

**For discussion  
on 10 November 2014**

**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 2015-16 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 CWRP 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.

**CWRP 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 2015-16**

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 **\$940 million** will be required under CWRP Head 710 Subhead A007GX for 2015-16. The proposed allocation is \$20 million (about 2.2%) higher than the provision of \$920 million for 2014-15. A breakdown of the expenditure items for 2014-15 and 2015-16 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 2014-15 or earlier as well as new projects to be initiated in 2015-16, 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 2015-16 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 2015), after consultation with the Public Works Subcommittee (tentatively in December 2014).

### **Advice Sought**

9. Members are invited to support the proposed Block Allocation to be sought from FC for CWRF Head 710 Subhead A007GX in 2015-16.

**Office of the Government Chief Information Officer  
Commerce and Economic Development Bureau  
November 2014**

**Annex A****Breakdown of the expenditure items in 2014-15 and 2015-16  
for the Block Allocation**

<b>Category of Expenditure</b>	<b>2015-16</b>	<b>2014-15</b>	<b>Difference</b>	<b>Percentage of Increase</b>
	<b>Proposed Block Allocation (\$M)</b>	<b>Approved Block Allocation (\$M)</b>		
Hardware	196	183	13	7.1
Software	150	150	0	0.0
Implementation Services	327	326	1	0.3
Contract Staff	157	152	5	3.3
Contingency	65	65	0	0.0
Others	45	44	1	2.3
<b>Total:</b>	<b>940</b>	<b>920</b>	<b>20</b>	<b>2.2</b>

**Tentative cash flow requirements of  
the projects to be funded  
under the proposed Block Allocation in 2015-16**

	<u>No. of projects</u>	<u>Tentative cash flow requirements in 2015-16 (\$M)</u>
<b>Projects initiated / to-be initiated in 2014-15 or earlier</b>	<b>539</b>	<b>784</b>
<b>New projects to be initiated in 2015-16</b>	<b>150</b>	<b>156</b>
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<b>Total:</b>	<b><u>689</u></b>	<b><u>940</u></b>

<i>Breakdown of 150 new projects -</i>	<u>No. of projects</u>	<u>Tentative cash flow requirements in 2015-16 (\$M)</u>
<i>(a) To protect data and system security</i>	<i>29</i>	<i>30</i>
<i>(b) To maintain systems critical to service delivery</i>	<i>81</i>	<i>96</i>
<i>(c) To enable delivery of policy commitments</i>	<i>14</i>	<i>25</i>
<i>(d) To improve customer service and enhance productivity</i>	<i>26</i>	<i>5</i>
	<hr/>	<hr/>
<b><i>Sub-total:</i></b>	<b><i><u>150</u></i></b>	<b><i><u>156</u></i></b>

**Examples of new projects to be initiated in 2015-16**

<b><u>Item no.</u></b>	<b><u>Project description</u></b>	<b><u>Project estimates</u></b> (\$M)
<b>(a) To protect data and system security</b>		
1.	Enhancement of IT Security Infrastructure (Buildings Department)	3.563
2.	Upgrade of Data Encryption Tools (Lands Department)	3.040
3.	Implementation of Network Access Protection (Education Bureau)	1.500
4.	IT Security Risk Assessment and Audit (Trade and Industry Department)	0.781
5.	IT Security Risk Assessment and Audit (Architectural Services Department)	0.521
<b>(b) To maintain systems critical to service delivery</b>		
6.	Upgrade of Departmental Email System (Food and Environmental Hygiene Department)	9.923
7.	Upgrade of e-Payroll and Civil Service Housing Benefits Systems (Treasury)	9.848
8.	Upgrade of Office Automation System (Lands Department)	5.690

<b><u>Item no.</u></b>	<b><u>Project description</u></b>	<b><u>Project estimates</u></b> (\$M)
9.	Upgrade of Central Cyber Government Office Webcasting System (Office of the Government Chief Information Officer)	4.938
10.	Upgrade of Public Lighting Information System (Highways Department)	3.080
<b>(c) To enable delivery of policy commitments</b>		
11.	Centralised Museum Collection Management System (Leisure and Cultural Services Department )	8.926
12.	Enhancement of Animal Licensing and Enforcement System (Agriculture, Fisheries and Conservation Department)	4.095
13.	Enhancement of Auxiliary Medical Service Members and Cadet Corps Management System (Auxiliary Medical Service)	2.200
14.	Mobile Inspection Reporting System for Lifts and Escalators (Electrical and Mechanical Services Department)	1.653
15.	Provision of Interfaces of Laboratory Information Management System (Water Supplies Department)	0.450



<b><u>Item no.</u></b>	<b><u>Project description</u></b>	<b><u>Project estimates</u></b> (\$M)
<b>(d) To improve customer service and enhance productivity</b>		
16.	Enhancement of Online Vehicle Annual Examination Appointment Booking System (Transport Department)	7.718
17.	Enhancement of Payment Service at Leisure Link Booking Counters (Leisure and Cultural Services Department)	4.700
18.	Replacement of “Dial-a-Weather” System (Hong Kong Observatory)	2.446
19.	Enhancement of GovHK Online Form System (Office of the Government Chief Information Officer)	2.398
20.	Provision of Online Application for Certificate of Absence of Marriage Record (Immigration Department)	2.255