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Panel on Information Technology and Broadcasting

Meeting on 14 November 2016

**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 million¹, projects each costing above \$200,000 but not exceeding \$10 million, and projects each costing \$200,000 or below².

3. Projects each costing above \$200,000 but not exceeding \$10 million are funded through a block allocation under CWRF Head 710 Subhead A007GX. The Financial Secretary has delegated to the Government Chief Information

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.

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. For raising new projects, B/Ds are required to observe the following guiding principles:

- (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 organization/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) rationalize service delivery channels and migrate customers to the most efficient, user-friendly and cost-effective channels.

4. Each year, the Office of the Government Chief Information Officer ("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.

5. To ensure optimal utilization of the block allocation, OGCIO 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 OGCIO to deploy funds to meet the requirements of other urgent or higher priority projects.

6. OGCIO will also monitor and manage the use of the approved funds to ensure due adherence to prevailing government policies and relevant legislations, and the proper delivery of the desired outcomes. To ensure that Government's investment has attained its intended objectives in a timely and cost-effective way, B/Ds have to submit to 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 within six months after the live-run of a system or completion of a study/programme. The aggregated result of PIDRs is published in the Controlling Officer's Report of OGCIO as government-wide performance indicators.

Previous discussions

Panel on Information Technology and Broadcasting

7. At the meeting of the Panel on Information Technology and Broadcasting ("the Panel") held on 9 November 2015, members discussed the funding proposal of \$990 million in Block Allocation for 2016-2017 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.

New projects to be initiated in 2016-2017

8. Noting that some B/Ds had set up Information Technology Management Units ("ITMUs") responsible for assisting the B/Ds concerned in the planning, management and co-ordination of Information and Technology ("IT") services, and the limited number of staff in the relevant ITMUs, some members enquired about the resources, arrangements, staff and management support for implementing the new projects to be initiated by B/Ds in 2016-2017.

9. The Administration advised that the Block Allocation only referred to the estimated expenditure requirement of proposed projects in a given financial year, and the Administration would examine the details of new projects submitted by B/Ds at a later stage. It would estimate the funding requirements for the Block Allocation in the following financial year by taking into consideration the cash flow requirements of approved projects, new proposals submitted by B/Ds and anticipated new projects for various e-Government initiatives, and the spending position of the Block Allocation of the current financial year. With the increase in new projects to be initiated, the staffing support for individual B/Ds would also increase.

10. As regards the management and implementation of IT projects, the Administration advised that the number of civil servants had increased from around 700 to more than 900 from 2009 to 2015. If necessary, the number of civil servants and non-civil service contract staff could be further increased to support implementation and management of the new projects.

11. Some members expressed concern about the Enhancement of Facility Booking Features of Leisure Link System ("the System") of the Leisure and Cultural Services Department ("LCSD"), and enquired whether computer system(s) could be developed for LCSD to prevent ticket scalping for mega sports events. Members also requested the Administration to simplify the ticket-vending mechanisms for mega sports events. The Administration advised that enhancement to the System had been included in the new projects to be initiated in 2016-2017, and staff had been seconded to the ITMU of LCSD to manage all IT system-related and cross-departmental matters.

12. The Administration supplemented that some tickets were sold on-line by event organizers which made it difficult to monitor. It would explore ways to tackle the problem of on-line concurrent sale of tickets by the event organizers and LCSD. At the Panel's request, the Administration provided information on the arrangements made by LCSD to ensure that the sale of tickets for mega sports events could be conducted in a fair, open and orderly manner (**Appendix I**).

13. Some members enquired about the difference in project estimates for upgrading the Confidential Messaging Applications of different B/Ds and whether all B/Ds were required to implement such system. The Administration advised that the difference in the number of staff using the Confidential Messaging Applications system in different B/Ds had attributed to the difference in project estimates for upgrading the system. B/Ds would upgrade their system in turn and the upgrade was expected to complete in mid-2017.

14. Panel members further enquired about the names of B/Ds which had completed upgrading its Confidential Messaging Application and those which had not, and the difference(s) between upgrading email systems and upgrading the Confidential Messaging Applications for the relevant B/Ds. At the Panel's request, the Administration provided information on these enquiries (**Appendix II**).

15. Some other members enquired about the distribution of the types of new projects to be initiated in 2016-2017. The Administration advised that 10 were user-friendly electronic services projects, 11 were public sector information and mobile applications ("apps") projects, 59 were internal operational efficiency improvement projects, 37 were technology refresh projects and 42 were IT security enhancement projects.

