

立法會
Legislative Council

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Finance Committee of the Legislative Council

**Minutes of the 10th meeting
held at the Legislative Council Chamber
on Friday, 9 March 2001, at 2:30 pm**

Members present:

Dr Hon Philip WONG Yu-hong (Chairman)
Hon NG Leung-sing (Deputy Chairman)
Hon Kenneth TING Woo-shou, JP
Hon James TIEN Pei-chun, JP
Hon David CHU Yu-lin
Hon Cyd HO Sau-lan
Ir Dr Hon Raymond HO Chung-tai, JP
Hon LEE Cheuk-yan
Hon Martin LEE Chu-ming, SC, JP
Hon Eric LI Ka-cheung, JP
Dr Hon David LI Kwok-po, JP
Hon Fred LI Wah-ming, JP
Dr Hon LUI Ming-wah, JP
Hon Margaret NG
Hon Mrs Selina CHOW LIANG Shuk-yee, JP
Hon James TO Kun-sun
Hon CHEUNG Man-kwong
Hon HUI Cheung-ching
Hon CHAN Kwok-keung
Hon CHAN Yuen-han
Hon Bernard CHAN
Hon CHAN Kam-lam
Hon LEUNG Yiu-chung
Hon SIN Chung-kai
Hon Andrew WONG Wang-fat, JP
Hon WONG Yung-kan
Hon Jasper TSANG Yok-sing, JP

Hon Howard YOUNG, JP
Dr Hon YEUNG Sum
Hon YEUNG Yiu-chung
Hon LAU Kong-wah
Hon Mrs Miriam LAU Kin-ye, JP
Hon Emily LAU Wai-hing, JP
Hon CHOY So-yuk
Hon Andrew CHENG Kar-foo
Hon SZETO Wah
Hon Timothy FOK Tsun-ting, SBS, JP
Hon LAW Chi-kwong, JP
Hon TAM Yiu-chung, GBS, JP
Dr Hon TANG Siu-tong, JP
Hon Abraham SHEK Lai-him, JP
Hon LI Fung-ying, JP
Hon Henry WU King-cheong, BBS
Hon Tommy CHEUNG Yu-yan, JP
Hon Michael MAK Kwok-fung
Hon Albert CHAN Wai-yip
Hon LEUNG Fu-wah, MH, JP
Dr Hon LO Wing-lok
Hon WONG Sing-chi
Hon Frederick FUNG Kin-kee
Hon IP Kwok-him, JP
Hon LAU Ping-cheung
Hon Audrey EU Yuet-mee, SC, JP

Members absent:

Hon Albert HO Chun-yan
Prof Hon NG Ching-fai
Hon Mrs Sophie LEUNG LAU Yau-fun, SBS, JP
Hon LAU Chin-shek, JP
Hon LAU Wong-fat, GBS, JP
Hon Ambrose LAU Hon-chuen, JP

Public officers attending:

Miss Denise YUE, JP	Secretary for the Treasury
Mr Stanley YING, JP	Deputy Secretary for the Treasury
Mr K K LAM	Principal Executive Officer (General), Finance Bureau
Mr William SHIU	Principal Assistant Secretary for Transport (4)
Mr L T MA	Government Engineer/Railway Development of Highways Department

Mr Harry CHAN	Chief Engineer of Transport Department
Ms Shirley LAM	Principal Assistant Secretary for Transport (5)
Mr Y M LEE	Chief Traffic Engineer of Transport Department
Mr R H LLOYD, JP	Project Manager/Major Works of Highways Department
Mr Y C TSE	Chief Engineer of Highways Department
Mr Gordon LEUNG	Principal Assistant Secretary for Education and Manpower
Mr Andrew C S POON	Assistant Director of Education
Mr K C LAU	Principal Assistant Secretary for Works
Mr P W CHAN, JP	Assistant Director of Water Supplies
Mrs Lily TSANG	Business Manager of Water Supplies Department
Mr NG Tim-bo	Senior Engineer of Water Supplies Department
Mr Alex MA	Assistant Director of Information Technology Services
Miss Leonia TAI	Principal Assistant Secretary for the Civil Service
Mr AU Hing-yuen	Housing and Quartering Officer of Civil Service Bureau
Mr Timothy TONG, JP	Deputy Secretary for Security
Mr Alan CHU	Principal Assistant Secretary for Security
Mr T P WONG, IDSM	Deputy Director of Immigration
Ms Helen CHAN	Assistant Principal Immigration Officer of Immigration Department
Ms Joyce TAM	Principal Assistant Secretary for Information Technology and Broadcasting
Mr Benedict LAI	Deputy Law Officer (Civil Law)
Mr Gordon SIU, JP	Secretary for Planning and Lands
Mr Stephen FISHER, JP	Deputy Secretary for Planning and Lands

