Finance Committee of the Legislative Council

Minutes of the 25th meeting
held at Conference Room 1 of the Legislative Council Complex
on Friday, 11 May 2018, at 3:45 pm

Members present:

Hon CHAN Kin-por, GBS, JP (Chairman)
Hon Michael TIEN Puk-sun, BBS, JP (Deputy Chairman)
Hon James TO Kun-sun
Hon LEUNG Yiu-chung
Hon Abraham SHEK Lai-him, GBS, JP
Prof Hon Joseph LEE Kok-long, SBS, JP
Hon WONG Ting-kwong, GBS, JP
Hon Starry LEE Wai-king, SBS, JP
Hon CHAN Hak-kan, BBS, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon WONG Kwok-kin, SBS, JP
Hon Claudia MO
Hon Steven HO Chun-yin, BBS
Hon Frankie YICK Chi-ming, SBS, JP
Hon WU Chi-wai, MH
Hon YIU Si-wing, BBS
Hon MA Fung-kwok, SBS, JP
Hon Charles Peter MOK, JP
Hon CHAN Chi-chuen
Hon CHAN Han-pan, JP
Hon LEUNG Che-cheung, SBS, MH, JP
Hon Kenneth LEUNG
Hon Alice MAK Mei-kuen, BBS, JP
Dr Hon KWOK Ka-ki
Hon KWOK Wai-keung, JP
Hon Dennis KWOK Wing-hang
Hon Christopher CHEUNG Wah-fung, SBS, JP
Dr Hon Helena WONG Pik-wan
Hon IP Kin-yuen
Dr Hon Elizabeth QUAT, BBS, JP
Hon POON Siu-ping, BBS, MH
Dr Hon CHIANG Lai-wan, JP
Hon CHUNG Kwok-pan
Hon Andrew WAN Siu-kin
Hon CHU Hoi-dick
Hon Jimmy NG Wing-ka, JP
Dr Hon Junius HO Kwan-yiu, JP
Hon HO Kai-ming
Hon LAM Cheuk-ting
Hon Holden CHOW Ho-ding
Hon SHIU Ka-fai
Hon SHIU Ka-chun
Hon YUNG Hoi-yan
Dr Hon Pierre CHAN
Hon CHAN Chun-ying
Hon Tanya CHAN
Hon CHEUNG Kwok-kwan, JP
Hon HUI Chi-fung
Hon LUK Chung-hung
Hon LAU Kwok-fan, MH
Dr Hon CHENG Chung-tai
Hon KWONG Chun-yu
Hon Jeremy TAM Man-ho
Hon Gary FAN Kwok-wai
Hon AU Nok-hin
Hon Vincent CHENG Wing-shun, MH
Hon Tony TSE Wai-chuen, BBS

Members absent:

Hon Tommy CHEUNG Yu-yan, GBS, JP
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon Mrs Regina IP LAU Suk-yee, GBS, JP
Hon Paul TSE Wai-chun, JP
Dr Hon Fernando CHEUNG Chiu-hung
Hon Martin LIAO Cheung-kong, SBS, JP
Ir Dr Hon LO Wai-kwok, SBS, MH, JP
Hon Alvin YEUNG
Hon Wilson OR Chong-shing, MH
Hon Kenneth LAU Ip-keung, BBS, MH, JP
Public officers attending:

Ms Alice LAU Yim, JP  Permanent Secretary for Financial Services and the Treasury (Treasury)
Ms Carol YUEN, JP  Deputy Secretary for Financial Services and the Treasury (Treasury) 1
Mr Mike CHENG Wai-man  Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)
Mr Roy TANG Yun-kwong, JP  Permanent Secretary for Constitutional and Mainland Affairs
Mr Ryan CHIU Pit-ming  Principal Assistant Secretary for Constitutional and Mainland Affairs 3
Mr WONG See-man  Chief Electoral Officer, Registration and Electoral Office
Ms Bertha LEE Wai-fong  Deputy Chief Electoral Officer (Administration), Registration and Electoral Office
Mr Nicholas YANG Wei-hsiung, GBS, JP  Secretary for Innovation and Technology
Mr Davey CHUNG Pui-hong, JP  Deputy Secretary for Innovation and Technology (2)
Mr Allen YEUNG, Ir, JP  Government Chief Information Officer
Mr Victor LAM Wai-kiu, JP  Deputy Government Chief Information Officer
Mr Jason PUN Si-keung  Assistant Government Chief Information Officer (Cyber Security and Digital Identity)
Ms Bernadette LINN Hon-ho, JP  Permanent Secretary for Development (Planning and Lands)
Mr Francis LEUNG Lap-ki  Principal Assistant Secretary for Development (Works) 4
Mr Louis KAU Kin-hong  District Planning Officer (Hong Kong), Planning Department
Ms Cynthia LO Siu-han  Departmental Secretary, Electrical and Mechanical Services Department
Ms Winnie HO Wing-yin, JP  Deputy Director of Architectural Services
Mr FUNG Chi-fung  Senior Project Manager 123, Architectural Services Department

Clerk in attendance:

Ms Anita SIT  Assistant Secretary General 1
Staff in attendance:

Mr Derek LO  Chief Council Secretary (1)5
Ms Ada LAU  Senior Council Secretary (1)7
Mr Raymond SZETO  Council Secretary (1)5
Miss Queenie LAM  Senior Legislative Assistant (1)2
Mr Frankie WOO  Senior Legislative Assistant (1)3
Miss Yannes HO  Legislative Assistant (1)6

The Chairman reminded members of the requirements under Rules 83A and 84 of the Rules of Procedure.

