

立法會
Legislative Council

LC Paper No. CB(2) 1817/99-00
(These minutes have been seen by
the Administration)

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LegCo Panel on Security

Minutes of meeting
held on Thursday, 6 April 2000 at 2:30 pm
in Conference Room A of the Legislative Council Building

Members present : Hon James TO Kun-sun (Chairman)
Hon Mrs Selina CHOW LIANG Shuk-ye, JP (Deputy Chairman)
Hon Albert HO Chun-yan
Dr Hon LUI Ming-wah, JP
Hon CHEUNG Man-kwong
Hon Gary CHENG Kai-nam, JP
Hon Howard YOUNG, JP
Hon LAU Kong-wah
Hon Andrew CHENG Kar-foo

Members absent : Hon David CHU Yu-lin

Public Officers attending : Item III
Miss Eliza YAU
Principal Assistant Secretary for Security E

Mr Victor LO
Chief Superintendent, Commercial Crime Bureau
Hong Kong Police Force

Item IV

Mr David WONG
Principal Assistant Secretary for Security B

Mr HSU King-ping
Acting Director of Fire Services
Fire Services Department

Mr TUNG Tung-san
Senior Divisional Officer
Fire Services Department

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

Staff in attendance : Mrs Shirley NG
Senior Assistant Secretary (2) 9

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I. Confirmation of minutes of meeting held on 2 March 2000
(LC Paper No. CB(2) 1468/99-00)

The minutes of the meeting held on 2 March 2000 were confirmed.

2. Members noted the list of follow-up actions required of the Administration.

II. Date of next meeting and items for discussion
(LC Paper No. CB(2) 1554/99-00(02))

3. Members agreed that the following items be discussed at the next regular meeting to be held on 4 May 2000 at 2:30 pm -

- (a) Abuse of pschotropic substance in Hong Kong; and
- (b) Travel convenience for visitors to Hong Kong.

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4. Dr LUI Ming-wah expressed concern about the arrangements for the entry of non-official Mainland residents to Hong Kong for business visits. He said that after reunification, it had become very difficult for Mainland residents who wished to make business trips to Hong Kong in their private capacity. At present, the application channels for representatives of state-owned companies and privately owned companies of the Mainland were different. While it was easy for representatives of state-owned companies to come to Hog Kong, it was very difficult for private businessmen. The later had to apply through the relevant Mainland Public Security Bureau Office despite they were sponsored by Hong Kong companies, or alternatively, they had to apply for a tourist visa through a travel agent. He queried why there was a change in the arrangements since reunification.

5. Mrs Selina CHOW said that if the current arrangement was worse than that prior to reunification, it would adversely affect the commercial activities of Hong Kong. She considered that the Administration should take steps to facilitate the easy travel of non-official Mainland residents to Hong Kong for business visits.

6. The Chairman suggested that the Administration be requested to provide information on the issue. Members would then decide whether the issue should be discussed at the meeting to be held on 4 May 2000.

7. The Chairman said that following the recent trip by the Secretary for Security to Beijing, there were reports on the media that an agreement on the arrangement with the Mainland on surrender of fugitive offenders would be reached with Hong Kong in the middle of this year. As the issue was discussed by the Panel some 12 months ago, he considered that the Administration should be invited to brief the Panel on the latest position as early as possible. The Chairman indicated that he would be in touch with the Secretary for Security for holding a special meeting on the issue.

(Post-meeting note : A special meeting on the issue was held on 13 April 2000 at 2:30 pm.)

III. Establishment and Operation of the Commercial Crime Bureau of the Police Force

(LC Paper No. CB(2) 1554/99-00(03))

8. At the invitation of the Chairman, Chief Superintendent, Commercial Crime Bureau (CSP(CCB)) briefed members on the establishment and operation of the Commercial Crime Bureau (CCB) of the Hong Kong Police Force as set out in the paper. He highlighted that at present, CCB had an establishment of 285 police officers and 69 civilian supporting staff of which 4 were Treasury Accountants. CCB was responsible for handling -

- (a) serious fraud cases involving losses over \$5 million or organized fraudulent activities. This area of work took up about 60% of the manpower of CCB;

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- (b) counterfeit and forgery cases relating to local and foreign currencies in terms of banknotes and coins, credit cards and other money instruments as well as local and foreign travel documents, identity cards and other documents of identity; and
- (c) computer-related crimes.

