

ITEM FOR FINANCE COMMITTEE

CAPITAL WORKS RESERVE FUND

HEAD 710 - COMPUTERISATION

Immigration Department

Subhead A029YF Hong Kong Special Administrative Region Identity Card

HEAD 70 - IMMIGRATION DEPARTMENT

Subhead 001 Salaries

Members are invited to approve -

- (a) an increase in commitment from \$747,037,000 by \$478,552,000 to \$1,225,589,000 under Head 710 Subhead A029YF for implementing Phase 2 of the Hong Kong Special Administrative Region Identity Card Project; and

- (b) an increase in the ceiling placed on the total notional annual mid-point salary value of all non-directorate posts in the permanent establishment of the Immigration Department in 2002-03 from \$1,741,501,000 by \$39,006,240 to \$1,780,507,240 under Head 70 Subhead 001 for creating 94 non-directorate posts to facilitate the training of the necessary immigration staff commencing in January 2003.

/PROBLEM

PROBLEM

Phase 1 of the Hong Kong Special Administrative Region (HKSAR) Identity Card Project is progressing smoothly. We need to implement Phase 2 of the Project as soon as possible to meet the target of introducing the new identity card (ID card) in May 2003 and commencing the ID card replacement exercise in July 2003.

PROPOSAL

2. The Director of Immigration (D of Imm), with the support of the Secretary for Security, the Secretary for Information Technology and Broadcasting and the Director of Information Technology Services, proposes to implement Phase 2 of the HKSAR ID Card Project, which necessitates an increase in the project commitment by \$478,552,000 and in the establishment ceiling of the Immigration Department (ImmD) in 2002-03 by \$39,006,240.

JUSTIFICATION

3. On 9 March 2001, Members approved a non-recurrent commitment of \$747,037,000 for implementing Phase 1 of the HKSAR ID Card Project vide FCR(2000-01)82. In essence, the existing form of ID card (introduced in 1987) and its supporting computer system (commissioned in 1982), i.e. the Registration of Persons (ROP) system, are becoming obsolete. After thorough examination of consultants' recommendations, the Administration considers that a new ID card in the form of a smart card with multi-application capacity and a new supporting computer system should be introduced in 2003, to be followed by a territory-wide ID card replacement exercise to be completed within four years. For Members' easy reference, we reproduce at Enclosure 1 the benefits that will be brought about by the HKSAR ID Card Project as set out in FCR(2000-01)82.

Encl. 1

4. Following Members' funding approval for Phase 1 of the Project, we are making satisfactory progress which includes the conversion of the microfilms of the historical ID card records and paper index cards into electronic images, the purchase and development of the new ID card computer system, the acquisition of the related implementation services, and the procurement of the first batch of 1.2 million blank smart ID cards. In September 2001, we awarded a contract for conducting the record conversion exercise, and in January 2002 started mass conversion of the microfilmed ID card records. ImmD estimates that the records

of ID cards issued after 1 July 1987 will all be digitised by April 2003 before implementation of the new system. In February 2002, we awarded another tender for the procurement of hardware, software and related services for the implementation of the new ROP system and the purchase of the first batch of 1.2 million blank smart ID cards.

5. On legislative amendments, we introduced the ROP (Amendment) Bill 2001 into the Legislative Council on 9 January 2002 to amend the ROP Ordinance and Regulations to provide for the introduction of a new smart ID card with multi-application capacity, launch an ID card replacement exercise and address concerns on data privacy.

6. To meet the target of introducing the new ID card and commencing the ID card replacement exercise in July 2003, ImmD needs to proceed with Phase 2 of the Project as soon as possible. As mentioned in FCR(2000-01)82, Phase 2 includes the setting up of nine New Identity Card Issuing Offices (NICIOs) for the ID card replacement exercise, procurement of an Appointment System and a Tag System for the NICIOs and ROP offices, employment of 559 contract staff to conduct the replacement exercise, publicity and purchase of the remaining batches of blank smart ID cards.

FINANCIAL IMPLICATIONS

Non-recurrent expenditure

Encl. 2 7. In FCR(2000-01)82, we provided a breakdown of the costs of the two phases, which is now reproduced at Enclosure 2. We estimated then that we would need to increase the non-recurrent commitment by \$794,404,000 to carry out Phase 2. In the light of the progress of the HKSAR ID Card Project, D of Imm has reviewed the funding requirement for implementing Phase 2 and concluded that only \$609,199,000 is required. Details of the revised cost estimates for Phase 2 are as follows -

/(a)

