

立法會
Legislative Council

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(These minutes have been
seen by the Administration
and cleared by the Chairman)

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Finance Committee of the Legislative Council

**Minutes of the 9th meeting
held at the Legislative Council Chamber
on Friday, 10 March 2000, at 2:30 pm**

Members present:

Hon Ronald ARCULLI, JP (Chairman)
Hon CHAN Kam-lam (Deputy Chairman)
Hon Kenneth TING Woo-shou, JP
Hon David CHU Yu-lin
Hon Cyd HO Sau-lan
Hon Edward HO Sing-tin, SBS, JP
Hon Michael HO Mun-ka
Ir Dr Hon Raymond HO Chung-tai, JP
Hon LEE Wing-tat
Hon LEE Cheuk-yan
Hon Martin LEE Chu-ming, SC, JP
Hon Eric LI Ka-cheung, JP
Hon LEE Kai-ming, SBS, JP
Dr Hon David LI Kwok-po, JP
Hon Fred LI Wah-ming, JP
Dr Hon LUI Ming-wah, JP
Hon NG Leung-sing
Hon Margaret NG
Hon Mrs Selina CHOW LIANG Shuk-ye, JP
Hon MA Fung-kwok
Hon James TO Kun-sun
Hon CHEUNG Man-kwong
Hon HUI Cheung-ching
Hon Christine LOH
Hon CHAN Kwok-keung
Hon CHAN Yuen-han

Hon CHAN Wing-chan
Dr Hon LEONG Che-hung, JP
Hon Mrs Sophie LEUNG LAU Yau-fun, JP
Hon LEUNG Yiu-chung
Hon Gary CHENG Kai-nam, JP
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 LAU Chin-shek, JP
Hon LAU Kong-wah
Hon Mrs Miriam LAU Kin-yee, 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
Hon FUNG Chi-kin
Dr Hon TANG Siu-tong, JP

Members absent:

Hon James TIEN Pei-chun, JP
Hon HO Sai-chu, SBS, JP
Hon Albert HO Chun-yan
Prof Hon NG Ching-fai
Hon Bernard CHAN
Dr Hon Philip WONG Yu-hong
Hon YEUNG Yiu-chung
Hon LAU Wong-fat, GBS, JP
Hon Ambrose LAU Hon-chuen, JP

Public officers attending:

Miss Denise YUE, JP	Secretary for the Treasury
Mrs Carrie LAM, JP	Deputy Secretary for the Treasury
Mr K K LAM	Principal Executive Officer (General), Finance Bureau
Mr Timothy TONG	Deputy Secretary for Security (3)
Mr P T CHOY, JP	Deputy Director of Immigration

Mr Philip CHAN	Deputy Secretary for Trade and Industry
Mr Stephen SELBY, JP	Director of Intellectual Property
Miss Dora NG	Departmental Secretary, Intellectual Property Department
Mr Raymond H C WONG, JP	Deputy Secretary for Security (1)
Mr LEE Ming-kwai	Senior Assistant Commissioner of Police
Mr CHEUNG Chi-sum	Assistant Commissioner of Police (Operations)
Mr P E HALLIDAY	Assistant Commissioner of Police (Information Systems)
Mr CHIU Yat-sing	Chief Telecommunications Engineer of Hong Kong Police Force
Mrs LEE Chan Yuk-wah, Eliza	Chief Systems Manager of Hong Kong Police Force
Mr George LEUNG	Senior Systems Manager of Hong Kong Police Force
Miss Eliza YAU	Principal Assistant Secretary for Security
Mr CHAN Wai-ki	Chief Superintendent of Police (Crime) (Headquarters)
Mr J M H BICKNELL	Chief Superintendent of Police (Crime) (Support)
Mr Patrick PANG	Principal Assistant Secretary for the Civil Service (2)
Ms Carol YUEN	Principal Assistant Secretary for the Civil Service (1)
Ms Jennifer CHAN	Principal Assistant Secretary for Health and Welfare
Mr Andy LEE	Deputy Director (Finance), Hospital Authority
Mr Philip K F CHOK, JP	Deputy Secretary for Education and Manpower
Mr Ivan LEE	Principal Assistant Secretary for Education and Manpower
Dr L H LEES	Deputy Executive Director (Academic), Vocational Training Council
Mr Stephen AU	Chief Systems Manager, Vocational Training Council

Clerk in attendance:

Ms Pauline NG	Assistant Secretary General 1
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Staff in attendance:

Miss Polly YEUNG
Ms Sarah YUEN

Chief Assistant Secretary (1)3
Senior Assistant Secretary (1)4

Item No. 1 - FCR(1999-2000)69

**RECOMMENDATIONS OF THE ESTABLISHMENT
SUBCOMMITTEE MADE ON 23 FEBRUARY 2000**

At members' request to vote on EC(1999-2000)41 separately, the Chairman put FCR(1999-2000)69, except item EC(1999-2000)41, to the vote. The proposal was approved.