Arrangement of items on the agenda

2. Mr CHU Hoi-dick said that according to the consensus earlier reached between the Legislative Council ("LegCo") and the Administration, the approach of "resolving the simple issues before the difficult ones" would be adopted when dealing with the Administration's funding proposals. Mr CHU considered that as the financial proposal in FCR(2018-19)11, i.e. the proposed funding for the demolition of superstructures at Caroline Hill Road site, was controversial, it should not be dealt with before handling other non-controversial funding proposals.

3. Permanent Secretary for Financial Services and the Treasury (Treasury) explained that when arranging the items on the agenda, the Administration would handle non-controversial or livelihood-related items with priority as far as possible while giving due regard to individual funding items which were more urgent.

Item 1  FCR(2018-19)8
RECOMMENDATION OF THE ESTABLISHMENT SUBCOMMITTEE MADE ON 26 MARCH 2018

EC(2017-18)16
HEAD 163  REGISTRATION AND ELECTORAL OFFICE
Subhead 000  Operational expenses

4. The Chairman advised that this item sought the approval of the Finance Committee ("FC") for the recommendation on EC(2017-18)16 made by the Establishment Subcommittee ("ESC") at its meeting held on 26 March 2018, i.e. the creation of a permanent Principal Executive Officer
(D1) post in the Registration and Electoral Office ("REO") for strengthening the directorate structure and permanent establishment of REO. The time spent by ESC on the deliberation of the above proposal was about three hours, and FC had discussed this item for 1 hour and 5 minutes. A number of information papers had also been provided by the Administration.

Suspected misconduct in election-related activities

5. Dr KWOK Ka-ki, Ms Claudia MO, Mr Andrew WAN, Mr CHAN Chi-chuen and Mr CHU Hoi-dick expressed concerns about the registration of persons residing in elderly homes as voters without their knowledge, manipulation of their votes, and suspected bribery in elections. Mr CHAN considered that REO should enhance public education in this respect. They enquired about the actions or measures taken by REO to eliminate such misconduct or illegal acts. Dr KWOK and Mr CHU asked whether the Administration would step up its examination of the status of the voters residing in elderly homes, including conducting inspections to suspected elderly homes. Dr KWOK enquired whether REO or the Returning Officer in charge had received complaints about election bribery or election-related misconduct regarding the LegCo by-election held on 11 March 2018, and what actions the officers concerned had taken.

6. Mr Andrew WAN said that the follow-up actions taken by REO on complaints about false declaration of voters' registered particulars were only clerical in nature. REO neither conducted investigations into nor made direct contact with the voters concerned. Mr WAN pointed out after the voters had, according to legal requirements, confirmed that the registered particulars (including the signatures on the registration forms) were provided by them, REO would not investigate into the case further, and the registration status of the voters would be reinstated immediately. Mr WAN asked whether the Administration would consider improving the mechanism for verifying voters' registered particulars.

7. In reply, Permanent Secretary for Constitutional and Mainland Affairs ("PSCMA") and Chief Electoral Officer, Registration and Electoral Office ("CEO/REO") said that:

(a) REO provided the Electoral Affairs Commission ("EAC") with the required administrative support for the effective discharge of its statutory functions, including the review and demarcation of the boundaries of LegCo geographical constituencies and District Council ("DC") constituencies; the registration of voters; and the conduct and supervision of
elections in order to ensure that public elections (including the Chief Executive elections, Election Committee Subsector elections, LegCo elections and DC elections) were conducted in an open, fair and equitable manner;

(b) CEO/REO was the head of REO whose main duties included leading and overseeing REO in the provision of executive support to EAC, conduct of voter registration ("VR") and public elections, and demarcation of constituency boundaries; reviewing the overall electoral and VR arrangements; planning and arranging resources for EAC to discharge its functions, etc.;

(c) in collaboration with the Social Welfare Department, REO had issued guidelines on election-related activities involving VR of and polling by residents in elderly homes, and the guidelines specified that no one should engage in activities which might interfere in the voting intention of residents in elderly homes;

(d) REO implemented various checking measures to verify the accuracy of voters' registered particulars. The checking measures included follow-up inquiries on undelivered poll cards arising from elections; checks on registered residential addresses with multiple electors or multiple surnames of electors in coordination with the Housing Department, the Hong Kong Housing Society and the Home Affairs Department; checks on addresses situated at buildings already demolished or vacant buildings pending demolition, etc. If the voters concerned failed to confirm to or update with REO their registered addresses by the statutory deadline, their names would be included in the Omissions List, and upon the completion of the statutory inquiry process, such voters would be removed from the final register;

(e) no measures were currently put in place by REO to inspect elderly homes for the purpose of verification;

(f) suspected election bribery cases could be reported to the Independent Commission Against Corruption ("ICAC"); and

(g) officers of REO and staff on duty at polling stations did not have power to take enforcement actions against election bribery or misconduct in election-related activities.
8. CEO/REO supplemented that when handling complaints about false declaration of voters' registered particulars, the Administration would consider the follow-up actions to be taken on a case-by-case basis depending on the actual circumstances. If information showed that forgery might be involved in a case, it would be referred to law enforcement authorities for follow-up actions. If a person who was alleged to have made false declaration of his/her VR particulars confirmed to the authorities that the relevant instruments and the content therein were provided (and signed) by him/her, it was unnecessary to launch further investigation into the case.

