

THE HONG KONG HOUSING AUTHORITY

Memorandum for The Finance Committee

Managing The Year 2000 Challenge

PURPOSE

To inform Members of the action being taken to address the *Year 2000 Challenge* in Housing Department (HD).

BACKGROUND

2. The *Year 2000 Challenge* stems from a common practice of using only two digits¹ to represent and operate dates in computer programs. Computer programs so written will very likely fail upon the millennium date change from Year 1999 to 2000. While the challenge seems to affect computer programs or information systems only, the scope is by no means exhaustive because nowadays a lot of equipment and devices are embedded with computer microprocessors (e.g., elevators, telephone PABX systems, devices related to process control, building management, and security control).

3. The complexity of the *Year 2000 Challenge* emanates from the fact that a great many systems and devices are controlled, directly or indirectly, by computer programs which may have the two-digit date problem. What these systems and devices are, and how they interact or affect each other, prove to be a very difficult and expensive piece of knowledge.

4. In September 1997, the Director of Information Technology Services reminded Bureau Secretaries and Heads of Department of the need to plan and work on Year 2000 rectification activities. In December 1997, the Director of Audit conducted a general survey to ascertain the progress and preparedness of Bureaux and Departments in meeting the *Year 2000 Challenge*. A steering committee on Year 2000 Compliance to monitor the progress and give

¹ Only the year digits are used (i.e., "97" to represent 1997).

overall steer on Year 2000 related issues has also recently been set up under the chairmanship of the Secretary for Information Technology and Broadcast.

5. If early actions are not taken to assess and rectify Year 2000 related issues within the Department, we will be open to a number of potential risks as follows -

External

- (a) Disruption of services to our clients;
- (b) Hazard to health and safety of our clients;
- (c) Disruption of services to our business partners;
- (d) Claims on insurance and liability;
- (e) Fines and legal proceedings; and
- (f) Degradation of public image.

Internal

- (a) Disruption of in-house operations and services;
- (b) Visible, or hidden financial implications;
- (c) Loss of revenue; and
- (d) Hazard to health and safety of staff.

PRESENT SITUATION

Year 2000 Steering Committee

6. Top management priority has been given to address the Yr. 2000 issue. The Housing Department Computer Committee which comprises the Business Directors, Finance Director, Head, Corporate Strategy Unit and Director Corporate Services as Chairman has assumed the role of a Steering Committee to oversee the work related to Yr. 2000 compliance in the Department. This Committee is responsible for monitoring the progress of implementation of a compliance programme involving taking an inventory of IT application systems and non-IT equipment and devices, conducting impact analysis and risk assessment, conversion, testing and contingency planning. A corporate and systematic approach is being adopted to address the Yr. 2000 issue.

7. The following paragraphs give a summary of current actions being taken on managing both the IT and non-IT aspects of the *Year 2000 Challenge* -

(a) IT Systems

A scoping exercise has already been conducted to assess the extent of Yr. 2000 non-compliance of our existing IT application systems and related equipment. On the basis of this assessment, some non-compliant systems are being replaced by new systems being developed whilst for the remaining systems, a tender has been invited for the provision of conversion services for Yr. 2000 compliance. The latter is the subject of a separate Paper No. FC 16/98 issued to members. The computing facilities at the Disaster Recovery Centre, which has recently been completed, will be partially used for this purpose. This will allow for a testing environment which will not interfere with day to day business activities. Further details of actions taken are at **Annex A**.

(b) Non-IT Equipment and Devices

Non-IT items that might also have the millennium date problem include common office equipment (e.g. facsimile machines, telephone PABX systems), lifts, pumps, building and environment control systems, laboratory equipment, process control equipment, and security control systems, etc. Individual Business/Services Directors are assuming accountability for different groups of non-IT items and will be responsible for implementing the compliance programme for these items.

(c) Business Partners

It is crucial that our business partners including service suppliers and providers (e.g., contractors, private management agencies, banks) are also Yr. 2000 compliant. We will liaise closely with them to ensure that they are also taking appropriate action to address the Yr. 2000 issue.

(d) Awareness Programme

It is crucial that all staff appreciate the Yr. 2000 may well affect their work and that they have a part to play in compliance. An awareness programme to alert them to the importance of the issue will be launched.

INFORMATION

8. This paper is for Members' information. We will continue to keep Members informed of the status regarding our progress in dealing with the *Year 2000 Challenge*.

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c.c. Members of Housing Authority

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