9. Mr CHEUNG Man-kwong noted from Annex B of the paper that only 91 cases had been dealt with in 1999. He considered the figure of 91 cases in 1999 too low. He enquired whether CCB would, due to reasons such as shortage of manpower or complexity of investigations reasons, suppressed the investigation of some cases.

10. CSP(CCB) responded that there was no suppression of investigation work. He explained that at present, CCB had accumulated a total of over 380 fraud cases of which 30% were reported in the past 12 months. About 30% of the cases were reported in the past one to two years and the rest of the cases were reported in the past two to four years. He stressed that cases were accumulated for reasons of work procedures, but not manpower.

11. Mr CHEUNG Man-kwong enquired how the Force differentiated the type of fraud cases that should be investigated by CCB. CSP(CCB) responded that complicated cases such as those involving directors and staff of public-listed companies, those involving losses over \$5 million or those requiring the assistance of foreign agencies would be taken up by CCB. He said that CCB had followed the Loco-Gold Scams for a long time and CCB had worked with the Security Bureau and Financial Services Bureau (FSB) on the legal and procedural aspects of fraud cases. As regards cases that were beyond the capability of front-line police formations, CCB would assist on a case by case basis. He cited an example that the Modelling Agency fraud recently convicted was initially handled by the Tsim Sha Tsui Police Station. Subsequently, the case was referred to CCB when it was revealed that over 1 000 witnesses were involved.

12. Mr CHEUNG Man-kwong pointed out that in some fraud cases the amount involved by each victim might be very small, however a large number of people were involved. He asked about the mechanism for deciding cases which should be taken up by CCB. CSP(CB) said that the Force adopted a flexible approach on the issue. In most instances, frauds were first reported to front-line police formations. If it was found that a fraud was beyond the capability of front-line police formations, or when syndicated fraudulent activities were detected or when the case was of widespread nature, or when there were difficulties in law enforcement, CCB would take up the investigation. There were no hard and fast rules to divide the work between CCB and front-line police formations.

13. Mr LAU Kong-wah asked about the number of cases accumulated i.e. cases reported but still under investigation by CCB. CSP(CCB) said that a total of 388 fraud cases had been accumulated of which 92 were reported in the last 12 months, 84 reported between one and two years ago and the rest reported over two years ago. Of the 388 cases, 248 were being actively pursued. In reply to Mr LAU's question,

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CSP(CCB) said that "not actively pursued" meant the investigation for those cases which were already quite thorough but then the suspects had absconded.

14. Mr LAU Kong-wah further asked whether CCB would actively pursue a case where persons involved in the case had absconded overseas. CSP(CCB) said that the assistance of the Interpol would be sought in such cases. If the suspect was arrested and where there was in place an extradition agreement, request for surrender of the suspect would be made. He informed members of the recent surrender from New Zealand of a fugitive whose case was reported in 1994.

15. Mr LAU Kong wah noted the drastic increase in the amount of money involved in frauds by company directors from \$50 million in 1997 to \$1011 million in 1999 after the economic downturn. He asked if it posed an alarm to CCB. CSP(CCB) said CCB had noted that after the economic turmoil, more frauds by company directors had been reported but it was also found that the frauds were related to the lack of internal control of the companies concerned. In some cases, frauds were detected as a result of tightened financial and accounting measures after the economic turmoil, or during the re-organization of a company.

16. Mr Howard YOUNG asked whether Loco-London Gold Scams and West African frauds involved overseas investigations by CCB. CSP(CCB) responded that companies involved in Loco-London Gold Scams were those set up locally with the sole purpose of deception. As regards West African frauds, he said that those frauds usually featured letters sent from overseas offering partnership for the disposal of dubious funds. After the withdrawal of visa-free access to Nigeria nationals, less cases had been reported. CCB was still keeping a close watch on such activities. He further said that these types of cases involved very few overseas investigations.