	2002-03 \$'000	2003-04 \$'000	2004-05 \$'000	2005-06 \$'000	2006-07 \$'000	2007-08 \$'000	Total \$'000
(a) Hardware and software	12,051	-	-	-	-	-	12,051
(b) Implementation services	1,910	2,840	-	-	-	-	4,750
(c) Smart ID card	-	29,489	57,874	57,874	57,874	-	203,111
(d) Publicity	1,250	2,400	2,500	2,500	1,500	1,100	11,250
(e) Site preparation	-	109,073	-	-	-	7,044	116,117
(f) Contract staff	-	44,496	59,328	59,328	59,328	14,867	237,347
(g) Contingency	1,521	12,906	3,144	3,144	3,044	814	24,573
Total	16,732	201,204	122,846	122,846	121,746	23,825	609,199

8. As regards paragraph 7(a), the provision of \$12,051,000 is mainly for the procurement of an Appointment System and a Tag System. The Appointment System is for the public to make appointment to attend the NICIOs for ID card replacement via the Internet or telephone. The Tag System is to allocate tag number to the applicants in the NICIOs or ROP offices so that they will know when to attend the counter for interview. There is no change in the scope and the cost estimate when compared with the previous submission.

9. As regards paragraph 7(b), the provision of \$4,750,000 is for engaging consultants to conduct a number of studies. As the new ID card system has very stringent requirements in terms of data privacy protection and security, we need to conduct various consultancy studies at different stages of the Project, e.g. the third and fourth Privacy Impact Assessment, Security Reviews and Evaluations, etc. There is no change in the scope and the cost estimate when compared with the previous submission.

10. As regards paragraph 7(c), the provision of \$203,111,000 is for the procurement of 5.9 million customised blank smart ID cards to cater for the territory-wide ID card replacement exercise and to meet the initial demand of the

/ROP

ROP offices. While there is no change in the scope when compared with the previous submission, the estimated cost has been lowered from \$407,749,000 to \$203,111,000 (representing a drop of 50%) in the light of the actual procurement cost of a blank smart ID card for Phase 1 of the Project (paragraph 4 above). We shall conduct a separate tender exercise for procurement of this batch of blank smart ID cards.

11. As regards paragraph 7(d), the provision of \$11,250,000 is to meet the cost of publicity through mass media and community campaign. The aim is to explain to the public details of the new smart ID card, i.e. what data items will be contained in the card, how data privacy rights are protected, proper usage and safe-keeping of the card; and to call up HKSAR residents by batches to attend the NICIOs for ID card replacement. There is no change in the scope and the cost estimate when compared with the previous submission.

12. As regards paragraph 7(e), the provision of \$116,117,000 is for the fitting out of six ROP offices and nine NICIOs to cater for the new workflow arising from implementation of the new computer system and the launching of the territory-wide ID card replacement exercise. Following the award of the tender in February 2002 (paragraph 4 above), ImmD has revised the accommodation requirements of the NICIOs and ROP offices. Compared with the previous estimate of \$89,150,000, the present figure represents an increase of \$26,967,000 (30.2%) which is due to the increase in office area requirements resulting from the new workflow of the new ROP system. There is no change in the scope when compared with the previous submission.

13. As regards paragraph 7(f), the provision of \$237,347,000 is to meet the cost of employing 559 contract clerical staff to assist in the ID card replacement exercise. Of these contract staff, 503 will work in the nine NICIOs and the remaining 56 in the existing immigration offices as reinforcement to handle the additional workload generated by the ID card replacement exercise, such as providing more venues for the public to collect their new identity cards at the place of their choice, verification of records against the ROP database, etc. There is no change in the scope and the cost estimate when compared with the previous submission.

14. As regards paragraph 7(g), the provision of \$24,573,000 represents a 10% contingency on the cost items set out in paragraphs 7(a), (b), (d) and (e) and a 5% contingency on the cost item set out in paragraph 7(c). Compared with the previous estimate of \$32,107,000, the present figure represents a decrease of \$7,534,000 (23.5%) mainly due to the reduction in the cost of smart cards.

15. D of Imm envisages that there will be savings of \$130,647,000 under Phase 1, mainly due to the lower procurement cost of smart ID cards, computer hardware and software, record conversion exercise and the implementation services. After offsetting these savings under Phase 1, D of Imm proposes to increase the project commitment by \$478,552,000 (i.e. \$609,199,000 minus \$130,647,000) to meet the required funding for Phase 2. This net figure represents a decrease of \$315,852,000 (39.8%) as compared with the original estimate of \$794,404,000 quoted in the previous submission of FCR(2000-01)82. A breakdown of the estimated savings from Phase 1 of the Project is at Enclosure 3.

