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**Panel on Information Technology and Broadcasting**

**Meeting on 9 November 2015**

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

**Purpose**

This paper summarizes the views expressed by members on the last funding proposal for block allocation under the Capital Works Reserve Fund ("CWRF") Head 710 Computerization Subhead A007GX ("Block Allocation") – New administrative computer systems.

**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 million<sup>1</sup>, projects each costing above \$200,000 but not exceeding \$10 million, and projects each costing \$200,000 or below<sup>2</sup>.

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

<sup>2</sup> 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 \$200,000 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 GCIO ("OGCIO") 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.

### **Previous discussions**

#### Panel on Information Technology and Broadcasting

4. At the meeting of the Panel on Information Technology and Broadcasting ("the Panel") held on 10 November 2014, members discussed the funding proposal of \$940 million in Block Allocation for 2015-2016 for the implementation of computerized projects. Members supported in principle the funding proposal. The major views and concerns expressed by members were summarized in the ensuing paragraphs.

#### *Increase in block allocation*

5. Some Panel members queried whether the proposed increase of \$20 million in Block Allocation (about 2.2%) in 2015-2016 would be sufficient to implement the targeted computerization projects and to implement preventive measures against security threats under the Block Allocation. The Administration advised that the proposed Block Allocation would be sufficient because allocation only referred to the cash flow allocated to a Bureau or Department with reference to the estimated expenditure requirement of the approved projects to be initiated in a given financial year.

6. The Administration also advised that 29 new projects were estimated in the 2015-2016 proposed Block Allocation to enhance system

security. Financial provision for implementing system security components had also been allocated for each individual project. A security risk assessment had to be conducted before any new system was launched.

7. Some Panel members enquired whether a detailed breakdown of expenditure items for the proposed Block Allocation could be provided, how the project estimates were determined and the criteria and process for approving projects under the proposed Block Allocation. The Administration advised that examples of new projects to be initiated and the guiding principles for B/Ds to observe in formulating computerization project proposals were listed in Annex C to the Administration's paper (LC Paper No. CB(4)112/14-15(05)), and information on all the proposed new projects, approved projects and their tender-related information was available on the Digital 21 Strategy website. The Administration would consider including the relevant website links in its paper in future.

8. Some Panel members raised the issue about upgrading various hardware and software of the Government computer systems using the proposed Block Allocation, and the performance of the e-Government service. The Administration advised that B/Ds would need to upgrade or replace their computer systems every few years for security reasons and to keep up with technology changes. The Administration reported positively about its e-Government service in that Hong Kong had recently won the Outstanding e-Government Prize (Open City) at the World e-Governments Organization of Cities and Local Governments Awards 2014.

9. Some Panel members enquired whether contingent resources were available for urgent or higher priority projects not budgeted for under the proposed Block Allocation. The Administration advised that 97% of the block allocation in 2013-2014 were expended whereas in some other years, for example in 2003-2004, less than 80% of the block allocation was expended. The Administration would consider providing the percentage of block allocation expended in the past and more detailed information on projects to be funded under the proposed block allocations in future to facilitate discussions at Panel meetings.

10. As regards prioritizing Government information technology ("IT") projects, the Administration advised that, every year, the relevant B/Ds, with the support of its policy bureau, would submit a project portfolio to OGCIO outlining the priorities of projects to be implemented. The Administrative Computer Projects Committee would assess whether the

proposed projects submitted by B/Ds were urgent or at high priority, taking into account how the projects would help deliver policy commitments, improve service delivery and protect data and system security.

*Performance assessment*

11. Some Panel members expressed concern about the performance of the projects funded under the Block Allocation. The Administration advised that the relevant B/Ds would submit a Post Implementation Departmental Return ("PIDR") to OGCI0 six months after the implementation of the relevant project detailing whether project objectives were met and the results and effects of implementation of the project, etc. The aggregated results of PIDRs were published in OGCI0's Controlling Officer's Report. These reports were also provided to the Audit Commission and relevant additional information would be provided to the Director of Audit upon request.

12. At the Panel's request, the Administration had provided information on the 150 new projects under the proposed Block Allocation, including their project estimates, and a summary on the performance and results of projects funded under the block allocation (**Appendix**) for the Panel's consideration<sup>3</sup>.

*Business opportunities for local small and medium enterprises*

13. Some Panel members expressed concern about the intense competition among small and medium enterprises ("SMEs") in the Information and Communications Technology ("ICT") sector and their difficulties in bidding for Government IT contracts and tenders. The Administration advised that the Government aimed to break large IT projects down into smaller ones and award contracts in phases as far as possible so that more SMEs could participate in Government IT contracts and tenders.

*Lead time required for system implementation and use of advanced technologies*

14. Some Panel members enquired about the average lead time required between obtaining the block allocation funding and using the approved funds to implement the new ICT initiatives. The

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<sup>3</sup> The summary was issued to the Panel vide LC Paper No. CB(4)199/14-15(01) on 26 November 2014.

Administration advised that the elapsed time for implementing new ICT initiatives depended on the scale and the scope of the projects involved but in general, at least six months would be required for the implementation of the relevant projects.

