its hull, made of aluminium alloy, will be stronger and more resistant to impact, thus reducing possible damage in case of collision during anti-smuggling interception and provide better protection to C&ED officers on board. The aluminium alloy hull will also be easier to maintain and repair.
- (c) The proposed new HSPC will be equipped with a more advanced and effective radar system, which will greatly enhance the detection capability of fast-moving targets while maintaining navigation safety.

/FINANCIAL

FINANCIAL IMPLICATIONS**Non-recurrent Expenditure**

6. The total non-recurrent cost for replacing the HSPC is estimated to be \$17,050,000. A detailed breakdown is as follows:

| | \$ '000 |
|--|----------------|
| (a) Aluminium alloy hull with facilities | 5,425 |
| (b) Machinery on board | 7,750 |
| (c) Electronic equipment on board | 775 |
| (d) Delivery and insurance cost | 1,450 |
| (e) Contingency (10% of items (a) to (d)) | 1,540 |
| (f) Project management services by the Electrical and Mechanical Services Trading Fund (EMSTF) | 110 |
| Total: | 17,050 |

7. On paragraph 6(a) above, the estimate of \$5,425,000 is for the design and construction of the aluminium alloy hull with all the fixtures therein such as anchor, rudder and mooring facilities, etc.

8. On paragraph 6(b) above, the estimate of \$7,750,000 is for the machinery on board such as main engine, transmission system and steering system, etc.

9. On paragraph 6(c) above, the estimate of \$775,000 is for all electronic equipment on board, including satellite navigation equipment, nautical chart navigation system and radar system.

10. On paragraph 6(d) above, the estimate of \$1,450,000 is for the cost of delivery and insurance.

11. On paragraph 6(e) above, the estimate of \$1,540,000 represents 10% of the contingency on the items 6(a) to (d).

12. On paragraph 6(f) above, the estimate of \$110,000 is for payment to EMSTF for providing project management services.

13. The estimated cash flow requirement is as follows:

| Year | \$ '000 |
|---------------|----------------------|
| 2012 – 13 | 1,715 |
| 2013 – 14 | 15,335 |
| Total: | <u><u>17,050</u></u> |

Recurrent Expenditure

14. The estimated annual recurrent expenditure of the new HSPC upon commissioning in 2014-15 will be \$2,930,000, including \$2,020,000 for the maintenance and repair cost for the hull, mechanical parts, electric equipment, berth and consumables on board of the HSPC, as well as \$910,000 for the fuel cost. The annual maintenance and repair cost of the new HSPC is \$1,455,000 higher than that of the damaged HSPC because the new one is equipped with one more engine and other more advanced equipment/machinery, which will contribute to the higher speed and other advanced functions of the new craft as mentioned in paragraph 5 above. No additional staff cost will be incurred.

15. We have included the necessary provision in the 2012-13 Estimates to meet the cost of the proposal and will reflect the resources required in the Estimates of the subsequent year.

IMPLEMENTATION PLAN

16. Subject to the approval of the Finance Committee, C&ED plans to procure the replacement HSPC according to the following schedule:

/Activity

| | Activity | Target schedule |
|-----|--|--------------------------------|
| (a) | Completion of tender specification preparation | May 2012 |
| (b) | Invitation for tender | June to August 2012 |
| (c) | Tender evaluation and award of contract | September 2012 to January 2013 |
| (d) | Construction | February to December 2013 |
| (e) | Inspection and delivery | January 2014 |
| (f) | Training and Commissioning | February 2014 |

PUBLIC CONSULTATION

17. We consulted the Legislative Council Panel on Security on 3 January 2012. Members raised no objection to the proposal. Some Members enquired about details of the grounding incident in October 2010 and the training requirements provided for HSPC operators. We provided the relevant information to Members on 26 January 2012 (see Enclosure 2).

