

**THE BENEFITS TO THE BUSINESS COMMUNITY OF THE SMART CARD
MEETING OF THE SECURITY PANEL OF THE LEGISLATIVE COUNCIL
ON 11 NOVEMBER, 2000**

(SPEAKING NOTES BY MARTIN BARROW)

Honourable members of the Security Panel and the Legislative Council. As a former member of your Panel, I am pleased to be with you this morning. As members who were colleagues at the time (James To, Margaret Ng, Emily Lau and Howard Young) will recall, I had a particular interest in two issues related to this subject: firstly, immigration policies in general and secondly, the need for efficiency drives in Government.

In providing some views to you today, it is of course a unique experience for me to find myself sitting, as it were in a slightly different position (particularly when I used to be grilling Immigration or Security Branch officials on their very restrictive and bureaucratic policies! Indeed the Security Branch in pre-Handover days was so fed up with my nagging that there were rumours that they would seek a deportation order against me - today, I am better off as a permanent resident in the SAR than I was in the colonial era and they cannot get rid of me - I fully agree with the Honourable Margaret Ng that the new card system must not include any reassessment of entitlement to right of abode!!).

I have noted the media reports of members concerns and thought it might be helpful if I gave you a view on why the business community should welcome this initiative:

1. "Increased efficiency" has been a key objective of the HKG for some years. This aim is to benefit the community as a whole not just the business community. In other words, efficiency is a win win all round: for the people of Hong Kong in getting a better service with increased convenience in a number of areas, for the business community in enhancing Hong Kong's role and in containing costs, and for the civil servants in reducing some of their more mundane tasks.
2. The importance of tourism, about which I spoke in this and other panels many times, needs no repeating. An automated clearance system for Hong Kong residents means not only that more counters will be opened at Lo Wu to clear the home-returning traffic but that more immigration officers can be deployed to the Chep Lap Kok airport so reducing visitor queues (about which I am starting to complain again!) and thus provide better customer service to our tourists.
3. In the wider context of Hong Kong's development, we must embrace IT wholeheartedly without "ifs and buts". We should move ahead with a step development of smart cards as quickly as technology and funding allows. This will certainly enhance Hong Kong's profile as an international centre and as a world class city but the issue is not just one of image. Only the ability and willingness to innovate will enable Hong Kong to continue to compete.
4. These days we all use credit cards - and increasingly we provide our numbers for buying via the internet. A digital-storage system is much more secure than a magnetic tape.

Whilst there were concerns at one stage, this is becoming a "norm" in Hong Kong - After all, those cards have a lot of information about us including about our bank accounts!

5. The smart card will enhance the Hong Kong SAR overall as a modern, forward-looking environment. All sorts of side benefits will flow from this initiative.
6. Members will hopefully, share my enthusiasm for e-commerce and no one should be under the illusion that the fall in price of dot.coms means that growth in this activity is going to cease. E-commerce will gain a larger and larger share of our economic activity and the smart card can eventually play a key role through the storage of a digital certificate. The Government's decision to invest in the information infrastructure will help promote e-commerce and bring enormous business opportunities. Look at how the "Octopus" card has developed - it started in the MTR, now you can buy a cup of coffee from Starbucks using one! I spent sometime last night surfing the internet looking at smart card usage worldwide. In everything from identity to banking and health care, growth has been dramatic, with 2.8 billion cards of one sort or another in use this year. Smart cards for identity or access purposes has risen from 20 million in 1996 to 300 million this year.
7. It is absolutely right that members should raise the issue of privacy protection. I am sure I speak for all the business community when I say that business too will need to be assured about the plan. We would not welcome any form of "surveillance" any more than individuals would. We want to be assured that the adoption of any new application will be a collective decision taking into account the interests of all stakeholders. There must also be adequate safeguards in that individual cardholders must be free to choose whether they accept a new application for their own use. Having read the LEGCO's brief and talked to various experts, I am satisfied that the steps being taken will provide us all with the protection we need, with the all-important firewalls in place. The Government has made a firm commitment that the collection, storage, use and release of data must comply with the Personal Data Privacy Ordinance. It is right and proper that the Privacy Commissioner should be fully involved.
8. Of course, some major economies do not have ID cards - and I found the requirement a bit odd when I first came here in the 1960s - but in the context of Hong Kong's unique position, Ids are certainly necessary to control illegal immigration and overstayers. I understand that the new card using advanced encryption and biometrics will be much more secure from forgery than the old card. The business community will welcome this.
9. Finally, I would like to urge the Government to ensure that the arrangements to replace the ID with the new card are as hassle free as possible. Let's avoid queues snaking all over Immigration Tower! We must avoid a bureaucratic and time consuming steepchase.
10. In conclusion, Hong Kong must move forward in embracing IT. The step by step introduction of multi-application smart cards is right and I hope members will endorse it.

Thank you.
10/11/00