Clerk in attendance:

Ms Pauline NG	Assistant Secretary General 1
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Staff in attendance:

Miss Polly YEUNG	Chief Assistant Secretary (1)3
Ms Eleanor CHOW	Senior Assistant Secretary (1)4

Item No. 1 - FCR(2000-01)79

**RECOMMENDATIONS OF THE ESTABLISHMENT
SUBCOMMITTEE MADE ON 21 FEBRUARY 2001**

The Committee approved the proposal.

Item No. 2 - FCR(2000-01)80

**RECOMMENDATIONS OF THE PUBLIC WORKS
SUBCOMMITTEE MADE ON 14 FEBRUARY 2001, 21
FEBRUARY 2001 AND 28 FEBRUARY 2001**

2. At members' request to consider and vote on PWSC(2000-01)88 and PWSC(2000-01)86 separately, the Chairman put FCR(2000-01)80, except PWSC(2000-01)88 and PWSC(2000-01)86, to the vote. The Committee approved the proposal.

PWSC(2000-01)88	365TH	Castle Peak Road improvement between Area 2 and Sham Tseng, Tsuen Wan
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	553TH	Castle Peak Road improvement between Sham Tseng and Ka Loon Tsuen, Tsuen Wan
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3. Mr Albert CHAN pointed out that when the Castle Peak Road (CPR) improvement project was still at the planning stage, the local community had urged the Administration to include a cycle track as well as other recreational and amenity facilities along the CPR. In the earlier proposal on this project, the Administration had not included such facilities on grounds of land resumption difficulties. He was pleased to note the inclusion of a cycle track at different sections of the CPR in the present proposal and was appreciative of the efforts of the Administration made in the last two months. Although Members of the Democratic Party (DP) concurred with the need for the CPR improvement project, they still found that the proposed cycle track might only be provided along some parts of the road and its completion might not tie in with the CPR improvement project, Members of the DP would therefore abstain from voting on the item.

4. Miss Emily LAU declared her interest as a resident in the area. She remained unconvinced that the present traffic volume justified the CPR improvement project and reiterated her strong objection to the project.

5. Mr TAM Yiu-chung conveyed the support expressed by the Chairman of the Tsuen Wan District Council for the proposed project.

6. The Chairman put the item to vote. 32 members voted for the item, 4 voted against and 9 abstained -

For:

Mr Kenneth TING Woo-shou
Dr Raymond HO Chung-tai
Dr David LI Kwok-po
Mr NG Leung-sing
Mr HUI Cheung-ching
Miss CHAN Yuen-han
Mr Andrew WONG Wang-fat
Mr Jasper TSANG Yok-sing
Mr YEUNG Yiu-chung
Mrs Miriam LAU Kin-yee
Dr TANG Siu-tong
Ms LI Fung-ying
Mr Tommy CHEUNG Yu-yan
Mr LEUNG Fu-wah
Mr Frederick FUNG Kin-kee
Mr LAU Ping-cheung
(32 members)

Mr David CHU Yu-lin
Mr Eric LI Ka-cheung
Dr LUI Ming-wah
Mrs Selina CHOW LIANG Shuk-yee
Mr CHAN Kwok-keung
Mr CHAN Kam-lam
Mr WONG Yung-kan
Mr Howard YOUNG
Mr LAU Kong-wah
Mr TAM Yiu-chung
Mr Abraham SHEK Lai-him
Mr Henry WU King-cheong
Mr Michael MAK Kwok-fung
Dr LO Wing-lok
Mr IP Kwok-him
Ms Audrey EU Yuet-mee