9. Mr CHAN Han-pan enquired about the actions taken against persons who made false reports on VR offences in order to prevent the abuse of the VR objection mechanism.

10. In reply, PSCMA said that:

   (a) discussion had been conducted between the Administration and the LegCo Panel on Constitutional Affairs on the suspected abuse of the VR objection mechanism;

   (b) after discussion, the following recommendation was made: the complainant who challenged the legitimacy of a particular VR must provide proofs to the authorities to substantiate the allegation. The Administration would take forward this recommendation; and

   (c) it was incumbent upon the Administration to follow up on suspected cases of false reports on VR offences on the basis of facts and legal justifications. The identity of the relevant person was not a consideration for determining whether follow-up actions would be taken in respect of the case.

Responsibilities of the proposed post

11. Mr CHU Hoi-dick noted that the main responsibilities of CEO/REO included provision of administrative support for EAC and demarcation of constituency boundaries. Given that the responsibilities of the proposed post of Principal Electoral Officer ("PEO") included preservation of institutional memory, preparation for elections and identification of suitable venues for use as polling stations, Mr CHU enquired whether the PEO concerned would have to participate in the work concerning the demarcation of constituency boundaries when discharging the above duties.
12. Mr AU Nok-hin said that there had been vast controversies over the principles of demarcation of DC constituency boundaries, and EAC would consider the opinions given by District Officers ("DOs") on demarcation. Mr AU expressed concern about the political neutrality of these DOs, and asked the Administration how transparency and consistency could be enhanced in the process of making decisions on the demarcation of constituency boundaries.

13. In reply, PSCMA and CEO/REO advised that:

   (a) in accordance with section 18 of the Electoral Affairs Commission Ordinance (Cap. 541), EAC was required to submit to the Chief Executive ("CE") the Report on the Recommended Constituency Boundaries for elections; the Committee and Research Division in REO was responsible for assisting EAC in the demarcation of constituency boundaries;

   (b) EAC would, if necessary, invite DOs to provide factual information on their respective districts, and then prepare provisional recommendations on the demarcation of constituency boundaries for public consultation;

   (c) the Report on the Recommended Constituency Boundaries submitted to CE by EAC must set out, among others, the views collected during public consultations, whether such views were accepted by EAC and the reasons therefor. Hence, the relevant arrangements had adequate transparency;

   (d) with CE’s consent, the Report on the Recommended Constituency Boundaries would be published for reference by the public;

   (e) the consideration factors for determining the demarcation of constituency boundaries were not related to the considerations given by the PEO concerned in identifying suitable venues as polling stations;

   (f) DOs simply provided the required factual information upon the request of EAC, and they did not participate in the demarcation of constituency boundaries; and

   (g) as the Committee and Research Division in REO was not under the supervision of the PEO concerned, but was directly headed by CEO/REO, the PEO concerned would not
participate in the work relating to demarcation of constituency boundaries.

14. Mr HUI Chi-fung said that according to the paper on the agenda, the holder of the proposed PEO post was required to handle complex and sensitive issues straddling various policies and areas. He enquired whether such issues included the drafting of the confirmation forms. Mr HUI considered that the results and fairness of elections would be affected by various factors, such as locations of polling stations, security measures for ballots, etc. He asked about the measures to be taken by the PEO concerned when preparing for and conducting elections in order to ensure that they were conducted in a fair manner.

15. In reply, PSCMA said that:

(a) the confirmation forms, which were prepared by EAC, were to assist the Returning Officers in ensuring that all candidates fully understood the legal requirements and relevant obligations when signing the nomination forms;

(b) the complex and sensitive issues handled by the PEO referred to the high-level coordination and cooperation with the Hong Kong Police Force in the conduct of election-related activities, including the arrangement of security measures at polling and counting stations on the polling day, as well as the action plan for emergencies (including the operation of reserved counting stations), in order to ensure that the voting and ballot counting process was conducted smoothly and the personal safety of voters was safeguarded;

(c) the Presiding Officers and their deputies would collect the ballot papers before the polling day and would put them into sealed plastic bags with sealing strips. On the polling day, they would deliver the ballot papers to the polling stations, and would open the sealed packets of the ballot papers for checking in the presence of candidates or their agents so as to confirm that such ballot papers were free from interference;

(d) in the process of identifying venues for use as polling stations, the PEO concerned would, as far as possible, set up polling stations at the venues which had been used as polling stations during the last LegCo election in order to facilitate voting by members of the public. However, whether the persons-in-charge of the premises were willing to lend their
venues was a matter beyond the control of the PEO; and

(e) after the end of an election, the PEO concerned had to conduct a comprehensive review of the preparation and arrangement for the election, including an assessment of the workflow and operation procedures, and examine issues of concern arising from the election in order to introduce corresponding improvement measures in the next election cycle, with a view to ensuring that elections would be conducted in a fair, equitable and open manner.

