

**Minutes of the Fifth Meeting of
the Joint Committee on Information Technology
for the Social Welfare Sector held at 9:15 a.m. on 9 October 2002**

Present: Mrs Carrie Lam (Chairperson)
Mrs Patricia Chu
Mr Sit Tung
Mr Alex Ma
Mr Chan Wing-tai
Mr Chong Chan-yau
Miss Christine Fang
Mr Leung Wai-fung, Joseph
Ms Peggy Leung
Mr T K Kang
Mr Li Kam-chiu
Mr Kok Che-leung
Mr Chan Ping-cheong, Ashton (Secretary)

In attendance: Mr Eric Chan
Miss Mina Chow
Miss Johanna Tsao (for agenda items 3 & 4)
Mr Fu Tsun-hung (for agenda items 3 & 4)
Mr Wong Kwok-fai, Philip (for agenda item 3(a) only)
Miss Chan Yin-kwan (for agenda item 3(a) only)
Mr Leung Kam-tao (for agenda item 3(b) only)
Mr Eric Kong (for agenda item 3(b) only)
Miss Mable Chau (for agenda item 4 only)
Mr John Fung (for agenda item 4 only)

Opening Remarks

Before the meeting, the Chairperson informed Members that Mr Philip Ho resigned from the Committee for personal reasons on 16 July 2002. She had appointed Mr Leung Wai-fung, Joseph as a Member to replace Mr Ho. Mr Leung was one of the IT advisors for NGOs. The Chairperson also introduced the following staff of the Social Welfare Department to Members-

(a) Mr. Sit Tung, Assistant Director of Social Welfare who was newly

appointed to head the Information Systems and Technology Branch (ISTB) of SWD and oversee the strategies and development of information technology (IT) in SWD and the social welfare sector;

(b) Mr Li Kam-chiu, Chief Information Technology Manager who recently joined the Department to head the Technology Management Section of ISTB; and

(c) Miss Johanna Tsao, Assistant Director of Social Welfare who took up the position of AD(SPM). She was attending for agenda items 3 and 4 on IT-related applications under the Business Improvement Project (BIP) Scheme together with Mr Fu Tsun-hung, the subject Chief Social Work Officer.

3. The Chairperson also reported that this meeting was originally scheduled for 17 September 2002 but had to be deferred because more time was needed to collate adequate information for assessing the support-worthiness of the IT related applications of non-governmental organisations (NGOs) under the BIP Scheme.

Confirmation of Minutes of the Last Meeting

4. The Chairperson said that the draft minutes of the last meeting were forwarded to Members for comments on 13 August 2002. Two minor factual amendments had been received, which were incorporated into the revised minutes. Without further amendments, the revised minutes were confirmed.

Matters Arising from the Minutes of the Last Meeting

Paragraph 6

5. The Chairperson reported that since the deadline for NGOs to apply for the provision of Internet access and e-Certs for three years had passed, the project was wrapped up with a revised requirement of \$44.1 million disbursed to 2,214 service units of 208 NGOs (139 subvented and 69 non-subvented) in the social welfare sector. The Department had proceeded to revert the balance of \$29.2 million out of the approved commitment to the Lotteries Fund.

Paragraph 7

6. The Chairperson said that the Information Technology Resource Centre (ITRC) of the Hong Kong Council of Social Service (HKCSS) had completed adding alternate text to web sites of 42 NGOs by end of June 2002. 26 NGOs would add alternate text to their web sites by themselves.

Paragraph 8

7. The Chairperson informed that the mini-feasibility study (mini-FS) on CIS for family services centres (FSCs) in the subvented sector would be completed by end of October. Mr Kok Che-leung added that the progress of the mini-FS matched with the original schedule so far. The Chairperson suggested to report and discuss the results at the next meeting of the JCIT.

Paragraphs 19, 28, 38 and 45

8. The Chairperson reported that SWD had informed the Hong Kong

Society for the Aged, Hong Kong Red Cross, Hong Kong Society for the Blind and Hong Kong Sheng Kui Hui Welfare Council of the Members' comments on their respective proposals. At the meeting on 23 July 2002, the Lotteries Fund Advisory Committee (LFAC) approved Lotteries Fund grants for these NGOs to implement their applications.