Other non-recurrent expenditure

16. In our previous submission, we stated that the Project would entail an additional non-recurrent expenditure of \$1,104,087,000 over a seven-year period from 2001-02 to 2007-08 in respect of the accommodation costs and in-house staff costs for both system development and the ID card replacement exercise. We have taken the opportunity to update the cost estimate which is now revised to \$1,169,668,000, representing an increase of \$65,581,000 (5.9%). The revised cost estimate is made up as follows -

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
(a) Accommodation	707	1,811	30,689	34,758	34,758	34,758	8,890	146,371
Sub-total	707	1,811	30,689	34,758	34,758	34,758	8,890	146,371
(b) In-house staff costs								
(i) system development	29,170	53,797	25,848	-	-	-	-	108,815
(ii) replacement exercise	-	20,648	184,557	218,253	217,695	217,695	55,634	914,482
Sub-total	29,170	74,445	210,405	218,253	217,695	217,695	55,634	1,023,297
Total	29,877	76,256	241,094	253,011	252,453	252,453	64,524	1,169,668

17. As regards paragraph 16(a), the estimate of \$146,371,000 is for payment of rent to accommodate the project team for system development as well as for the nine NICIOs. Compared with the previous estimate of \$112,306,000, the present figure represents an increase of \$34,065,000 (30.3%) which is attributable partly to the greater demand for office space for the nine NICIOs (paragraph 12 above) and partly to the adjustment of rental cost based on the updated market rate. The amount will be absorbed by the Government Property Agency (GPA).

Encl. 4 18. As regards paragraph 16(b)(i) and (ii), the total estimate of \$1,023,297,000 represents the staff cost for setting up a project team for system development and implementation of the new ROP system, and for conducting the ID card replacement exercise. There is no change in the non-recurrent staffing requirement when compared with the previous submission. The increase of \$31,516,000 (3.2%) over the previous estimate of \$991,781,000 is due to the updating of the staff cost effective from April 2001. We set out at Enclosure 4 details of the non-recurrent staffing requirement on the basis of the updated staff cost.

19. On paragraph 16(b)(i), following Member's approval for Phase 1 of the Project, we have included the non-recurrent staffing requirement for system development and implementation of the new ROP system for this year in the 2002-03 Estimates, and will include the requirement for 2003-04 in the 2003-04 Estimates.

20. As for paragraph 16(b)(ii), prior to the commencement of the territory-wide ID card replacement exercise, relevant immigration service grades staff will need to undergo intensive training. For that purpose ImmD will need adequate training reserve, and propose to meet this requirement through its existing training reserve, plus an additional 94 Immigration Officer (IO) posts. As these posts have not been included in the 2002-03 Estimates, D of Imm proposes to increase the establishment ceiling of ImmD from \$1,741,501,000 by \$39,006,240 to \$1,780,507,240 to enable the creation of these 94 IO posts in January 2003. The non-recurrent staffing required under paragraph 16(b)(ii) for the remaining period from 2003-04 to 2007-08 will be included in the annual Estimates of the respective year.

Recurrent expenditure

21. As a result of the downward adjustment in the cost of the smart ID card, the annual recurrent expenditure will be reduced to \$90,658,000 from 2005-06 onwards. This represents a decrease of \$17,452,000 (16.1%) when compared with the previous estimate of \$108,110,000 stated in FCR(2000-01)82. A breakdown of the revised cost estimates is as follows -

/(a)

	2002-03 \$'000	2003-04 \$'000	2004-05 \$'000	2005-06 and onwards \$'000
(a) Hardware and software maintenance	3,962	10,094	41,791	41,791
(b) Contract services	-	15,591	17,008	17,008
(c) Smart card	-	4,725	8,100	8,100
(d) Miscellaneous	-	4,648	4,648	4,648
(e) Accommodation	-	6,052	6,088	6,088
Sub-total	3,962	41,110	77,635	77,635
(f) Staff costs	-	12,147	13,510	13,023
Total	3,962	53,257	91,145	90,658

22. As regards paragraphs 21(a), (b) and (d), there is no change in the scope and the cost estimates when compared with the previous submission.

23. As regards paragraph 21(c), the estimate of \$8,100,000 is for the additional card cost of 540 000 blank smart ID cards to meet the annual demand of the ROP offices. These include applications from newly arrived immigrants, children upon reaching the age of 11, holders of juvenile ID cards who need to change to adult ID cards upon reaching the age of 18, and persons with damaged or lost ID cards. Compared with the previous estimate of \$26,865,000, the present figure represents a decrease of \$18,765,000 (69.8%). This is attributed to the reduction of the unit cost of a blank smart card. There is no change in the scope when compared with the previous submission.

