

**For discussion
on 8 November 2010**

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

**Capital Works Reserve Fund Head 710 Computerisation
Subhead A007GX (Block Allocation) –
New administrative computer systems**

Introduction

This paper seeks Members' support for the funding requirement for 2011-12 for the implementation of computerisation projects under the Capital Works Reserve Fund (CWRP) Head 710 Computerisation Subhead A007GX (Block Allocation) – New administrative computer systems.

Background

2. CWRP Head 710 Computerisation is the Head of Expenditure used for funding administrative computer systems, consultancies for feasibility studies and system development. These projects primarily serve to deliver the strategic outcome of the action area "Enabling the next generation of public services" under the Digital 21 Strategy. The sources of funding and approving authority of such projects can be broadly classified as follows -

- (a) *Projects costing above \$10 million each* – these projects are subject to the specific approval of the Finance Committee (FC) of the Legislative Council and are to be funded under separate subheads of CWRP Head 710. The subject bureaux/departments (B/Ds) as the project owners of these major computerisation projects are responsible for submitting funding proposals to the FC and monitoring project delivery.
- (b) *Projects costing above \$150,000 but not exceeding \$10 million each* – these projects are funded through a block allocation under

CWRF Head 710 Subhead A007GX (the block allocation). The Financial Secretary has delegated to the Government Chief Information Officer (GCIO) the power to approve projects and authorise expenditure under the block allocation. Projects funded this way are normally called block vote projects.

- (c) *Projects each costing \$150,000 or below* – these projects are approved by individual B/Ds and funded through their respective operational expenses subheads under the General Revenue Account.

3. The proposed block allocation for a given financial year will fund the estimated cash flow requirements arising from block vote projects proposed by B/Ds and approved or to-be approved by GCIO. Each year, the Office of the Government Chief Information Officer estimates the funding requirements for the block allocation in the following financial year by taking into consideration the cash flow requirements of approved block vote projects, new proposals submitted by B/Ds and anticipated new projects for various e-government initiatives to be submitted, as well as the spending position of the block allocation.

4. To ensure optimal utilisation of the block allocation, the estimated cash flow requirements of approved block vote projects will be reviewed on a half-yearly or quarterly basis. Owners of individual projects will be required to closely monitor and review the project schedule in order to provide realistic cash flow requirements based on the latest project implementation progress. This arrangement will avoid unnecessary locking up of funds by individual projects and enable GCIO to deploy funds to meet the requirements of other urgent or higher priority projects.

5. To enhance transparency and encourage industry participation in government IT projects, proposed new projects, approved projects and their tender-related information are published on the Digital 21 website (<http://www.info.gov.hk/digital21/eng/catalogue/cata.html>). Planning information on all the proposed new projects was uploaded to the website on 19 October 2010.

Funding Requirement for 2011-12

6. Taking into account the proposals submitted by B/Ds and our forecast of other projects to be initiated in the coming financial year, we estimate that a block allocation of **\$780 million** will be required under CWRP Head 710 Subhead A007GX for 2011-12. The proposed allocation is \$65 million (about 9%) higher than the provision of \$715 million for 2010-11. The higher provision will enable Government to keep pace with the increasing use of information and communications technology for service transformation, improve customer services and enhance system security. We will monitor and manage the use of the approved funds to ensure due adherence to prevailing government policies and relevant legislation, and the proper delivery of the desired outcomes for the key action areas of the Digital 21 Strategy.

7. The estimated cash flow requirements of projects initiated / to be initiated in 2010-11 or earlier as well as new projects to be initiated in 2011-12, are at **Annex A**. The new projects to be funded by the block allocation can be broadly classified into the following four main categories -

- (a) projects to protect data and system security;
- (b) projects to maintain systems critical to service delivery;
- (c) projects to enable delivery of policy commitments; and
- (d) projects to improve customer service and enhance productivity.

Examples of new projects to be initiated in 2011-12 are given at **Annex B**.

