

**For discussion
on 1 March 2013**

Legislative Council Panel on Security

**Replacement of Five High-Speed Interceptor Craft
for Small Boat Division of Marine Region**

Purpose

This paper consults the Panel on a proposal by the Hong Kong Police Force (HKPF) to replace five High Speed Interceptor (HSI) craft for the purposes of maintaining an effective response to maritime security incidents, and to prevent and suppress illegal cross-boundary speedboat activities.

Background

2. HSIs are principally employed by the Marine Police Small Boat Division to interdict the unlawful use of speedboats in Hong Kong waters, many of which are engaged in illegal cross-boundary activities involving the movement of goods and people. HSIs are the only vessels in the Government fleet that are capable of forcibly intercepting multi-engined ‘Tai Fei’¹ speedboats and thus act as an effective deterrent.

3. The HSIs proposed to be replaced, which were commissioned in 1999, have been in service for over 13 years. The normal life expectancy of this type of aluminium alloy hull craft is 15 years. In June 2012, the Marine Department assessed the condition of four of the HSIs, i.e. Police Launches (PLs) 85, 87, 88 and 89 and concluded that these four HSIs would still be in serviceable condition only for three more years. The remaining HSI, PL 86, was damaged during the interception of a high-powered speedboat on 21 February 2012. In view of the high repair cost², HKPF considered it more cost-effective to arrange the replacement of PL 86 together with the four aforementioned HSIs. Taking into account the long lead time required for completing the procurement, including tendering, construction, delivery, and arranging for commencement of service, etc, it is necessary for the HKPF to commence the process for replacement so as to ensure continuous operational capability.

¹ A ‘Tai Fei’ normally refers to a smuggling speedboat with four or more engines.

² The estimated cost of repair is approximately \$3.1 million.

4. The current HSI fleet is largely credited with stopping and preventing ‘Tai Fei’ speedboat activity in Hong Kong. It also plays an important role in maritime counter-terrorism, and fulfills a Government requirement under the International Ship and Port Facility Security (ISPS) Code³ to provide a fast and effective response to maritime security incidents. To ensure that the Marine Police are sufficiently equipped to carry out their maritime law enforcement responsibilities, there is an imminent need to replace the five HSIs.

Proposal for Replacement

5. The proposed replacement HSI will be the same size as the existing craft (15 metres long), but with an increased top speed from 60 to 66 knots (from 111 to 122 km/h) and enhanced navigation equipment that will include a night vision capability. These enhancements will greatly improve the operational efficiency and effectiveness of the Marine Police. The functionalities of the new HSIs are summarised as follows:-

- (a) The higher top speed of the proposed new HSIs at 66 knots (122 km/h) will enhance the Marine Police’s capability to intercept fast-moving target vessels, such as speedboats used by criminals that can often achieve speeds in excess of 50 knots (93 km/h);
- (b) The proposed new HSIs will be equipped with a more advanced and effective radar system, which will greatly enhance the detection capability of fast-moving targets as well as maintaining navigational safety; and
- (c) Leveraging advances made in thermal imaging technology, the proposed new HSIs will have a night vision capability. This technology will help in the early identification of suspect craft and will be able to detect contraband thrown overboard at night.

³ The ISPS Code came into effect on 1 July 2004. It prescribes responsibilities to governments, shipping companies, shipboard personnel, and port/facility personnel to “detect security threats and take preventative measures against security incidents affecting ships or port facilities used in international trade.”

Benefits of the Replacement Proposal

6. Hong Kong is one of the busiest ports in the world with over 200,000 vessel arrivals reported in 2011. In the same year, a total container throughput of 24.4 million twenty-foot equivalent units (TEU) was recorded, making Hong Kong the world's third largest container port. Maritime trade is therefore vitally important for maintaining the economic well-being and competitiveness of Hong Kong, and keeping local waters free from the threat of terrorism and crime should be accorded priority.

7. The ability to intercept fast moving suspicious craft at sea is essential to deterring criminal and terrorist incidents in Hong Kong waters. Without such a capability the shipping and cruise industries may lose confidence in Hong Kong's ability to maintain a safe maritime environment and its ability to deal with an ISPS Code related incident. This would have a direct economic loss to Hong Kong as cargo ships would use other ports and cruise operators would steer clear of Hong Kong. It would also adversely affect the overall image and branding of Hong Kong. Given that the first berth of the Kai Tak Cruise Terminal is expected to come into operation in mid 2013, it is thus essential that Hong Kong maintain its maritime enforcement capabilities so as not to undermine its economic strategy.

Financial Implications

Non-recurrent Cost

8. HKPF estimates that the replacement of the five HSIs will incur a total non-recurrent cost of \$114 million (i.e. \$22.8 million for each HSI). The breakdown is as follows:-

	\$ '000
(a) Design and construction of aluminium alloy hull with facilities including engines, anchor, rubber, fendering, etc.	80,350
(b) Electronic navigational aids and communications systems on board such as a solid state radar, satellite navigation,	20,650

	\$ '000
fibre-optic gyro, thermal night vision, etc.	
(c) Spare parts required to keep the HSIs in a good state of operational preparedness	2,500
(d) Contingency [10% of items (a) to (c) rounded up]	10,500
Total:	114,000

9. The estimated cash flow requirement is as follows:-

<u>Year</u>	<u>\$'000</u>
2013 – 14	11,400
2014 – 15	28,500
2015 – 16	68,400
2016 – 17	<u>5,700</u>
Total:	114,000

Recurrent Cost

10. HKPF estimates that the recurrent cost of the five new HSIs will be \$20,087,000 per annum from 2017-18 onwards. This will be partially offset by the annual savings of \$10,965,000 from the recurrent cost of the five decommissioned HSIs. The additional recurrent cost of \$9,122,000 is due to the higher annual maintenance and repair cost of the more powerful engines and other more advanced equipment/machinery of the new HSIs. No additional staff cost will be incurred. The requirements of recurrent expenditure will be reflected in the Estimates of the relevant years.

Implementation Plan

11. Subject to Members' views on the proposal, HKPF plans to seek funding approval from the Finance Committee of the Legislative Council in May 2013. If the funding approval is obtained, we expect to implement the replacement project according to the following

timeframe:-

<u>Item</u>	<u>Activities</u>	<u>Timing</u>
(a)	Preparation of tender documents	May – December 2013
(b)	Tendering, evaluation and award of contract	March – August 2014
(c)	Construction	September 2014 – February 2016
(d)	Inspection and delivery	February – March 2016
(e)	Training and commissioning	March – April 2016

Advice Sought

12. Members are invited to offer views on the proposal.

Security Bureau
February 2013