

Extract
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Legislative Council

LC Paper No. CB(1)712/03-04
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by the Administration)

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Panel on Information Technology and Broadcasting

Minutes of meeting
held on Friday, 5 December 2003, at 8:30 am
in Conference Room A of the Legislative Council Building

- Members present** : Hon SIN Chung-kai (Chairman)
Hon Howard YOUNG, SBS, JP (Deputy Chairman)
Dr Hon David CHU Yu-lin, JP
Dr Hon Eric LI Ka-cheung, GBS, JP
Hon CHAN Kwok-keung, JP
Hon YEUNG Yiu-chung, BBS
Hon Emily LAU Wai-hing, JP
Dr Hon LAW Chi-kwong, JP
Hon Albert CHAN Wai-yip
Hon MA Fung-kwok, JP
- Members absent** : Dr Hon Philip WONG Yu-hong, GBS
Hon Timothy FOK Tsun-ting, SBS, JP
- Public officers attending** : Agenda item IV

Mr Robin C GILL, JP
E-government Coordinator,
Commerce, Industry and Technology Bureau

Mr Simon YAN
Assistant Director of Information Technology Services

Agenda item V

Mrs Marion LAI, JP
Deputy Secretary for Commerce, Industry and
Technology (Communications and Technology)

Ms Gracie FOO
Deputy Director-General of Telecommunications

Mr K S WONG
Assistant Director of Telecommunications

Mr Tony LI
Principal Assistant Secretary for Commerce, Industry
and Technology (Communications and Technology) E

Ms Sharon CHUNG
Head of Corporate Affairs
Office of the Telecommunications Authority

Agenda item VI

Mr Francis HO, JP
Permanent Secretary for Commerce, Industry and
Technology (Communications and Technology)

Mrs Marion LAI, JP
Deputy Secretary for Commerce, Industry and
Technology (Communications and Technology)

Mr Eddie CHEUNG
Principal Assistant Secretary for Commerce, Industry
and Technology (Communications and Technology) A

Mr T Y CHAN
Chief Telecommunications Engineer
(Advisory and Planning)
Office of the Telecommunications Authority

Attendance by invitation : Agenda item V

Consumer Council

Mr CHAN Wing-kai
Head, Complaints & Advice Division

Dr Victor HUNG
Chief Trade Practices Officer

Clerk in attendance : Miss Polly YEUNG
Chief Assistant Secretary (1)3

Staff in attendance : Ms Debbie YAU
Senior Assistant Secretary (1)1

Miss Chris LAM
Clerical Assistant (1)2

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**IV Capital Works Reserve Fund
Head 710 Computerization Subhead A007GX -
New administrative computer systems**

LC Paper No. CB(1)470/03-04(03) -- Information paper provided by the Administration

LC Paper No. CB(1)490/03-04(01) -- Extract of minutes of meeting of the Panel on Information Technology and Broadcasting held on 9 December 2002

4. At the invitation of the Chairman, the E-government Coordinator, Commerce, Industry and Technology Bureau (EGC/CITB) briefed members on the funding requirement of HK\$540 million for the implementation of computerization projects under the Capital Works Reserve Fund Head 710 Computerization Subhead A007AGX for 2004-05. He said that balancing the need for fiscal prudence with the need to sustain the E-government programme, and taking into account past expenditure pattern, the requirement for 2004-05 was appropriate. Members noted that the relevant funding request would be put to the Public Works Subcommittee (PWSC) and the Finance Committee for consideration in December 2003/January 2004.

New projects to enhance IT security

5. Noting that there were ten new projects costing a total of \$10 million for enhancing information technology (IT) security, Mr Howard YOUNG asked if these were departmental projects in addition to government-wide IT security measures. In view of the prevalence of computer virus and frequent hacking activities, he considered that projects on IT security should be given top priority. Given the emergence of new viruses from time to time, Mr YOUNG was concerned whether the expenditure on acquiring updated anti-virus software would be absorbed in the recurrent expenditure of individual departments.

6. Acknowledging Mr YOUNG's concern, EGC/CITB said that the Information Security Management Committee had been established in 2000 to oversee IT security within the entire government. To ensure the security of departmental computer systems, each department had set up their own security management structure. The

ten new projects in question would be implemented within the framework of these structures. So far, 42 departmental IT security projects costing some \$129 million had been implemented.