Voting on FCR(2018-19)8

16. There being no further questions from members, the Chairman put item FCR(2018-19)8 to vote. At the request of members, the Chairman ordered a division. The Chairman declared that 23 members voted in favour of and 14 members voted against the item. The votes of individual members were as follows:

For:

Mr WONG Ting-kwong  Mr WONG Kwok-kin  Mr Steven HO Chun-yin  Mr YIU Si-wing  Mr LEUNG Che-cheung  Mr KWOK Wai-keung  Mr POON Siu-ping  Mr HO Kai-ming  Mr SHIU Ka-fai  Mr CHAN Chun-ying  Mr LUK Chung-hung  Mr Vincent CHENG Wing-shun

(23 members)

Against:

Ms Claudia MO  Mr CHAN Chi-chuen  Dr Helena WONG Pik-wan  Mr CHU Hoi-dick  Ms Tanya CHAN  Dr CHENG Chung-tai  Mr Gary FAN Kwok-wai

(14 members)
17. The Chairman declared that the item was approved.

Item 2 —— FCR(2018-19)10
RECOMMENDATIONS OF THE PUBLIC WORKS SUBCOMMITTEE MADE ON 14 and 17 APRIL 2018

PWSC(2017-18)35
HEAD 711 —— HOUSING

Recreation, Culture and Amenities — Sports facilities
286RS —— Reprovisioning of recreational facilities at Hiu Ming Street Playground, Kwun Tong

Civil Engineering —— Land development
779CL —— Site formation works for public housing development at Hiu Ming Street, Kwun Tong

PWSC(2017-18)36
HEAD 707 —— NEW TOWNS AND URBAN AREA DEVELOPMENT
Transport —— Roads
861TH —— Widening of Tai Po Road (Sha Tin Section) - construction

HEAD 706 —— HIGHWAYS
Transport —— Roads
804TH —— Retrofitting of Noise Barriers on Tai Po Road (Sha Tin Section)

PWSC(2017-18)37
HEAD 707 —— NEW TOWNS AND URBAN AREA DEVELOPMENT
Support —— Others
188GK —— Government Flying Service Kai Tak Division

PWSC(2018-19)1
HEAD 708 —— CAPITAL SUBVENTIONS AND MAJOR SYSTEMS AND EQUIPMENT

Education Subventions
12EE —— Redevelopment of Island School at 20 Borrett Road, Mid-Levels
Action

PWSC(2018-19)2
HEAD 711  HOUSING
Transport  Footbridges and pedestrian tunnels
189TB  Extension of footbridge and cycle parking area at Choi Yuen Road, Sheung Shui

PWSC(2018-19)3
HEAD 708  CAPITAL SUBVENTIONS AND MAJOR SYSTEMS AND EQUIPMENT
Subventions  Miscellaneous
44QJ  Youth Hostel Scheme – construction works by Po Leung Kuk for the youth hostel project in Ma Tin Pok, Yuen Long

18. At 4:47 pm, the Chairman left the conference room, and the Deputy Chairman took the Chair.

19. The Deputy Chairman advised that this item sought FC's approval for the recommendation of the Public Works Subcommittee ("PWSC") made at its meetings held on 14 and 17 April 2018, i.e. upgrading the projects stated in six papers (PWSC(2017-18)35, 36 and 37, and PWSC(2018-19)1, 2 and 3) to Category A.

20. There being no questions from members, the Deputy Chairman put item FCR(2018-19)10 to vote. At the request of members, the Deputy Chairman ordered a division. The Deputy Chairman declared that 38 members voted in favour of and no member voted against the item. The votes of individual members were as follows:

For:
Mr James TO Kun-sun  Mr WONG Ting-kwong
Dr Priscilla LEUNG Mei-fun  Mr WONG Kwok-kin
Ms Claudia MO  Mr Frankie YICK Chi-ming
Mr WU Chi-wai  Mr YIU Si-wing
Mr MA Fung-kwok  Mr Charles Peter MOK
Mr LEUNG Che-cheung  Ms Alice MAK Mei-kuen
Dr KWOK Ka-ki  Mr KWOK Wai-keung
Dr Helena WONG Pik-pan  Mr IP Kin-yuen
Dr Elizabeth QUAT  Mr POON Siu-ping
Mr CHUNG Kwok-pan  Mr Andrew WAN Siu-kin
Mr CHU Hoi-dick  Mr HO Kai-ming
Mr LAM Cheuk-ting  Mr Holden CHOW Ho-ding
Mr SHIU Ka-fai  Ms YUNG Hoi-yan
Dr Pierre CHAN  Mr CHAN Chun-ying
Action

Ms Tanya CHAN       Mr CHEUNG Kwok-kwan
Mr HUI Chi-fung      Mr LUK Chung-hung
Mr LAU Kwok-fan      Dr CHENG Chung-tai
Mr KWONG Chun-yu     Mr Gary FAN Kwok-wai
Mr AU Nok-hin        Mr Vincent CHENG Wing-shun
(38 members)

21. The Deputy Chairman declared that the item was approved.

Item 3 —— FCR(2018-19)9
CAPITAL WORKS RESERVE FUND
HEAD 710 —— COMPUTERISATION
Office of the Government Chief Information Officer
New Subhead —— "Electronic Identity (eID)"
New Subhead —— "Digital Transformation for Agile Delivery of e-Government Services"

22. The Deputy Chairman advised that this item sought FC's approval for the creation of a commitment of $112,000,000 for implementing a one-stop online system for the provision of electronic identity ("eID"), and a commitment of $533,303,000 for implementing the next generation government cloud ("GovCloud") infrastructure and big data analytics platform to support agile delivery of e-Government services, under Capital Works Reserve Fund Head 710 – Computerisation. The Innovation and Technology Bureau consulted the Panel on Information Technology and Broadcasting ("ITB Panel") on the proposals on 12 March 2018.