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24. As regards paragraph 21(e), the estimate of \$6,088,000 is for providing accommodation for additional staff, card personalisation equipment and the training and testing site. Compared with the previous estimate of \$5,135,000, the present figure represents an increase of \$953,000 (18.6%) which is partly attributable to the adjustment of rental cost based on the updated market rate and partly to the additional rental cost to be incurred as a result of the relocation of two ROP offices in the New Territories. As mentioned in paragraph 12 above, the workflow and layout of ROP offices will be changed to cater for the implementation of the new system. Because of the changes, two of the ROP offices will have to be expanded by about 20% to accommodate the new system and the rising population in the New Territories. The amount will be absorbed by the GPA. There is no change in the scope as compared with the previous submission.

25. As regards paragraph 21(f), the estimate of \$13,023,000 represents the additional staff cost arising from the HKSAR ID Card Project. There is no change in the staffing requirement when compared with the previous submission. The increase of \$360,000 (2.8%) over the previous estimate of \$12,663,000 is due to the updating of the staff cost effective from April 2001. We set out at Encl. 5 Enclosure 5 details of the staffing requirement on the basis of the updated staff cost.

Cost and Benefit Analysis

26. Taking into account the latest cost estimates above, we have updated the cost and benefit analysis of the proposed system provided in FCR(2000-01)82. Encl. 6 The updated analysis is at Enclosure 6.

IMPLEMENTATION PLAN

27. Our target is to commence implementation of the new ROP system by May 2003 and the ID card replacement exercise by July 2003. The proposed implementation plan and its progress are as follows -

/(a)

Activity	Timing
(a) Funding approval for Phase 1	9 March 2001
(b) Records conversion	January 2002 to Mid 2004
(c) Legislative amendment – 1 st Reading and 2 nd Reading of the ROP(Amendment) Bill 2001	9 January 2002
(d) System design and development	February 2002 to October 2002
(e) Issue of tender for Appointment and Tag Systems	June 2002
(f) System testing	September 2002 to November 2002
(g) Setting up of NICIOs and installation of computer equipment	October 2002 to April 2003
(h) User acceptance testing and training	November 2002 to July 2003
(i) System implementation	May 2003
(j) Replacement exercise	July 2003 to June 2007

BACKGROUND INFORMATION

Consultation with the Legislative Council

28. Members of the Panel on Security have been kept fully informed of the developments of the Project since the Finance Committee approved the required funding for Phase 1 in March 2001. At the meeting of the Panel on Security on 7 November 2001, we reported progress on the tendering process, design of card face and legislative amendments. Members were informed of the tendering results of the tender referred to in paragraph 4 above for the supply of 1.2 million blank smart cards and implementation of the new ROP system vide an information paper on 26 February 2002.

29. On 9 April 2002, we briefed the Panel on developments on all fronts including system implementation, the conduct of the second Privacy Impact Assessment study and security review, etc. We also consulted Members on the financial requirements for Phase 2. At the meeting, Members asked about savings achieved under Phase 1 which we have addressed in paragraph 15 above. We also took note of Members' suggestions that the procedure for replacement of new ID card should be user-friendly (e.g. appointment through the Internet and setting clear performance pledge). In response to Members' request, we have provided the relevant information covering maintenance costs of the new ID card computer system, recurrent expenditure of the HKSAR ID Card Project and procedures for handling requests for provision of personal data from data subjects. We are fully aware of Members' concern about protection of data privacy and undertake to report to Members the results of the second Privacy Impact Assessment study being conducted as soon as possible. Members raised no objection to our proposal to seek funding for Phase 2 of the Project.

Non-immigration Applications

30. Information Technology and Broadcasting Bureau informed Members at the joint meeting of the Panel on Security and Panel on Information Technology and Broadcasting held on 20 December 2001 of the Administration's decision relating to non-immigration applications to be incorporated into the smart ID card. We emphasised that all applications would be voluntary – at the choice of the card-holders. Members noted that the new ID card could be used as a library card from mid-2003 and for driving licence-related functions from 2005-06. Members were also informed that every ID card holder would be offered one year's free use of a digital certificate issued by the Hongkong Post Certification Authority during the ID card replacement exercise. The digital certificate is important for facilitating on-line business transactions as it enables a secure, legally recognised digital signature and for secure encryption of messages during transmission.

31. At the meeting, Members of both Panels were also fully briefed on the cost for implementing non-immigration applications. In short, while the smart ID card project would cover the provision of the infrastructure for introducing non-immigration applications, the cost for implementing individual non-immigration applications would be dealt with separately.

Benefits of the Implementation of the HKSAR ID Card Project

The implementation of the HKSAR ID Card Project will bring substantial benefits as follows -

(a) Enhanced security features of ID card

Advanced technology and anti-forgery techniques will be used in producing and personalising the new smart ID card. Secure and sophisticated anti-forgery features will be included on card face to prevent counterfeits and look-alike cards. The storage of the template of the card holder's thumbprints in the ID card will ensure more secure and accurate verification of identity.

