

**For discussion
on 9 December 2002**

**Legislative Council Panel on
Information Technology and Broadcasting**

**Capital Works Reserve Fund Head 710 Computerisation
Subhead A007GX – New Administrative Computer System**

Introduction

This paper briefs Members on the funding requirement for 2003-04 for the implementation of computerisation projects under Capital Works Reserve Fund (CWRP) Head 710 Computerisation Subhead A007GX – New Administrative Computer Systems.

Background

2. CWRP Head 710 Computerisation is the Head of Expenditure for funding projects of administrative computer systems. Projects which cost more than \$10 million each are funded under separate subheads and are subject to the approval of the Finance Committee of the Legislative Council individually.

3. Projects costing between \$150,001 and \$10 million each are dealt with by a block allocation under Subhead A007GX which is for new administrative computer systems, and consultancies for feasibility studies and systems development.

4. For projects costing not more than \$150,000 each, they are funded from the respective Departmental Expenses subheads of individual bureaux and departments under the Recurrent Account.

Funding Requirement for 2003-04

5. Based on proposals made by bureaux and departments, we estimate that in 2003-04 we shall require a block allocation of \$690 million under Subhead A007GX for funding some 340 projects for administrative computer systems. Of the \$690 million, \$378.7 million is needed to fund

approved projects initiated in 2002-03 or before, and the balance of \$311.3 million is required for funding endorsed projects and new bids submitted by bureaux and departments for implementation as from 2003-04. The tentative allocation of the \$690 million proposed are summarised in Annex A.

6. The Secretary for Financial Services and the Treasury has approved an over-commitment level up to a maximum of 200% of the expenditure approved by the Finance Committee for the block allocation for a given financial year. That is to say, subject to the approval by the Finance Committee of the proposed allocation of \$690 million, the maximum level of commitment in 2003-04 will be \$2,070 million. This level of over-commitment is necessary because many projects are spread over several years from first initiation to final completion. Thus the total cost of all projects in hand at any one time must exceed one year's approved expenditure.

7. The sizes of block allocation in 2001-02 and 2002-03 were \$620 million and \$690 million respectively. The allocation proposed for 2003-04 is thus the same as the allocation for 2002-03. Balancing the need for fiscal prudence with the need to sustain the momentum to develop E-government, we consider that \$690 million is appropriate for this vote. The new projects to be implemented in 2003-04 include five main programmes, they are: projects related to the provision of Government services to citizens and businesses; projects to build up management information systems and document management systems; projects related to office automation and the building up of IT infrastructure in government departments; projects to enhance IT security and projects to build up computerised human resources management systems. These programmes will enable government departments to improve Government operations and services through the use of IT. Details of some key projects are set out in Annex B.

8. To take full advantage of computerisation to improve operational efficiency and quality of service, we have introduced the compulsory requirement that all bureaux and departments must explore the business process re-engineering (BPR) opportunities when implementing computerisation projects. We have taken care to conduct an initial BPR vetting on all the new bids submitted for commencement in 2003-04 and as a result, a majority of them will either conduct in-house BPR study or incorporate the BPR study in the feasibility study or system analysis and design stages of the project implementation to ascertain the cost-effectiveness of computerisation projects and to ensure that benefits of computerisation are fully reaped.

Submission of Funding Application to Finance Committee

9. The practice of the Administration is to seek funding approval for all the CWRP block allocations, including the Subhead A007GX block allocation, from the Finance Committee after obtaining the endorsement of the Public Works Subcommittee. Financial Services and the Treasury Bureau plans to seek funding approval for the proposed allocations for 2003-04 in respect of all CWRP block allocation subheads in early 2003.

**Commerce, Industry and Technology Bureau
December 2002**

**Tentative Allocation of the Proposed Funding under
CWRF Head 710 Computerisation
Subhead A007GX – New Administrative Computer Systems
in 2003-04**

	<u>No. of Projects</u>	<u>(\$'M)</u>
Approved projects carried forward from 2002-03	166	378.7
New projects related to the provision of Government services to citizens and businesses	32	59.8
New projects to build up management information systems and document management systems	29	41.3
New projects related to office automation and the building up of IT infrastructure in government departments	16	19.8
New projects to enhance IT security	10	21.6
New projects to build up computerised human resources management systems	5	9.3
Other computerisation projects	82	159.5
	<hr/> 340	<hr/> 690

**Key Expenditure Items in 2003-04 under
CWRF Head 710 Computerisation Block Allocation**

Subhead A007GX – New Administrative Computer Systems

Item No.	Project Description	Project Estimate (\$'M)
1.	Health Portal System for the Department of Health	9.9
2.	Development of a Human Resource Management Information System for the Social Welfare Department	9.9
3.	IT Security Enhancement for the Central Cyber Government Office	9.8
4.	System Infrastructure Enhancement for the Agriculture, Fisheries and Conservation Department - Phase 1: Network Enhancement (Headquarters Offices) and departmental intranet	9.5
5.	Enhancement of Departmental Geographic Information System (Feasibility Study and Implementation Phase I) for the Agriculture, Fisheries and Conservation Department	9.3
6.	Cervical Screening Information System for the Department of Health	8.7
7.	Implementation of the Property Stamping System as recommended by the Inland Revenue Department Information Systems Strategy Review	8.4
8.	Enhancement of Thunderstorm Warning Service for the Hong Kong Observatory	8.2
9.	Portal for Electronic Information and Services for the Judiciary	6.4
10.	Implementation of Knowledge Management Force-wide-Stage One for the Hong Kong Police Force	3.6
11.	More than 330 other items with expected expenditure in 2003-04	