23. At the invitation of the Deputy Chairman, Mr Charles Peter MOK, Chairman of the ITB Panel, reported to members the Panel's deliberations on this item and highlighted the following points. He said that the ITB Panel supported the Administration's funding proposal on the proposed item. As regards the establishment of a one-stop online system for providing eID, members of the ITB Panel were concerned about the protection of personal data and privacy of users, and they suggested that the Administration should encourage the private sector to make use of the eID system in designing and developing various applications and programmes. Moreover, some members suggested that the Administration could develop new electronic payment systems in cooperation with financial institutions in the Mainland, and the eID system could be used to verify the personal particulars of users so that members of the public might enjoy more convenience in shopping or proceeding with other transactions in the Mainland.
Measures to popularize the eID system

24. Mr CHAN Chun-ying expressed support for this item. Mr CHAN enquired about the timetable for implementing the eID system in government departments and the public sector. Moreover, Mr CHAN expressed concern about the amount of resources to be put in for the promotion of eID. Dr Elizabeth QUAT sought clarification from the Administration on the registration process when using the eID system, and also expressed concern about how the eID system could be popularized.

25. Secretary for Innovation and Technology ("SIT") replied that the public e-services of all government departments were expected to support eID within five years. As regards promotion of eID to the public, the Administration had earmarked funds under the item of "System Implementation Service" in the funding proposal for organizing promotion and education activities. If the amount was not sufficient, additional resources would be sought in a timely manner. To popularize eID, the Administration would endeavour to make the registration process more convenient and accessible, such as enabling people to register in the eID system by using their smartphones. He believed that user-friendliness was a key enabler in encouraging people to use eID. Government Chief Information Officer ("GCIO") supplemented that most smartphones with camera function could enable their users to complete the registration process of the eID system. With smartphones, the identities of people could also be verified through the eID system.

26. Mr Holden CHOW asked whether the Administration had any specific objectives in respect of eID popularization, including the use of eID in facilitating one-stop registration for various public services and accessing personal records in the public and private sectors. Mr CHU Hoi-dick requested the Administration to state categorically the effectiveness of using eID in providing one-stop registration for various government services, including the feasibility of using eID for VR.

27. SIT said that the policy objective of promoting eID included encouraging wider use of eID in public e-services and online transactions with the Government and commercial sector. As for the question of whether an eID holder could access the records kept by private organizations through the system, it depended on whether the organizations concerned were willing to provide the relevant information. Having said that, the Administration would, with the use of eID, endeavour to create a proper mechanism under which open data access could be facilitated.
28. **Mr CHAN Chi-chuen** enquired whether members of the public could, upon implementation of eID, still provide personal data to service providers through existing procedures when making transactions, including submitting the hard copies of documents and going through relevant procedures in person. **Mr AU Nok-hin** was concerned that with a substantial proportion of elderly persons not having smartphones, it would be difficult to fully popularize the application of eID. He enquired how the Administration would increase the proportion of elderly persons using eID. **Mr AU** was also concerned as to whether the Government would repeat its failure in launching e-Cert. **Mr AU** considered that in order to popularize eID, the relevant legislation must be fine-tuned in order to prevent the abusive use of eID-related personal data, so as to enhance the confidence of the public in using the eID system.

29. **SIT** agreed that it was a great challenge to change the mode of transactions often used by elderly persons, and more time was required. Moreover, even if eID was implemented, members of the public were still free to choose whether they would like to use eID in various transactions. Favourable environment, such as provision of Application Programming Interfaces, would be created as far as possible in order to facilitate e-service providers to use eID. He explained that while e-Cert was rather inconvenient to use as a holder must bring along the storage medium (such as USB flash drive) containing the e-Cert in order to use the service, people could register and use eID free of charge. The Administration believed that eID would be more popular than e-Cert.

**Benefits of implementing the next generation GovCloud infrastructure and big data analytics platform**

30. **Mr Charles Peter MOK** considered that the updating speed of the "private cloud" services used in the past was unsatisfactory. The cloud platform currently proposed would adopt hybrid cloud technologies, and it was believed that there would be substantial improvement in the updating of the system. Moreover, **Mr MOK** hoped that the implementation of the proposed infrastructure would obviate the need for government bureaux and departments to seek funding of hundreds of millions of dollars from FC from time to time for upgrading their computer systems, and would be free from the constraints posed by the aging of individual systems. **Mr CHU Hoi-dick** requested the Administration to specify the amount of savings that could be achieved by implementing the new GovCloud platform as a result of obviating the expenses that would have been incurred by upgrading computer systems.
31. Dr Elizabeth QUAT remarked that the utilization rates of the Government's existing cloud infrastructure by government departments were rather low, without extensively opening up publicly accessible data among various departments. She enquired about the policies that were in place to promote the proactive use of hybrid cloud platform among government departments and to encourage the opening up of data, as well as the way in which the operational efficiency of hybrid cloud could be enhanced.

32. SIT replied that the hybrid cloud platform enabled user departments to operate their systems at a lower cost and upgrade the system hosting capacity in a flexible manner according to their actual needs. The time for procuring and installing the required resources could also be reduced substantially. The hybrid cloud platform also had a better performance in security risk management. He believed that these advantages could attract government departments to use the new GovCloud platform.