Project performance

16. Some members expressed concern about the reasons and penalties for contractors' delay in completion of projects, and measures to improve their performance. They also queried whether low contract price had affected the quality of the projects and the efficiency of the contractors. The Administration advised that the main reasons for the delay in completion of projects were the turnover of contractors' staff and delay in finalizing user requirements and procurement. For proposal evaluation, contractors meeting the technical requirements would be the primary criteria. The contract price would then be considered before contract award. During project implementation, the Administration would advise B/Ds on taking the necessary measures to enable contractors to complete the projects on schedule, and penalties could be imposed on contractors for delay in completion of projects.

17. The Administration supplemented that OGCIO had issued a practice guide to project management in 2010 which helped B/Ds in improving the management of IT outsourced projects. The percentage of completing projects on schedule had been increased from 52.6% in 2010 to 62.2% in 2014. The Administration would continue to advise B/Ds in monitoring the contractors for their timely completion of projects. In response to members' enquiry about contractors sub-contracting their project works to third parties, the Administration advised that the percentage of sub-contracting arrangement was about 13% and the percentage of the sub-contract amount was about 14%.

18. In response to some members' enquiry about project outcome, the Administration advised that relevant B/Ds would submit a PIDR to OGCIO six months after the implementation of the relevant project detailing whether the agreed specifications were met and whether the intended benefits were achieved, etc. for assessment.

Mobile applications

19. Some members enquired about the low download rates of certain mobile apps and the reasons for the relatively few mobile apps projects under the new projects to be initiated in 2016-2017. The Administration advised that practice guides were provided to B/Ds on the development and implementation of mobile apps. Certain apps were developed to serve specific interest groups and the number of downloads was not substantial. As many of the mobile apps projects had been implemented in previous years, a relatively small number of new mobile apps projects would be initiated in 2016-2017.

20. In response to some members' enquiry about the selection criteria and the procedure for developing Government mobile apps, and the use of financial resources for developing such apps, the Administration advised that B/Ds would

determine which types of Government services should be delivered through mobile apps and the presentation format of the apps to meet users' needs. The Administration had provided practical application templates for common mobile apps features and developed platform apps to enable users to receive a wide array of government information on a single platform.

21. On financial resources, the Administration advised that after B/Ds had submitted the mobile apps projects to OGCI, it would review the objectives and estimated expenditure for developing the apps before approving the projects and authorizing expenditure under the block allocation. Some members requested the Administration to develop Government mobile apps which would bring more convenience to users in daily life.

Cloud technology

22. Noting that operational and maintenance costs could be greatly reduced if cloud technology was applied, some members enquired about the measures taken by the Administration to encourage B/Ds to develop and upgrade computer systems by using cloud technology. They also enquired about the number of new projects using cloud technologies under the proposed Block Allocation in 2016-2017. The Administration advised that cloud technology was available for use by B/Ds under three main items, namely, centralized data centre, Government cloud platform and the public cloud service. With the use of cloud service, B/Ds achieved the benefits of increasing procurement flexibility, enhancing system capacity, reducing capital costs, and accelerating the delivery of IT systems.

23. The Administration supplemented that whether cloud platform would be suitable for implementation of individual projects would depend on the project nature as well as the technical solution to be used in those projects. Guidelines were issued for B/Ds to use cloud technology for developing and upgrading their computer systems. At least 20 new projects would use cloud technology for implementation. At the Panel's request, the Administration provided the names of the new projects to be initiated in 2016-2017 which would use cloud platform for implementation and development (**Appendix III**).

Latest position

24. The Administration will brief the Panel on 14 November 2016 on the funding requirement for 2017-2018 for the implementation of computerization projects under the block allocation.

Relevant papers

25. 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
10 November 2016

Information on whether computer System(s) could be developed for the Leisure and Cultural Services Department to prevent ticket scalping for mega sports events, such as the World Cup qualifier matches

This short note aims to provide information on the enhancement of the Leisure Link System (LLS) under the Leisure and Cultural Services Department (LCSD), operation of the Urban Ticketing System (URBTIX) and the arrangement for the sale of tickets for major events organised by the venue hirers.

Leisure Link System

2. LLS provides booking services to the public through four different channels, namely, booking counters at leisure venues, the Internet, self-service kiosks and the telephone for booking leisure facilities and enrolling in programmes.

3. Over the years, LCSD has introduced administrative measures and system enhancements to improve the booking and allocation arrangements through LLS to curb touting activities and abuse of facilities. Measures implemented in 2013 and 2014 included shortening the advance booking period for individual hirers from previous 30 days to 10 days so as to reduce the time for reselling the user permits by the "touts"; re-registration of Leisure Link Patrons (LLP) using their Hong Kong identity cards, upon completion of registration, individuals can only use their Hong Kong identity cards or LLP/Temporary LLP account for booking that can prevent hirers using multiple identity proofs to make booking in excess of the quota set for individual hirers; cancellation of the "standby" arrangement for turf soccer pitches; tightening the peak period booking quota for individual users; tightening the penalty system for organisations; and introducing a penalty system for hirers in that the hirers' booking right for fee-charging recreation and sports facilities will be suspended for 90 days if hirers fail to take up a booked session on two occasions without cancellation of booking within any period of 30 consecutive days. In addition, the hirers' booking right for fee-charging recreation and sports facilities will be suspended for 180 days if hirers are found engaging in unauthorised transfer or touting of user permits or abuse half-rate concession. The penalty system for hirers aims at minimising abuse of the booked facilities and better use of resources. Apart from the above measures, LCSD has reminded all venue staff to strictly follow the procedures in the "Conditions of Use of Leisure Facilities" to verify the identity documents of the