EC(1999-2000)41 **Proposed retention of the supernumerary post of Deputy Director of Immigration (GDS(C)3) in the Immigration Department from 19 April 2000 to 31 December 2000 to continue to steer and monitor the feasibility study on introducing a new identity card and a new computer system to support the issue of the new identity card, and to assist in making a policy decision on whether and how to proceed with the implementation of the identity card project**

2. Mr CHEUNG Man-kwong referred to the supplementary information which he received by fax in the late evening of 9 March 2000. The information was provided by the Administration in response to members' concerns raised at the Security Panel meeting on 3 March 2000 during which members had expressed grave concern about the scope of the feasibility study under the supervision of the supernumerary Deputy Director (DD) post. As no policy decision had been made on the form and functions of the new identity card (ID Card), Mr CHEUNG considered it inappropriate to put the relevant staffing proposal to the Finance Committee (FC) before such a policy decision was made. Mr CHEUNG referred to the five principles suggested by Mr Albert HO and asked whether the Administration would agree to adopt these five principles in the collection and use of personal data.

3. In response, the Deputy Secretary for Security (3) (DS(S)(3)) explained that the supplementary information had been provided in response to members' requests for more background information and was not directly related to the present staffing proposal. He confirmed that the Administration would take full account of the five principles, as well as other views which members might subsequently raise, before making any policy decision on the new ID Card. He also assured members that the Administration would take every necessary

measure to safeguard the right of individuals to preserve the privacy of their personal data. As to how the five principles suggested by Mr Albert HO and other views expressed by members could be translated into viable options, DS(S)(3) stressed that the Administration had yet to decide on the form of the new ID Card, the data to be stored and the replacement plans of the existing ID Card. He also pointed out that one of the major duties of the proposed DD would be to assist in formulating a policy decision and implementation plans.

4. In this connection, Mr Edward HO said that he and some other members did not have the opportunity to read the supplementary information referred to by Mr CHEUNG as the Administration had not made available the papers well in advance of the meeting. On the instruction of the Chairman, copies of the relevant papers were made for members' perusal.

5. Miss Margaret NG commented that the 45-page Consultancy Brief for the feasibility study on the Hong Kong Special Administrative Region ID Card system (issued vide LC Paper CB(2)1345/99-00) might contain some useful information but members could hardly be expected to be able to consider the issues therein without being given sufficient time. She further said that she might not object to the present proposal if the Administration would undertake to provide further information on how the five principles suggested by Mr Albert HO would be duly implemented. She however reiterated her view that the Administration's policy objective and the scope of the feasibility study ought to be made known before the present staffing proposal should be considered. Mr SZETO Wah also queried the urgency for approving this item.

6. The Deputy Secretary for the Treasury (DS(Tsy)) recapitulated that when the present item was considered by the Establishment Subcommittee (ESC) on 23 February 2000, members had raised a number of concerns about the policy aspects of the staffing proposal. In response to the Subcommittee's request, the Administration had modified the proposal to shorten the proposed retention period of the supernumerary DD post to 31 December 2000 instead of for one year up to 18 April 2001 and to stipulate clearly that the main function of the DD was to steer and monitor the feasibility study and a new computer system to support the issue of the ID Card, and to assist in making a policy decision on the implementation of the new ID Card project. The proposal as amended was then endorsed by ESC. Members also noted that if the retention of the supernumerary DD post was not approved, the post, which was created under delegated authority for six months, would lapse after 18 April 2000.

7. In this regard, the Chairman commented that even if the present item was approved, members would still have ample opportunities to discuss with the Administration details of the feasibility study and associated policy issues. In view of members' concerns and to enable them to peruse the supplementary

information, the Chairman directed that FC should proceed to deal with other items on the agenda first. Members agreed. He added that if, having perused the supplementary information, members found it inappropriate to deal with EC(1999-2000)41 at this meeting, consideration might be given to holding an extra meeting before the next meeting scheduled for 28 April 2000.

(Discussion of the item was resumed at about 4:55 pm)

8. Mr Edward HO considered that details of the feasibility study and the range of data proposed to be stored in the new ID Card should be pursued at the relevant Panel(s) and members should focus on the merits or otherwise of the proposed retention of the supernumerary DD post up to the end of 2000. He said that Members of the Liberal Party were in support of the proposal.

9. Mr Gary CHENG was of the view that the 45-page Consultancy Brief was mainly about the scope of the feasibility study, details of which should be worked out by the DD in question in the remaining nine months of his tenure and he believed that Members would be able to provide their input before any further recommendations on the new ID Card was finalized. He confirmed that Members of the Democratic Alliance for Betterment of Hong Kong would support the present staffing proposal. Miss CHOY So-yuk shared the view that details of the feasibility study were not directly related to the present proposal and should not be discussed at this meeting but should be further studied by the DD. She expressed support for the present proposal.