33. GCIO said that after preliminary estimation was made, the Administration believed that the new GovCloud platform was able to serve 40 to 50 departments which delivered about 200 to 300 programmes. The number of departments which had indicated intention to adopt the new GovCloud platform in running their systems far exceeded the number of departments using the existing GovCloud platform. He added that the big data analytics platform would run on the new GovCloud platform. At the initial stage, several departments had indicated that they would implement about 25 big data analytics programmes on the new platform. The amount of funds sought from FC had already included the costs involved by departments in migrating their systems to the new GovCloud platform, and the departments concerned would not have to apply for additional funds from FC separately.

34. Deputy Government Chief Information Officer ("DGCIO") said that the implementation of the proposed next generation GovCloud platform would bring about cost avoidance, increasing progressively from 2021-2022 and reaching $14,887,000 per annum in 2024-2025. The Administration also anticipated that there would be a one-off cost avoidance of about $572,957,000 from 2019-2020 to 2024-2025.

35. Mr CHAN Chun-ying enquired about the reasons for presenting the cash flow in terms of value of that year, instead of the current value, under the table of cost and benefit analysis contained in the Enclosure to the discussion paper. Mr CHAN considered that the current value could reflect better the relevant costs and benefits. Mr CHAN suggested that the presentation should be consistent with that used in other discussion papers.
on public works, i.e. to present the costs in money-of-the-day ("MOD") prices. Mr CHAN also enquired whether the systems of certain individual organizations, such as ICAC, would be excluded from the new GovCloud platform, having regard to operational needs.

36. SIT replied that the hybrid cloud computing technologies enabled individual organizations to choose between public cloud and private cloud for running their systems according to their operational needs. DGCIO supplemented that the figures in the table of cost and benefit analysis represented the value of that year. He explained that as the procurement costs for assets of information technology ("IT") equipment showed a downward trend, it was considered that presenting the costs in their current values might not be able to reflect the costs and benefits of the projects accurately.

Protection of and concern for privacy

37. Mr Charles Peter MOK and Dr Elizabeth QUAT were of the view that the two infrastructure projects under this item were very important for Hong Kong to achieve its objective of developing into a smart city, and were essential for the provision of government services. Mr MOK requested the Administration to explain how eID could enhance the protection of privacy of the public.

38. Expressing concerns about how the Administration would manage the risks of personal data leakage arising from the use of eID or hacking of the eID system, Mr AU Nok-hin and Mr KWONG Chun-yu asked about the contingency measures that would be put in place. Mr AU suggested that the Administration should consider establishing a system which would enable members of the public to view the records of other organizations accessing their personal data. Mr CHAN Chi-chuen was concerned about whether the Administration would access eID-related personal data, including the collection of biometric information for security or surveillance purpose. Regarding the trial runs for the eID system at the development stage, Mr KWONG Chun-yu enquired about the details of such trial runs, including whether authentic personal data would be used.

39. SIT, GCIO and DGCIO said that:

(a) a member of the public was required to register in the eID system and successfully go through the identity verification process before an eID was given for online transactions in future;
in the process of registration, the personal data provided by members of the public would be encrypted and stored in the central data bank of the eID system, and the applicant would be given a 256-bit eID;

when an eID was provided to a service provider for identity verification, the eID would not reveal any personal data. The eID holder would only need to provide his/her eID for identity verification, supported by biometric features provided by the registered individual smartphones, such as fingerprint, facial recognition, retinal scan or voices;

advanced and internationally recognized security standards would be adopted for developing the eID system;

the Administration would undergo continued security assessments for the eID system in order to review the risk of being hacked, and would enhance network security measures in tandem with the pace of technological advancements. It was believed that the above measures could effectively prevent the leakage of personal data;

the service provider responsible for the development of the system would use the demo personal data generated by computer programmes for conducting a three-month to six-month trial run, covering the functions and stability of the proposed system; hence, there was no question of personal data leakage;

an eID holder could grant personal data access rights to individual e-service providers having regard to different circumstances, and the holder could even cancel the eID registration; and

law enforcement departments must abide by the law in the process of enforcement, while enjoying the immunity conferred upon by the relevant legislation.

Dr CHENG Chung-tai and Mr CHU Hoi-dick expressed concern about whether the vast amount of personal data contained in the big data analytics platform would be used by the Government for mass surveillance purpose, including whether the Administration would, with the use of the platform, introduce a system which was similar to the Social Credit System launched in the Mainland. Mr Charles Peter MOK requested the
Administration to indicate clearly its stance in this respect. Dr CHENG considered that the Administration should communicate with the Office of the Privacy Commissioner for Personal Data, Hong Kong ("PCPD") in advance in order to ensure that the operation of the platform would not result in abusive use of personal data.

41. SIT replied that the Administration had maintained due communication with PCPD regarding the promotion of the eID system and the implementation of big data analytics platform, and strived to comply with the Personal Data (Privacy) Ordinance (Cap. 486). GCIO explained that the big data analytics platform aimed to improve the capability of various departments in data analytics and to provide them with aggregate data in order to facilitate the provision of appropriate public services and increase the operational efficiency of the Government. SIT emphasized that the aggregate data would not show the identities of individuals, and the purpose of establishing the big data analytics platform was to enhance data sharing.