15. These members also enquired whether there were differences in criteria in awarding IT contracts in the Government and the private sector, and whether the Government was lagging behind in adopting and using new information technologies and systems when compared to the private sector. The Administration advised that when awarding Government IT contracts and tenders, it was guided by two principles of achieving best value for money and maintaining open and fair competition. The private sector would also adopt largely similar criteria for awarding IT contracts to their partners taking into account individual company's needs. Some Government B/Ds also conducted overall and departmental planning programmes and made use of advanced technologies in their ICT systems.

16. In view of the wide adoption of the "cloud first" policy by overseas governments, some Panel members enquired about the type of new projects using cloud technologies under the proposed Block Allocation in 2015-2016. The Administration advised that in general, cloud platform was one of the technologies to be adopted and B/Ds were encouraged to consider using cloud platform for implementation and development of their projects. Whether cloud platform would be suitable for implementation of projects would depend on the project nature as well as the technical solution to be used in those projects.

### **Latest position**

17. The Administration will brief the Panel on 9 November 2015 on the funding requirement for 2016-2017 for the implementation of computerization projects under the block allocation.

### **Relevant papers**

18. 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](http://www.legco.gov.hk/yr15-16/english/panels/itb/papers/itb_ef.htm)

**Summary on the Performance and Results of  
Projects Funded under the Block Allocation**

Upon completion of an IT project, the relevant bureau or department (B/D) concerned is required to submit to the Office of the Government Chief Information Officer (OGCIO) a Post Implementation Departmental Return (PIDR) setting out the achievements made and the reasons for any deviation from the original objectives, budget and schedule of the project. The aggregated result of PIDRs is published in the Controlling Officer's Report (COR) of the OGCIO as government-wide performance indicators. In 2013, the summarised project performance reported in 133 PIDRs are provided below:

Performance indicators	No. of PIDRs		% achieved
	with target achieved	with deviation	
Completed within budget	133	0	100%
Meeting agreed specifications	132	1	99.2%
Completed on schedule	83	50	62.4%
Achieving intended benefits	129	4	97%

2. Of the 133 projects, all of them were completed within budget. In meeting agreed specifications, one project could not fully achieve the original specifications due to the change in business requirements of the concerned Department.

3. For projects not completed on schedule, the main causes of delay are the frequent staff turnover, insufficient skill level of contractors' staff and sub-standard quality of contractors' deliverables. Other causes include longer time than expected to finalise the user requirements and technical issues encountered.

4. In general, the benefits achieved by these projects include strengthening data protection and system security; ensuring system availability and reliability; enhancing productivity and customer services; and enabling of data sharing. For those projects not achieving fully the intended benefits, the main reasons include the take-up rate of e-option being lower than the expected level, the actual workload being lower than the estimated workload, and the change in business priority.

5. As Government's IT advisor, OGCIO provides various kinds of advice and assistance to B/Ds to enhance project management and strengthen project governance. A comprehensive risk assessment scheme has been put in place for project risk management. Best practices guides on project management, business case development and system development methodology have been promulgated to assist B/Ds in effective planning and delivery of IT projects, thereby maximising the benefits of the related investments.

6. B/Ds continue to roll out more e-Government services for the use by the public. In 2013, around 20 additional e-Government services were introduced. The overall utilisation covering both informational searches and electronic transactions in 2013 was more than doubled that of 2012.

7. With the advance in mobile technology and the increasing number of smartphone users in Hong Kong, providing e-Government services through mobile channels is gaining currency. In line with this trend, the Government has been actively developing and launching a wide array of mobile applications (apps) to provide more convenient public services to citizens on the go. As at September 2014, there are 95 Government mobile apps available for download by the public and 71 websites with mobile version, covering a diverse range of areas, including traffic, leisure, health, education, news, etc. As at January 2014, there were about 6 million downloads of Government mobile apps. In 2013, there were over 30 billion informational searches on the MyObservatory smartphone e-service provided by the Hong Kong Observatory.

8. In addition to providing technical support and advice, OGCIO shared enhanced practice guide with templates to B/Ds with a view to reducing the cost and lead time of developing individual mobile apps. OGCIO also advised B/Ds to prepare marketing plan with target hit rates when planning for new mobile apps. In addition, a promotion campaign, including a catalogue and promotion videos on Government mobile apps, has been launched. Furthermore, OGCIO has developed a mobile apps platform for B/Ds to centrally disseminate information of similar nature for easy access by the public.

9. Besides, the Public Sector Information (PSI) portal ([data.one.gov.hk](http://data.one.gov.hk)) continues to provide Government datasets in machine-readable formats to facilitate commercial or non-commercial re-use free-of-charge. As at November 2014, nearly 3,000 datasets in 16 broad categories are aggregated in the portal for ready download, including real-time data like traffic and weather data, and static data like geospatial data and population census statistics. Many mobile apps have been developed by the community by re-using PSI. For example, traffic snapshots provided by Transport Department are downloaded over 1 million times on average daily. In early November 2014, Hong Kong has won the Outstanding e-Government Prize (Open City) at the World e-Governments Organisation of Cities and Local Governments (WeGO) Awards 2014 for our achievements in opening up public sector information in machine-readable formats through the one-stop Data.One portal.