For discussion
on 11 November 2013

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Legislative Council Panel on
Information Technology and Broadcasting

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

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Introduction

       This paper seeks Members' support for the funding requirement for 2014-15 for the implementation of computerisation projects under the Capital Works Reserve Fund (CWRF) Head 710 Computerisation Subhead A007GX (Block Allocation) – New administrative computer systems.

Background

2.   The sources of funding and approving authority of computerisation projects can be broadly classified as follows -

    (a)   **CWRF Head 710 Computerisation**

          This is the Head of Expenditure used for funding administrative computer systems and related studies. 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.

         (i)   *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 CWRF 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.

(ii) *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 (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.

(b) **General Revenue Account**

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.

CWRF Block Allocation

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, GCIO will review the estimated cash flow requirements of approved block vote projects 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 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.

Funding Requirement for 2014-15

5.　　　　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 **$920 million** will be required under CWRF Head 710 Subhead A007GX for 2014-15.　The proposed allocation is $30 million (about 3.4%) higher than the provision of $890 million for 2013-14.　A breakdown of the expenditure items for 2013-14 and 2014-15 is at **Annex A.**　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.

6.　　　　The estimated cash flow requirements of projects initiated / to be initiated in 2013-14 or earlier as well as new projects to be initiated in 2014-15, are at **Annex B.**　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 2014-15 are given at **Annex C**.

7.　　　　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

8. Funding approval for all CWRF block allocations (including the Subhead A007GX (Block Allocation)) will be sought from FC (tentatively in January 2014), after consultation with the Public Works Subcommittee (tentatively in December 2013).

Advice Sought

9. Members are invited to support the proposed Block Allocation to be sought from FC for CWRF Head 710 Subhead A007GX in 2014-15.

Office of the Government Chief Information Officer
Commerce and Economic Development Bureau
November 2013

**Breakdown of the expenditure items in 2013-14 and 2014-15
for the Block Allocation**

Category of Expenditure	2014-15 Proposed Block Allocation ($M)	2013-14 Approved Block Allocation ($M)	Difference ($M)	Percentage of Increase (%)
Implementation Services	326	325	1	0.3
Software	150	142	8	5.6
Hardware	183	173	10	5.8
Contract Staff	152	145	7	4.8
Contingency	65	62	3	4.8
Others	44	43	1	2.3
Total:	**920**	**890**	**30**	**3.4**

**Tentative cash flow requirements of
the projects to be funded
under the proposed Block Allocation in 2014-15**

	no. of projects	tentative cash flow requirements in 2014-15 ($'M)
Projects initiated / to-be initiated in 2013-14 or earlier	**541**	**782**
New projects to be initiated in 2014-15	**136**	**138**
Total:	**677**	**920**

Breakdown of 136 new projects -	*no. of projects*	*tentative cash flow requirements in 2014-15 ($'M)*
(a) To protect data and system security	*17*	*17*
(b) To maintain systems critical to service delivery	*65*	*76*
(c) To enable delivery of policy commitments	*24*	*35*
(d) To improve customer service and enhance productivity	*30*	*10*
Sub-total:	*136*	*138*

Examples of new projects to be initiated in 2014-15

item no.	project description	project estimate ($'M)

(a) To protect data and system security

1.	Government Office Automation IT Security Enhancements (Immigration Department)	7.986
2.	Enhancement of IT Security (Government Logistics Department)	5.092
3.	Technology Upgrade of Departmental Network Security Devices (Leisure and Cultural Services Department)	4.950
4.	IT Security Risk Assessment and Audit (Social Welfare Department)	1.977
5.	IT Security Risk Assessment and Audit (Commerce and Economic Development Bureau)	0.600

(b) To maintain systems critical to service delivery

6.	Enhancement of the Lightning Location Information System (Hong Kong Observatory)	9.034
7.	Revamp of Knowledge Management Platform (Invest Hong Kong)	4.463
8.	Upgrade of Departmental Portal (Labour and Welfare Bureau)	2.321

item no.	project description	project estimate ($'M)
9.	Relocation of IT Facilities of the Patents and Designs Registries (Intellectual Property Department)	2.285
10.	Relocation of IT Facilities to New Office in Trade and Industry Tower (Customs and Excise Department)	1.540

(c) To enable delivery of policy commitments

11.	Development of Vehicle Emission Inventory and Modeling System (Environmental Protection Department)	8.514
12.	Programme Management Support for Planning the Implementation of the Next Generation Government Data Centre Complex (Office of the Government Chief Information Officer)	4.950
13.	Redevelopment of Customer Relationship Management System (Invest Hong Kong)	4.892
14.	Provision of Mobile Applications of "A Symphony of Lights" (Commerce and Economic Development Bureau)	1.486
15.	Mobile Applications for "This is Hong Kong" (Information Services Department)	0.960

item no.	project description	project estimate ($'M)

(d) To improve customer service and enhance productivity

16.	Replacement of Transport Management Information System II (Hong Kong Police Force)	9.889
17.	Technical Study on Information Technology and Network Infrastructure (Fire Services Department)	5.258
18.	Feasibility Study on the Re-development of System for Managing the Assessment of Student Health (Department of Health)	4.540
19.	Installation of Video Wall Presentation System (Hong Kong Observatory)	4.466
20.	Online Application for Exemption from Business Registration Fee and Levy at GovHK (Inland Revenue Department)	2.955