(b) Increased public satisfaction

The public will benefit from improved protection on data security and privacy, and greater convenience offered by the new ID cards, e.g. more efficient and secure authentication of their identity and potential for one card for multiple usages. For instance, with the biometric data (i.e. the template of two thumbprints) stored on the ID card, immigration officers can authenticate, with the aid of a special reader, the card holder's identity on the spot and, where appropriate and necessary, conditions of stay, thus avoiding the need to hold up the card holder for further checks.

(c) Efficiency improvements in Government departments

The new ROP system will enhance efficiency in processing applications through simplification of work processes and strategic use of new technology.

The existing microfilm records will be converted into digital images under the new computer system. As a result, immigration officers will be able to access these records on-line within minutes, shortening the processing time for all applications.

Improvements in both software efficiency and system technology will provide faster response and greater resilience. The new system will continue to operate and provide continued service to the public even if there is a disruption in power supply or failure in some parts of the system, e.g. database server.

/(d)

(d) Improved access control and data integrity of ROP system

There will be stringent access controls on sensitive data, including biometric data, by encryption of the data stored in the system, and during transmission within and between ImmD offices. With the microfilm records converted and stored online, a tighter control on access to ROP records can be achieved by according different levels of access authorities and the maintenance of audit trail reports. The data on the ID card will be protected by sophisticated cryptographic data technique to ensure that fraudulent data or fraudulent cards cannot be created.

(e) Infrastructure for other uses

The biometric identification technology adopted in the new smart ID card will serve as the infrastructure for ImmD to consider the introduction of an automated passenger clearance system. Subject to the result of a separate feasibility study, it is expected that the implementation of automated passenger clearance will enable ImmD to open more counters for the travelling public and hence reduce the passengers' waiting time for clearance at the control points.

The ID card replacement exercise will enable ImmD to update the addresses of all HKSAR residents. Such information will be passed to the Registration and Electoral Office to facilitate future introduction of automatic voter registration. The adoption of a multi-application smart ID card may also allow participating Government departments to deliver their service to the public in a more efficient and cost-effective manner, and with better quality through a convenient and common platform. Such applications may reduce the number of personal documents (such as driving licence and library card) that need to be carried by a resident.

With the capacity to store digital certificate, the new ID card will greatly facilitate electronic transactions which require user identification, bringing convenience to members of the public and promoting the development of e-commerce. The implementation of the smart ID card scheme will be a significant step forward in enhancing our overall information infrastructure and achieving our objective under the "Digital 21" Information Technology Strategy to develop Hong Kong into a leading digital city in the globally connected world¹.

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¹ The Digital 21 Information Technology Strategy was an all-encompassing strategy on the use of information technology to take advantage of the opportunities in the digital world. Formulated in 1998 by the Information Technology and Broadcasting Bureau, the Strategy set out the vision, initiatives and targets of how the Government, business, industry and the academia can work together to make Hong Kong a leading digital city in the globally connected world.

(f) Savings in resources

With the conversion of the existing microfilm records into digital images, ImmD will be able to save manpower and space for maintenance of the microfilm repository. In addition, the new method of capturing biometric information does not require the use of ink and traditional paper-based photograph, hence reducing manual effort and consumables required in collecting biometric information from the card holders.

Expenditure of the HKSAR Identity Card Project

Activities	2001-02 (Aug - Mar 02) \$'000	2002-03 \$'000	2003-04 \$'000	2004-05 \$'000	2005-06 \$'000	2006-07 \$'000	2007-08 \$'000	Total \$'000
<u>Non-recurrent</u>								
(A) Phase 1 (Target month for Funding Approval - March 2001)								
Hardware and Software Purchase	22,012	22,012	176,099					220,123
Implementation Services	11,509	9,519	76,152					97,180
Record Conversion	128,156	56,862	16,555					201,573
Site Preparation	5,429	9,683	240					15,352
Miscellaneous	1,640	15,245	14,718	14,718	14,785			61,106
Smart Card		8,670	78,030					86,700
Contract Staff	371	531	230					1,132
Contingency	16,875	11,767	32,278	1,472	1,479			63,871
Total for Phase 1	185,992	134,289	394,302	16,190	16,264			747,037
(B) Phase 2 (Target month for Funding Approval – February 2002)								
Hardware and Software Purchase		12,051						12,051
Implementation Services		1,910	2,840					4,750
Smart Card for Re-issue			59,137	116,204	116,204	116,204		407,749
Publicity		1,250	2,400	2,500	2,500	1,500	1,100	11,250
Site Preparation			83,661				5,489	89,150
Contract Staff			44,496	59,328	59,328	59,328	14,867	237,347
Contingency		1,521	11,847	6,060	6,060	5,960	659	32,107
Total for Phase 2		16,732	204,381	184,092	184,092	182,992	22,115	794,404
<u>Non-recurrent Commitment from Finance Committee</u>	185,992	151,021	598,683	200,282	200,356	182,992	22,115	1,541,441