7. On government-wide IT security measures, the Assistant Director of Information Technology Services pointed out that in addition to developing the firewall infrastructure for the website of each bureau/department on the Internet, the Information Technology Services Department (ITSD) had also issued IT Security Guidelines introducing relevant security concepts and best practices related to the usage of IT to all bureaux/departments. Where necessary, ITSD would assist bureaux/departments to establish their own IT security working groups to implement measures specific to the needs and operation of the application systems of individual bureaux/departments. In case there was an IT security incident such as a virus attack or computer hacking, the Government Information Security Incident Response Office (GIRO) would provide central co-ordination and support to individual departments by disseminating security alerts, providing technical assistance to departments in handling the incident and combating multiple-point security attacks. GIRO also worked closely with the Co-ordination Centre of Hong Kong Computer Emergency Response Team (HKCERT) established under Hong Kong Productivity Centre. Members noted that HKCERT also maintained contacts with overseas CERTs to provide IT security support in general to local enterprises and Internet users and obtain timely information on preventive measures against IT security hazards.

Funding requirement and allocation

8. Noting that the proposed allocation for 2004-05 had been reduced by 22% over that of 2003-04, Mr YEUNG Yiu-chung was worried that such reduction might affect the quality of government service. The Chairman was concerned whether bureaux/departments had in fact shelved the needed improvements to existing computer systems due to funding constraints caused by the deficit problem.

9. In response, EGC/CITB pointed out that \$310 million of the proposed block allocation of \$540 million was needed to fund projects initiated in 2003-04 or earlier while the balance of \$230 million was required to fund 86 new bids. He explained that the implementation period for computerization projects could be longer or shorter than 12 months. Some might not commence implementation at the beginning of a financial year and thus might straddle more than one financial year. As such, some projects would need to be carried over from the previous year. To cater for this arrangement, an over-commitment for a given financial year was allowed under the block vote system. He stressed that projects initiated in 2003-04 or earlier would be carried out when the departments were ready to take them forward. There was no question of the Administration holding projects back pending funding availability. For new bids, EGC/CITB remarked that successful projects had been subject to stringent vetting procedures and some of the submissions had been returned to individual bureaux/departments for further improvement and revision. Members noted that the capital cost of computer projects costing between \$150,001 and \$10 million was funded under the proposed block allocation. On whether some departments might have refrained from bidding for new projects because they had to fund the recurrent cost of these projects from their own resources, EGC/CITB said

that having regard to the number of submissions received, such case(s), if any, should be very few in number.

10. Ms Emily LAU asked whether funding priority would be given to those projects proposed by departments whose services were in high demand in order to maintain and improve the efficiency and quality of service.

11. In response, EGC/CITB confirmed that there was no priority list as such. However, in allocating funding, the major factors for consideration included the material benefits brought to the public in terms of improvement in the quality of service and speed of transactions. The new projects to be implemented included four main categories, namely projects to enhance IT security, projects to support departmental operations, projects related to office automation and those providing electronic services to the public. He added that bureaux/departments could put up new bids during 2004-05 if the requirements could be justified, subject to the ceiling of \$540 million on the block allocation for the year.

Productivity gains

12. Ms Emily LAU sought information on the savings in terms of manpower and other resources expected to be achieved from the implementation of the proposed computerization projects; and whether any possible deletion of posts or redundancy would result. In reply, EGC/CITB said that about 50% of the 20 representative projects in 2004-05 as set out in Annex B of the Administration's paper were expected to bring about realizable savings. Where manpower savings would result, the Administration would consider re-deploying those staff whose duties would be largely computerized to take up other duties.

13. To facilitate members' consideration of the cost-effectiveness of the computerization projects, Ms Emily LAU considered that the Administration should provide information on the estimated savings, if any, resulting from the projects. In this connection, EGC/CITB informed members that in accordance with the ongoing practice, details of individual projects would be set out in the full list of block allocation items to be submitted by the Administration to PWSC and a copy of the full list would be deposited with the Clerk to PWSC for interested members' perusal. Noting Ms Emily LAU's concern, EGC/CITB said that the Administration would include information on details of estimated savings in respect of the 86 new bids to facilitate PWSC's consideration. Ms Emily LAU reiterated that the Administration should be mindful of the need to provide information on savings or otherwise in the relevant funding submissions.

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(Post-meeting note: The information on the realizable and notional benefits arising from the 86 new projects to be implemented in 2004-05 provided by the Administration has been circulated to all Members on 12 December 2003 vide PWSC(2003-04)54 and LC Paper No. PWSC29/03-04.)

14. Summing up, the Chairman expressed his disappointment at the considerable reduction in proposed funding allocation for the implementation of computerization

projects. While appreciating the need to trim expenditure in the face of the current deficits, he nevertheless considered that the Administration should make the best use of the present opportunity of falling prices to take forward the needed computerization projects, instead of holding back such projects which might become more costly to implement when the economy picked up again.

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