

ITEM FOR ESTABLISHMENT SUBCOMMITTEE OF FINANCE COMMITTEE

HEAD 70 - IMMIGRATION DEPARTMENT Subhead 001 Salaries

Members are invited to recommend to Finance Committee the retention of the following supernumerary post in the Immigration Department for six months from 1 January 2001 to 30 June 2001 -

- 1 Deputy Director of Immigration
(GDS(C)3) (\$127,900 - \$135,550)

PROBLEM

The Director of Immigration (D of Imm) requires the continued support of an officer at Deputy Director (DD) (GDS(C)3) level to lead and plan all necessary preparatory work for the introduction of a new generation of identity card (ID Card) and a new supporting computer system. The existing supernumerary DD post will lapse on 1 January 2001.

PROPOSAL

2. D of Imm, with the support of the Secretary for Security, proposes to retain the existing supernumerary DD post for six months from 1 January 2001 to 30 June 2001 to continue to lead, plan and monitor all preparatory works required for the ID Card project.

/JUSTIFICATION

JUSTIFICATION

Progress of the ID Card project

3. At its meeting held on 10 March 2000, the Finance Committee approved the retention of the supernumerary post of Deputy Director (Special Assignment) [DD(SA)] from 19 April 2000 to 31 December 2000 to continue to steer and monitor the feasibility study on the ID Card project, and to assist in making a policy decision on whether and how to proceed with the implementation of the ID Card project. The feasibility study was completed in June 2000. The project steering committee led by DD(SA) has made an independent assessment on Consultants' recommendations. After examining the committee's recommendations, the Administration considers that a new ID Card in the form of a smart card and a new supporting computer system should be introduced in early 2003, to be followed by a region-wide ID Card replacement exercise within four years.

4. At present, DD(SA) is supervising a consultancy study to define the security requirements of the new ID Card system. The study will lay the basis for the tender specifications for the procurement of the new ID Card system and the design of the future supporting computer system. In addition, DD(SA) is leading an inter-departmental working group to consider the recommendations of the first of the four Privacy Impact Assessment (PIA) conducted by external consultants with a view to incorporating adequate privacy safeguards into the new ID Card system. The recommendations of the PIA will have an impact on the design of the future system, the administrative procedures to be adopted as well as legislative amendments.

5. Furthermore, DD(SA) is heavily involved in a community campaign to explain the features of a smart ID Card and measures to protect data privacy, and to solicit views on the card face design and the potential use of a smart ID Card with multi-application capacity. He has already met the Chairmen of all the District Councils and is now conducting briefings for the 18 District Councils. As at 2 November 2000, DD(SA) has briefed three District Councils, all of which have given their support for the multi-application smart ID Card scheme. As part of the campaign, exhibitions are being held in shopping malls to enhance public confidence in the new card and to collect views on the proposed card face designs as well as the proposed value-added applications. The DD(SA) also attends media interviews and phone-in programmes to promote public understanding of the smart card scheme and answer enquiries from the public. The briefings and exhibitions will be run throughout the month of November and a more in-depth assessment of the public views will be made when the community campaign is completed.

/Coming

Coming tasks

6. Having reviewed the progress of the ID Card project, D of Imm considers that his Department needs to perform the following tasks between now and the end of June 2001 so as to move the project to the next stage of development -

- (a) work out the face design and the physical security features of the new ID Card, and define the security requirements for the new supporting computer system;
- (b) assess data privacy implications and consider appropriate measures to address them;
- (c) seek funding approval from the Finance Committee for the implementation of the project;
- (d) start preparing detailed tender documents for procurement, attend presentations by vendors and identify the most suitable information technology services and equipment providers;
- (e) keep abreast of developments on the smart card technology and other countries' experience in using smart cards; and
- (f) start planning a region-wide ID Card replacement exercise, including examination of legislative amendments required.

7. As mentioned in paragraph 5, consultation on the design of the card face of the new ID Card is still underway. Since there are bound to be divergent opinions on the card face design, it is envisaged that the consultation and selection process will take some time before it can be finalised. In this respect, the Immigration Department (ImmD) will have to ensure that the design is widely accepted by the public. When the consultation/promotion exercise on the multi-application smart card scheme is completed, ImmD, in conjunction with the relevant policy bureaux, will have to analyse the results and to ascertain the degree of public support so as to facilitate a decision on the implementation of the proposed value-added applications in an incremental manner. ImmD will have to liaise and coordinate with the Information Technology and Broadcasting Bureau and other departments involved in the proposed scheme to work out the technical requirements, implementation timetable, etc, and to assess the implications of other value-added applications, if any, on the implementation of the new ID Card project. The above preparatory works should be completed as soon as possible and preferably before the start of the ID Card project.

