

# LCQ13: Development of an electronic disbursement platform and fintech

Following is a question by the Hon Charles Peter Mok and a written reply by the Secretary for Financial Services and the Treasury, Mr Christopher Hui, in the Legislative Council today (June 10):

Question:

The Financial Secretary announced in this financial year's Budget that a Cash Payout Scheme would be launched to disburse \$10,000 to each Hong Kong permanent resident (resident) aged 18 or over. However, the lead time for the Scheme is rather long, as registration by residents is not expected to commence until the end of this month and disbursements to the majority of residents is not expected to be made until the end of August this year. Some members of the information technology sector have pointed out that the Government should, in the long run, establish an e-payment platform and make good use of e-payment means (e.g. stored value facilities, prepaid cards and debit cards), so as to facilitate the expeditious disbursements of various types of subsidies and allowances to residents, as well as to promote the development of fintech. In this connection, will the Government inform this Council:

(1) whether it has assessed the cost effectiveness of efforts in stimulating local consumption and boosting the economy by using means other than cash (e.g. e-payment);

(2) whether it will study issuing, through electronic means, to residents local consumption vouchers with time limits and specified uses, so as to boost the economy and promote consumption;

(3) whether it will collaborate with the information technology sector to conduct the research and development of a platform that supports the use of various e-payment means in disbursing subsidies and allowances, with a view to enhancing the efficiency of the Government's work of disbursing funds to residents in future, as well as promoting fintech development; and

(4) given that the Government will provide an "iAM Smart" account for residents free of charge in order to facilitate the use of a single digital identity by residents to conduct online transactions with the Government and commercial organisations, and it has implemented a pilot sandbox programme for commercial organisations (confined to financial institutions for the time being) to conduct tests, of the to-date number of financial institutions which have taken part in the tests, as well as the details of the test items (e.g. authentication, form filling and digital signing) and the progress made; the expected time when iAM Smart will be available for use by commercial and public organisations, as well as the relevant timetable?

Reply:

President,

In light of the prevailing economic situation, the Financial Secretary proposed in the Budget on February 26 this year the disbursement of \$10,000 to Hong Kong permanent residents aged 18 or above, with a view to boosting and encouraging local consumption on the one hand, and relieving people's financial burden on the other. Since the announcement of the scheme, the Government has immediately started the preparation work, which includes devising the workflow, discussing with relevant organisations (e.g. banks) the implementation details, designing and developing the computer systems, etc. The preparation work for the scheme has now reached its final stage. Registration will commence on June 21 and payment will be made starting from July. It is expected that the vast majority of eligible people will receive payment by the end of August.

My reply to the various parts of the question, prepared in consultation with relevant bureaux/ departments, is as follows:

(1) As mentioned above, the Cash Payout Scheme aims to relieve people's financial burden, boost local consumption and inject impetus into the economy. Whether the disbursement is made by means other than cash (such as depositing the cash into people's e  wallets) or by depositing the cash directly into their local bank accounts will not make any difference in terms of the time of payment. However, as electronic payment is a relatively new disbursement means, its adoption may cause delay as additional time will be required to study its feasibility and make specific arrangements.

The Government will keep a close watch on the development and popularity of electronic payment methods. When opportunity arises, we will give consideration to these methods and other viable means, with a view to implementing measures in a swift, convenient and sound way.

(2) Whether issuing consumption vouchers is more effective in stimulating consumption than handing out cash depends on many factors. For example, if some people use consumption vouchers mainly for meeting their basic living expenses rather than on additional consumption, the effect on boosting consumption and stimulating the economy may not meet the expectation. The experience of other economies in issuing consumption vouchers also shows that the effect of such measures on boosting consumption is often not as significant as expected.

Besides, even if the Government issues consumption vouchers through electronic means, we may still have to issue paper-form vouchers so as to cater for the needs of those unfamiliar with electronic payment methods.

In any case, the Government will closely monitor the economic situation of Hong Kong and introduce measures in a timely manner to revitalise the economy and relieve people's burden, while taking into account our long-term fiscal position.

