

**立法會**  
**Legislative Council**

LC Paper No. CB(2) 2150/00-01  
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the Administration)

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**LegCo Panel on Security**

**Minutes of special meeting**  
**held on Wednesday, 14 February 2001 at 8:30 am**  
**in Conference Room A of the Legislative Council Building**

- Members present** : Hon LAU Kong-wah (Chairman)  
Hon James TO Kun-sun (Deputy Chairman)  
Dr Hon LUI Ming-wah, JP  
Hon Albert HO Chun-yan  
Hon Margaret NG  
Hon Mrs Selina CHOW LIANG Shuk-ye, JP  
Hon CHEUNG Man-kwong  
Hon Howard YOUNG, JP  
Hon IP Kwok-him, JP
- Members attending** : Hon SIN Chung-kai  
Hon Emily LAU Wai-hing, JP
- Members absent** : Hon Andrew WONG Wang-fat, JP  
Hon Ambrose LAU Hon-chuen, JP  
Hon WONG Sing-chi
- Public Officers attending** : Mr Timothy TONG, JP  
Deputy Secretary for Security 3
- Mr Alan CHU  
Principal Assistant Secretary for Security D

Mr T P WONG  
Deputy Director of Immigration (Special Assignment)

Ms Helen CHAN  
Assistant Principal Immigration Officer

Ms Joyce TAM  
Principal Assistant Secretary for Information Technology  
and Broadcasting

Mr Alex MA  
Assistant Director of Information Technology  
Services

Mr Jonathan DAW  
Legal Adviser, Legislative Affairs

**Clerk in attendance** : Mrs Sharon TONG  
Chief Assistant Secretary (2)1

**Staff in attendance** : Mr Jimmy MA, JP  
Legal Adviser

Mr Raymond LAM  
Senior Assistant Secretary (2)5

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**I. Hong Kong Special Administrative Region Identity Card Project (the Project)**

(LC Paper Nos. CB(2) 677/00-01(03), CB(2) 695/00-01(01), CB(2) 715/00-01(01) and (02), CB(2) 752/00-01(04) and CB(2)802/00-01(01))

Members noted the following papers provided by the Administration and tabled at the meeting -

- (a) a paper on issues related to the cost of smart identity (ID) cards; and
- (b) a tabled entitled "Examples of projects in which funding is sought before introduction of legal framework".

*(Post-meeting note : The papers tabled at the meeting were circulated to members vide LC Paper No. CB(2) 879/00-01 on 15 February 2001.)*

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2. Referring to paragraph 3 of the Administration's paper on issues related to the cost of smart ID cards, Mr Howard YOUNG asked whether the difference between the cost for 1 million cards and that for 2.5 million cards reflected the difference in marginal cost. Deputy Secretary for Security 3 (DS for S3) responded that if the quantity of cards to be purchased was larger, major vendors would be more interested in supplying the cards as they could benefit more from economy of scale in the production process. He stressed that smart cards were a part of the new ID card system. It was important for the smart cards to be developed concurrently with the new computer system so as to ensure compatibility.

3. In response to Dr LUI Ming-wah's question about the cost of the smart cards, Deputy Director of Immigration (Special Assignment) (DD of Imm(SA)) said that management cost and the cost of processing cards had not been included in the cost of smart cards, but the cost of a chip in the card had been included.

4. Mr CHEUNG Man-kwong opined that as a smart card was a high technology product, it might be less costly if purchased at a later time. He questioned whether it was necessary for 2.5 million smart cards to be purchased initially. He said that if a smaller quantity of cards was purchased initially for testing, legislative amendments might already be in place by the time the tests were completed. As there was a potential of further orders for 2.5 million or even 5 million smart cards after successful tests, the arrangement should appear attractive to vendors.

5. DS for S3 responded that although the total quantity of smart cards to be purchased would be about 6.5 million to 6.8 million cards, it would be inappropriate to rely solely on one supplier. DD of Imm(SA) added that in the feasibility study on the introduction of a smart ID card, the consultant had said that it was not advisable to rely solely on one supplier, as the price of cards might become unreasonably high in the absence of competition. Supply might become a serious problem if the sole supplier closed down. He informed Members that the purchase of a reasonable quantity of cards was necessary for attracting reputable international vendors. He assured Members that it would be set out in the contracts with vendors that the cards must meet the requirements specified by the Administration.

6. Mr CHEUNG Man-kwong said that even if 2.5 million cards were to be purchased, the procurement could still be divided into two phases. The first phase would involve the purchase of a small quantity of cards for testing. If the tests were successful, the second phase could commence with the purchase of a larger quantity of cards. DS for S3 said that the quantity of cards to be purchased was set at a higher level so that better terms could be secured in the procurement of cards.

7. Mr James TO considered that steps should be taken to prevent abuse of power by the Administration in future. He asked whether existing legislation allowed the Immigration Department (ImmD) to release personal data collected under the Registration of Persons Ordinance (Cap. 177) to the Security Bureau (SB). DS for S3 responded that SB would certainly not request ImmD to provide such information.