8. As soon as funding for implementation of the ID Card project is approved by the Finance Committee, ImmD will have to work closely with the Information Technology Services Department, Government Supplies Department

/and

and Department of Justice to prepare and finalise the tender documents for the procurement of services for the new ID Card system. The tender document will have to take into account the recommendations of the PIA as well as security requirements to ensure that adequate safeguards will be available to protect privacy/security. After the closing of the tender, ImmD will have to lead an inter-departmental working group to evaluate tender proposals and to select the most suitable products and vendors for the implementation of the project. In view of the complexity of the smart card and biometrics technology, the number of interested vendors and the significant project costs, ImmD envisages that the evaluation process will be very complex.

9. Meanwhile, ImmD will have to work jointly with parties concerned to give early thoughts to a thorough planning for the replacement exercise, including the selection of locations for the new ID Card issue offices, the capacity of such offices and the drawing up of a replacement programme, etc. It also has to start working with the Department of Justice to identify all legislative amendments required.

Need to retain the supernumerary DD(SA) post

10. The outcome of the tasks listed in paragraph 6(a) and (b) will have a direct impact on the form and performance of a new ID Card and its supporting system. It is therefore essential that such work should continue to be overseen by the incumbent of the DD(SA) post in order to ensure continuity. The officer concerned has to chair three separate working groups comprising experts from various bureaux and departments to steer, monitor and provide input to the various consultancy studies, and to consider the recommendations of the consultants. Such work requires strong leadership, clear directions as well as extensive liaison at the DD level with vendors and senior officials of policy bureaux and other government departments.

11. The other tasks listed in paragraph 6(c) to (f) are equally, if not more, important and also require the leadership, direction and attention of an officer at the DD level at both the preparatory and the execution stages. Any slippage in the preparation for and execution of these tasks or oversight of development in these areas may adversely affect the launching of the new ID Card and the timely replacement of the ageing supporting computer system. Moreover, the region-wide ID Card replacement exercise must be carefully planned and co-ordinated as it will affect some 6.8 million people. Since the preparation for and execution of these tasks require cross-departmental liaison and co-operation at senior level, they have to be handled by an officer at a reasonably high rank.

12. The existing supernumerary DD(SA) post is created for the purpose of overseeing the feasibility study on the ID Card project and carrying out the preliminary planning and preparatory work for the project. There is a need to retain this post to take the project forward to the next stage of development. Our plan is to submit the ID Card project to Finance Committee for funding approval around the turn of 2000, and thereafter to seek Members' approval for the creation of a project-based DD post to take the place of the supernumerary DD(SA) post for implementation of the project. We envisage that these procedures will take another two to three months even if the current project planning and consultation will proceed smoothly. Since the DD(SA) post is due to lapse on 1 January 2001 and a funding submission may not be made to the Finance Committee before then (depending on the progress of current consultations), D of Imm considers that there is a functional need to retain the DD(SA) post to continue to pursue all outstanding preparatory work and to ensure that past efforts will not be wasted. Taking into account all relevant factors, he proposes to extend the supernumerary DD(SA) post for a further six months until 30 June 2001. Depending on the progress of the ID Card project, we shall submit for Members' consideration our proposal for creation of the project-based DD post as soon as possible (tentatively scheduled for March/April 2001). If the project-based DD post is created before 30 June 2001, the supernumerary DD(SA) post will lapse earlier on the same date.

13. At present, ImmD has only one permanent DD post, designated as DD(Administration and Operations). The incumbent commands six Branches, each headed by an Assistant Director of Immigration (GDS(C)2), namely, Administration and Planning Branch, Control Branch, Information Systems Branch, Enforcement and Liaison Branch, Personal Documentation Branch, and Visa and Policies Branch. In addition, he supervises the Departmental Management Division headed by the Departmental Secretary [ranked at Principal Executive Officer (D1)]. DD(Administration and Operations) is already fully engaged in managing and directing all aspects of the Department's resources and operations. He therefore has no capacity to take on the additional workload generated by the new ID Card project which will require the full and undivided attention of an officer of the same rank.