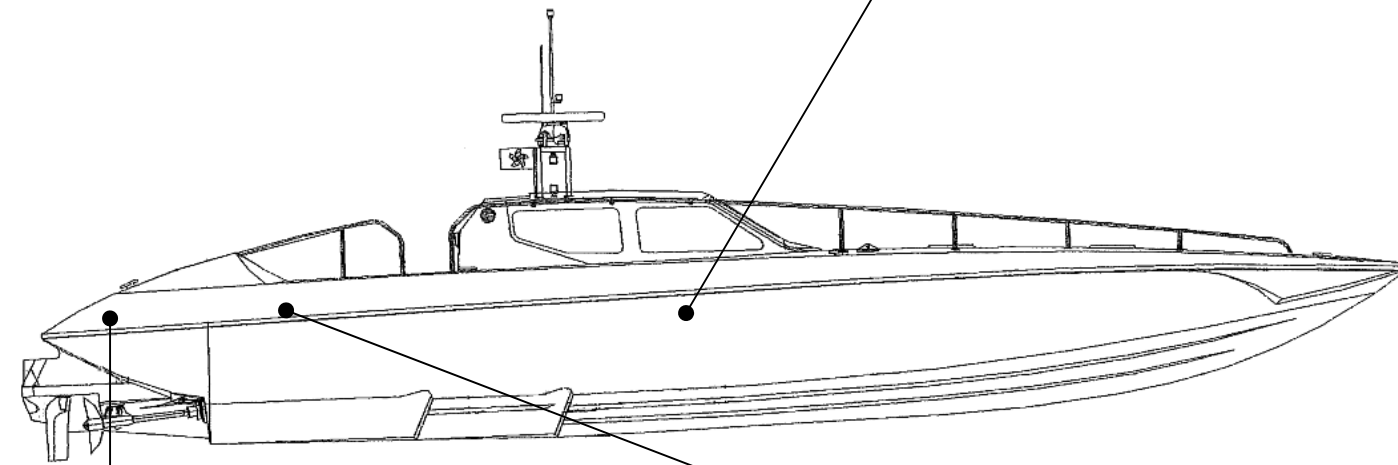
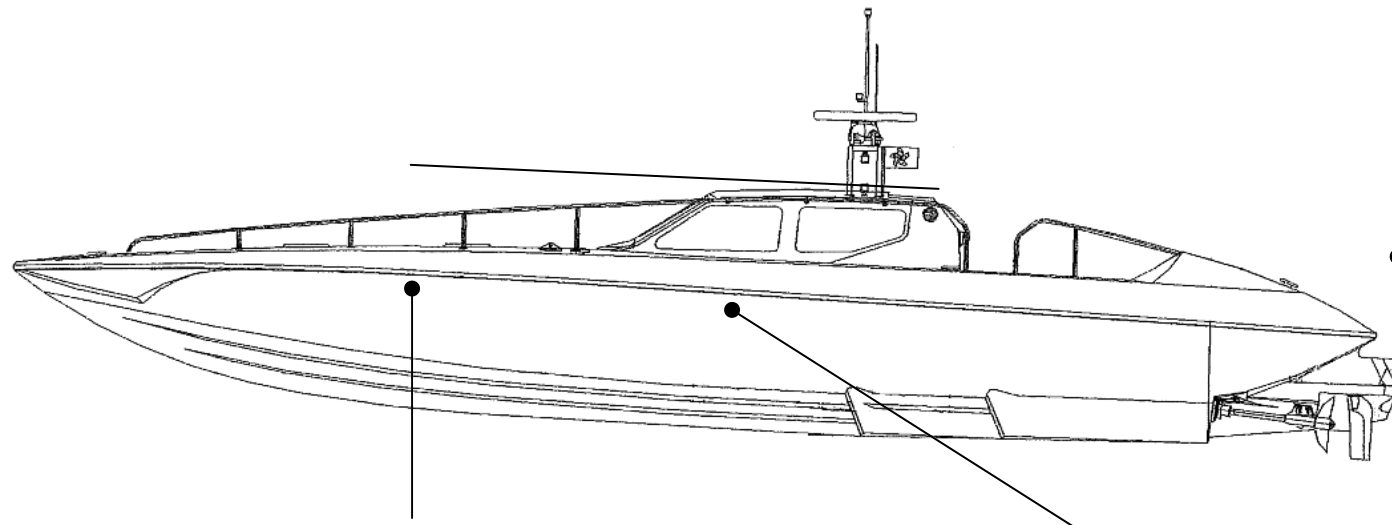
Encl. 2

