

海 事 處
 政府船塢
 九龍深水埗
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MARINE DEPARTMENT

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(By e-mail only)
 3 January 2017

Public Accounts Committee
 Legislative Council
 Legislative Council Complex
 1 Legislative Council Road
 Central
 Hong Kong
 (Attn.: Mr Anthony CHU)

Dear Sir,

Public Accounts Committee
Consideration of Chapter 3 of the Director of Audit's Report No. 67
Procurement and maintenance of fire services equipment

Thank you for your captioned letter dated 19 December 2016 to the Director of Marine which I am authorized to reply. Our response in seriatim in both Chinese and English are set out at Annex.

Should you require further information, please feel free to contact the undersigned at 2307 3600 or Mr M.Y. CHAN, General Manager/Government Dockyard at 2307 3602. Thank you.

Yours faithfully,

(Tony C.S. CHAN)
 for Director of Marine

Encl. (Annex)

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c.c. (By fax only)

Secretary for Security (Fax no.: 2877 0636)

Director of Fire Services (Fax no.: 2368 9744)

Director of Government Logistics (Fax no.: 2116 0183)

Director of Electrical and Mechanical Services (Fax no.: 2882 9042)

Secretary for Financial Services and the Treasury (Fax no.: 2147 5239)

Director of Audit (Fax no.: 2583 9063)

Secretary for Transport and Housing (Attn.: Ms Louisa YAN, fax no.: 2523 0030)

Internal

DD(SD)

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Public Accounts Committee
Questions and Request for Information in respect of
Chapter 3 of the Director of Audit's Report No. 67
Procurement and maintenance of fire services equipment

For the Marine Department

Q1. Regarding paragraphs 4.9 and 4.13, would the Marine Department ("MD") advise whether it is currently facing manpower shortage and details of the shortage? Does MD have plans to increase its spending on the recruitment of relevant professionals, so that in the long run, the manpower pressure of MD can be relieved as soon as possible and the problem of inadequate experienced manpower will not linger on indefinitely?

A1. The two major professional grades of the Marine Department (MD), namely the Surveyor of Ships grade and the Marine Officer grade, have been facing persistent recruitment difficulties and manpower shortage. MD is very concerned about the manpower shortage situation. Apart from conducting civil service recruitment exercises on a continuous basis, MD has implemented stop-gap measures such as revising the entry requirements on the post-qualification working experience and language proficiency for the two professional grades, with a view to recruiting sufficient qualified candidates to fill the vacancies without compromising the professional service standards of the Department. In parallel, an enhanced training programme is devised for the two grades to cope with the revised entry requirements. To ensure that there is sufficient manpower to meet operational needs, qualified professionals have also been identified and recruited to handle related work through the Non-Civil Service Contract (NCSC) Staff Scheme and the Post-retirement Service Contract Scheme. Notwithstanding the above, MD expects manpower will remain tight in view of the wave of retirement in the coming few years, and is actively exploring a long-term strategy to recruit professionals in a more effective way to alleviate the manpower shortage problem.

As far as the Government New Construction Section (GNCS) of the Government Fleet Division is concerned, in order to mitigate the impact of

staff shortage on the procurement of government vessels, MD has recruited NCSC Surveyors of Ships to assist in the related procurement work. Moreover, the Department has been proactive in outsourcing part of the work related to shipbuilding projects to external consultants under the supervision of MD staff so as to further expedite the procurement work. MD will continue to monitor closely the work of GNCS and deploy additional resources when necessary to ensure the procurement of government vessels is conducted in a timely manner.

(Correction of information: The financial commitment for the replacement of Fireboat No. 7 was increased from \$85 million (instead of \$13.3 million as mentioned in Q1. in Chinese version) to \$98.3 million.)