9. In response to Mr Chong's enquiry, the Chairperson confirmed that all the views of Members had been taken on board by the applicant NGOs and subsequently incorporated into the papers for discussion in the above-said LFAC meeting.

Paragraphs 52

10. The Chairperson thanked Mr T K Kang for his assistance in organising a focus group meeting and refining the questionnaire of the customer satisfaction survey for NGOs to collect their views on the services provided by the ITRC. The focus group meeting was held on 28 July 2002, and the questionnaire was sent to NGOs on 19 August 2002. SWD would prepare an evaluation report to Members for consideration after completion of data analysis and examination of the information provided by the ITRC.

Business Improvement Projects

11. The Chairperson reported that all the non-IT related BIP proposals submitted in 2001 had been considered by the Lump Sum Grant Steering Committee. In respect of the IT-related projects, the LFAC had approved funding for six proposals and 12 NGOs had withdrawn their applications, some of which required further thoughts on the part of the concerned NGOs before a

fresh application would be submitted. SWD had prepared a set of guidelines to facilitate NGOs to draw up their IT-related proposals for submission in the second round BIP Scheme, which would be open for application very soon. The guidelines would be circulated to Members for information.

[Post meeting note: The guidelines were forwarded to Members for information on 10 October 2002 and on 17 October 2002, NGOs were invited to submit their BIP applications in the second round.]

12. Upon the enquiry of Mr Chan Wing-tai, the Chairperson replied that during the first round, SWD had given guidance and assistance to facilitate NGOs to refine their proposals, so that these might be considered for funding. This part of the work was time consuming and labour intensive. For the second round, NGOs were told that applications without adequate details would not be further processed but would be returned to NGOs. In future, the Chairperson advised that ITRC could play a role in providing sector-wide training for NGOs to conceive their IT-related proposals.

13. At the meeting, Members deliberated on two BIP applications and offered their advice for the further processing of these funding requests to LFAC for consideration.

Core Applications Development on Human Resource Management (HRM) and Financial Management (FM) for NGOs (Core Applications)

14. The Chairperson welcomed Miss Mable Chau and Mr John Fung of the HKCSS to attend this meeting to brief Members on the findings and recommendations of the Final Report of the Core Applications. Mr John Fung provided a brief presentation with the support of PowerPoint slides. He

summarized that the HKCSS had confirmed the core and essential user requirements on HRM and FM with NGOs in the past few months and grouped them into three groups to match with appropriate solutions. The HKCSS recommended that both the shared service centre (SSC) model and the implementation and contracting model would be suitable for the implementation of core applications for NGOs after considering the existing IT support and infrastructure of NGOs. The HKCSS had originally accorded preference to the SSC model, which was targeted to provide total solutions including project and contract management, implementation service and ongoing support. The project implementation and contracting model which assisted NGOs to monitor the project, select tender, identify appropriate solutions and oversee the system implementation was the second preferred option. It was expected that the core application on FM could be rolled out by March 2003.

15. Miss Christine Fang supplemented that the HKCSS had revised the recommendations of the Final Report on Core Applications having considered SWD's comments and reservations on the SSC model. Despite its original preference, she said that the project implementation and contracting model was equally viable.

16. The Chairperson drew Members' attention to the recommended option of the project implementation and contracting model which was somewhat different from the executive summary of the Final Report on the Core Applications enclosed in the discussion paper JC 14/02. She noted that this was the results of discussion between the HKCSS and SWD. She advised that it was necessary to document the discussions between HKCSS and SWD and the reasons for changing from the SSC model to the project implementation and contracting model.

17. The Chairperson went on to explain that the Department did have some fundamental problems with the proposed SSC model as mentioned in paragraph 14 of the paper. She commented that it was doubtful whether public funds should be used to support and sustain, albeit for initial years, an NGO to carry out a business in direct competition with the private sector. The level of public subsidy could be criticized as tilting the level playing field. Such business model was contradictory to the Government's policy to outsource services to the private market.

18. While expressing understanding of the Department's position, Mr Chan Wing-tai said that there was merit in the concept of a shared service centre for the social welfare sector as it might provide a platform for implementing sector-wide IT applications. The Chairperson said that the project implementation and contracting model was not incompatible with the SSC model. The crux of the matter was whether LF funds should be granted to the agency, i.e. the HKCSS, to operate this shared service centre. If a SSC was a viable solution with economic benefits, that might be made available from the market through appropriate tendering arrangements.