17. Mrs Selina CHOW asked about the reasons for the high conviction rate in respect of counterfeit cases. She also asked about the number of cases brought to court and convicted for both fraud and counterfeit cases. CSP(CCB) replied that the high conviction rate for fraud and counterfeit cases might be due to the investigation standard in CCB and the process of close consultation with the Department of Justice (D of J). There was a special team on commercial crime in the D of J in support of CCB. He informed members of the conviction rate for fraud cases as follows -

<u>Year</u>	<u>Cases brought to court</u>	<u>Cases convicted</u>	<u>Conviction Rate</u>
1997	40	31	77%
1998	54	47	87%
1999	32	27	84%

Adm Regarding reported counterfeit cases handled by CCB for 1997, 1998 and 1999, CSP(CCB) agreed to provide the figures later.

18. The Chairman asked whether there was a difference between CCB and other police formations in seeking legal advice. CSP(CCB) explained that in general, advice from D of J might not be sought on cases which were not heard in the district

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courts or above. For cases brought to district courts or above, legal advice must be sought. He said that conviction rates were closely monitored by divisional headquarters. Any act of negligence leading to a failure of conviction would be followed up.

19. Mr Albert HO said that there was a general impression that CCB had insufficient professional expertise for handling complicated cases and inadequate alertness to minor frauds but which had a wide impact. He asked whether CCB had expertise in its establishment such as experienced personnel from the fields of financial, insurance, securities or accounting. He also asked whether there was a mechanism in place for bringing to CCB minor cases but which had a wide impact. CSP(CCB) said that there were three teams of Treasury Accountants in CCB for cases requiring checking of account books. CCB maintained close contact with the Securities and Futures Commission (SFC) and FSB. He pointed out that staff in CCB in general had longer service periods. Citing Loco-London Gold Scams and Modelling Agencies as examples, CSP(CCB) said that CCB had involved in the investigations at a very early stage.

20. Mr Albert HO asked in a sudden closure of a securities company in which a loss of large sum was involved, whether CCB or SFC would investigate first and how CCB cooperated with SFC in the investigations. He considered that CCB should make use of the expertise of SFC in investigations of such cases. CSP(CCB) said that in most instances, SFC would investigate the case first as it was within its authority and functions. If fraudulent activities were identified, the case would also be referred to CCB. In some cases, parallel investigations by SFC and CCB would be made.

21. The Chairman asked whether staff from SFC or Hong Kong Monetary Authority would be seconded to CCB for investigating cases which required the relevant expertise. CSP(CCB) said that there was channel for discussing such secondment and CCB would put up the request if necessary.

22. Mr LUI Ming-wah enquired about how cross-border fraudulent activities would be handled and how the crime detection rates of CCB compared with those of other countries. CSP(CCB) said that if the fraudulent activities occurred in Hong Kong, the case would be dealt with by CCB. CSP(CCB) said that there was no recent comparison of fraud detection rates with overseas countries. He agreed to provide the detection rates of the fraud cases handled by CCB later.

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23. Mr CHENG Kai-nam asked whether there was any correlation between the state of the economy and the number of fraudulent crimes. CSP(CCB) responded that the correlation between the two was not straightforward. In times of poor economy, people tended to tighten internal control, thus resulting in discovery of frauds but at the same time also discouraging the commission of frauds. When the economy was good, there were more opportunities for fraud due to increased business activities and the internal control of companies tended to be lax, thus leading to more crimes. He added that unlike conventional crimes like robbery and homicide, there was often a long time gap between the time of offence and the time of discovering the offence. He pointed out that the figure for 1999 had dropped as compared with the figure for 1997. In

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addition, fraudulent activities usually occurred for a period of time or even several years before they were detected.

24. Mr Albert HO asked whether CCB had encountered any difficulties in cases where a Chinese enterprise in Hong Kong had committed frauds and all the money and evidence were sent back to the Mainland. He also asked whether Mainlanders would seek assistance from CCB in fraud cases involved a Hong Kong company, and whether there was any co-operation between CCB and the relevant Mainland authorities in handling these cases. CSP(CCB) said that CCB had been working closely with the relevant Mainland authorities on economic crimes, such as the Letter of Credit and Documentary Credit fraud and investment fraud. There was no difficulty in soliciting assistance and co-operation from them. The Mainland authorities also sought assistance from CCB and the number of requests had increased in recent years. The co-operation between CCB and the relevant Mainland authorities was similar to those between CCB and foreign countries.

25. In reply to Mr Albert HO's question on handling fraud cases involving senior Mainland officials who were subsequently posted back to the Mainland, CSP(CCB) said that the existing constraints on surrender of fugitive offenders who were Mainland residents would apply.