Against:

Miss Cyd HO Sau-lan
Mr LEE Cheuk-yan
Mr LEUNG Yiu-chung
Miss Emily LAU Wai-hing
(4 members)

Abstention:

Mr Fred LI Wah-ming
Mr CHEUNG Man-kwong
Dr YEUNG Sum
Mr SZETO Wah
Mr Albert CHAN Wai-yip
(9 members)

Mr James TO Kun-sun
Mr SIN Chung-kai
Mr Andrew CHENG Kar-foo
Mr LAW Chi-kwong

7. The Committee approved the item.

PWSC(2000-01)86

47TR

**East Rail Extension - essential
public infrastructure works for Ma
On Shan to Tai Wai Rail Link**

Closure of the Hang Shun Street temporary slip road

8. Mr Andrew CHENG said that Members of the DP had all along objected to the East Rail Extension project as it failed to provide a direct rail link

between Ma On Shan (MOS) and urban Kowloon. Members of the DP were also concerned that the project and the associated essential public infrastructure works which would result in road closure of Hang Shun Street would affect 21 existing bus routes running to/from MOS. Residents of Chevalier Garden, in particular, would be seriously affected. Mr CHENG said that the supplementary information (PWSCI(2000-01)50 issued vide LC Paper No. PWSC87/00-01) provided by the Administration in response to the request of PWSC failed to provide the details of the affected bus routes.

9. In response, the Principal Assistant Secretary for Transport (4) (PAS(T)(4)) advised that the closure of the Hang Shun Street temporary slip road had been discussed at the meetings of the Traffic and Transport Committee (TTC) of the Sha Tin District Council (STDC). In response to views of the TTC, a new temporary replacement slip road from Hang Tai Road to Ma On Shan Road would be constructed prior to the closure of the existing one. The Administration would monitor traffic flow and traffic safety of the new temporary replacement slip road after its opening. In addition, to ensure that adequate bus services would be provided to the area, the Administration was working with the bus operators on proposed changes to bus routes and frequency. It had consulted the STDC on the proposed changes and would further consult the STDC in the fourth quarter of 2001 after implementation of the proposed changes.

Shatin to Central Link

10. Mr Andrew CHENG urged the Administration to expedite the tendering process for the construction of the Shatin to Central Link (SCL) and if necessary, to consider application from a third operator apart from the Kowloon-Canton Railway Corporation (KCRC) and the Mass Transit Railway Corporation (MTRC).

11. In response, PAS(T)(4) said that the Administration shared members' concern about the early completion of the SCL. In this connection, the KCRC and MTRC were invited on 15 January 2001 to submit proposals for the SCL within six months and the Administration would complete assessment of the proposals in the following three to four months. The choice of operator for the SCL was expected to be made by end 2001. As such, PAS(T)(4) stressed that the proposed work schedule was already the most practicable arrangement to ensure an expeditious process.

12. Dr Raymond HO declared interest as his company had conducted traffic studies which might be directly or indirectly related to KCRC. In reply to Dr HO, the Chairman directed that he could vote on the present item.

13. The Chairman put the item to vote. 37 members voted for the item and 9 voted against -

For:

Mr Kenneth TING Woo-shou
Mr David CHU Yu-lin
Dr Raymond HO Chung-tai
Mr Eric LI Ka-cheung
Dr LUI Ming-wah
Mrs Selina CHOW LIANG Shuk-yee
Mr CHAN Kwok-keung
Mr CHAN Kam-lam
Mr WONG Yung-kan
Mr Howard YOUNG
Mr LAU Kong-wah
Miss Emily LAU Wai-hing
Mr TAM Yiu-chung
Mr Abraham SHEK Lai-him
Mr Henry WU King-cheong
Mr Michael MAK Kwok-fung
Dr LO Wing-lok
Mr IP Kwok-him
Ms Audrey EU Yuet-mee
(37 members)