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Even if SB so requested, the Personal Data (Privacy) Ordinance (PD(P)O) (Cap. 486) would apply. DD of Imm (SA) added that such personal data could only be released in accordance with the exemption provisions of PD(P)O.

8. Mr James TO said that to his knowledge, ImmD had released tens of thousands of personal data to the Police for the investigation of a serious rape case in Tuen Mun. He asked whether the Security Wing or the Organized Crime and Triad Bureau of the Police could easily obtain personal data from ImmD for the investigation of crime.

9. DS for S3 stressed that the Administration would act in accordance with the law. He said that there were exemption provisions in PD(P)O under which the Police could request the disclosure of personal data for the investigation of crime. If necessary, the Administration could obtain more information about the case as referred to by Mr TO.

10. Mr James TO asked whether personal data kept by ImmD would be released to the Police whenever it was used for the investigation of crime. He expressed concern that with the collection of more information in an electronic era, the matching of records would become very easy. He considered that legislative amendments requiring the notification of the Legislative Council (LegCo) whenever the number of records requested exceeded 3 000 or 5 000 should be introduced to prevent abuse of personal data.

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11. DS for S3 responded that the information requested by Mr James TO seemed to have little relevance to the funding request and there were adequate safeguards in PD(P)O. Nevertheless, the Administration would try to provide the information requested.

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12. Miss Emily LAU expressed reservations about the use of a multi-purpose smart ID card. She pointed out that many people in the industry had pointed out that thumbprint verification technology was not yet reliable enough. She asked whether tests had been carried out on thumbprint verification and if so, the results of such tests. She expressed concern that serious problem might arise if the thumbprint verification system at the Lo Wu check point broke down. She said that the Administration should provide more precise information about the cost comparison between multi-purpose smart ID cards and smart ID cards supporting ImmD's core business only. She added that with the rapid development of technology, smart cards would cost less if procured at a later time. The Chairman requested the Administration to provide the information requested before the Finance Committee discussed the funding request.

13. DD of Imm(SA) responded that some suppliers had successfully demonstrated to the Administration the application of thumbprint verification technology in automatic passenger clearance. The consultancy report had also pointed out that the application of such technology in passenger clearance was viable.

14. DD of Imm (SA) said that according to the consultancy report, the total cost for the issue of a new smart ID card supporting multiple applications would be about \$3.06

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billion, while the total cost for the issue of smart ID cards supporting only ImmD's core business would be \$2.77 billion, representing a difference in cost of 9.5%. It could therefore be concluded that the difference in cost between the two types of cards was 9.5%. He added that the cost of 1 million cards was calculated on a pro-rata basis from the cost of 2.5 million cards. There was insufficient time to ask vendors about the discount that could be offered. Such discount was also difficult for vendors to estimate, as the detailed requirements on the card and the chip were still unknown. He further said that the estimates provided by the consultant were made on the assumption of normal privacy and data security requirements. With very stringent requirements now imposed on privacy and data security, the difference in cost of the two types of cards would be much reduced. He added that the Administration was aware of the rapid development of technology. It would set out in the contracts that the best smart cards should be supplied. He stressed that measures would be introduced to safeguard data privacy. However, such measures could not be developed and demonstrated to Members without the necessary funding.

15. In response to the Chairman's question about the use of thumbprint verification technology in Hong Kong, DD of Imm(SA) said that although such technology had not been used by the Government, it had been used in the private sector.

16. Dr LUI Ming-wah said that although thumbprint pattern recognition was applied in the United States since 1978, the situation in Hong Kong differed in that there were very large number of passengers crossing the boundary checkpoints such as Lo Wu. A breakdown in the system could easily lead to chaos and possibly riots. He added that there were persons whose thumbs were too worn that their thumbprints could not be read by a machine. He suggested that the Administration could procure a small quantity of smart cards for development and testing in the first phase, with a larger quantity procured after development was completed and the test results were fully satisfactory. He added that the average cost of about \$70 for a smart ID card seemed to be too high, as the cost of a telephone card was only about \$20.

17. DD of Imm(SA) responded that the Administration was aware of the possible problems associated with pattern recognition. To his knowledge, the issue mainly involved the setting of more stringent requirements on the false acceptance rate and false rejection rate. He added that the Woodland System in Singapore, which handled about 200 000 passengers daily, had been in operation without much problems. He informed Members that where the thumbprint of a person was too worn for identification by machine, immigration clearance would be made manually. He said that the Administration would conduct a feasibility study on automatic passenger clearance at boundary checkpoints. He added that reputable international vendors might not be willing to invest in manufacturing the smart cards which had to meet very stringent data privacy and security requirements if the purchase quantity was so small.