26. To conclude, the Chairman urged the Administration to put in place a mechanism of bringing cases to CCB especially those minor cases but which had a wide impact so as to enable swift strategies and actions to be taken.

IV. Third Generation Mobilizing System in the Fire Services Communication Centre (FSCC)

(LC Paper No. CB(2) 1554/99-00(04))

27. At the invitation of the Chairman, Principal Assistant Secretary for Security B (PAS(S)B) briefed members on the proposal to acquire a new communication and mobilizing system to replace the existing Second Generation Mobilizing System (SGMS) for mobilization of fire and ambulance resources for fire fighting and rescue operations. He said that the proposal would be submitted to the Finance Committee later.

28. Acting Director of Fire Services (DSF(Ag)) added that SGMS was designed based on the technology available over 10 years ago. It had become out-dated and was inefficient in identifying and locating resources thereby affecting the performance requirement of one-minute fire despatch time in response to emergency fire calls. Furthermore, SGMS could no longer be effectively maintained beyond 2003 because many spare parts had become obsolete and were not available in the market. The Third Generation Mobilizing System (TGMS) was equipped with an Automatic Vehicle Location System (AVLS), a Geographic Information System (GIS) and a Wireless Digital Network (WDN) which could greatly enhance the efficiency and accuracy of identifying, locating and mobilizing resources.

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29. In reply to the Chairman, DFS(Ag) said that a WDN could transmit and display words, graphics, maps and plenty of information at the same time whereas the existing radio system could only transmit voice.

30. Mr Andrew CHENG asked about the improvements which could be achieved by TMGS. DFS(Ag) said that under the existing SGMS, there was no such a system to help in identifying the accurate incident address. Staff of FSCC needed to ascertain the incident address from the caller of the incident. Experience revealed that people tended to panic in face of accident and could not relate the address of incident accurately and quickly. Under the TGMS, the Calling Line Identification System (CLIS) could retrieve the calling party's address promptly and shorten the processing time for incident address confirmation and searching and minimize mis-reception of incident address. Indeed, under the new system, resources could be despatched before the end of calls. In addition, through the GIS and the AVLS, TGMS could identify, locate and recommend nearest resources location information for efficient resources deployment, incident tasking and mobilization. In short, TGMS could improve the efficiency and effectiveness of fire fighting and rescue operations.

31. Referring to the other alternative considered, Mr Andrew CHENG asked about the difference in costs between upgrading the existing SGMS and acquiring TGMS. DFS(Ag) said that SGMS had already reached its maximum capacity. Apart from the problem of inavailability of spare parts for maintenance, an estimate of some 40 staff would be required. The additional workspace and staff resources for additional consoles to meet the estimated growth in demand would entail a high recurrent staff cost. Furthermore, given the outdated design of SGMS, the addition of operating consoles could not enable it to perform the various functions of TGMS such as automatic identification, location and recommendation of nearest resources for mobilization. PAS(S)B supplemented that due to the limited capacity of SGMS, the addition of operating consoles would slow down the response time of the system thereby affecting adversely the performance of fire fighting and rescue operations. In addition, TGMS would not incur additional recurrent staff cost.

32. Mr Andrew CHENG suggested that information on how efficient TGMS compared favourably with SGMS and the recurrent staff cost for enhancing the existing SGMS in 10 years' time be included in the funding proposal to the Finance Committee. DFS(Ag) agreed.

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33. Mr Howard YOUNG remarked that mobile phones were commonly used nowadays. He asked if TGMS could locate calls from mobile phones. DFS(Ag) responded that the locating of mobile phone calls could be done technically, however such a system was not yet available in the market. He said that vendors of TGMS would be requested to design and install this function if available in due course.

34. Mr Howard YOUNG said that the latest automatic location technology for aircrafts and vessels through satellites was not only able to locate, but could also guide and advise on the quickest route to take. He enquired if TGMS was capable of this function. DFS(Ag) responded that GIS could perform similar function for efficient mobilization. He said that there might be difficulty in its application in view of the

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hilly and crowded topography of Hong Kong. Nevertheless, this function could help decide the quickest route to be taken to the scene of incidents.