Mr James TIEN Pei-chun
Miss Cyd HO Sau-lan
Mr LEE Cheuk-yan
Dr David LI Kwok-po
Miss Margaret NG
Mr HUI Cheung-ching
Miss CHAN Yuen-han
Mr Andrew WONG Wang-fat
Mr Jasper TSANG Yok-sing
Mr YEUNG Yiu-chung
Mrs Miriam LAU Kin-yee
Miss CHOY So-yuk
Dr TANG Siu-tong
Ms LI Fung-ying
Mr Tommy CHEUNG Yu-yan
Mr LEUNG Fu-wah
Mr Frederick FUNG Kin-kee
Mr LAU Ping-cheung

Against:

Mr Fred LI Wah-ming
Mr CHEUNG Man-kwong
Dr YEUNG Sum
Mr SZETO Wah
Mr Albert CHAN Wai-yip
(9 members)

Mr James TO Kun-sun
Mr SIN Chung-kai
Mr Andrew CHENG Kar-foo
Mr LAW Chi-kwong

14. The Committee approved the item.

Item No. 3 - FCR(2000-01)75

HEAD 40 - EDUCATION DEPARTMENT

♦ Subhead 700 General other non-recurrent

New Item "One-off book grant for school teachers"

15. The Committee approved the proposal.

Item No. 4 - FCR(2000-01)78

CAPITAL WORKS RESERVE FUND

HEAD 710 - COMPUTERISATION

Water Supplies Department

♦ New Subhead "Implementation of the Customer Care and Billing System"

16. Members noted that the item was deferred from the last Committee meeting on 23 February 2001 and that the Panel on Planning, Lands and Works had discussed the present proposal on 5 February 2001.

17. In response to Mr CHAN Kam-lam's enquiry on the function of the proposed Customer Care and Billing System (CCBS), the Principal Assistant Secretary for Works (PAS(W)) explained that the new system would have the flexibility to produce water bills that would meet the needs of individual customers. It would be able to support interactive customer services through the Internet or over the telephone for billing, application for change of mailing address, application for meter test, etc. He confirmed that there would not be any problem in the interface of the CCBS and the computer systems of the Treasury.

18. On cost savings, PAS(W) advised that the implementation of the CCBS would provide an annual saving of about \$47.8 million in 2004-05. This saving would rise to \$100.6 million starting from 2006-07, of which \$87.7 million was realizable saving resulting from the anticipated reduction of 261 posts over several years. In response to Mr HUI Cheung-ching, PAS(W) advised that the proposal would have no impact on water charges although it would help reduce the cost in providing water supply services.

19. Mr IP Kwok-him expressed concern about possible redundancy arising from the anticipated reduction of 261 posts. In response, PAS(W) advised that the proposed staff reduction would involve posts for both departmental grades and general grades. It would be achieved in phases over a period of three years, from 2004-05 to 2006-07, through natural wastage, retraining and redeployment. He assured members that there would be no forced redundancy and undertook to report further progress to the Panel on Planning, Lands and Works in due course.

Admin

20. Miss Emily LAU referred to the estimated annual expenditure of \$6.6 million from 2004-05 onwards which included the costs of one directorate post, eight additional staff for information technology (IT) management and technical support, and 13 for system operation in support of customer services. She questioned the need for the creation of the directorate post to manage a small team of 21 staff members.

21. In response, PAS(W) explained that having regard to the magnitude of the project, it was imperative to strengthen the professional and management

support at the directorate level. It was necessary for the IT team to be headed by a directorate officer who would also be responsible for the continuing development of IT in the department. Detailed justification for the creation of the directorate post in 2004-05 would be given in the paper to be submitted to the Establishment Subcommittee of the Finance Committee (FC) in due course.

22. Addressing Miss LAU's concern about the filling of the proposed directorate post, the Deputy Secretary for the Treasury confirmed that notwithstanding approval of the present proposal, if in future, FC did not approve the creation of the directorate post or if the proposed directorate post was no longer required, the Administration would not seek to exhaust the earmarked funding for other purposes.