10. In this connection, Mrs Selina CHOW pointed out that the consultancy study in question would be completed in May 2000. As such, she considered it necessary to retain the proposed post to continue with the remaining work in order that concrete proposals on the way forward for the new ID Card could be formulated for further consideration.

11. Miss Christine LOH was of the view that the Administration had not adequately explained to members how it would propose to take full account of the five principles suggested by Mr Albert HO. Referring to Annex A attached to the Consultancy Brief, she considered that the scope of the feasibility study was very wide and the parameters had not been clearly stated. She pointed out that in the absence of further information to assure members that the Administration would abide by the five principles, she would not support the proposal.

12. Referring to the five principles which the Administration had agreed to adopt in the collection and use of personal data, Miss Emily LAU considered that to allay members' concerns, these five principles should be conveyed to the consultant as guiding principles for the feasibility study.

13. Mr Andrew CHENG recalled that most of the members present at the meeting of the Security Panel on 3 March 2000 were concerned about the policy considerations for the new ID Card project. However, he said that the supplementary papers received from the Administration had merely informed members of some technical details but not the policy aspects of the project.

14. In response, DS(S)(3) reiterated that the supplementary information papers had been provided at members' request for reference only. He pointed out that the feasibility study in question would be completed in May 2000 and the relevant Panel(s) would be consulted on the legal and policy aspects of its recommendations before a policy decision was made. Moreover, implementation of the new ID Card project would require funding approval and amendments to relevant legislation. As such, DS(S)(3) assured members that they would have ample opportunities to deliberate on details of the project in due course. He re-affirmed the Administration's undertaking that it would take full account of the five principles relating to the collection and use of personal data when putting the recommendations of the consultancy report into viable options.

15. Given the importance of the new ID Card project, Mr CHEUNG Man-kwong queried why the Administration had not arranged to discuss the policy aspects of the project with the relevant Panel(s) during the six months following creation of the supernumerary DD post under delegated authority.

16. In reply, DS(S)(3) stressed that pending completion of the feasibility study, the Administration had not yet taken a policy decision on the new ID Card as it was necessary to ascertain what was technically feasible before drawing up policy options. The Deputy Director of Immigration supplemented that the supernumerary DD post was urgently created in November 1999 to deal with the timely replacement of the existing Registration of Persons computer system which had become aged and outdated and would reach the end of its serviceable life shortly.

17. As Chairman of the Security Panel, Mr James TO commented that whilst it had been the usual practice of the Administration to brief the Panel on various staffing proposals, he queried why the present proposal which was of great importance had not been brought up for the Panel's discussion in the same way as other staffing proposals. Mr TO further asked whether the Administration would disclose the consultancy report to members and its plan to consult the relevant Panel(s) on the way forward in the remaining months of the current session.

18. In reply, DS(S)(3) said that he was unable to make a firm undertaking at this stage on whether the consultancy report could be disclosed to members intact. The Administration might need to seek legal advice particularly if some confidential information relating to certain entities was included in the

report. He nevertheless took note of the request for consideration. DS(S)(3) also confirmed that the salient issues in the consultancy report and the Administration's views would definitely be made known for consideration by the relevant Panel(s) as soon as available.

19. Mr James TO stated that in the absence of detailed discussion and lack of information on the policy considerations for the new ID Card project, Members of the Democratic Party (DP) would not support the present proposal.

20. The item was put to vote. 24 members voted for the item, 15 voted against and none abstained:

For:

Mr Kenneth TING Woo-shou	Mr David CHU Yu-lin
Mr Edward HO Sing-tin	Mr Eric LI Ka-cheung
Mr LEE Kai-ming	Mr NG Leung-sing
Mrs Selina CHOW LIANG Shuk-ye	Mr MA Fung-kwok
Mr CHAN Kwok-keung	Miss CHAN Yuen-han
Mr CHAN Wing-chan	Mr CHAN Kam-lam
Dr LEONG Che-hung	Mrs Sophie LEUNG LAU Yau-fun
Mr Gary CHENG Kai-nam	Mr WONG Yung-kan
Mr Jasper TSANG Yok-sing	Mr Howard YOUNG
Mr LAU Kong-wah	Mrs Miriam LAU Kin-ye
Miss CHOY So-yuk	Mr TAM Yiu-chung
Mr FUNG Chi-kin	Dr TANG Siu-tong

(24 members)

Against:

Miss Cyd HO Sau-lan	Mr LEE Wing-tat
Mr LEE Cheuk-yan	Mr Martin LEE Chu-ming
Mr Fred LI Wah-ming	Mr James TO Kun-sun
Mr CHEUNG Man-kwong	Miss Christine LOH
Mr SIN Chung-kai	Mr Andrew WONG Wang-fat
Dr YEUNG Sum	Miss Emily LAU Wai-hing
Mr Andrew CHENG Kar-foo	Mr SZETO Wah
Mr LAW Chi-kwong	

(15 members)