Activities	2001-02 (Aug - Mar 02) \$'000	2002-03 \$'000	2003-04 \$'000	2004-05 \$'000	2005-06 \$'000	2006-07 \$'000	2007-08 \$'000	Total \$'000
(C) Other Non-recurrent Expenditure								
Accommodation								
Rental Cost	672	1,703	24,105	26,351	26,351	26,351	6,773	112,306
Staff Resources								
System Development	28,271	52,166	25,052					105,489
Replacement Exercise		19,973	178,853	211,549	210,997	210,997	53,923	886,292
<i>Sub-total</i>	<i>28,943</i>	<i>73,842</i>	<i>228,010</i>	<i>237,900</i>	<i>237,348</i>	<i>237,348</i>	<i>60,696</i>	<i>1,104,087</i>
Total for Non-recurrent	214,935	224,863	826,693	438,182	437,704	420,340	82,811	2,645,528
Recurrent								
Hardware and Software Maintenance		3,962	10,094	41,791	41,791	41,791	41,791	181,220
Contract Service			15,591	17,008	17,008	17,008	17,008	83,623
Smart Card			15,671	26,865	26,865	26,865	26,865	123,131
Miscellaneous			4,648	4,648	4,648	4,648	4,648	23,240
Accommodation			5,101	5,135	5,135	5,135	5,135	25,641
<i>Sub-total</i>		<i>3,962</i>	<i>51,105</i>	<i>95,447</i>	<i>95,447</i>	<i>95,447</i>	<i>95,447</i>	<i>436,855</i>
Staff Cost			11,816	13,130	12,663	12,663	12,663	62,935
Total for Recurrent		3,962	62,921	108,577	108,110	108,110	108,110	499,790
Grand Total	214,935	228,825	889,614	546,759	545,814	528,450	190,921	3,145,318

Estimated Savings from the Phase 1 Implementation of the HKSAR ID Card Project

Non-recurrent expenditure

Items	Approved commitment \$'000	Revised estimate \$'000	Estimated savings/deficiency \$'000	Remarks
(a) Hardware and Software Purchase	220,123	209,915	10,208	based on contract price and latest estimate on items to be procured
(b) Implementation Services	97,180	73,653	23,527	based on contract price and latest estimate on items to be procured
(c) Record Conversion	201,573	133,545	68,028	based on contract price and latest estimate on items to be procured
(d) Site Preparation	15,352	38,152	(22,800)	to cater for the new workflow arising from implementation of the new computer system
(e) Miscellaneous	61,106	61,106	0	there is no change in the scope and cost estimate for the expenditure item for the acquisition of miscellaneous items such as start-up consumables; for procuring office and training equipment; for providing training to project team staff; and for the launching of promotion and education campaigns to enhance public awareness of the smart ID card
(f) Smart Card	86,700	45,000	41,700	based on contract price and latest estimate on items to be procured
(g) Contract Staff	1,132	1,132	0	there is no change in the scope and cost estimate for the expenditure item for employing contract staff to provide clerical support to the project team during the system development and implementation stage
(h) Contingency	63,871	53,887	9,984	based on 10% for the revised items (a) to (e) and 5% for the revised item (f)
Total	747,037	616,390	130,647	

Note : Figure in brackets represents deficiency.