BACKGROUND

18. In order to evade detection from law enforcement officers, smugglers use speed boats (commonly known as “Tai Fei”) and mechanised sampans in sea smuggling activities. They deliver goods to remote coastal areas or secluded waters near the maritime boundary between Hong Kong and the Mainland before they load such goods onto “Tai Fei” and leave Hong Kong waters in high speed. According to the analysis by C&ED, smugglers usually make use of “Tai Fei” to smuggle high-valued goods (such as computers, electronic products, mobile phones and high-priced seafood) to the Mainland, and dutiable commodities (such as duty-not-paid cigarettes and petrol) to Hong Kong for lucrative profit. In 2011, C&ED and the Hong Kong Police Force detected a total of 72 sea smuggling cases, arrested 119 persons and seized goods with a total value of \$96,550,000.

19. The existing C&ED fleet comprises a total of 19 vessels, including five Sector Patrol Launches, four HSPCs, two Shallow Water Launches and eight Inflatable Crafts. Each type of the vessels plays a specific role in combating smuggling activities in Hong Kong waters.

Damages of the High Speed Pursuit Craft



LC Paper No. CB(2)897/11-12(01)

**Legislative Council Panel on Security
Meeting on 3 January 2012**

**Replacement of one High Speed Pursuit Craft
of the Customs and Excise Department**

Supplementary Information

I. Cause and investigation result of a grounding incident of a Customs High Speed Pursuit Craft in October 2010

1. The Customs and Excise Department (“C&ED”) has completed the investigation on the incident of a High Speed Pursuit Craft (“HSPC”) grounded in a narrow waterway near Town Island, Sai Kung during an anti-smuggling operation in October 2010. According to the findings of investigation, the major cause of the incident was due to unfavourable weather conditions for navigation at that time, including total lunar eclipse, extreme darkness at sea, rapidly-changing wind condition and heavy swell, rain and very low tide, etc., hence lowering the visibility and making the waterway shallower and narrower, making it difficult for the HSPC to maintain a stable course. When preparing for departure, the operators of the HSPC considered that the conditions were safe for navigation and arranged the HSPC for operation at Sai Kung as planned based on the data on the climate conditions then available, which did not include information on swell. However, when the HSPC sailed through the scene of the incident, the wind became more intense suddenly and a heavy swell developed. As a result, the HSPC deviated from the navigation course and was grounded after hit by strong wind and heavy swell.

2. Under normal circumstances, operators of HSPCs are required to maintain a safe navigation speed when adverse environmental factors are encountered. The investigation concluded that both the Crew Commander and Coxswain had already reduced the speed and kept adjusting the course to maintain the right navigation direction before the HSPC was grounded. However, their judgment on the adjustment of navigation speed required was not accurate enough. Considering that the relevant officers are experienced in vessel operation with good track records, and their judgment was affected by the sudden stronger wind and swell, upon thorough deliberation, C&ED administered a verbal warning to the Crew Commander and counseled the Coxswain.

II. Training requirements for HSPC operators in C&ED

3. All C&ED officers operating the HSPCs (i.e. Crew Commanders and Coxswains) must be holders of the Coxswain Grade 1 Certificate issued by the Marine Department (“MD”). Officers who wish to obtain the Certificate are required to complete designated navigation courses organised by C&ED in accordance with maritime standards and the Maritime Services Training Institute for about two months. The course content include international and local maritime laws, operating principles of vessels, knowledge of navigation, handling of emergencies, fire prevention and fire fighting, first aid at sea and personal survival techniques (please refer to **Annex I** for details). Officers concerned are required to accumulate not less than three years of navigation experience and pass the internal assessment of C&ED and relevant examinations of MD. In addition, C&ED regularly arranges maritime safety training courses and drills for vessel operators. Please refer to **Annex II** for the details of the courses and drills.