21. The Committee approved the proposal.

Item No. 2 - FCR(1999-2000)70

**RECOMMENDATIONS OF THE PUBLIC WORKS SUBCOMMITTEE
MADE ON 16 FEBRUARY 2000**

22. The Committee approved the proposal.

Item No. 3 - FCR(1999-2000)77

HEAD 78 - INTELLECTUAL PROPERTY DEPARTMENT

◆ Subhead 700 General other non-recurrent

**New item "Outsourcing of non-core services of Intellectual Property
Department"**

23. Mr CHEUNG Man-kwong stated that Members of DP had no objection to the proposed outsourcing of non-core services of the Intellectual Property Department (IPD). Nevertheless, he raised concern about the confidentiality of information upon the outsourcing of services and asked whether the information kept in the outsourced systems was already in the public domain. As breaches of commercially confidential information might seriously jeopardize the interest of the companies in question, Mr CHEUNG sought assurance on the practical steps to be taken to prevent abuse by the contractor and its staff.

24. In reply, the Director of Intellectual Property (DIP) confirmed that the database to be put under the management of the outsourcing contractor would contain mainly published information relating to the applications and approvals of patents, trade marks and registered designs, together with a certain amount of internal information necessary for control of the systems. He advised that IPD was fully aware of the need for data protection and there would be specific provisions in the contractual documents to safeguard against misuse of personal data or internal information. Apart from contractual obligations, the contractor and its staff would also be bound by statutory requirements on the protection of personal data and privacy and prevention of corruption, breaches of which would lead to criminal sanctions, as well as by Government security regulations. Moreover, a Management Committee would also be set up to closely monitor the performance of the contractor throughout the contract period to ensure that privacy, security and other requirements were met.

25. In response to Mrs Selina CHOW's enquiry about the costs and benefits of the proposed outsourcing, the Deputy Secretary for Trade and Industry (DS(T&I)) advised that as far as notional savings were concerned, if the IPD were to develop the trade marks and designs registration computer systems in-house, the cost would be about \$110 million over a five-year period. On realizable savings, there would be \$10.4 million in annual staff cost from the

deletion of 32 posts in IPD and \$0.7 million in annual maintenance cost. The actual cost of the outsourcing project would depend on the tender price. He pointed out that the total benefits expected to be achieved over the five-year period would be \$32.8 million, but there might be greater savings if there was a lower tender outturn price.

26. Noting that the surplus staff resulting from the deletion of 32 posts would be re-deployed to other civil service posts, Mrs Selina CHOW and Miss Emily LAU queried that there would not be any savings in the civil service as a whole because the relevant staff costs were simply transferred from one department to other departments. Miss Emily LAU added that the Public Accounts Committee had similar doubt over the savings on staff costs as reported by the Administration from time to time.

27. In response, DS(Tsy) advised that whilst the Administration would seek to enhance productivity and save costs through outsourcing, it had also undertaken to avoid redundancies as far as possible by re-deploying the staff to fill other suitable civil service vacancies. Where surplus staff could not be absorbed due to the deletion of existing vacancies in the longer-term, a number of proposals had been made in the 2000-01 Budget Speech to contain the size of the civil service which included natural wastage and the proposed Voluntary Retirement Scheme, details of which would be discussed with Members in due course. DS(Tsy) also confirmed that in the present case, the 32 posts in IPD would be deleted upon completion of the outsourcing project in phases.

28. As regards the types of activities to be outsourced, DS(T&I) confirmed that after careful study, the Administration had come to the conclusion that non-core services relating to information technology systems development could be contracted out whereas core activities such as legal, judicial and development of law and policy should continue to be undertaken by the Government. In reply to Mrs Selina CHOW's question about the users' feedback, DIP confirmed that the Administration would gauge the views of users on the standard of the outsourced services.

29. Whilst expressing support for the present proposal, Mr NG Leung-sing was concerned whether the private service provider would be able to take over the management and maintenance of the existing computer systems in phase I on schedule and if not, whether failure to do so would give rise to monetary compensation payable to the Government.

30. In reply, DIP reiterated that the performance of the service provider would be subject to vigorous monitoring by the future Management Committee to ensure that there would not be any serious slippage in taking-over although there would be some flexibility to re-programme certain activities. He also anticipated that there would likely be bids from service providers which already had the necessary computer systems and hence, would not need to

develop the systems anew. As regards sanctions, DIP confirmed that penalty and termination clauses were included in the contractual agreement and the Government would be entitled to apply the clauses on liquidated damages in case of slippage on the part of the service provider.

31. Dr LUI Ming-wah was of the view that as a general principle, only services of a one-off nature or those for which no expertise was available in the civil service should be outsourced. He considered that the present proposal reflected adversely on the management and cost-effectiveness of Government operations and urged the Administration to critically re-examine the need for the present outsourcing proposal.