(3) & (4) The Government attaches great importance to the development of financial technologies (Fintech). In addition to promoting and facilitating its development, the Government also takes the lead in adopting Fintech. Since November 2019, the public can settle tax, rates and Government rent as well as water service bills through the Faster Payment System (FPS). The Government is considering allowing some government departments to accept payment by FPS at shroff counters and self-help kiosks, and will extend the use of FPS to online payment subsequently.

The Office of the Government Chief Information Officer (OGCIO), in collaboration with Cyberport, introduced a pilot sandbox programme for "iAM Smart" in March this year to enable the financial sector to conduct simulated tests on application programming interface (API) functions provided under the programme. As at end May, 88 organisations (covering banks, stored value facility operators, virtual banks and securities service companies) have registered for participation in the testing of different functions of "iAM Smart" APIs, including authentication, form-filling service with "e-ME" and digital signing, according to their business needs. OGCIO will consider the time frame and the scope of extending the pilot sandbox programme to other sectors.

It is OGCIO's plan to launch "iAM Smart" in the fourth quarter this year. At the initial stage, OGCIO will focus on promoting and facilitating the adoption of "iAM Smart" among government departments and public bodies as well as extending "iAM Smart" to utility companies that are closely related to the public's daily lives. After the launch, OGCIO will progressively roll out "iAM Smart" to other commercial applications, having regard to factors such as the usage of "iAM Smart" and the requirements of different e-services. The Government is open-minded about different viable options, including the "iAM Smart" platform, should we develop platforms to disburse subsidies and allowances in the future.

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## **Financial Secretary congratulates Mr Ashley Alder on his re-appointment as Chair of Board of International Organization of Securities Commissions**

The Financial Secretary, Mr Paul Chan, today (June 10) welcomed the re-appointment of Mr Ashley Alder, the Chief Executive Officer of the Securities and Futures Commission, as Chair of the Board of the International Organization of Securities Commissions (IOSCO) for a third term.

"The re-appointment of Mr Alder reaffirms Hong Kong's position as a premier international financial centre and a key player on the global scene," Mr Chan said.

The IOSCO Board is made up of 34 global securities regulators, and is the governing and standard-setting body of the IOSCO, the leading international policy forum for securities regulators. The membership of IOSCO covers more than 95 per cent of the world's securities markets in more than 115 jurisdictions. Mr Alder has been Chair of the IOSCO Board since May 2016.

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## LCQ18: Open and fair trials

Following is a question by the Hon Elizabeth Quat and a written reply by the Chief Secretary for Administration, Mr Matthew Cheung Kin-chung, in the Legislative Council today (June 10):

Question:

Since the eruption of the disturbances arising from the opposition to the proposed legislative amendments in June last year, incessant violence and unlawful acts have hard hit the economy and people's livelihood. Although the Chief Justice of the Court of Final Appeal pointed out in his statement issued on May 25 this year that judges had a responsibility, owed to the community, to adjudicate on cases fairly and impartially, many members of the public have complained to me that some judges misconducted themselves (e.g. signing a joint public petition in opposition to the proposed legislative amendments) and the sentences they imposed in relation to some of the cases involving the movement of opposition to the proposed legislative amendments were inappropriate. In this connection, will the Government inform this Council:

(1) whether it knows the number of complaints about the conduct of judges received by the Judiciary since June last year; the number of cases handled and followed up by the Court Leaders and, among such cases, the respective numbers of those which were (i) substantiated and (ii) unsubstantiated, and the reasons for them to be found unsubstantiated;

(2) whether it knows if the Judiciary will make reference to the practices in overseas jurisdictions and set up an independent judiciary monitoring committee to subject the conduct of judges to public scrutiny, so as to enhance the credibility of the judicial system; if the Judiciary will, of the details; if not, the reasons for that; and

(3) as there are comments that the sentences imposed by courts in recent years seemed to lack consistency, e.g. significant variance in the sentences imposed on defendants convicted of the same offence, and substantial

fluctuations in the sentences imposed on a defendant in the same case by the courts at various levels (i.e. the sentence imposed being light at first instance, heavier on appeal, and yet being reduced to the initial sentence or even a lighter sentence on final appeal), whether it knows the number of sets of sentencing guidelines promulgated by the courts at various levels to the courts below in the past three years; whether the Judiciary will make reference to the practices of the United States or the United Kingdom and set up a sentencing commission or council to issue binding sentencing tariffs on all criminal offences; if so, of the details; if not, the reasons for that?