8. B/Ds are required to observe the following guiding principles in formulating computerisation project proposals -

- (a) support e-government strategies for the management and use of information and communications technology;
- (b) integrate e-government into their overall business plans to derive more business benefits and as a fundamental part of their service delivery approach;

- (c) embrace a citizen-centric culture and adopt customer relationship management principles and best practices in the delivery of public services;
- (d) build in service transformation and business process re-engineering in all organisation/business reviews;
- (e) proactively identify opportunities for joining up services across departmental boundaries, take ownership of the projects and account for their performance/benefits; and
- (f) rationalise service delivery channels and migrate customers to the most efficient, user-friendly and cost-effective channels.

Submission of Funding Application to FC

9. Funding approval for all CWRF block allocations (including the Subhead A007GX Block Allocation) will be sought from FC (tentatively in January 2011), after consultation with the Public Works Subcommittee (tentatively in December 2010).

Advice Sought

10. Members are invited to give support to the proposed block allocation to be sought from FC for CWRF Head 710 Subhead A007GX in 2011-12.

**Office of the Government Chief Information Officer
Commerce and Economic Development Bureau
November 2010**

**Tentative cash flow requirements of
the projects to be funded
under the proposed Block Allocation in 2011-12**

	<u>no. of projects</u>	<u>tentative cash flow requirements in 2011-12 (\$'M)</u>
Projects initiated / to-be initiated in 2010-11 or earlier	390	642
New projects to be initiated in 2011-12	153	138
Total:	<u>543</u>	<u>780</u>

Breakdown of 153 new projects -

	<u>no. of projects</u>	<u>tentative cash flow requirements in 2011-12 (\$'M)</u>
<i>(a) To protect data and system security</i>	<i>20</i>	<i>15</i>
<i>(b) To maintain systems critical to service delivery</i>	<i>20</i>	<i>43</i>
<i>(c) To enable delivery of policy commitments</i>	<i>15</i>	<i>28</i>
<i>(d) To improve customer service and enhance productivity</i>	<i>98</i>	<i>52</i>
<i>Sub-total:</i>	<i><u>153</u></i>	<i><u>138</u></i>

Examples of new projects to be initiated in 2011-12

<u>item no.</u>	<u>project description</u>	<u>project estimate</u> (\$'M)
(a) To protect data and system security		
1.	Feasibility study for authentication, authorisation and communication for integrated Government to Business (Office of the Government Chief Information Officer)	5.000
2.	Implementation of two-factor authentication solution (Transport Department)	1.400
3.	IT security risk assessment and audit (Inland Revenue Department)	0.950
4.	Implementation of Virtual Private Network (Student Financial Assistance Agency)	0.886
5.	Data security and retrieval enhancement of IT system in Government Dockyard (Marine Department)	0.550
(b) To maintain systems critical to service delivery		
6.	Replacement of computer system for annual survey of economic activities (Census and Statistics Department)	9.626
7.	Technology court revamp (Judiciary)	6.050
8.	Revamp of Web-casting System (Information Services Department)	4.993

<u>item no.</u>	<u>project description</u>	<u>project estimate</u> (\$'M)
9.	Implementation of prosecution management system (Agriculture, Fisheries and Conservation Department)	4.534
10.	Enhancement of Air Cargo Clearance System for postal pre-clearance (Customs and Excise Department)	2.166

(c) To enable delivery of policy commitments

11.	Implementation of Child Health Service System Phase IV (Department of Health)	8.759
12.	e-Channel system for immigration control point at the new cruise terminal at Kai Tak (Immigration Department)	8.310
13.	Programme management service - implementation of Electronic Information Management Programme (Office of the Government Chief Information Officer)	6.356
14.	Upgrade of Lift / Escalator Ordinance System II and web-based registration service (Electrical and Mechanical Services Department)	5.500
15.	Enhanced Integrated Landslide Information System (Civil Engineering and Development Department)	2.500

(d) To improve customer service and enhance productivity

16.	Next-generation Government Communications Infrastructure (Office of the Government Chief Information Officer)	5.940
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<u>item no.</u>	<u>project description</u>	<u>project estimate</u> (\$'M)
17.	Redevelopment of Herbarium Data Management System (Agriculture, Fisheries and Conservation Department)	4.934
18.	Upgrade and Expansion of Server Virtualisation (Transport Department)	3.364
19.	Fingerprint and Palmprint Livescan System (Immigration Department)	2.823
20.	Redevelopment of Marine Accident Investigation database system (Marine Department)	0.935