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Panel on Information Technology and Broadcasting

Meeting on 11 November 2013

**Background brief on
Capital Works Reserve Fund
Head 710 Computerization Subhead A007GX (Block Allocation)
– New administrative computer systems**

Purpose

This paper summarizes previous discussions by the Panel on Information Technology and Broadcasting ("the Panel") on the funding requirements for the implementation of computerization projects under the Capital Works Reserve Fund ("CWRF") Head 710 Computerization Subhead A007GX ("block allocation") – New administrative computer systems and related issues.

Background

2. CWRF Head 710 Computerization is the Head of Expenditure used for funding administrative computer systems, consultancies for feasibility studies and systems development. These projects serve to deliver the strategic outcome of the action area "Enabling the next generation of public services" under the Digital 21 Strategy. The projects can be broadly classified as projects each costing above \$10 million¹, projects each costing above \$150,000 but not exceeding \$10 million, and projects each costing \$150,000 or below².

¹ These projects are subject to the approval of the Finance Committee ("FC") and to be funded under separate subheads of Head 710.

² These projects are approved by individual bureaux/departments and funded through their respective operational expenses subheads under the General Revenue Account.

3. Projects each costing above \$150,000 but not exceeding \$10 million are funded through a block allocation under CWRP Head 710 Subhead A007GX. The Financial Secretary has delegated to the Government Chief Information Officer ("GCIO") the power to approve projects and authorize expenditure under the block allocation. Projects funded this way are normally called block vote projects. The block allocation for a given financial year will fund the estimated cash flow requirements arising from block vote projects proposed by bureaux/departments ("B/Ds") and approved or to-be approved by GCIO. Each year, the Office of the GCIO 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.

Discussions at the Panel on Information Technology and Broadcasting

Funding proposal for 2013-2014

4. At the Panel meeting on 12 November 2012, members discussed the 2013-2014 funding proposal of \$890 million for the implementation of computerized projects under the block allocation. The Panel requested the Administration to provide information regarding the breakdown of the proposed increase in the block allocation. The Administration's written response was issued to the Panel vide LC Paper No. CB(4)188/12-13(01) on 26 November 2012 and is attached at the **Appendix**. Members supported in principle the funding proposal for consideration by the Public Works Subcommittee. The proposal was subsequently approved by the Public Works Subcommittee on 17 December 2012 and the FC on 11 January 2013. The Panel further requested the Administration to provide more detailed information on the projects to be funded under the proposed block allocations in the following years for the Panel's consideration.

Business opportunities for local small and medium sized enterprises

5. At the Panel meeting on 12 November 2012, some Panel members opined that small and medium sized enterprises ("SMEs") in the information and communications technology ("ICT") sector had experienced difficulties in bidding for Government IT contracts as they used similar technologies in implementing projects, and contracts were

usually awarded to those with low bidding price, thus creating intense competition among SMEs in the ICT sector. These members urged the Administration to put in place measures to help SMEs compete fairly in Government IT tenders and procurements. Some other members suggested that the Government should invite award-winners from the sector to introduce new technologies to the Government for use in new projects.

6. The Administration advised that it had introduced a listing arrangement for the procurement of government public cloud services. Out of the 40 listed service providers, about one-third of them were SMEs. In addition, the Administration had invited some ICT award-winners to demonstrate their winning projects in areas next to the Wanchai Government Complex, and held seminars for these award-winners to introduce their products to government departments.

7. At the Panel meetings on 10 June and 8 July 2013, members followed up on the Administration's plan to promote the adoption of ICT in SMEs. The Administration advised that to enhance Hong Kong's overall competitiveness, the Government had been implementing various programmes since 2004 to encourage SMEs to take advantage of ICT to increase efficiency and productivity. The Administration had completed over the years a number of sponsorship projects, including electronic business applications, websites and training, benefiting over 14 000 SME practitioners from various sectors. The project "Consumer Connect", sponsored under the Sector-Specific Programme ("SSP") for SMEs and completed in early January 2013, provided wholesalers and retailers with a cloud-enabled platform and application to promote their products and make available product information to consumers. In May 2013, a new round of SSP was launched by setting aside \$3 million for sponsoring projects to develop applications and solutions for individual SME sectors to promote the adoption of ICT.

E-Government

8. At the Panel meeting on 10 June 2013, some Panel members opined that both the internal and e-Government services ICT systems adopted by B/Ds were outdated. They urged the Administration to expedite the process of ICT enhancements for B/Ds. The Administration advised that it had started to develop and implement, by using cloud technologies, a new infrastructure service platform for B/Ds to provide e-Government services. This would adjust the hosting capacity in response to actual demands.

9. Some members also expressed concern about the Government's strategy to drive the adoption of barrier-free designs in public and private websites, as it appeared that some government websites had not adopted the relevant designs. The Administration advised that all government websites, which were over 400, had attained the basic requirements for barrier-free designs. The Administration was working towards having all government websites to conform to Level AA standard of the Web Content Accessibility Guidelines Version 2.0 promulgated by the World Wide Web Consortium. As at March 2013, about 80% of government websites had achieved this requirement. The remaining websites, which were generally accessible though not yet up to the latest standard, were undergoing major redevelopment scheduled for completion later this year or within 2014.

Latest position

10. The Administration will brief the Panel on 11 November 2013 the funding requirement for 2014-2015 for the implementation of computerization projects under the block allocation.

Relevant papers

11. A list of the relevant papers with their hyperlinks is at http://www.legco.gov.hk/yr15-16/english/panels/itb/papers/itb_ef.htm.

Council Business Division 4
Legislative Council Secretariat
4 November 2013

香港特別行政區政府
政府資訊科技總監辦公室



OFFICE OF THE
GOVERNMENT CHIEF INFORMATION OFFICER
The Government of the Hong Kong
Special Administrative Region

本函檔號 Our Ref.:
來函編號 Your Ref.:
電話 Tel. No.: 2810 3518
傳真 Fax. No.: 2827 6646
電子郵件 E-mail Address: wptse@ogcio.gov.hk

Urgent By Fax

Fax No.: 2978 7569
Date: 21 November 2012

Ms YUE Tin-po
Clerk to Panel on Information Technology and Broadcasting
Legislative Council Complex,
1 Legislative Council Road,
Central
Hong Kong

Dear Ms Yue,

**Information Requested by the Panel on
Information Technology and Broadcasting on 12 November 2012**

At the Panel meeting on 12 November 2012, the Administration undertook to follow up Members' request for supplementary information.

The supplementary information regarding the breakdown of the proposed increase in the Block Allocation under the Capital Works Reserve Fund Head 710 - Computerization Subhead A007GX - New administrative computer systems is provided at the Annex for Members' information.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'W. P. Tse', written over a large, stylized flourish.

(WP TSE)

for Government Chief Information Officer

Annex

Category of expenses	2012 Resource Allocation Exercise	2011 Resource Allocation Exercise	Difference (\$M)
	Proposed Block Allocation (\$M)	Approved Block Allocation (\$M)	
Implementation Services	324.78	294.58	30.20
Software	142.30	137.66	4.64
Hardware	173.32	176.65	-3.33
Contract Staff	144.53	144.13	0.40
Contingency	61.62	58.58	3.04
Others	43.45	48.40	-4.95
Total :	890.00	860.00	30.00