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**Paper for the House Committee meeting
on 24 September 1999**

**Second report on the position of Year 2000 compliance work
in Government and non-government organizations
which provide essential services**

Purpose

This report outlines the latest position of Year 2000 (Y2K) compliance work in Government and non-government organizations (NGOs) which provide essential services to the public. It also proposes the actions to be taken by LegCo Panels for the purpose of stepping up the monitoring efforts on Government's Y2K compliance work and its contingency planning.

Background

2. At the House Committee meeting on 12 March 1999, members agreed that the respective Panels should discuss the Y2K compliance work within their policy areas and that the Secretariat should provide regular progress reports for Members' information. The first round of Panel meetings for this purpose was completed in May 1999 and a progress report in this regard was presented to the House Committee on 25 June 1999.

3. The House Committee decided at its meeting on 25 June 1999 that Panels should conduct another round of meetings before the end of October 1999 to follow up the issues already identified for further monitoring. The Panel on Information Technology and Broadcasting (the ITB Panel) was also given the responsibility to monitor the Y2K compliance efforts within the Urban Services Department and the Regional Services Department as these departments do not fall within the purview of any policy bureau. The ITB Panel would also examine the feasibility of joint testing of systems by the Administration and its partners, as well as the formulation of territory-wide contingency plans.

Present Position of Y2K Compliance Work within Government and NGOs

4. Pursuant to the decision of the House Committee in June 1999, individual Panels have since conducted further meetings to follow up the issue, focusing their attention on the progress of Y2K rectification work in respect of those mission-critical systems which require close monitoring in view of the serious consequence of non-compliance. The Panels have also reviewed the progress of compliance verification by the Government and NGOs as well as the monitoring mechanism including the need to conduct independent audits by third parties, and the drawing up of contingency plans.

5. According to the Administration, Y2K rectification work in NGOs providing essential services has largely been completed. For Government's bureaux and departments, as at the end of August 1999, 99.9% of Government's mission-critical computer and embedded systems are Y2K compliant. For the remaining 0.1% (three systems) which could not be rectified by August 1999, the Government departments concerned have formulated contingency plans for each of these systems to ensure that services provided to the public will not be disrupted. The list in **Appendix A** sets out the outstanding Y2K compliance situation within the Government and the NGOs providing essential services.

Contingency Plans

6. Regarding contingency plans, the ITB Panel sought from the Administration a report on, inter alia, Government's formulation of Y2K contingency plans. According to the information paper provided by the Administration at the Panel's meeting on 2 August 1999, Government bureaux/departments and essential services providers have already started formulating departmental/institutional business contingency plans to cope with any disruptions in, or excess demand for, the services they provide as a result of Y2K-induced failures. Where necessary, sector-wide contingency plans will be formulated to ensure continuity in the provision of essential services. The Administration also advised that the Working Group on Year 2000 Contingency Planning is formulating a territory-wide contingency plan in order to minimize the possible adverse impact of the Y2K problem. The structure of the territory-wide Y2K monitoring and quick response system is in **Appendix B**.

ITB Panel's Proposal

7. Given the complexity and inter-relationship of automated systems and the serious consequences of non-compliance, the ITB Panel has decided that an appeal should be made to all Panels to ensure that another round of meetings would be conducted before the end of October 1999 to examine, in particular, the contingency plans of individual departments or essential service providers in coping with emergency situations. The Panels should also take the opportunity to check the progress of Y2K compliance work in different sectors, as the majority of final testing work should be completed in September 1999. The issues proposed for this round of

meetings are as follows:

- (a) the latest Y2K compliance position within individual policy areas, including the Y2K readiness of their business partners and the results of sector-wide or territory-wide testings amongst different internal and external systems, where applicable;
- (b) the risk assessment and formulation of contingency plans for possible Y2K problems within the Government and the NGOs which provide essential services to the public;
- (c) the Y2K compliance positions of major overseas/business partners of essential service providers where such compliance is critical to the service continuity of the concerned essential service provider, the possible impact of Y2K-induced failures on the essential service providers and the related contingency planning; and
- (d) the publicity programme on Y2K-related issues and the actions to be taken by the general public in order to be prepared for the transition.

8. In the meantime, the ITB Panel will examine the working of territory-wide contingency plans and the role of the Central Coordinating Centre under the direct steering of the Information Technology and Broadcasting Bureau.

The Way Forward

9. Members are requested to take note of the ITB Panel's suggestions in paragraphs 7-8 above. To facilitate the Panels to focus on the critical issues, a list of questions has been drawn up in **Appendix C** for the purpose of the next round of meetings.

10. Subject to members' decision on paragraph 9, a further report will be submitted to the House Committee in November 1999.