Reply:

President,

Based on the information provided by the Judiciary, the Government's reply is as follows:

(1) In line with the cardinal principle of judicial independence, the Judiciary cannot and will not handle complaints against judicial or statutory decisions. The reason for this is that the mechanism to deal with any dissatisfaction with judicial or statutory decisions is by way of appeal, review or related judicial proceedings. As regards complaints relating to judicial conduct, the existing mechanism is for these complaints to be handled by the Chief Justice and/or the Court Leaders of the relevant level of court.

In 2019, 368 complaints against judges and judicial officers were disposed of under the mechanism. Of these, 353 complaints were related to judicial or statutory decisions, ten were related to judicial conduct, and five were review cases. Regarding complaints relating to judicial conduct, there was no justified or partially justified complaint. As for the complaint statistics in 2020, since the processing of the complaints is still ongoing, the Judiciary is not in a position to provide the relevant information at this stage. The Judiciary has been releasing regularly in its Annual Report the relevant complaint statistics, and information on the number of justified or partially justified complaints and their details.

(2) According to the Judiciary, the existing mechanism for dealing with complaints against judicial conduct is integral to upholding the principle of judicial independence. Judicial independence in handling complaints against judicial conduct against judges and judicial officers must be safeguarded and respected. In accordance with the framework of Article 89 of the Basic Law, a tribunal for investigation into the alleged misbehaviour of a judge should comprise judges and judges only. The investigating mechanism for handling complaints against judicial conduct should be consistent with the provisions and spirit of the Basic Law. The investigation should hence be conducted by judges and judges only. The Judiciary must continue to do this on its own without outside influence or interference.

(3) According to the Judiciary, a substantial part of the courts' work consists of the administration of criminal justice. Sentencing is an

essential part of this process. It is an exercise of the courts' independent judicial power. Where a defendant pleads guilty or is found guilty after trial in a particular case, it is the court's duty to impose a just and appropriate sentence, applying the relevant principles to the circumstances of the crime and those of the offender. Reasons for the sentence are given. Where such sentence is regarded by a convicted person as excessive, that person may appeal. Where the Secretary for Justice considers the sentence to be manifestly inadequate or excessive, he/she may apply to the Court of Appeal for the sentence to be reviewed.

The main objectives of sentencing are retribution, deterrence, prevention and rehabilitation. All of them serve the public interest. Sometimes, seeking to attain one objective may lead to a more severe sentence whilst seeking to achieve another may tend towards a more lenient sentence. The judge has to consider all the circumstances of each case and decide on the appropriate degree of significance that should be given to each objective in that case. When setting sentencing levels, the courts take into account all relevant factors. These include the prevalence of certain types of offences and public concern over such prevalence.

For certain types of crime, the Court of Appeal has laid down guidelines for sentencing for the purpose of promoting broad consistency. For example, for the offence of trafficking in dangerous drugs, guidelines have been laid down depending on the type of drug and the quantity involved. They provide guidance to judges in the exercise of their sentencing power. In the past three years (2017-2019), the court has given sentencing guidelines to the lower levels of courts once.

From time to time, views have been expressed in the public arena that a "sentencing committee" be established to set binding sentencing standards for all criminal cases. The Judiciary emphasises that sentencing is a judicial function to be exercised by the courts independently and exclusively. The courts make sentencing decisions day in and day out in a very large number of different cases. The circumstances which arise in the cases are of an infinite variety. Deciding on a just and appropriate sentence in each case is a challenging and difficult task for the courts and is a matter for balanced judicial judgment.

It is important that sentencing decisions by the courts command the respect and confidence of the community. Further, in a society which values freedom of speech as a fundamental right, all court decisions, including sentencing decisions, are open to public discussion. Such discussion is most meaningful when it is well informed and well considered, taking into account the circumstances of the case in question and the reasons of the sentencing judge. Where sentences are regarded as being inconsistent, excessive or inadequate, as stated above, the parties (which include the Secretary for Justice) can appeal or apply for a review of sentence.