23. The Committee approved the proposal.

Item No. 5 - FCR(2000-01)81

HEAD 46 - GENERAL EXPENSES OF THE CIVIL SERVICE

- ◆ **Subhead 014 Home purchase allowance**
- ◆ **Subhead 032 Accommodation Allowance Scheme**
- ◆ **Subhead 033 Home Financing Scheme**
- ◆ **Subhead 038 Private tenancy allowance**
- ◆ **Subhead 039 Rent Allowance Scheme**

HEAD 190 - UNIVERSITY GRANTS COMMITTEE

- ◆ **Subhead 529 Home Financing Scheme**
- ◆ **Subhead 530 Housing-related expenses other than Home Financing Scheme**

24. Members noted the Panel on Public Service had discussed the present proposal on 19 February 2001.

25. Referring to the formula for revised rates for the Home Financing Allowance (HFA), the Home Purchase Allowance (HPA) and Rent Allowance (RA), Mr IP Kwok-him questioned the rationale for adopting 1999 as the base year given that property prices had fallen by some 60% since 1999. He said that in order to reflect the market situation, the Administration should consider reviewing the base year adopted in the formula periodically, say, every three years.

26. The Principal Assistant Secretary for the Civil Service (PAS(CS)) explained that the computation of revised rates comprised, among other things, the denominator, which was the Annual Private Domestic-Price Indices in the base year and a nominator, which was the rates of the respective allowances in the base year. Given that the base year for the denominator and the nominator was the same, the two would offset each other if there was any change in property prices. For instance, the rates would be reduced if property prices in

the relevant period had decreased. In this connection, it did not serve any meaningful purpose to revise the base year every three years.

27. Mr James TIEN considered that the downward adjustments of the rates for HFA, HPA, RA, Private Tenancy Allowances and Accommodation Allowance were so small that they did not reflect the market situation. PAS(CS) explained that the adjustments were made on the basis of the advice of the Rating and Valuation Department (RVD). The revised rates of HFA, HPA, RA which were proposed to be reduced by 10.7% were based on the Annual Private Domestic Price Indices for the 12-month period in calendar year 2000. The RVD had also advised that the rental indices in 2000 had decreased by 0.2% to 2.3%, depending on the type of accommodation, as compared to those for 1999. Mr James TIEN remained unconvinced and was of the view that the actual decrease in property prices and rental was far more than those quoted by the RVD.

28. The Committee approved the proposal.

Item No. 6 - FCR(2000-01)82

CAPITAL WORKS RESERVE FUND HEAD 710 - COMPUTERISATION

Immigration Department

♦ New Subhead "Hong Kong Special Administrative Region Identity Card"

29. Members noted that the Panel on Security had discussed the present proposal on 18 January, 6 and 14 February 2001.

30. Mr James TO Kun-sun stated that in principle, Members of DP were not opposed to the use of a new smart identity card (ID card) which would have the capacity for other non-immigration applications. However, he urged the Administration to undertake that it would not prescribe the type of non-immigration data to be incorporated into the new smart ID card and that card holders will be given voluntary choice. Mr CHEUNG Man-kwong echoed Mr TO's view.

31. In response, the Deputy Secretary for Security (DS(S)) reiterated the Administration's position that the new smart ID card would only store the minimal and necessary data. Apart from the data printed on the surface of the card and the template of two thumbprints, the holder's driving licence was the only non-immigration application which, subject to the outcome of a separate feasibility study, would be introduced on a mandatory basis. He assured members that the Administration took the view that card holders in the great majority of cases would be free to choose whether or which value-added applications were to be incorporated in the new ID card. The implementation of non-immigration applications would be subject to public consultation and

require legislative amendments and approval by LegCo. The Principal Assistant Secretary for Information Technology and Broadcasting (PAS(ITB)) re-affirmed that the Administration had not taken a position on whether and which non-immigration applications would be incorporated into the new smart ID card. Subject to feasibility studies on these applications, the Administration would consult the relevant Panels on its proposals.

32. Mr James TO remained concerned that the Administration might still introduce legislation to mandate the storing of certain non-immigration data in the new smart ID card. Mr SIN Chung-kai considered that apart from the card holder's basic personal information and the template of his thumbprints, the Administration should not deprive a person's free choice as to what other data should be stored in his ID card. Mr Martin LEE urged that the choice of every individual should be respected and that a responsible government should not compel its citizens to store certain data in the new smart ID card.

33. Mr LEUNG Yiu-chung further queried the genuineness of the public consultation which the Administration had undertaken to conduct before proposing the inclusion of any non-immigration data into the ID card and urged that individuals' liberty of choice should not be subject to any majority decision.