32. In response, DS(T&I) pointed out that through outsourcing, IPD would be able to upgrade its quality of services and continuously improve these services to meet the changing needs of the business community and international developments, notably the extensive use of information technology. In view of greater flexibility in the private sector in responding to market needs and in using advanced technologies, IPD considered that outsourcing was the best approach to improve its range of services for customers and to provide value for money for the services in question. Dr LUI Ming-wah was not convinced and maintained his view that if the private sector was capable of providing a high standard of service, he saw no reason why the public sector was unable to do so.

33. Mr SIN Chung-kai asked whether the outsourcing service provider would be permitted to charge advertising fees for advertisements posted on its webpages. In reply, DIP said that the Administration was yet to receive detailed proposals from bidders. The initial view was that it might not be appropriate for the service provider to charge advertising fees and under its contractual agreement with the Government, the service provider could not carry out advertising on the work of IPD without the department's permission. Nevertheless, he did not rule out the possibility that the service provider might be able to charge fees for certain value-added services.

34. Mr SIN was keen to ensure that the Administration should address issues relating to advertising revenue or other income derived from value-added services in the contract with the future service provider as any income received by the provider might have implications on the fees it charged on the Government. In response, DIP said that the Administration expected interested service providers to state in their respective bids the services to be offered to IPD and the public for consideration. While the fees to be paid by the Government to the private contractor would be fixed in advance, he considered that any income derived by the contractor might be reflected in terms of the Government paying a lower level of remuneration. However, he also stressed that the possibility of the contractor paying a fee to or sharing the income with the Government should not be ruled out at this stage.

35. The Committee approved the proposal.

Item No. 4 - FCR(1999-2000)71

**CAPITAL WORKS RESERVE FUND
HEAD 708 - CAPITAL SUBVENTIONS AND MAJOR SYSTEMS AND
EQUIPMENT**

Hong Kong Police Force

**♦ New Subhead "Replacement of Command and Control
Communications System for the Operations Department"**

36. Mr Howard YOUNG said that he had no objection to the present proposal. However, referring to the estimated cost of \$35 million for the procurement of 500 laptop computers for patrol vehicles and vessels with installation, he sought further clarification on the relatively high unit cost of some \$70,000.

37. In reply, the Senior Assistant Commissioner of Police (SACP) pointed out that the laptop computers to be acquired were different from ordinary computers in that they would need to be linked to the other computer systems of the Police Force and had to be highly durable. The Chief Systems Manager of Hong Kong Police Force (CSM, HKPF) supplemented that the unit cost of \$70,000 was reasonable as many application softwares and special functions such as encryption were needed.

38. On behalf of Members of DP, Mr James TO supported in principle the replacement of the existing command and control communications system (CCII) to meet operational requirements. However, apart from the unit cost of the laptop computers, Mr TO also considered the estimated cost of \$360 million (unit cost of over \$30,000) for the procurement of 10 500 encrypted portable radios unacceptable when compared to the unit cost of state-of-the-art mobile phones. Noting that the tendering and award of contract would not take place until August 2001, Mr TO suggested that the Administration should split the proposal to first seek funding approval for the system design of the project, and then put up the funding request for the implementation of the replacement project at a later stage, say, by mid 2001, when a more realistic estimate on the non-recurrent cost, including that for procuring the laptop computers and encrypted portable radios, could be ascertained.

39. In explaining the cost of the encrypted portable radios, SACP informed members that each radio would be encrypted and equipped with wireless communications and mobile phone functions, emergency assistance signals, three back-up batteries, a radio set and speaker and other accessories. He further pointed out that the unit cost of existing beat radios was also in the region of \$30,000. Moreover, the proposed estimate had been worked out on

the basis of the tender price for the command system of the Marine Regional Headquarters in late 1999. The Chief Telecommunications Engineer of Hong Kong Police Force (CTE, HKPF) further highlighted the advanced functions of the encrypted portable radios which included "hand-free" activation of emergency assistance signals, maintaining communication with other Police officers even at "blind spots", remote control via radio waves to disable the functions of the radios to prevent misuse of the apparatus, as well as water- and shock-resistance in compliance with IP54 international standard. As the portable radios would be used round the clock on all days in a year, CTE, HKPF stressed the importance of their reliability and durability which required a cost higher than that of advanced mobile phones.

40. On the implementation plan, CTE, HKPF advised that upon funding approval, the Police would aim to complete the work on system design by July 2001. By August 2001, the relevant tendering documents would be prepared for submission to the Government Supplies Department (GSD) for conducting a tendering process worldwide in the following three months. Thereafter, the Police would examine the bids and make a final recommendation to GSD by April 2002 for the award of tender. He also pointed out that if a separate tender was to be awarded for system design and procurement of equipment, interfacing problems between two different service providers might arise. Hence, the Administration would prefer to award one tender for both services. In reply to the Chairman, CTE, HKPF confirmed that the system design of the project would be undertaken by telecommunications engineers in the Police Force. However, an estimated amount of \$48.4 million would be needed for the employment of contract non-civil service staff for the detailed planning and implementation of the new communications system.