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## LCQ14: Facilitating development of 5G mobile communications and technology

Following is a question by the Hon Charles Mok and a written reply by the Secretary for Commerce and Economic Development, Mr Edward Yau, in the Legislative Council today (June 10):

Question:

On facilitating the development of the fifth generation (5G) mobile communications and technology, will the Government inform this Council:

(1) given that the Office of the Communications Authority (OFCA) launched the "Subsidy Scheme for Encouraging Early Deployment of 5G" under the Anti-epidemic Fund last month to encourage the various sectors to deploy 5G technology to foster innovation and smart city applications, of the respective to-date numbers of applications from enterprises received, approved and rejected by OFCA; a breakdown of the number of enterprises whose applications were approved by type of business or mode of operation, as well as a breakdown of the rejected cases (if any) by reason for the rejection;

(2) given that OFCA launched a pilot scheme in March last year to proactively open up more than 1 000 suitable government premises for the installation of radio base stations by mobile network operators (MNOs), supplemented by streamlined application processes, to facilitate MNOs in laying 5G networks, of the respective to-date numbers of applications received and approved by OFCA, and set out, by name of MNOs, (i) the number of applications approved, and (ii) the number of radio base stations involved and their locations; the average time taken for vetting and approval of each approved application;

(3) of the current coverage and coverage rate of the local 5G mobile networks; the Government's plans in the next two years to increase the coverage rate; and

(4) given that the Government is proactively exploring with satellite operators the feasibility of relocating the satellite earth stations from Tai Po to Chung Hom Kok Teleport, and that the relocation plan involves land allocation as well as complex engineering and technical issues which will take years to handle, of the costs involved in the relocation plan as envisaged by the Government?

Reply:

President,

Our reply to the Member's question is as follows:

(1) The Subsidy Scheme for Encouraging Early Deployment of 5G has been open

for application since May 5, 2020. As at end-May, the Office of the Communications Authority (OFCA) received a total of 50 applications from sectors including project management, maintenance services and logistics management, etc. Among the applications, 22 were not considered due to the lack of actual deployment of 5G technology/service for improving operational efficiency and service quality of the companies/organisations concerned, while two applications were withdrawn by the applicants during the vetting process. The OFCA is processing the remaining 26 applications. It is expected that the first batch of subsidy will be granted by end-June.

(2) to (3) Mobile network operators (MNOs) in Hong Kong launched 5G services in the second quarter of 2020. The strategies and timetables for the rollout of 5G networks are commercial decisions of the MNOs. Experience shows that in developing a new generation of mobile services, MNOs generally adopt a gradual and orderly approach in rolling out networks, usually with coverage first provided to hotspots with high pedestrian flow or high usage and then gradually extended to other locations in the territory.

In order to facilitate MNOs in establishing 5G networks, the Government has launched a Pilot Scheme to open up more than 1 000 suitable government premises for MNOs to install radio base stations (RBSs). We also adopt a "demand-led" model in order to open up more suitable government premises, sheltered bus stops and public payphone kiosks for MNOs to apply for the installation of 5G RBSs with streamlined application processes.

As at end-May 2020, a total of 110 applications were received under the Pilot Scheme, involving venues of the Leisure and Cultural Services Department, the Food and Environmental Hygiene Department and the Government Property Agency throughout the 18 districts in Hong Kong. With the co-ordination of the OFCA, 15 applications have been approved, with average processing time of 98 working days. Moreover, in recent months, an operator has indicated to the Government its interest in applying for the installation of RBSs at over 450 government venues. The OFCA will examine its formal applications as soon as possible upon receipt. With the further expansion of 5G services, we anticipate that the number of applications will gradually increase later this year.

(4) To resolve the issue of the 5G restriction zone in Tai Po in the long run, the Government is proactively discussing with the related satellite operators about the relocation of their satellite earth stations from Tai Po to Chung Hom Kok. Since the relocation costs, involving site formation, construction works and establishment of another set of satellite antennae, will be borne by the operators, the Government does not have the relevant information.

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# Labour Department investigates fatal work accident in Yuen Long

The Labour Department (LD) is investigating a fatal work accident in Yuen Long this morning (June 10) in which a man died.

The LD immediately deployed staff to the scene upon receiving a report of the accident, and is now conducting an investigation to look into its cause.