34. Mr Andrew WONG reiterated his view that funding should not be sought before the introduction of the necessary legal framework. He also shared some members' concern about depriving card holders' choice and sought the Administration's undertaking not to propose to include other non-immigration data in the new smart ID card. Mr WONG said that in the absence of such an undertaking, he would not support the present proposal.

35. Miss Emily LAU reiterated her concerns about safeguards for privacy, security and the card holders' choice and regretted the lack of a clear undertaking by the Administration.

36. On access control, the Deputy Director of Immigration (DD of Imm) advised that tight control on access to Registration of Persons (ROP) records would be achieved by authorizing different levels of access and by the maintenance of audit trail reports so that all accesses could be closely monitored. DS(S) stressed that present-day smart card technology was very advanced and widely used. He urged members to support the present proposal as implementation of a new smart ID card would be a significant step forward in enhancing the overall information infrastructure of Hong Kong.

37. Miss Margaret NG stated that she was very conservative on issues relating to personal liberty. With its expansion in functions, Miss NG was gravely concerned that the new smart ID card would become a tool of state surveillance. She expressed reservation about the various technical safeguards and pointed out that a number of issues raised by the Privacy Commissioner for Personal Data (Privacy Commissioner) had not been

adequately addressed. She requested that her objection to the present proposal be recorded.

38. On behalf of Members of the Hong Kong Progressive Alliance, Mr HUI Cheung-ching expressed support for the present proposal. He nevertheless urged the Administration to adopt a cautious and incremental approach in implementing the new ID card project.

39. Mr Frederick FUNG Kin-kee conveyed the concerns of members of the Shamshuipo District Council (DC). Firstly, the DC members considered that apart from certain core immigration data, the card holders should be given the choice as to what to include in the ID card. Secondly, privacy issues must be adequately addressed. Thirdly, there must be safeguards against access and use of the stored data for commercial purposes. Mr FUNG said that he would only support the present proposal upon the Administration's positive undertaking.

40. In response, DS(S) reiterated the Administration's position that card holders in the great majority of cases would be allowed to choose whether or which value-added applications were to be included in the new ID card. LegCo would be consulted on the implementation of any such applications. Having regard to the advice of the Privacy Commissioner, the Administration would adopt stringent data protection measures to safeguard data security and privacy.

41. In stating his support for the present proposal, Dr LUI Ming-wah said that he was also speaking on behalf of Mr NG Leung-sing, Mr Abraham SHEK, Mr Bernard CHAN, Mr Eric LI, Dr Raymond HO and Dr LO Wing-lok. Dr LUI expressed confidence that state-of-the-art technology would be able to address concerns about data privacy and security. He nevertheless sought the Administration's assurance on the following –

- (a) to facilitate participation by local enterprises, the massive \$3 billion project should be split into smaller projects for which separate tenders would be invited;
- (b) the estimated unit cost of \$72 was too high. Instead of purchasing 1.2 million cards with \$86.7 million, the Administration should seek to purchase at least 10% more cards with the same amount of money; and
- (c) in view of the security-sensitive nature of the project, the successful bidder should have its own factory/production lines in Hong Kong. This would also boost the employment opportunities for local people.

42. In response, DS(S) advised that according to the Administration's estimate, at least five tenders would be put up. The Administration would

strive to secure the best deal through competitive tendering and would report further progress to the Panel in due course. Opportunities for local smart card manufacturers would not be overlooked and the Administration would ensure fair competition having regard to its obligations under the World Trade Organization Agreement on Government Procurement (WTO GPA) and the existing Stores and Procurement Regulations.

Admin 43. Mr LAU Ping-cheung supported the present proposal in principle and considered that the Administration should strike a reasonable balance between fulfilling its obligations under WTO GPA and safeguarding the interests of local enterprises. Mr LAU said that according to his understanding, the Administration had only consulted overseas suppliers in determining the unit cost for the blank smart ID cards which was on the high side. He urged the Administration to also consult local suppliers when preparing the tender documents in due course. The Administration noted his comments.