14. The organisation chart of ImmD and the job description for the DD(SA) post are at Enclosures 1 and 2 respectively.

Encls. 1&2

FINANCIAL IMPLICATIONS

15. The additional notional annual salary cost of this proposal at MID-POINT is \$1,580,400. The additional full annual average staff cost of the proposal, including salaries and staff on-costs, is \$2,244,000. We have included the necessary provision in the 2000-01 Estimates to meet the cost of this proposal.

16. This proposal has no direct consequences on the non-directorate establishment of ImmD.

BACKGROUND INFORMATION

17. D of Imm created the DD(SA) post under delegated authority on 19 October 1999 for six months to oversee and manage the feasibility study on the ID Card project. On 10 March 2000, Finance Committee approved the retention of the post until 31 December 2000 vide EC(1999-2000)41.

Encl. 3 18. We summarise at Enclosure 3 the key recommendations of the feasibility study completed in June 2000. The Administration considers that a smart ID Card is preferable to a non-smart ID Card because the former can take advantage of the modern technology in card production and usage. It can employ more sophisticated cryptographic techniques to protect the data and ensure that it cannot be fraudulently altered or accessed by unauthorised parties. In addition, other than for immigration use, the Administration considers that there is a strong case to adopt a smart card with multi-application capacity for other potential government applications to ride on. We have identified the scope of early applications (e.g. driving licence, library card, etc.) to be introduced, details of which are set out at Enclosure 4.

Encl. 4

19. The Administration also considers that it is necessary to launch a region-wide ID Card replacement exercise so that all eligible Hong Kong Special Administrative Region residents will have a new and secure ID Card. On 19 October 2000, we issued a Legislative Council Brief informing Members that the Executive Council at its meeting on 17 October 2000 has decided that -

- (a) a new ID Card and a new supporting computer system should be introduced in early 2003;
- (b) the new ID Card should take the form of a smart card and have the capacity to support multiple applications;
- (c) the incremental implementation of the multi-application smart ID Card scheme should be endorsed in principle and announced for public consultation; and
- (d) after the new ID Card is up and running, a region-wide ID Card replacement exercise should be conducted for residents in Hong Kong by phases, in accordance with specified age groups, with a view to completing it within four years.

CIVIL SERVICE BUREAU COMMENTS

20. The Administration has considered carefully other alternatives including redeployment bearing in mind the Government's commitment to contain the size of the civil service and the need for greater efficiency and effectiveness under the Enhanced Productivity Programme. We are satisfied that the proposal contained in this paper is functionally justified. The Civil Service Bureau considers the grading, ranking and duration of the post appropriate, having regard to the level and scope of responsibility.

ADVICE OF THE STANDING COMMITTEE ON DISCIPLINED SERVICES SALARIES AND CONDITIONS OF SERVICE

21. As the DD(SA) post is proposed on a supernumerary basis, we will report its retention, if approved, to the Standing Committee on Disciplined Services Salaries and Conditions of Service in accordance with the agreed procedure.

Security Bureau
November 2000

Organisation Chart of Immigration Department

Director of Immigration

Deputy Director of Immigration
(Administration and Operations)

Deputy Director of Immigration
(Special Assignment)

**Information
Systems Branch**

Assistant
Director
(Information
Systems)

**Personal
Documentation
Branch**

Assistant
Director
(Personal
Documentation)

**Administration
and Planning
Branch**

Assistant
Director
(Administration
and Planning)

**Control
Branch**

Assistant
Director
(Control)

**Enforcement
and Liaison
Branch**

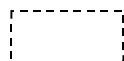
Assistant
Director
(Enforcement
and Liaison)

**Visa and Policies
Branch**

Assistant Director
(Visa and Policies)

**Departmental
Management
Division**

Departmental
Secretary

 supernumerary post proposed to be retained

Job Description of Deputy Director (Special Assignment)

As head of the Hong Kong Special Administrative Region (HKSAR) ID card project, Deputy Director (Special Assignment) will be responsible for planning, directing and organising all related activities, including but not limited to the following -