- Q2. Regarding paragraph 4.10, please advise on the number of government vessel procurement projects with similar delays. Please provide a breakdown by department.
- A2. Procurement of new vessels involves complicated procedures which include design of new vessels, conduct of feasibility studies, seeking of funding approval, procurement and tendering, supervision and trial runs during the shipbuilding stage, etc. The whole process of procurement of new vessels would generally take three to five years to complete. During this process, there is also a certain degree of complexity and uncertainty in the tender exercise and management of shipbuilding contracts. After an internal review of the procedures for the procurement of government vessels, MD has implemented a series of improvement measures such as outsourcing some of the work involved in the replacement and procurement of vessels to expedite the process. The outsourcing work includes conducting market research on the estimated costs of vessels, carrying out feasibility study on the design of vessels, conducting research on the suitability of functions to be incorporated in the vessels, preparing conceptual design and technical specifications for tender documents, etc. Following the implementation of these measures, tender invitations for the two speedboats and Fireboat No. 7 of the Fire Services Department (FSD) were issued in September and October 2016 respectively. To date, the tender exercise for the two speedboats is in the tender evaluation stage, while the tender invitation for Fireboat No. 7 will close on 7 April 2017.

There have been similar delays in the procurement of vessels for other departments. However, after MD has recruited NCSC staff for the GNCS and implemented the above-mentioned improvement measures, the overall procurement process has been expedited. The details and progress of the projects concerned are as follows:

Department	Project	Progress
Agriculture, Fisheries and Conservation Department	Procurement of one patrol vessel	The contract will be awarded soon
Correctional Services Department	Replacement of the departmental launch "Seaward"	Tender exercise is in progress
Customs and Excise Department	Replacement of one high-speed pursuit craft (CE16)	Tender exercise is in progress
Hong Kong Police Force	Acquisition of three rigid hull inflatable boats for the Maritime Counter Terrorism Section of the Special Duties Unit	Pre-tender work is in progress and the invitation to tender is expected to be issued in the first quarter of 2017
	Replacement of eight fast pursuit crafts for the Small Boat Division of the Marine Region	
	Replacement of five high-speed interceptor crafts for the Marine Region	
Immigration Department	Replacement of Immigration Launch No. 6	The shipbuilding contract was awarded in June 2016. Shipbuilding is in progress and is expected to be completed in August 2017

Department	Project	Progress
Marine Department	Replacement of patrol launches “Marine 113” and “Marine 116”	The shipbuilding contract was awarded in March 2016. Shipbuilding is in progress and is expected to be completed in March 2017
	Replacement of four patrol launches	The shipbuilding contract was awarded in June 2016. Shipbuilding is in progress and is expected to be completed in November 2017
	Replacement of hydrographic survey launch “Hydro 1”	Tender evaluation is in progress

- Q3. According to paragraphs 4.11, MD had also taken actions to outsource some of its pre-tender work and project management work to external consultants. Please advise whether such outsourcing arrangements are effective in clearing the backlog? Has MD considered taking further actions to expedite the vessel procurement projects? According to paragraphs 4.14, a total of 13 fire-fighting and rescue vessels are to be replaced/procured in the coming years. Can MD, as the designated endorsement authority and agent for procurement of government vessels, confirm that it is able to cope with the Fire Services Department's vessel replacement/procurement plan in a timely manner? If not, what contingency measures will MD take?
- A3. After the implementation of a series of improvement measures (see the response in A1. and A2. above), the overall progress of shipbuilding projects has improved. MD has also streamlined the workflow to expedite the procurement of vessels, including combining the procurement projects of vessels of the same type to reduce related tendering work. In addition, MD will continue to proactively recruit professionals in the related field via various feasible channels to strengthen the manpower of GNCS, with a view

to further expediting the progress of all vessel procurement projects.

Regarding the 10-year vessel procurement plan of FSD, MD and FSD have so far held three meetings to discuss in detail the procurement intention of FSD. Following an assessment of the existing conditions of all FSD vessels, consensus has been reached on a preliminary vessel replacement sequence and shipbuilding timetable. In future, both sides will liaise closely to monitor the progress of the vessel procurement projects.

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