41. On Mr James TO's suggestion to split the funding request into two phases, SACP reiterated that the existing CCII would reach the end of its serviceable life by 2004 and if the funding request was deferred, the Police might not be able to procure the necessary equipment in time. CTE, HKPF also pointed out that if funding approval was not obtained, GSD would not allow the Police Force to proceed with submission of the tendering documents.

42. Mr CHEUNG Man-kwong did not concur with the Administration on the urgent need to approve the present proposal. As the replacement project in question would in fact proceed in stages, Mr CHEUNG considered it inappropriate to ask FC to approve a huge commitment in the region of \$1 billion for the new communications system which would not be tendered and commissioned until August 2001 and January 2004 respectively. With the advancement in technology, he believed that the necessary equipment could be acquired at lower prices by that time and a more reasonable estimate could then be drawn up for members' consideration. He urged the Administration to withdraw the present proposal with a view to re-submitting it to FC in two stages so that the project would be able to benefit from technological

advancement and the corresponding fall in product prices. In this connection, Mr CHEUNG also questioned whether the present proposal had been vigorously scrutinized by the Finance Bureau (FB) before submission to FC.

43. In response, DS(Tsy) confirmed that all funding proposals had been vetted by FB prior to submission to FC. She advised that it was a usual practice for the Administration to ask members to approve the necessary financial commitment for major projects before proceeding with the system design and tendering. However, in view of members' concerns, she agreed to withdraw the present proposal for further discussion with members. In this connection, DS(Tsy) pointed out that the Administration had briefed the Security Panel on the present proposal on 28 January 2000 and remarked that if members had raised these questions with the Administration during the past six weeks, the Administration might have been able to provide relevant information to address their concerns before putting up the proposal to FC.

44. Mr CHEUNG Man-kwong said that when the proposal was discussed at the Panel, the detailed breakdown by cost items was not available for members' comments. He expressed the view that for major capital projects such as the present proposal where the advancement in technologies would invariably bring prices down, the Administration should critically re-consider whether it should exercise greater flexibility in following procurement procedures and rules. In this regard, the Chairman also recalled that FC had, on previous occasions, requested detailed information on cases where the system design or consultancy study would lead to the implementation of large-scale projects.

45. Noting that system design would take some three months from April to July 2001, Mrs Selina CHOW considered that the Administration should shorten its time-frame so as to expedite the replacement project. She also urged the Administration to re-submit the proposal early after considering members' views. Mr LAW Chi-kwong also asked the Administration to provide more detailed information on the specifications of the proposed laptop computers when the present proposal was re-submitted.

46. Addressing members' concerns, the Deputy Secretary for Security (1) (DS(S)(1)) said that as the CCIII was a major communications system of the Police Force, the system design of the project would require considerable time. Nevertheless, the Administration would try its best to expedite the implementation plan. On whether the Administration would be able to benefit from lower product prices as a result of technological advancement, DS(S)(1) advised that the present cost estimate was based on the market prices of comparable communications equipment. However, as the tendering exercise would be highly competitive, the Administration believed that the necessary equipment could be procured at cost-effective prices. Upon some members' request, he also undertook to highlight key features of the new system and provide more detailed information on these features. In this regard, the

Chairman suggested that if members would like to seek further information on the present proposal, they might forward their requests in writing.

47. The proposal was withdrawn by the Administration.

Item No. 5 - FCR(1999-2000)72

CAPITAL WORKS RESERVE FUND

HEAD 710 - COMPUTERISATION

Hong Kong Police Force

♦ New Subhead "Replacement of the Criminal Intelligence Computer System and the Enhanced Police Operational Nominal Index Computer System"

48. Mr James TO pointed out that while Members of DP agreed with the need to replace the Criminal Intelligence Computer System (CICS) and the Enhanced Police Operational Nominal Index Computer System (EPONICS) of the Hong Kong Police Force in view of their existing constraints, they would like to seek further details on the enhanced processing capacity of the two systems resulting from the proposed replacement. Mr TO also expressed concern about the lack of transparency of the criminal intelligence operations of the Police, and sought assurance that the capacity of the two systems would not be unduly expanded as to enable the Police to collect and analyze even non-criminal intelligence and to keep records on political activists.

49. On the capacity of the two systems, the Assistant Commissioner of Police (Information Systems) (ACP(IS)) reported that EPONICS currently held 700 000 criminal records and he did not envisage any significant increase in the years to come. The Chief Superintendent of Police (Crime) (Support) confirmed that any further increase would be a result of the population growth in Hong Kong. As regards CICS, the Chief Superintendent of Police (Crime) (Headquarters) (CSP(CH)) advised that at present, 500 000 items of data were stored. CSM, HKPF assured members that while data storage of the two systems could be increased two-fold upon replacement, their processing capacity would still be limited because the scale of the proposed systems was relatively small. ACP(IS) also assured members that there were laws governing the maintenance of information in the two systems and the Police would not indiscriminately keep records on individuals unless they had been convicted of criminal offences in the courts of Hong Kong.