18. Dr LUI Ming-wah considered that about 3 000 cards was already sufficient for a feasibility study. He said that a vendor would readily accept an order of 100 000 cards. It should be noted that the annual interest for a principal amount of \$ 100.7

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million was very substantial. On the other hand, there should not be much difference in the unit cost for 100 000 cards and 1.5 million cards. Mr SIN Chung-kai expressed support for the suggestion of procuring a small quantity of cards for testing in the first phase.

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19. Dr LUI Ming-wah pointed out that the cost of a chip with 24 MB memory was only US\$3 to US\$4. DD of Imm(SA) responded that while the cost of a chip was low, additional cost would be needed for the research and development of the cards. He said that the proposed quantity of cards to be purchased was the minimum quantity necessary for attracting the interest of potential vendors. He expressed doubt about whether smart cards vendors would be willing to tender for a contract of procuring a small quantity of cards for research and development. DS for S3 said that the Administration would look into the purchasing strategy and reconsider the quantity of smart cards to be procured in the first phase.

20. Mr James TO expressed doubt about whether the use of registration of persons information for investigation of crime was beyond the original purpose of registration of persons. He expressed concern that section 62 of PD(P)O, which provided ImmD with the power to release personal data for statistics and research purpose was open to abuse. He requested the Administration to provide information on government departments which had obtained registration of persons data in the previous year under the exemption provisions of PD(P)O, the size of records involved, the number of times where applications had been made with the Privacy Commissioner for Personal Data, and whether such uses of data were consistent with the purposes for which the personal data were obtained.

Adm

21. DS for S3 responded that the information requested by Mr James TO was beyond the scope of the funding request. It was more related to the consequences of technological development. Nevertheless, the Administration would try to obtain such information and provide a response. He stressed that -

- (a) the Administration would not use information stored in the new smart ID card system for social control. It was also not possible in terms of technology to do so;
- (b) the Administration would not gather massive information about cardholders in the new ID card replacement exercise;
- (c) only necessary information would be stored in the smart ID card. The additional information to be incorporated in the smart ID card would only cover those about driving licence, library card, digital certificates and electronic purse. Information such as criminal record or political stance would not be stored in the cards; and
- (d) legislative amendments would be introduced in parallel with the development of the new computer system.

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22. Miss Emily LAU suggested that demonstrations by potential vendors should be arranged to convince Members that thumbprint verification technology was reliable. DD of Imm(SA) agreed to arrange the demonstration. He cautioned that the selection of one or two vendors for demonstration might cause other vendors to suspect that the vendors selected for demonstration had a better chance of success. He added that some experts might have to travel from other countries to Hong Kong to conduct the demonstrations and it might not be possible to conduct the demonstrations within a short time.

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23. Mr CHEUNG Man-kwong said that in view of Members' concerns about the security and privacy issues associated with technological development, the funding request might have a better chance of gaining the support of the Finance Committee if the procurement of smart cards was divided into two phases. The first phase could involve the procurement of a smaller quantity of cards for testing, whereas a larger quantity could be purchased after the tests had been conducted and proved to be successful. Members' major concerns, especially the privacy issues, might have been addressed through the introduction of legislative amendments by the time the second phase was implemented. DS for S3 agreed to consider the suggestion. He stressed that the requested provision of \$840 million for implementation of Phase I of the Project was necessary and could not be delayed. He added that the Administration had started its work on the necessary legislative amendments.

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24. Mr James TO requested the Administration to explain the right of abode of different types of permanent ID card holders, whether the right of abode of a permanent identity card holder would be reviewed in the ID card replacement exercise, and why a smart ID card could confirm a person's right of abode whereas the existing ID card could not.

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25. DD of Imm(SA) agreed to provide a written response. He said that Hong Kong residents who were of Chinese descent and born in Chinese territory were permanent residents and had a right of abode in Hong Kong. They included persons who were holding foreign passports. As long as they did not go through the procedure of declaring a change of nationality with ImmD, they would remain Chinese citizens and their right of abode would not be lost. In the case of persons who had acquired the permanent resident status and who were not of Chinese nationality, they would not lose their right of abode unless they were absent from Hong Kong for a continuous period of not less than 36 months since they ceased to have ordinarily resided in Hong Kong. Even under such circumstances, this person still had the right to land in Hong Kong.

26. Mr Howard YOUNG commented that consideration should be given to whether dividing the procurement of smart cards into two phases was implementable. He added that to his knowledge, Shenzhen was going to launch smart identity cards.

27. Referring to paragraph 6 of the Administration's paper entitled "HKSAR Identity Card Project - Funding Arrangements", Miss Emily LAU asked when the Project would be regarded as approved by LegCo Members. DS for S3 responded that the Project would be regarded as approved by LegCo Members when the funding

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request in respect of the Project was approved by the Finance Committee.

28. DS for S3 informed Members that the Administration would report the progress of the Project to the Panel on a regular basis.

29. The meeting ended at 10:40 am.

Legislative Council Secretariat

24 July 2001