44. Noting that the Administration had reduced the quantity of blank smart ID cards from 2.5 million to 1.2 million, Mr LAU Kong-wah enquired about the additional unit cost incurred as a result of the reduced quantity. In reply, DS(S) advised that the average unit cost for 2.5 million and 1.2 million blank cards was \$69 and \$72 respectively. The cost for procuring the first batch of 1.2 million blank cards would be higher by a \$3 million than if a lower unit cost was used. Nevertheless, he confirmed that the amount, which was part of the cost for research and development, would be reduced correspondingly in the funding to be sought for the procurement of the second batch of blank cards.

45. Mrs Selina CHOW stated that Members of the Liberal Party were in support of the Administration's early initiatives to make use of new technology to better serve the people of Hong Kong. However, they queried the rationale for the Administration to reduce the quantity of blank smart ID cards by half which would lead to a higher unit cost.

46. Mr CHEUNG Man-kwong said that in the opinion of Members of DP, the Administration should only purchase some 20 000, instead of 1.2 million, blank cards for conducting the acceptance test. The remaining quantity should be procured in phases, having regard to operational needs and bulk purchase discount, if any. Miss Emily LAU shared similar concern.

47. In response, DD of Imm advised that because of the substantial investment required, smart card suppliers were not likely to be interested if they could not be assured of an order of not less than one million blank cards. If the Administration were to tender the research and development for a smaller quantity of blank cards as suggested by some members, the risk was that by the time the research and development work was completed, the Administration would be constrained by a very tight time-frame left for the implementation of the project and might have to pay very high procurement prices as demanded by the card supplier.

48. DS(S) pointed out that the quantity of blank cards had been reduced on account of members' concern and operational needs for the initial phase of the new ID card replacement project from May till the end of 2003. As the estimated expenditure for purchasing 1.2 million blank cards would be smaller than that for 2.5 million cards, the Administration would also earn interest on the difference of the amounts due to deferred payment. On the proposed funding, DS(S) stressed that members' approval was being sought for a new commitment and the actual expenditure would depend on the tender outturn price. DD of Imm supplemented that the supplier for the first batch of cards would have to compete with other suppliers for the contract of the second batch of cards.

49. Mr LAU Kong-wah, Mr Henry WU King-cheong and Mr LEUNG Yiu-chung expressed concern about the testing of the new smart ID card. In response, DD of Imm confirmed that testing would be conducted by a number of government departments, not by the supplier, on a sample of several thousand cards at different stages to tie in with the development of the new ROP computer system. He also informed members that in the case of the Octopus cards, a total of three million blank cards had been procured, of which 5 000 were tested. On whether the cost for procuring the 1.2 million blank cards would be aborted in case the cards were not up to standard, DD of Imm assured members that the Administration would not effect payment for the 1.2 million cards upfront. The delivery of and payment for the bulk of the order would be subject to the condition that the cards could fully meet the Administration's requirements and pass the necessary acceptance test.

50. Mr Henry WU recapitulated concerns of the Eastern District Council about the card face design. DD of Imm recalled that a total of six different designs had been proposed. The Administration would finalize the card face design on the basis of the one which had the majority of votes.

51. Miss Emily LAU referred to a demonstration viewed by members on 20 February 2001 in which passenger clearance under the new arrangement took more time than under existing arrangements. In response, DD of Imm clarified that the said demonstration was on the authentication of the card holder's identity by biometric identification technology, and not on automated passenger clearance which would be subject to a separate feasibility study. Nevertheless, the Administration expected that if an automated passenger clearance system was in place, Immigration Department (ImmD) would be able to open more counters for the travelling public without having to increase its manpower.

52. As to whether it would be more convenient in future when applying for a replacement card upon loss of the ID card, DD of Imm said that a one-stop shop service under ImmD was being contemplated in order that members of the public would not have to approach different departments to report loss.

53. Given the fast changes in technologies, Mr LAW Chi-kwong was concerned whether the contract would provide sufficient safeguards for the Government to be provided with state-of-the-art products. He also asked whether the Administration had made provision for replacement costs in the event of the ROP system being hacked into and sabotaged.