Selection and supervision of service providers

42. Mr Gary FAN noted that the Administration intended to engage service providers to build the next generation GovCloud and big data analytics platform. Given that relevant service providers were likely to have access to a large amount of government data, Mr FAN enquired how the Administration would select and supervise the service providers in order to reduce the risk of leakage of government data. Mr FAN suggested that the Administration should procure the relevant services from local providers only, for the dual purpose of facilitating supervision and providing opportunities for local IT companies and talents. He was also concerned that the development, support and maintenance of the Centrally Managed Messaging Platform ("CMMP") had been earlier outsourced to a Mainland company by the Office of the Government Chief Information Officer ("OGCIO"). Mr CHAN Chi-chuen also referred to the reports made by some Mainland media on the performance of that Mainland service provider, and asked about the weightings of different scoring criteria in the selection exercise for service providers, including tender price, as well as tenderers' experiences and track records.

43. Dr CHENG Chung-tai considered that the service providers responsible for the development and the future repairs and maintenance of the eID system would have to handle a large amount of personal data. He asked whether the Administration would incorporate in the relevant tender requirements that tenderers must comply with international covenants/treaties.
44. SIT said that:

(a) the service providers who were responsible for building the next generation GovCloud and big data analytics platform or the eID system would not have access to confidential information which was in the Government's in-house possession;

(b) the service provider who had been awarded the CMMP contract was selected by the Central Tender Board through an objective assessment system, and the whole process was not handled by OGCIO alone;

(c) regarding the CMMP project, the Administration had procured a ready-to-use email system from Microsoft, and the Mainland service provider was responsible for system integration; hence, the relevant IT technical requirements were not very high. Given that in comparison with CMMP, the new system to be established required a much higher level of technical expertise, a heavier weighting would be accorded to IT expertise by the authorities that were in charge of tender assessment;

(d) the Administration was devising the marking schemes for the tendering exercises to be conducted for the next generation GovCloud, the big data analytics platform and the eID system;

(e) according to CE’s 2017 Policy Address, the Government would step up its efforts to develop innovation and technology ("I&T") in eight major areas, including, among others, leading changes to procurement arrangements without violating the principles of the Government Procurement Agreement of the World Trade Organization by exploring ways to incorporate I&T as a criterion into the procurement arrangements, so as to encourage local research and development in I&T; and

(f) the new procurement policy would be released in due course. It was believed that the new procurement policy would enhance the opportunities accessible to local IT service providers, and a number of local companies possessed the ability to develop the relevant systems.

45. GCIQ and DGCIQ supplemented that for the eID system, the external service providers were solely responsible for developing the
system, while the relevant government departments would be responsible for the application and operation of the system. The personal data involved would be stored in the system used for operation purpose, and possessed by the relevant government departments. The external service providers could only use the system used for development purpose to conduct trial runs and undergo maintenance, and they would not have access to personal data or confidential government data.

46. Regarding the Administration's response, Mr Charles Peter MOK suggested that the tendering procedures for this item should only commence after the Government announced its new procurement policy, so that the relevant tender documents could be drawn up with reference to the new policy. SIT responded that the Administration did not intend to postpone the tendering exercise until the promulgation of the new procurement policy. However, the tender documents concerned would be prepared on the basis of the policy directions set out in the Policy Address.

Motions proposed by members under paragraph 37A of the Finance Committee Procedure

47. At 6:33 pm, FC began to vote, one by one, on the questions of whether the proposed motions numbered 0001 and 0002 moved under paragraph 37A of the Finance Committee Procedure (“FCP”) by Mr CHAN Chi-chuen and Mr CHU Hoi-dick respectively should be proceeded with forthwith. At the request of members, the Deputy Chairman ordered a division. The Deputy Chairman declared that members had decided not to proceed with those two motions forthwith.

Voting on FCR(2018-19)9

48. There being no further questions from members, the Deputy Chairman put item FCR(2018-19)9 to vote. At the request of members, the Deputy Chairman ordered a division. The Deputy Chairman declared that 24 members voted in favour of and 4 members voted against the item, and 6 members abstained from voting. The votes of individual members were as follows:

For:
Mr WONG Ting-kwong  Ms Starry LEE Wai-king
Dr Priscilla LEUNG Mei-fun  Mr WONG Kwok-kin
Mr YIU Si-wing  Mr MA Fung-kwok
Mr Charles Peter MOK  Mr CHAN Han-pan
Mr LEUNG Che-cheung  Ms Alice MAK Mei-kuen
Mr KWOK Wai-keung  Dr Elizabeth QUAT
Mr POON Siu-ping  Mr HO Kai-ming
Mr Holden CHOW Ho-ding  Mr SHIU Ka-fai
Ms YUNG Hoi-yan  Mr CHAN Chun-yung
Mr CHEUNG Kwok-kwan  Mr LUK Chung-hung
Mr LAU Kwok-fan  Mr Jeremy TAM Man-ho
Mr Vincent CHENG Wing-shun  Mr Tony TSE Wai-chuen
(24 members)

Against:
Mr CHAN Chi-chuen  Mr CHU Hoi-dick
Dr CHENG Chung-tai  Mr AU Nok-hin
(4 members)

Abstained:
Mr James TO Kun-sun  Dr Helena WONG Pik-wan
Mr Andrew WAN Siu-kin  Mr LAM Cheuk-ting
Mr HUI Chi-fung  Mr KWONG Chun-yu
(6 members)

49. The Deputy Chairman declared that the item was approved.

Item 4 —— FCR(2018-19)11
RECOMMENDATION OF THE PUBLIC WORKS SUBCOMMITTEE MADE ON 28 MARCH 2018

PWSC(2017-18)30
HEAD 703  BUILDINGS
Civil Engineering  Land Development
794CL  The demolition of existing superstructures at Caroline Hill Road site, Causeway Bay

50. The Deputy Chairman said that this item sought FC's approval for PWSC's recommendation made at its meeting on 28 March 2018, i.e. the recommendation in PWSC(2017-18)30 regarding the upgrading of 794CL to Category A at an estimated cost of $52.6 million in MOD prices for the demolition of existing superstructures at Caroline Hill Road site, Causeway Bay ("CHR site").