35. Mr Howard YOUNG enquired if the Global Positioning System (GPS) which operated through location identification by satellites had been tested in Hong Kong. DFS(Ag) said that GPS could not achieve 100% accuracy in Hong Kong in view of the large number of tall buildings. However, AVLS was equipped with a dead reckoning system under which the location could be identified by the number and direction of wheel-turns of the vehicle. When the transmission system of satellites could not perform effectively, the vehicle would identify its own location through the dead reckoning system and transmit the information through WDN.

36. Mr Howard YOUNG expressed doubt on the competence of the GPS through satellites in cities. According to tests conducted by airline companies, satellite transmission could not work in cities. The Chairman asked if any tests had been conducted on the effectiveness of the system. DFS(Ag) responded that sampling tests had been conducted on the system by the consultant and FSD jointly and found that 75% of the vehicle location identification and transmission could be performed satisfactorily by satellites and for the blind spots, this would be compensated by using the dead reckoning system.

37. In reply to the Chairman's question on the sampling tests, DFS(Ag) said that samples were collected at various locations of Hong Kong. Mr Howard YOUNG expressed doubt on the effectiveness of the satellite location system. He said that samples should be collected from the city centre rather than from hilltops or waters of Hong Kong. The Chairman requested FSD to provide figures on the sampling tests. DFS(Ag) agreed.

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38. Mr Howard YOUNG reiterated his doubt on the competence of the system. He said that the best communication networks were those used by mobile phone companies. He asked if the use of these communication networks had been considered. DFS(Ag) said that since the new TGMS was intended for emergency services, it was not possible for it to share with and rely on the communication networks of the business sector.

39. Mr CHEUNG Man-kwong noted that four teams of staff from FSD, Lands Department (LD), Information Technology Services Department (ITSD) and Electrical and Mechanical Services Department (EMSD) were required for implementing the project, and that the estimated staff cost amounted to \$87.7 million. He said that in general, vendors of the system would provide consultancy service and assistance through out the design, testing and implementation stages. He considered the staff cost too high.

40. At the request of the Chairman, DFS(Ag) informed members of the staffing requirement as follows -

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>
FSD	5	16	16	16
LD	5	5	5	5

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ITSD	2	2	2	2
EMSD	2	2	2	2

He said that staff were required to conduct preparation of tender document, tender selection at the prior tender award stage, design, trial run, installation and implementation for the various systems at various stages after signing of contract, and smooth transition from SGMS to TGMS.

41. Mr CHEUNG Man-kwong commented that the staffing requirement was too high having regard to the services to be provided by the vendors. While the entire TGMS costed about \$691 million, the estimated staff costs for four years amounted to about \$100 million. He was of the view that it might be more cost effective to acquire a total package including services from the vendors. He queried whether it was necessary to have so many staff to work for four years.

42. DFS(Ag) responded that the staffing requirement was only an estimation. FSD was still examining the exact staffing requirement. Apart from the work as explained in paragraph 40 above, staff in the FSD team would also need to transfer all the data in SGMS to TGMS.

43. The Chairman requested the Administration to provide detailed information on the staffing requirement and the work to be carried out by the four teams of staff. Mr CHEUNG Man-kwong added that the cost of procuring the whole system cum services from the vendors should be included to facilitate consideration. DFS(Ag) agreed.

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44. Mr CHEUNG Man-kwong asked about the time frame for the implementation of TGMS. DFS(Ag) responded that assuming the proposal was approved by the Finance Committee in May 2000, invitation to tender would be issued two months thereafter. Given the international standard of three months for tender submission for international tenders, design work would start in about December 2000. All the design and system installation would be completed by June 2002. It was expected that system commissioning tests and phase-in parallel run would be completed by June 2003. Mr CHEUNG expressed concern that the system tendered in 2000 would become obsolete by 2003. DFS(Ag) said that the tender was for procurement of design, trial run, installation and implementation. To ensure that the system would be the most advanced at the time of implementation, it would be spelt out clearly in the contract that the new system should include any latest technologies available at that time. Mr CHEUNG queried whether the implementation plan was practicable.

45. Having regard to the limited time available for the tendering of TGMS, the Chairman expressed concern that the tender exercise might not be conducted in a fair manner. He asked whether FSD had asked any company to provide a prototype for TGMS which might render it unfair to the other companies. DFS(Ag) assured members that no company had been approached for any prototype for TGMS.

46. There being no other business, the meeting ended at 4:45 pm.

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Legislative Council Secretariat
27 April 2000