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Appendix A

Outstanding Y2K compliance works within Government and NGOs providing essential services

Economic Services Panel

Category	Organization(s)	Compliance Position (as at end of August 1999)	Target completion time
Government	Marine Department	98%, pending replacement of the Sailing Schedule Display System at China Ferry Terminal	September 1999
Airport	Airport Authority	100% of the Airport Authority's 124 existing systems have been verified as either being Y2K compliant or that any non-compliant components in them do not affect the useful functioning of the systems or airport operations. One out of 39 Business Partners (high and medium criticality groups except the Civil Aviation Department and the Electrical and Mechanical Services Department) not yet 100% compliant.	September 1999
Airlines	Non-Hong Kong based airlines	The Civil Aviation Department is collecting information from non-Hong Kong based airlines on their compliance position. It has also written to the concerned aeronautical authorities for assistance.	Determined by the concerned aeronautical authority
Oil/LPG suppliers	Two out of five companies	One company at 94% and the other company at 98.7%	September 1999

Education Panel

Category	Organization(s)	Compliance Position (as at 15 August 1999)	Target completion time
UGC-funded institutions	Hong Kong Institute of Education	98% A computer system for registration of short courses is still outstanding	September 1999

Financial Affairs Panel

Category	Organization(s)	Compliance Position	Target completion time
Securities and futures industry	Supervised firms which are not members of the two exchanges (e.g. financial advisors and investment analysts)	As at end of June 1999, 93% of these firms are Y2K compliant	Outstanding firms expected to achieve full compliance by end of September 1999

Health Services Panel

Category	Organizations	Compliance Position (as at end of June 1999)	Target completion time
Government	Department of Health	98% ¹ An interactive Voice Response System of the Central Health Education Unit is not yet compliant	
Hospital Services	Hospital Authority	Over 99%	End of September 1999
	Private hospital/nursing home	(to be confirmed by Administration) ²	

¹ The Administration has advised that the systems are now 100% Y2K compliant.

² The Administration has advised that all the private hospitals and nursing homes have achieved compliance by the end of July 1999.

Information Technology and Broadcasting Panel

Sector	Compliance Position (as at end of August 1999)	Target completion time
Government	<p>99.9% of all mission-critical systems within Government are already compliant. Systems not yet compliant include:</p> <p>(a) The Sail Schedule Display System of the Marine Department at China Ferry Terminal</p> <p>(b) The Computerised Booking System of the Regional Services Department</p> <p>(c) The Toll Collection System in Tsing Ma Control Area</p>	<p>Replacement work is expected to be completed by September 1999</p> <p>Replacement work is expected to be completed by October 1999</p> <p>Standalone PCs and CCTVs will be installed at each toll booths in October 1999 as the contingency measure</p>
Satellite network licensees	Asia Satellite 88% as at 15 August 1999	September 1999
	APT Satellite 80% as at 15 August 1999	September 1999

Transport

Category	Organization(s)	Compliance Position (as at end of August 1999)	Target completion time
Government	Transport Department	99% The Toll Collection System in Tsing Ma Control Area is still outstanding	Standalone PCs and CCTVs will be installed at each toll booth by October 1999 as the contingency measure
Ferry companies	The Hong Kong & Yaumati Ferry	97%	End of September 1999