Local views on this item

51. Mr AU Nok-hin said that the Wan Chai District Council ("WCDC") strongly objected to this item, expressing worries that the site would be rezoned for commercial use after the demolition of the superstructures
there, and the problem of traffic congestion in the district would be worsened. Mr KWONG Chun-yu enquired how the Administration dealt with the objection raised by WCDC.

52. Permanent Secretary for Development (Planning and Lands) ("PS/DEV(P&L)") said that this item aimed to demolish the existing superstructures at the CHR site. The future use of the site had no relationship whatsoever with the demolition works itself. She further pointed out that the existing superstructures at the site were dilapidated. Hundreds of millions of dollars would be needed if the existing superstructures were to be modified, refurbished and repaired in order to maintain their operation, and it was not cost effective to do so. After the demolition of the superstructures, the site could still be zoned for "Government, Institution or Community" uses. The new superstructures would also have a greater floor area than the existing ones, thus optimizing the use of land resources. Having regard to the above, the Administration considered that, regardless of the future development plans for the site, the existing superstructures, being no longer suitable for reuse for any purpose, should be demolished as soon as possible, so that the development potential of the site could be released at the earliest opportunity.

53. PS/DEV(P&L) further said that WCDC did not object to the demolition of the superstructures at the site, but was concerned about the future development plan of the site. The Administration would take into full account WCDC's views in preparing the relevant Outline Zoning Plan and commencing the statutory procedures for rezoning the site. In the process, the Town Planning Board ("TPB") would also consider, among others, public views and relevant technical assessment results (including traffic impact assessment ("TIA") results). The final land use of the site would be determined by TPB.

Future development plan of the site

54. Mr Tony TSE expressed support for this item, and considered that the proposed arrangement could shorten the duration of the site being left idle. Mr TSE asked the Administration, according to its estimated time frame, whether its rezoning applications to TPB could go through all procedures before the completion of the demolition works.

55. PS/DEV(P&L) replied that it took about 11 months to go through TPB's statutory procedures, and the period might be extended by 6 to 17 months, if the circumstances so required. If the funding proposal was approved by FC at today's meeting, it was expected that the demolition
of the superstructures at the site and the statutory rezoning procedures would be completed on similar timelines.

56. **Mr Dennis KWOK** said that as the facilities in the District Court were inadequate and the existing equipment therein had fallen into a state of dilapidation, it was necessary for the Administration to identify a site on the Hong Kong Island for the reprovisioning of the District Court. Mr KWOK supported this item. He asked whether the site was the most suitable location identified by the Administration on the Hong Kong Island for the construction of the District Court, and enquired about the construction timetable. He urged the Administration to start the demolition works as soon as possible after approval was given by FC for this item.

57. **Mr CHEUNG Kwok-kwan** said that the Democratic Alliance for the Betterment and Progress of Hong Kong supported this item and the Administration's plan to reprovision the District Court. However, he had strong views on the proposed rezoning of the remaining part of the site for commercial uses. In view of the severe shortage of community facilities in Wan Chai, he remarked that the Administration should consider seriously allocating the site for the construction of community facilities. Mr CHEUNG also urged the Administration to properly dispose of the asbestos materials in the buildings to be demolished.

58. **PS/DEV(P&L)** said that in the Administration's view, as at present, the site was the most suitable one for constructing the District Court. In order to facilitate an early start of its construction works, advance works for the proposed District Court project had already commenced with a view to taking forward the project as soon as possible after the demolition works had completed and TPB had given the green light.

**Traffic impact assessment**

59. **Mr AU Nok-hin** was dissatisfied that the Administration did not disclose fully the TIA report on this item. **Mr KWONG Chun-yu** enquired whether the Administration had, having regard to the revised development plan currently proposed, i.e. rezoning the site for commercial uses and construction of the District Court, conducted another TIA afresh; and if so, of the details. **Mr Tony TSE** enquired about the principles for conducting TIA, and whether assessment had been made on the traffic impact caused by the demolition works. **Mr CHEUNG Kwok-kwan** urged the Administration to properly deal with the traffic problems that might arise during and after the demolition.
60. PS/DEV(P&L) said that TIA was being conducted in respect of the rezoning proposal submitted to TPB, and such information was not yet available as at present. Deputy Director of Architectural Services said that TIA had been conducted in respect of the proposed demolition works. It was estimated that during the demolition, an average of around 14 to 16 construction vehicles would enter and leave the site per day, which was not considered to be a large number of vehicles. Therefore, the vehicular flow generated by construction vehicles during the demolition period would not impact on the traffic and road network considerably. If necessary, contractors could also implement flexible measures by storing construction wastes at the site temporarily and revising the scheduled timetable for construction vehicles to enter and leave the site, having regard to the actual traffic conditions at the time of the works. Therefore, the Administration considered that the proposed demolition works would not impact on the traffic situation in the neighbouring areas considerably.

61. At 6:45 pm, the Deputy Chairman directed that the meeting which was scheduled to end at 7:00 pm be extended for 15 minutes.

62. The meeting ended at 7:14 pm.

Legislative Council Secretariat
15 October 2018