54. In response, DS(S) and DD of Imm assured members that the Administration would only procure state-of-the-art products and at no extra cost. On the security aspects, DD of Imm informed members that the ROP system was a self-confined system not accessible by other departments. Security experts were being engaged to work out a comprehensive security protection strategy. Moreover, each ID card would use sophisticated encryption algorithm and breaking of every single encryption key would be very difficult and costly, if not impossible.

55. Mr James TO reiterated concerns about the privacy impacts of the proposed new smart ID card and requested to put on record his reference to certain parts in the Initial Privacy Impact Assessment Report provided by the Administration's own consultant. (issued to ESC members vide LC paper No. ESC27/00-01 dated 16 January 2001 and copied to all other FC members.) He highlighted a number of broad factors identified by the consultant which included the mandatory nature of the card, the extremely wide range of uses of the card, the increase in the categories of data that would be held on-line, the increased ease with which existing functions would be undertaken, and the proposed design of the new card to support additional applications without at this stage any clear decisions about the nature of those applications. He then referred to the consultant's observation that the extensive use of the card and the card number by non-governmental organizations had reduced the privacy of the Hong Kong population as corporations were capable of assembling profiles on and uniquely identify the various kinds of individuals with whom they dealt. Summing up its analysis, the consultant commented that when undertaking public consultation, the Administration should explain to the general public both the benefits of the scheme and the privacy implications and issues and provide a meaningful opportunity for public feedback to be taken into account.

56. Mr TO reiterated the position of Members of DP that in the absence of any firm undertaking by the Administration to allow individuals full choice of non-immigration data to be stored in the new ID card, they would not support the present proposal.

57. DS(S) re-affirmed the Administration's stance about card holders' choice and emphasized that Hong Kong was a free city and not a police state and there was no question of surveillance on the populace. He stressed that the issuance and uses of the ID card and the handling of personal data were carried out strictly in accordance with the relevant legislation.

58. The Chairman put the proposal to vote. 30 members voted for the proposal, 19 members voted against and one abstained -

For:

Mr Kenneth TING Woo-shou
Mr David CHU Yu-lin
Mr Eric LI Ka-cheung
Mr NG Leung-sing
Mr HUI Cheung-ching
Miss CHAN Yuen-han
Mr CHAN Kam-lam
Mr Jasper TSANG Yok-sing
Mr YEUNG Yiu-chung
Mrs Miriam LAU Kin-yee
Mr Timothy FOK Tsun-ting
Dr TANG Siu-tong
Ms LI Fung-ying
Mr LEUNG Fu-wah
Mr Frederick FUNG Kin-kee
(30 members)

Mr James TIEN Pei-chun
Dr Raymond HO Chung-tai
Dr LUI Ming-wah
Mrs Selina CHOW LIANG Shuk-yee
Mr CHAN Kwok-keung
Mr Bernard CHAN
Mr WONG Yung-kan
Mr Howard YOUNG
Mr LAU Kong-wah
Miss CHOY So-yuk
Mr TAM Yiu-chung
Mr Abraham SHEK Lai-him
Mr Tommy CHEUNG Yu-yan
Dr LO Wing-lok
Mr IP Kwok-him

Against:

Miss Cyd HO Sau-lan
Mr Martin LEE Chu-ming
Miss Margaret NG
Mr CHEUNG Man-kwong
Mr SIN Chung-kai
Dr YEUNG Sum
Mr Andrew CHENG Kar-foo
Mr LAW Chi-kwong
Mr Albert CHAN Wai-yip
Ms Audrey EU Yuet-mee
(19 members)

Mr LEE Cheuk-yan
Mr Fred LI Wah-ming
Mr James TO Kun-sun
Mr LEUNG Yiu-chung
Mr Andrew WONG Wang-fat
Miss Emily LAU Wai-hing
Mr SZETO Wah
Mr Michael MAK Kwok-fung
Mr WONG Sing-chi

Abstention:

Mr Henry WU King-cheong
(1 member)

59. The Committee approved the proposal.

60. There being insufficient time, the Chairman directed that FCR(2000-01)83, the remaining item on the agenda, be carried over to a special meeting of the Committee to be held on 30 March 2001.

61. The Committee was adjourned at 4:35 pm.

Legislative Council Secretariat
July 2001