50. Mr Gary CHENG expressed the view that as the two systems would keep criminal records and intelligence only, there was no cause for concern that their enhanced capacity would necessarily lead to the inclusion of the data of individuals other than criminal offenders and suspects. In this connection, CSP(CH) confirmed that the planned increase in the capacity of the two

systems was for the purpose of storing or processing a greater number of criminal records and intelligence. For example, due to its long response time at present, CICS could not efficiently perform the more complex searches required in investigating serious crimes. Enhancement of its processing power and capacity was therefore necessary. Moreover, its upgrading would also enable the Police to adopt an intelligence-led operation mode under which district commanders could deploy manpower resources according to the distribution of crimes. He further pointed out that the new CICS could also facilitate the formulation of long-term crime-fighting strategies by performing intelligence data analysis to provide a quick overview of complicated crimes such as computer crimes, and any redistribution of crimes as a result of population movements.

51. Mr James TO was not convinced that records on political activists and protesters would not be captured on both systems. In his view, although this might be true of EPONICS, the ambit of CICS could cover data on political activists as the system was used for crime prevention and organizing protests without permission could be a criminal offence. He said that he had requested details on the capacity of the two systems to ensure it would not be greater than was strictly necessary to enable the Police to perform their statutory duties. He further stated that Members of DP would support the paper, but they would monitor the implications arising from upgrading the two systems, including the increase in data storage.

52. Elaborating on the operation of CICS to allay some members' concern, CSP(CH) advised that access to the system would be restricted and Police formations not responsible for criminal intelligence work could not access the system. As for the types of data maintained, members noted that they included records of criminal cases containing details on the time, location, victim(s), if any, and person(s) arrested. Moreover, information would also be captured from various open sources such as newspapers. Where necessary, the aforesaid data so gathered from various sources would be analyzed, matched and disseminated to intelligence officers for reliability assessment, and then passed to different investigation formations for use.

53. Mr Gary CHENG was keen to ensure that the new EPONICS would allow direct access by Police formations and the Court only. In reply, ACP(IS) assured members that access to the system was restricted although it was also used by other law enforcement agencies such as the Customs and Excise Department, the Immigration Department, and the Independent Commission Against Corruption. He further clarified that the system was available to the Judiciary only in so far that the processing of arrest documents such as fingerprint reports and conviction summary reports would be automated.

54. Noting that one of the sources of intelligence of CICS was newspapers, Miss Emily LAU cautioned that the Police must exercise great care in

including such information in CICS as news reports might not be accurate in all cases. As the data stored in CICS would be exempted from the Personal Data (Privacy) Ordinance (Cap. 486) and hence a person could not find out the data on him being held by the Police and would not be able to correct any inaccurate details, she therefore enquired whether the data collected from newspapers would be subject to any vetting or verification process.

55. In response, CSP(CH) assured members that information from newspapers would initially be treated as hearsay information only and would not be used as intelligence until classification, reliability assessment and analysis had been conducted by designated staff. Moreover, Police investigation formations receiving such intelligence would be advised of the reliability of such intelligence.

56. In this regard, Miss Emily LAU said that the Administration should consider allowing persons whose data as reported in newspapers had been included in CICS to see such data and to rectify any inaccuracy. ACP(IS), in response, clarified that newspapers were only one of the many open sources of information for CICS and were in no way a major one. Members were assured that CICS was a key mission-critical system of the Police which would only keep carefully screened intelligence on individuals believed to be involved in criminal activities.

57. Miss Emily LAU pointed out that the Independent Commission Against Corruption was operating under the scrutiny of several committees with independent members sitting on them. She opined that the Police should be subject to similar checks and balances to enhance its transparency and hence the confidence of the public in it. The Administration noted her view.

58. The Committee approved the proposal.

Item No. 6 - FCR(1999-2000)73

VARIOUS HEADS OF EXPENDITURE

◆ Subhead 149 General departmental expenses

59. Miss Emily LAU asked whether the Administration would, as a matter of policy, post officers to workplaces nearer to their homes as far as practicable so that the need for payment of travel allowance would be minimized.

60. In reply, the Principal Assistant Secretary for the Civil Service (2) (PAS(CS)(2)) confirmed that it was the Government's policy to assign officers to workplaces near their homes as far as practicable.

61. Mr CHEUNG Man-kwong pointed out that if there was a policy commitment on the part of the Government as confirmed by PAS(CS)(2), he was concerned about the possible operational difficulties arising from such a policy, particularly in cases where the officers concerned such as teachers in public-sector schools were subject to postings to different schools in the territory.

62. In response, PAS(CS)(2) re-affirmed that it was the Government's policy to post officers to workplaces near their homes as far as practicable. However, he agreed that there might be practicable difficulties for individual departments to arrange postings for their staff near their homes. Nevertheless, applications from staff for transfer to workplaces near their homes would be duly considered and entertained, as far as possible.