hirers. Users who produce identity documents different from LCSD's booking record will not be allowed to sign in and use the facility. This can minimise the possibility of abuse or unauthorised transfer of booked leisure facilities.

4. To further curb touting activities, LCSD has submitted an improvement project titled "Enhancement of Facility Booking Features of Leisure Link System" to the Office of the Government Chief Information Officer. The project is aimed at preventing hirers to use the booked facilities through the Internet for touting. Under the new arrangements, all cancelled facility sessions through the Internet will only be released at a designated time for public rebook fairly via the LLS booking counters, the Internet, self-service kiosks and telephone on first-come-first-served basis. Subject to the approval of the project, it will be commenced in the third quarter of 2016-17 for completion in the fourth quarter of 2017-18.

5. Moreover, to cope with the growing demand from users as well as the future service needs, LCSD has commenced a feasibility study on the redevelopment of LLS to review the current LLS in a more holistic manner and identify room for improvement with a view to enhancing efficiency, customer-friendliness and transparency in the booking of leisure facilities as well as enrolment of recreation and sports programmes. The target completion date for the feasibility study is September 2016.

Measures taken by URBTIX to curb ticket scalping

6. URBTIX provides one-stop ticketing services to hirers or event presenters as well as audience for a total of 45 performance venues managed by LCSD and other organisations. Apart from counter booking at 36 outlets available throughout the territory, URBTIX offers credit card telephone booking, 24-hour Internet and mobile app booking services for the convenience of the public.

7. As regards the ticketing arrangement for popular events such as large-scale concerts, URBTIX will discuss with the organisers to limit the maximum number of tickets to be purchased per transaction at 4 to 10 on the first day of sale with a view to allowing more members of the public to buy tickets through the Internet, mobile app, telephone or counter booking. When the tickets of a large-scale event go on sale, URBTIX outlets will deploy manpower in advance for crowd control and devise appropriate queuing arrangements as necessary.

8. To uphold the fair, open and just principle in the sale of tickets by URBTIX, the LCSD and the system contractor for URBTIX monitor the ticketing situation from time to time and continuously enhance the online

ticketing system to intercept browsing and ticket purchases through improper computer programs. A recent enhancement implemented is the imposition of a limit on the number of tickets that can be purchased online using the same credit card on the first day of sale.

9. Besides, the Government has been appealing to the public to purchase tickets through proper channels for the avoidance of loss from fraudulent activities. The "Terms and Conditions of Sale of Tickets" and "Notice to Ticket Buyers" of URBTIX specify that URBTIX has not authorised anybody to make alternative arrangements other than designated venues or channels for the sale of its tickets. Members of the public should be aware that buying or selling any unauthorised tickets will incur risks and encourage ticket scalping activities.

Arrangement for Ticket Sale of Major Events

10. Apart from the booking of leisure facilities through LLS and the ticketing services of URBTIX, for those major events organised by the venue hirers, the ticketing services are arranged by the event organisers. LCSD will closely monitor the situation and will maintain a close liaison with the organisers to facilitate them to make arrangements as appropriate (such as setting of the number of tickets to be purchased per transaction by each person, purchasing and collection methods, etc.) so as to ensure that the sale of tickets can be conducted in a fair, open and orderly manner.

Appendix II

The names of Bureaux/Departments ("B/Ds") which had completed upgrading its Confidential Messaging Application and those which had not, and the difference(s) between upgrading email systems and upgrading the Confidential Messaging Applications for the relevant B/Ds

As at the end of October 2015, the following five bureaux/departments/offices (B/D/Os) have completed the upgrade of their Confidential Messaging Application:

- (1) Civil Aviation Department
- (2) Civil Engineering and Development Department
- (3) Commerce and Economic Development Bureau (Communications and Technology Branch)
- (4) Government Records Service
- (5) Office of the Government Chief Information Officer

2. The following 82 B/D/Os will progressively complete the upgrade of their Confidential Messaging Application by mid-2017:

- (1) Agriculture, Fisheries and Conservation Department
- (2) Architectural Services Department
- (3) Audit Commission
- (4) Auxiliary Medical Services
- (5) Buildings Department
- (6) Census and Statistics Department
- (7) Central Policy Unit
- (8) Chief Executive's Office
- (9) Chief Secretary for Administration's Office
- (10) Civil Aid Service
- (11) Civil Service Bureau
- (12) Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)
- (13) Companies Registry
- (14) Competition Commission
- (15) Constitutional and Mainland Affairs Bureau
- (16) Correctional Services Department
- (17) Create Hong Kong
- (18) Customs and Excise Department
- (19) Department of Health

- (20) Department of Justice
- (21) Development Bureau (Planning and Lands Branch)
- (22) Development Bureau (Works Branch)
- (23) Drainage Services Department
- (24) Education Bureau
- (25) Efficiency Unit
- (26) Electrical and Mechanical Services Department
- (27) Environmental Protection Department
- (28) Financial Services and the Treasury Bureau (Financial Services Branch)
- (29) Financial Services and the Treasury Bureau (The Treasury Branch)
- (30) Fire Services Department
- (31) Food and Environmental Hygiene Department
- (32) Food and Health Bureau (Food Branch)
- (33) Food and Health Bureau (Health Branch)
- (34) Government Flying Service
- (35) Government Laboratory
- (36) Government Logistics Department
- (37) Government Property Agency
- (38) Highways Department
- (39) Home Affairs Bureau
- (40) Home Affairs Department
- (41) Hong Kong Police Force
- (42) Hongkong Post
- (43) Hong Kong Monetary Authority
- (44) Hong Kong Observatory
- (45) Housing Department
- (46) Immigration Department
- (47) Independent Commission Against Corruption
- (48) Independent Police Complaints Council
- (49) Information Services Department
- (50) Inland Revenue Department
- (51) Innovation and Technology Bureau
- (52) Innovation and Technology Commission
- (53) Intellectual Property Department
- (54) Invest Hong Kong
- (55) Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service
- (56) Judiciary
- (57) Labour and Welfare Bureau
- (58) Labour Department
- (59) Land Registry
- (60) Lands Department
- (61) Legal Aid Department

- (62) Leisure and Cultural Services Department
- (63) Marine Department
- (64) Office of the Communications Authority
- (65) Office of the Ombudsman
- (66) Official Receiver's Office
- (67) Planning Department
- (68) Public Service Commission
- (69) Radio Television Hong Kong
- (70) Rating and Valuation Department
- (71) Registration and Electoral Office
- (72) Secretariat, Commissioner on Interception of Communications and Surveillance
- (73) Social Welfare Department
- (74) Security Bureau
- (75) Transport and Housing Bureau (Transport Branch)
- (76) Transport Department
- (77) Trade and Industry Department
- (78) The Treasury
- (79) University Grants Committee
- (80) Water Supplies Department
- (81) Working Family and Student Financial Assistance Agency (Student Finance Office)
- (82) Working Family and Student Financial Assistance Agency (Working Family Allowance Office)

3. Confidential Messaging Application and an email system are technically two different systems. The former is an add-on software to an email system for providing the requisite security protection to the latter in handling email exchange within the Government involving confidential classification of information for compliance with the Government Security Regulations. As such, upgrade of an email system is technically different from upgrade of Confidential Messaging Application.

**Names of the new projects to be initiated in 2016-2017
which would use cloud platform for implementation and development**

Project Names

Buildings Department

- 1 Revamp of Site Monitoring Information System
- 2 Revamp of Departmental Website

Census and Statistics Department

- 3 Confidential Messaging Application and Upgrade of Email System Infrastructure
- 4 Upgrade of Data Preparation System

Civil Service Bureau

- 5 Redevelopment of e-Leave System

Department of Justice

- 6 Relocation and Enhancement of IT Facilities (West Wing of the Justice Place)

Drainage Services Department

- 7 Implementation of Sewage Services Support System

Government Laboratory

- 8 Environmental Chemistry Information System

Inland Revenue Department

- 9 Establishment of Web Content Management System and Migration of Website

Labour Department

- 10 Internet Cloud Platform

Leisure and Cultural Services Department

- 11 Revamp of Cultural and Leisure Programmes Searching System

Office of the Government Chief Information Officer

- 12 Revamp of Internal Application Systems
- 13 Implementation of Collaborative Project Workspace Shared Services
- 14 Pilot Implementation of Government Instant Messaging Cloud Service
- 15 Enhancement of Departmental IT Infrastructure
- 16 Revamp of External Procurement Portal for e-Procurement Service
- 17 Enhancement of Common Service Portal

Project Names

- 18 Radio Television Hong Kong
Implementation of Server Virtualisation and Enhancement of Disaster Recovery System

Project Names

- 19 Social Welfare Department
Residential Respite Place Vacancies System

- 20 Transport Department
Revamp of Government Vehicle Examination Centre Appointment Booking Control Systems