Trade and Industry Panel

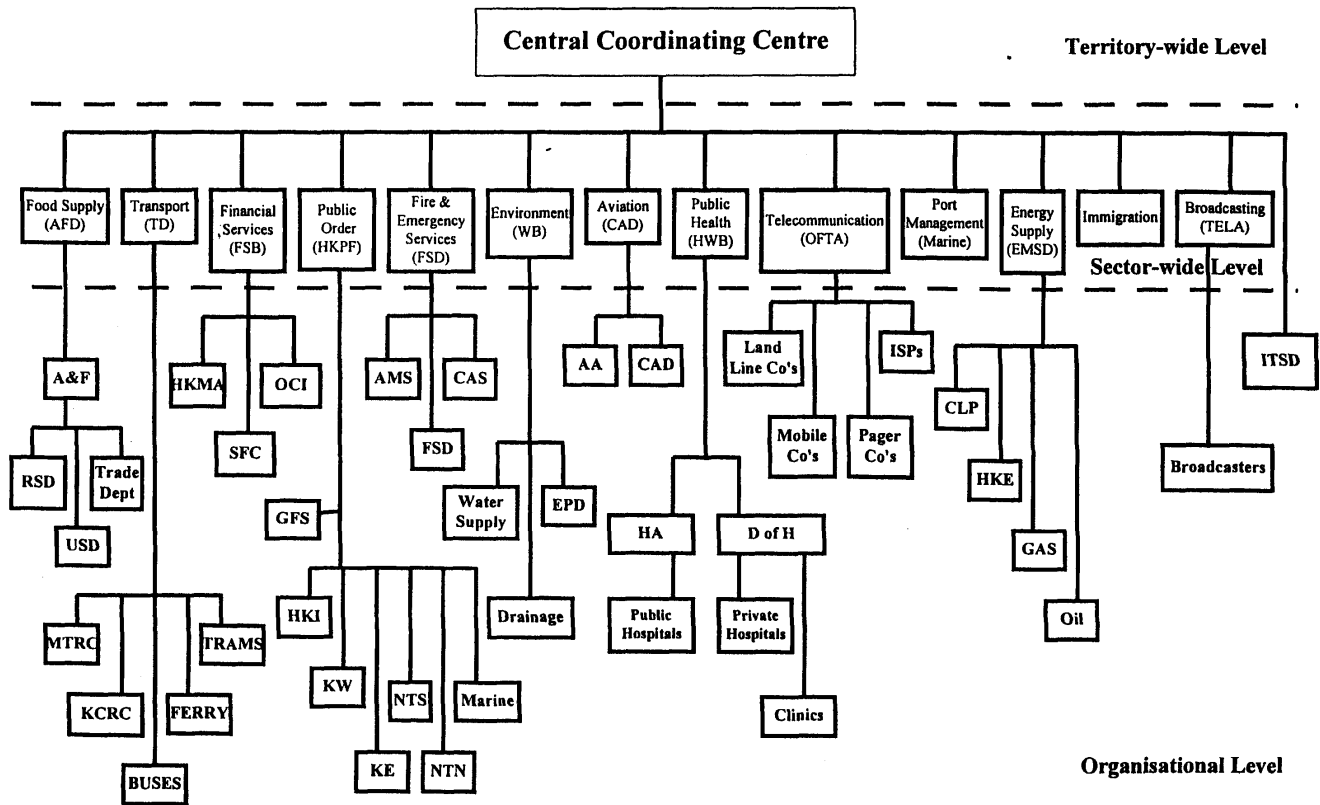
Small and medium-sized enterprises

According to a sample survey conducted by the Hong Kong Productivity Council in June 1999, about 65% of the companies surveyed indicated that they would be affected by the Y2K problem. 83% of those affected are taking action to tackle the problem, and over 55% are expected to complete their rectification work by first half of 1999.

Welfare Services Panel

Organizations	Compliance Position (as at end of June 1999)	Target completion time
NGOs subvented by Social Welfare Department (SWD)	97% of the NGOs with mission-critical systems have achieved compliance. All non-compliant systems are financial computer systems.	End of 1999
NGOs regulated by SWD	98% of the NGOs with mission-critical systems have achieved compliance. All non-compliant systems are financial computer systems.	End of 1999

Territory-wide Y2K Monitoring & Coordinating Structure



**List of questions relating to the
formulation and testing of contingency plan**

Scenario Planning

1. What sector-wide and territory-wide scenarios ^(Note 1) have been identified for formulation of contingency plans?
2. What are the essential features and procedures in respect of each scenario?
3. Will Government assess the adequacy of contingency plans drawn up by individual service providers?
4. What are the roles and functions played by different Bureaux, departments and organizations in terms of planning, coordination and actual implementation of the sector-wide and territory-wide contingency plans?

Resources

5. What are the resource plans including the manning level at each emergency centres/organizations?
6. Would there be sufficient resources to cope with the possible outburst of Y2K-induced problems at different sectors at almost the same time on 31 December 1999? What are the details of the priority programme?

Testing

7. How are you going to test the effectiveness of the contingency plans?
8. Will external auditors be commissioned to verify the effectiveness of the contingency plans?
9. What are the testing results of organization-wide, sector-wide and territory-wide contingency plans? What kinds of problems have been identified? What remedial measures have been/would be taken?
10. How can Government ensure effective coordination and communication amongst different entities, particularly during emergencies?

Publicity

11. What are the details of the related publicity programme including the dissemination of information during emergencies?
12. How can the public prepare themselves for a smooth and orderly transition?
13. Certain scenarios are caused by lack of confidence amongst the general public, such as bank run. What measures will be taken to avoid the occurrence of these scenarios?

(Note 1)

In examining the Y2K issue, Members have noted that the Hong Kong Police Force has identified a number of scenarios for the formulation of contingency plans. These include:

- (a) complete/partial power failure across Hong Kong
- (b) complete/partial telephone failure
- (c) power failure in individual buildings
- (d) runs on banks
- (e) disruption in payment of wages
- (f) systems failure in the airport
- (g) security systems failure in prisons
- (h) traffic light failure
- (i) chemical spills
- (j) water failure
- (k) food chain failure
- (l) immigration backlog at control points
- (m) transportation systems failure