Estimated Staffing Requirement for Implementation of the HKSAR ID Card Project

Non-recurrent Staffing

System Development

Rank	Annual Staff Cost (HK\$)	2001-02			2002-03			2003-04		
		No.	Man-month	Staff Cost (HK\$)	No.	Man-month	Staff Cost (HK\$)	No.	Man-month	Staff Cost (HK\$)
Deputy Director	2,258,976	1	10	1,882,480	1	12	2,258,976	1	7	1,317,736
Principal Immigration Officer	1,666,920	2	16	2,222,560	2	24	3,333,840	2	11	1,528,010
Assistant Principal Immigration Officer	1,428,528	2	16	1,904,704	2	24	2,857,056	2	14	1,666,616
Chief Immigration Officer	1,265,496	2	18	1,898,244	2	24	2,530,992	2	14	1,476,412
Senior Immigration Officer	1,099,632	6	52	4,765,072	7	83	7,605,788	7	43	3,940,348
Immigration Officer	878,652	11	92	6,736,332	15	176	12,886,896	15	84	6,150,564
Senior Immigration Assistant	418,764	1	6	209,382	6	67	2,338,099	6	24	837,528
Immigration Assistant	268,788	4	24	537,576	14	158	3,539,042	14	56	1,254,344
Chief Systems Manager	2,124,084	1	10	1,770,070	1	12	2,124,084	1	7	1,239,049
Senior Systems Manager	1,785,948	1	8	1,190,632	1	12	1,785,948	1	7	1,041,803
Systems Manager	1,264,740	3	26	2,740,270	3	36	3,794,220	3	18	1,897,110
Assistant Computer Operation Manager	857,112	1	8	571,408	1	12	857,112	1	4	285,704
Senior Computer Operator	633,924	1	8	422,616	3	34	1,796,118	3	12	633,924
Computer Operator I	431,952	2	12	431,952	5	57	2,051,772	5	20	719,920
Computer Operator II	298,980	1	6	149,490	6	67	1,669,305	6	24	597,960
Executive Officer I	749,964	1	8	499,976	1	12	749,964	1	7	437,479
Clerical Officer	478,332	1	10	398,610	1	12	478,332	1	4	159,444
Personal Secretary I	472,308	1	10	393,590	1	12	472,308	1	7	275,513
Personal Secretary II	333,456	2	16	444,608	2	24	666,912	2	14	389,032
Total		44	356	29,169,572	74	858	53,796,764	74	377	25,848,496

Non-recurrent Staffing

Replacement Exercise

Rank	Annual Staff Cost (HK\$)	2002-03			2003-04			2004-05		
		No.	Man-month	Staff Cost (HK\$)	No.	Man-month	Staff Cost (HK\$)	No.	Man-month	Staff Cost (HK\$)
Assistant Principal Immigration Officer	1,428,528	-	-	-	1	9	1,071,396	1	12	1,428,528
Chief Immigration Officer	1,265,496	-	-	-	10	90	9,491,220	10	120	12,654,960
Senior Immigration Officer	1,099,632	-	-	-	23	207	18,968,652	23	276	25,291,536
Immigration Officer	878,652	94	282	20,648,322	247	1 659	121,473,639	153	1 836	134,433,756
Chief Immigration Assistant	559,488	-	-	-	7	63	2,937,312	7	84	3,916,416
Senior Immigration Assistant	418,764	-	-	-	1	8	279,176	1	7	244,279
Immigration Assistant	268,788	-	-	-	31	277	6,204,523	31	362	8,108,438
Executive Officer I	749,964	-	-	-	1	9	562,473	1	12	749,964
Clerical Officer	478,332	-	-	-	65	585	23,318,685	65	780	31,091,580
Personal Secretary II	333,456	-	-	-	1	9	250,092	1	12	333,456
Total		94*	282	20,648,322	387*	2 916	184,557,168	293	3 501	218,252,913

*Including 94 Immigration Officers on induction training from January 2003 to June 2003.

Non-recurrent Staffing

Replacement Exercise

Rank	Annual Staff Cost (HK\$)	2005-06			2006-07			2007-08		
		No.	Man-month	Staff Cost (HK\$)	No.	Man-month	Staff Cost (HK\$)	No.	Man-month	Staff Cost (HK\$)
Assistant Principal Immigration Officer	1,428,528	1	12	1,428,528	1	12	1,428,528	1	4	476,176
Chief Immigration Officer	1,265,496	10	120	12,654,960	10	120	12,654,960	10	31	3,269,198
Senior Immigration Officer	1,099,632	23	276	25,291,536	23	276	25,291,536	23	71	6,506,156
Immigration Officer	878,652	153	1 836	134,433,756	153	1 836	134,433,756	153	465	34,047,765
Chief Immigration Assistant	559,488	7	84	3,916,416	7	84	3,916,416	7	26	1,212,224
Senior Immigration Assistant	418,764	-	-	-	-	-	-	-	-	-
Immigration Assistant	268,788	29	348	7,794,852	29	348	7,794,852	29	87	1,948,713
Executive Officer I	749,964	1	12	749,964	1	12	749,964	1	4	249,988
Clerical Officer	478,332	65	780	31,091,580	65	780	31,091,580	65	196	7,812,756
Personal Secretary II	333,456	1	12	333,456	1	12	333,456	1	4	111,152
Total		290	3 480	217,695,048	290	3 480	217,695,048	290	888	55,634,128

Recurrent Staffing Requirement Arising from Implementation of the HKSAR Identity Card Project

Rank	Annual Staff Cost (HK\$)	2003-04			2004-05			2005-06 and onwards		
		No.	Man-month	Staff Cost (HK\$)	No.	Man-month	Staff Cost (HK\$)	No.	Man-month	Staff Cost (HK\$)