- (a) as chairman of the project steering committee to oversee and manage the planning and preparatory work of the HKSAR ID Card project;
- (b) as head of an inter-departmental working group to discuss and resolve major issues relating to the design of the new ID card and matters requiring co-ordination in the process of planning the region-wide ID card replacement exercise;
- (c) in close consultation with other directorate officers of ImmD, responsible for the planning of the project with a view to ensuring compatibility with other operations of the Department;
- (d) liaise with other bureaux and departments on matters relating to the inclusion of value-added applications on the smart ID card;
- (e) liaise with outside parties with interest in the HKSAR ID Card project, e.g. Office of the Privacy Commissioner for Personal Data, Equal Opportunities Commission, etc;
- (f) conduct briefings for the Security Panel and Information Technology and Broadcasting Panel on the features of the new ID card and computer system;
- (g) attend media interviews to explain features of the new ID card and to address public concern on data security and privacy;
- (h) liaise and negotiate with the Mainland and Macau authorities regarding issues with implications beyond the HKSAR;
- (i) acquisition of policy approval, funding and manpower for the project implementation; and
- (j) other project-related tasks such as legislative amendments, publicity and the call-up programme.

**Feasibility study on options for the introduction of
a new ID card and a new Registration of Persons system**

The feasibility study has identified various measures to re-engineer the business process and develop an advanced technical system, with a view to increasing operational efficiency, providing better customer service and enhancing the security of the entire ID card system. The essential ones are as follows -

- (a) The new ID card should use a secure base material for card production and utilize laser engraving technology for card personalization to ensure, together with a combination of physical card security features, that the card will be highly secure and fraud-resistant;
- (b) the new ID card should capture the card holder's facial image and two thumbprints. This will provide the facility to securely authenticate a card holder's identity and lay the foundation for automating some currently manual processes (such as passenger clearance procedures);
- (c) a new computer system using up-to-date supporting infrastructure, network design and equipment should be developed in order to achieve better response and performance. In addition, the new system will have improved resilience and disaster recovery capabilities so that in the event of faults, service to the public will not be interrupted;
- (d) the old ID card application records (presently stored in microfilms) should be converted into digital images to facilitate on-line retrieval of records. This new mode of document storage will enhance the efficiency and effectiveness of the ID card-issuing processes and achieve savings in resources; and
- (e) a region-wide ID card replacement exercise should be conducted when the new computer system is up and running so that all Hong Kong residents can obtain a new, secure ID card within a reasonable period of time.

2. On the choice of card, Consultants have identified the following options -

- (a) a non-smart ID card; or

/(b)

- (b) a smart ID card which is capable of supporting ImmD's core business only; or
- (c) a smart ID card which supports multiple applications, i.e. ImmD's core business plus other value-added applications.

3. According to the Consultants' estimate, the costs of implementing the three different options are as follows -

<u>Option</u>	<u>Cost</u>
Non-smart card	HK\$2.48 billion
Smart card for ImmD only	HK\$2.77 billion
Multi-function smart card	HK\$3.06 billion

4. The above costs include the cost of purchasing blank smart ID cards, developing a new supporting computer system, procuring hardware and software, converting old microfilm records into digital images, setting up new offices for the replacement exercise, site preparation, rent, publicity, as well as staff for the project team and the replacement of ID cards. The difference between the three options rests mainly with the card cost. The non-smart card option is the cheapest because the card is a simple plastic card with no chip on it. A smart card for ImmD's core businesses will cost HK\$290 million more than the non-smart card option because of the availability of the chip. A multi-function smart card will cost another HK\$290 million more because a more sophisticated and powerful chip is needed to support multiple applications.

Early applications to be introduced in the new ID card

Subject to separate feasibility studies to be conducted and public views, a smart ID card may incorporate three categories of additional applications initially as follows -

(a) Electronic authentication

The ID card number or the biometrics stored on the smart card can be used as a means of authentication on access for Government services. Initially, the smart ID card can be used as driving licence, for reporting change in individual's address record kept at different departments through information kiosks installed in popular public locations, and as a library card;

(b) Digital certificate

Capacity can be reserved to install digital certificates in the smart ID card. With the use of digital certificate (electronic identity card issued by certification authority), we can carry out electronic transactions in a secure manner and can address the common concerns of authentication, integrity, confidentiality and non-repudiation in e-commerce; and

(c) Enhancement of financial infrastructure

By reserving capacity in the smart ID card, we can explore the use of the ID card for various financial applications e.g. the use of the ID card for issuing e-money and for electronic payment by installing an e-purse in the card, should these applications be required on monetary policy grounds in future.