4. After the October 2010 incident, C&ED has already strengthened the training for the relevant staff which include-

- (i) arranging site inspections and drills for officers at night of black spots in Hong Kong waters on the environmental conditions similar to those encountered during the incident;
- (ii) enhancing officers’ understanding of the black spots, particularly the topography, locations of submerged rock, shape, width and depth of waterways, and the appropriate position, angle and speed in entering these waterways; and
- (iii) continuing to remind vessel operators at regular operation briefings about safety awareness and considerations required under unfavourable navigation conditions so as to maintain their alertness.

I. Information on Training Course for Obtaining Coxswain Grade 1 Certificate

| <u>Course</u> | <u>Purpose</u> | <u>Duration</u> |
|---|--|------------------------|
| Training courses organised by C&ED in accordance with maritime standards | | |
| Coxswain Grade 3 Training Course | To provide professional navigation training for those preparing to obtain the Coxswain Grade 3 Certificate from MD | 21 days |
| Coxswain Grade 2 Training Course | To provide professional navigation training for those preparing to obtain the Coxswain Grade 2 Certificate from MD | 30 days |
| Training courses organised by the Maritime Services Training Institute | | |
| Training Course on Fire Prevention and Advanced Fire Fighting | To provide training on fire prevention and fire fighting onboard vessels for those preparing to obtain the Coxswain Grade 1 or Engine Operator Grade 1 Certificate from MD | 5.5 days |
| Training Course on First Aid at Sea | To provide training on handling techniques of casualties and injuries onboard vessels/at sea for those preparing to obtain the Coxswain Grade 1 or Engine Operator Grade 1 Certificate from MD | 5 days |
| Training Course on Personal Survival Techniques | To provide basic training on survival techniques at sea and the proper use of distress signals for those preparing to obtain the Coxswain Grade 1 or Engine Operator Grade 1 Certificate from MD | 2.5 days |

II. Information on Maritime Training Courses and Drills of C&ED

| <u>Course / Drill</u> | <u>Purpose</u> | <u>Duration</u> |
|--|--|-----------------------------------|
| Training courses & drills organised by Marine Enforcement Group of C&ED | | |
| Large Scale Rescue Drill | To provide training on the reaction ability and rescue actions in case of serious ship accidents | 1 day Once every 2 - 3 years |
| Dinghy Capsize Drill | To provide training on the escape techniques in case of ship capsize | 1 day Once a year |
| First Aid Refresher Course | To strengthen the knowledge and techniques of first aid | 4 days Once every 3 years |
| Life Saving Refresher Course | To strengthen the knowledge and techniques of life saving | 30 hours Once every 3 years |
| Fire Fighting Drill | To provide training on the reaction ability in case of fire outbreaks onboard vessels | Half a day Once every 4 months |
| Man Overboard Drill | To provide training on the reaction ability and rescue actions in case of man overboard | Half a day Once every 4 months |
| Ship Abandonment Drill | To provide training on the actions and procedures in case of ship abandonment | Half a day Once every 4 months |

| <u>Course / Drill</u> | <u>Purpose</u> | <u>Duration</u> |
|--|--|-----------------|
| Training Courses organised by Training Centre of MD | | |
| Radar Operator Training Course | To provide Radar operation training to promote operators' awareness of navigation safety in limited visibility | 7.5 days |
| Simulated High Speed Radar Operator Training Course | To provide High Speed Radar operation training to officers of the Marine Strike and Support Division with a view to promoting an awareness of high speed navigation safety in limited visibility | 3 days |
| Training Course organised by Guangdong Sub-Administration of Customs General Administration | | |
| Anti-Smuggling Fast Interceptors Operating Techniques Course | To provide training on professional speed boat operating techniques | 10 days |