63. The Committee approved the proposal.

Item No. 7 - FCR(1999-2000)74

HEAD 46 - GENERAL EXPENSES OF THE CIVIL SERVICE

- ♦ **Subhead 014 Home purchase allowance**
- ♦ **Subhead 033 Home Financing Scheme**

HEAD 190 - UNIVERSITY GRANTS COMMITTEE

- ♦ **Subhead 529 Home Financing Scheme**

64. Referring to paragraph 7 of the discussion paper on staff consultation, Miss Emily LAU asked which of the staff consultative councils had objected to the proposed downward adjustment of the rates of the Home Financing Allowance (HFA) and Home Purchase Allowance (HPA) and how the Administration had in response justified its proposal.

65. In reply, the Principal Assistant Secretary for the Civil Service (1) (PAS(CS)(1)) informed members that of the four central staff consultative councils consulted, the Senior Civil Service Council and the Disciplined Services Consultative Council had raised objection to the present proposal because they felt that the adjustment would erode the value of the allowances. The Administration had explained to them that the revised rates would only apply to officers who joined the Home Financing/Home Purchase Scheme on or after 1 April 2000 and existing recipients would not be affected by the proposed adjustments. As the proposed rates of HFA and HPA were adjusted according to the property price movements over the past 12 months ending 31 December 1999, the Administration believed that the purchasing power of the revised rates would still provide a reasonable level of housing benefits for eligible civil servants. PAS(CS)(1) also confirmed that no further query had been received from the two councils following the Administration's reply to them.

66. The Committee approved the proposal.

Item No. 8 - FCR(1999-2000)75

HEAD 177 - SUBVENTIONS : NON-DEPARTMENTAL PUBLIC BODIES

♦ **Subhead 514 Hospital Authority**

67. The Committee approved the proposal.

Item No. 9 - FCR(1999-2000)76

HEAD 177 - SUBVENTIONS : NON-DEPARTMENTAL PUBLIC BODIES

♦ **Subhead 871 Vocational Training Council**

New Item "Enhancement of information technology infrastructure and services"

68. Miss Emily LAU enquired whether there were sufficient support facilities at the Vocational Training Council (VTC) campuses to tie in with the installation of the additional 1 200 personal computers (PCs) and necessary supporting equipment. In reply, the Deputy Executive Director (Academic), VTC (DED(A), VTC) assured members that space availability had been confirmed in drawing up the present proposal. He pointed out that in laboratories, computers would replace traditional equipment while in classrooms, computers would be placed on existing desks. The new computers therefore would not take up additional space and the only space requirement would be for setting up the new computer rooms.

69. As to how information technology (IT) could be applied in the delivery of vocational education, DED(A), VTC explained that it was VTC's plan to promote wider use of IT in place of traditional media in the teaching and learning process. Hence, it was necessary for VTC to enhance its IT infrastructure and services by installing additional PCs in classrooms, lecture halls and common areas of the VTC campuses so as to increase students' access to computers. Moreover, all the PCs would be connected to campus networks to provide students at all levels with wider access to the Internet and VTC's IT services.

70. Noting that the proposal would be implemented in phases from 2000-01 onwards for completion by 2003-04, Mr Andrew CHENG enquired about the criteria, if any, for deciding how the funding of \$176.9 million would be spent over the years to ensure that the most up-to-date computers and related

equipment could be procured. Acknowledging Mr CHENG's concern, DED(A), VTC advised that a special replacement programme had already been drawn up whereby only departments teaching state-of-the-art computing courses would have access to the most up-to-date computers, while the replaced computers from these departments would be handed over to other departments or laboratories for continued use so as to optimize their serviceable lifespan. As regards the computers of other departments in VTC, they would be replaced on a planned basis according to the normal equipment depreciation cycle. DED(A), VTC supplemented that the funding in question would be spent in phases because VTC would need to build up the necessary IT infrastructure. It would not therefore acquire all the new PCs in one go upfront.

71. Mr Edward HO enquired on the reasons for acquiring as many as 400 notebook PCs out of the 1 200 PCs. In reply, DED(A), VTC pointed out that these notebook PCs would mainly be used by over 1 500 teaching staff of VTC who would need to bring the computers into classrooms for teaching purposes. Members noted that upon provision of the 400 notebook PCs, each teaching department would be allocated two to three PCs for the use of their teaching staff.

72. Mr Howard YOUNG sought confirmation that the video-conferencing facilities to be installed under this proposal would be proportionate to their purposes and would not be excessive. In response, DED(A), VTC confirmed that the facilities would be used for internal transmission on a campus basis only. He also pointed out that apart from enabling one lecturer to address more than one class at one time, these facilities would also help launch a virtual help desk service to enable end-users such as teachers and students to access IT related help services. DED(A), VTC added that while the facilities would enable greater use of IT in teaching, the additional equipment and cost required would be limited.

73. The Committee approved the proposal.

74. The Committee was adjourned at 5:10 pm.