19. Miss Mable Chau revealed that the HKCSS had discussed the direction to take forward the Core Applications after a working meeting with SWD chaired by Mrs Chu, DD(A) on 8 October 2002. In light of SWD's views on the SSC model as well as the risk factors, the HKCSS would take up the implementation and contracting role of the project and consider using an application service provider (ASP) to provide web-based applications for NGOs. It was expected that the experience in developing HRM and FM core applications could be extended to other applications of the social welfare sector. Apart from negotiating with service vendors on the procurement of products and overseeing the system development, the HKCSS would also aim at

providing on-going support and services to NGOs in the long run.

20. In response to Mr Alex Ma who asked why there were three NGOs withdrawn from joining the Core Applications in the course of the study, Mr John Fung explained that -

- (a) The Hong Kong Sheng Kung Hui Welfare Council had decided to meet its HRM and FM systems through its corporate-wide IT proposal. LFAC had approved Lotteries Fund grant for its implementation already;
- (b) Upon clarification, the Hong Kong Rehabilitation Power in fact required a Point of Sale system instead of an accounting system which was outside the ambit of the study; and
- (c) The Po Leung Kuk had decided to implement the FM system at her own cost.

21. Mr T K Kang said that it was a good learning experience for NGOs to go through and ascertain the user requirements on HRM and FM with the HKCSS in the past few months. He shared that the Core Applications should be enhanced continuously to meet the changing needs of NGOs.

22. Mr Chong Chan-yau agreed with the Department's view that the ASP service could be outsourced. However, during the implementation process, the HKCSS should facilitate NGOs to conduct business re-engineering to streamline their work procedures and prepare them for using the Core Applications. Generally, he agreed to the recommendations set out in the discussion paper.

23. Regarding the recurrent cost of the Core Applications, the Chairperson re-iterated that it should be borne by individual NGOs under the IT Strategy for the Social Welfare Sector as with the other IT projects supported by the Lotteries Fund. This rule had been strictly applied by the LFAC members in considering all IT-related funding applications. SWD had no intention to deviate from this rule, but would try to take a more liberal and sympathetic view on the capital cost requirement.

24. The Chairperson concluded that the role of the HKCSS in the implementation of Core Applications was recognized. There were some implementation issues that needed to be further worked out and resolved. SWD would work out a set of funding parameters, in terms of the capital outlay, e.g. waiving of 20% contributions, to attract NGOs joining the Core Applications. However, she was not prepared to mandate all interested NGOs to join the Core Applications project as requested by the HKCSS. The Chairperson remarked that it would be highly undesirable to ask NGOs to join the Core Applications without giving them a choice. That would hamper the relationship between SWD and NGOs. If NGOs preferred to use other products or ways to meet their business needs of HRM and FM, they would have to submit a fresh BIP application. The Chairperson advised that SWD and HKCSS would need to further work out the implementation plan before seeking Lotteries Fund grant. Mrs Patricia Chu suggested and Members agreed that it would be useful for SWD and the HKCSS to organize a briefing session jointly to introduce the findings of the Final Report, the implementation plan of the Core Applications, cost implications and funding parameters, etc, and to confirm individual NGOs' agreement to join the Core Applications project.

[Post meeting note: The briefing session was subsequently held on 5 November

2002 attended by representatives of 89 NGOs.]

25. Miss Mable Chau enquired if it would be appropriate for the HKCSS to continue to work on the details for implementation of the Core Applications during the preparatory stage. The Chairperson replied that for continuity purpose and given the tight time schedule ahead, the HKCSS was most welcome to continue the preparatory work with their own resources as funding for Phase I had been exhausted while funding for Phase II was not available yet. This was only reasonable given the expected function of the ITRC also under LF funding and the role of the HKCSS. She advised that any grant for Phase II to be approved could not be used for covering the preparatory work expenditure retrospectively. Miss Christine Fang agreed to absorb the costs at the preparatory stage by the HKCSS. SWD would send out a letter to the HKCSS to confirm this arrangement.

[Post-meeting note: Mrs Patricia Chu issued a formal letter to the HKCSS on 12 October 2002.]

26. There being no other business, the meeting was adjourned at 12:15 p.m.

Social Welfare Department
November 2002