(a) Recurrent staffing required for system maintenance and support										
Chief Immigration Officer	1,265,496	1	11	1,160,038	1	12	1,265,496	1	12	1,265,496
Senior Immigration Officer	1,099,632	1	11	1,007,996	1	12	1,099,632	1	12	1,099,632
Immigration Officer*	878,652	2	22	1,610,862	2	24	1,757,304	2	24	1,757,304
Systems Manager	1,264,740	1	8	843,160	1	12	1,264,740	1	12	1,264,740
Analyst Programmer I	778,296	2	16	1,037,728	2	24	1,556,592	2	24	1,556,592
Senior Computer Operator	633,924	1	11	581,097	1	12	633,924	1	12	633,924
Computer Operator I	431,952	4	44	1,583,824	4	48	1,727,808	4	48	1,727,808
Computer Operator II	298,980	5	55	1,370,325	5	60	1,494,900	5	60	1,494,900
Assistant Clerical Officer	345,840	1	11	317,020	1	12	345,840	1	12	345,840
Clerical Assistant	244,164	2	22	447,634	2	24	488,328	2	24	488,328
Total		20	211	9,959,684	20	240	11,634,564	20	240	11,634,564

(b) Additional staff cost required for issue of HKSAR ID Card due to New Workflow [@]	2,187,645	-	-	1,875,178	-	-	1,388,580	-	-	1,388,580
Total Staff Cost Required (a)+(b)		-	-	12,147,329	-	-	13,509,742	-	-	13,023,144

Notes: * In fact, 4 Immigration Officer (IO)s are required for overseeing the performance of the HKSAR ID Card System. Since 2 IO posts can be deployed from the existing system control section, only 2 IO posts are required for funding purpose.

[@] Please see Annex.

Additional Staff Cost Required for Issue of HKSAR ID Card due to New Workflow

Rank	Annual Staff Cost (HK\$)	2003-04		2004-05		2005-06 and onwards	
		Man-month	Staff Cost (HK\$)	Man-month	Staff Cost (HK\$)	Man-month	Staff Cost (HK\$)
Senior Immigration Officer	1,099,632	22	2,015,992	24	2,199,264	24	2,199,264
Immigration Officer	878,652	231	16,914,051	252	18,451,692	252	18,451,692
Executive Officer I	749,964	-11	-687,467	-12	-749,964	-12	-749,964
Immigration Assistant	268,788	-44	-985,556	-48	-1,075,152	-48	-1,075,152
Clerical Officer	478,332	-22	-876,942	-24	-956,664	-24	-956,664
Assistant Clerical Officer	345,840	287	8,271,340	307	8,847,740	300	8,646,000
Clerical Assistant	244,164	-589	-11,984,383	-658	-13,388,326	-672	-13,673,184
Office Assistant	202,968	-11	-186,054	-12	-202,968	-12	-202,968
Senior Photographer	338,580	-11	-310,365	-12	-338,580	-12	-338,580
Photographer I	313,092	-55	-1,435,005	-60	-1,565,460	-60	-1,565,460
Photographer II	234,852	-406	-7,945,826	-444	-8,689,524	-444	-8,689,524
Workman II	164,220	-44	-602,140	-48	-656,880	-48	-656,880
Additional Staff Cost Required			2,187,645		1,875,178		1,388,580

Note : Figures with minus sign represent savings.

Updated Cost and Benefit Analysis for the Implementation of HKSAR Identity Card Project

	CASHFLOW (in HK\$'000)							
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	Total
Costs								
Non-recurrent								
Expenditure ^(Note)	33,380	258,752	538,944	177,797	173,868	156,504	32,715	1,371,960
Staff costs	29,170	74,445	210,405	218,253	217,695	217,695	55,634	1,023,297
Sub-total	62,550	333,197	749,349	396,050	391,563	374,199	88,349	2,395,257
Recurrent								
Expenditure	0	3,962	41,110	77,635	77,635	77,635	77,635	355,612
Staff costs	0	0	12,147	13,510	13,023	13,023	13,023	64,726
Sub-total	0	3,962	53,257	91,145	90,658	90,658	90,658	420,338
Total Costs	62,550	337,159	802,606	487,195	482,221	464,857	179,007	2,815,595
Savings								
Realisable Savings	0	0	5,480	5,980	5,980	5,980	5,980	29,400
Notional Savings	0	0	610	660	660	660	660	3,250
Cost Avoidance	0	24,360	98,970	79,900	79,900	79,900	29,570	392,600
Total Savings	0	24,360	105,060	86,540	86,540	86,540	36,210	425,250
Net Savings	(62,550)	(312,799)	(697,546)	(400,655)	(395,681)	(378,317)	(142,797)	(2,390,345)
Net Cumulative Savings	(62,550)	(375,349)	(1,072,895)	(1,473,550)	(1,869,231)	(2,247,548)	(2,390,345)	

Note: Including the cost for 564 temporary staff.

