

**For discussion
on 17 January 2001**

EC(2000-01)26

ITEM FOR ESTABLISHMENT SUBCOMMITTEE OF FINANCE COMMITTEE

HEAD 46 – GENERAL EXPENSES OF THE CIVIL SERVICE Subhead 006 Recoverable salaries and allowances (Companies Registry Trading Fund)

Members are invited to recommend to Finance Committee the creation of the following new rank and supernumerary post under the Companies Registry Trading Fund for a period of four years –

1 Principal Companies Registration Officer
(D1) (\$98,250 – \$104,250)

to be offset by the deletion of the following permanent post –

1 Chief Companies Registration Officer
(MPS 45 – 49) (\$76,485 – \$88,115)

PROBLEM

The Registrar of Companies (R of C) needs additional staffing support at the directorate level to implement a Strategic Change Plan (SCP) that will enhance the overall operation and service delivery of the Companies Registry (CR) by introducing a fully computerised system in the CR to facilitate the electronic filing, processing and registration, and search of corporate information by 2004.

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PROPOSAL

2. The R of C, with the support of the Secretary for Financial Services (SFS), proposes to create a new rank and a supernumerary post of Principal Companies Registration Officer (PCRO) (D1) for a period of four years, to be offset by the deletion of a permanent post at the rank of Chief Companies Registration Officer (CCRO) (MPS 45 – 49).

JUSTIFICATION

Strategic Change Plan

3. At present, the Companies Registration System and the Control Book and Document Index System at the CR assist in processing applications for registration and incorporation; creating document indices for statutory documents submitted by companies; and capturing and storing company data for the provision of a public search service. There are more than 100 types of statutory documents and the number of documents submitted to the CR for filing in 1999 was about 1 450 000.

4. The two computer systems, which were developed before 1995, cannot support electronic delivery of services, and have interface problems with other computer systems. In the absence of a fully automated system, some of the CR's operations such as the registration of charges, updating of the database and document filming, are performed manually, which are labour-intensive and affect adversely the cost-effectiveness of the CR's services.

5. To enhance the quality and efficiency of service delivery in response to the development of e-commerce and information technology (IT), the R of C established an in-house SCP Study Team in October 1998 to undertake comprehensive review of the CR's operations and procedures. Three key change drivers, namely, electronic filing, electronic processing and electronic searching, have been identified. The Study Team, headed by a CCRO, has been tasked with assessing the impact of these change drivers on the existing operational system and drawing up the SCP. A summary of the strategic goals and key initiatives under the SCP together with a preliminary implementation timetable is at Enclosure 1. The implementation of the SCP will put in place by 2004 a fully computerised system to file, process, register, and search information that will offer fast, inexpensive, user-friendly and high quality services to the CR's customers.

Encl. 1

6. An integral part of the SCP is an information system strategy (ISS). A consultancy study was commissioned in January 2000 to assess the long-term IT opportunities and formulate an ISS for the CR. Upon completion of the study in May 2000, the consultants recommended, inter alia, the replacement of the CR's existing computer systems by an Integrated Companies Registry Information System (ICRIS). The ICRIS will not only better support the CR's business and information needs but also enhance the CR's infrastructure and the networking system to support and implement document imaging, business process automation, electronic filing, electronic processing and electronic searching.

7. The ICRIS will be developed and implemented in two phases over four years. Phase I, which includes IT infrastructure enhancement, document imaging, business process automation, Chinese language processing and electronic searching, will be implemented in July 2003. Phase II covers full electronic filing and processing, and will be implemented in August 2004.

8. The implementation of the SCP will result in an overall re-engineering of the CR's operation and significant improvements in service delivery and reduction in the CR's operating costs. The project, as advised by the consultants, is estimated to cost \$131 million and the expected benefits or major changes to be introduced will include –

- (a) strengthening the core business to support the CR's primary statutory functions;
- (b) re-engineering the business process to support e-commerce and electronic services delivery;
- (c) automating and streamlining operational procedures to shorten processing time;
- (d) improving the quality of information and enhancing security and data integrity; and
- (e) automating the processes to reduce operational costs and release manpower from low productivity manual jobs.

Need for a PCRO post

9. As the SCP is a major and highly complex undertaking of considerable importance to the development of the CR, the R of C considers it imperative to set up an IT Division and a Development Division at the CR. These two divisions will provide the necessary technical expertise and support for implementing the SCP and promote the use of IT in developing the CR's business.

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They will comprise both Systems Manager and Companies Registration Officer (CRO) grades of staff, who will be responsible for planning, co-ordinating and implementing the various initiatives recommended in the SCP and the ISS studies. Examples of the tasks to be undertaken by the two divisions include –

- (a) drafting consultancy briefs and tender documents for engaging system contractors, conducting tender evaluation and making recommendations on tender selection;
- (b) drafting system specifications for the development of new systems to facilitate electronic document registration and incorporation, document imaging, and microfiche image conversion;
- (c) managing the performance of the contractors and conducting system tests to ensure that the objectives of the systems are met and that the systems are developed smoothly on schedule within budget;
- (d) developing new workflow and commenting on legislative proposals;
- (e) compiling user manuals for the new systems;
- (f) preparing tender documents for the procurement of equipment and monitoring the tendering process;
- (g) planning and designing new accommodation and advising on fitting-out requirements;
- (h) planning and organising staff training programmes to facilitate job changes;
- (i) formulating IT strategies and data management policies; and
- (j) consulting and liaising with system contractors, major customers, professional bodies and counterparts in other jurisdictions.

10. The responsibilities of the two divisions cover a wide range of planning, development and co-ordination activities. Having regard to the magnitude and complexity of the project and the level of responsibility involved, the R of C considers it necessary to assign a dedicated directorate officer to steer and coordinate the work of the two divisions for a period of four years to oversee the development and implementation of the SCP and therefore proposes to create a PCRO post, to be filled by an officer at the D1 rank. The role of the PCRO, designated as Development Manager (DM), calls for strategic thinking and a high-level of planning and management skills. This is to ensure that the officer would be

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able to steer the project and ensure that the system and policy objectives of the project are met. He will manage the two divisions and co-ordinate with senior management, consultants, major customers and government bureaux and departments regarding the implementation of the SCP.

11. The DM will report directly to the R of C. Apart from planning and managing the activities of the IT and Development Divisions, the DM will be a key member of the CR's Development Steering Committee to be set up, advising senior management on matters relating to the SCP. His major responsibilities will include devising a new integrated workflow system, implementing new business processes, coordinating the specific information and functional requirements of various divisions in the CR in relation to data capture, screen design, data validation rules and the management and statistics reports to be generated by the new system, planning and designing new forms to facilitate electronic submission of documents, consulting customers and interested bodies on their needs, and securing their support for the smooth implementation of the SCP.

12. As the implementation of the SCP involves an overhaul of the business operation, the DM will advise senior management on the organisational changes required, devise strategies and training plans to prepare staff for key job changes, and co-ordinate with division heads on accommodation, equipment and staffing matters, and work out the appropriate arrangements to ensure a smooth transition. In addition, the DM will critically review the relevant legislation and formulate proposals for amendments in the light of the changes resulting from the SCP. He will also be responsible for formulating policies on data management and security. A job description for the DM post is at Enclosure 2.

Encl. 2

13. The DM must possess strong leadership, have good working experience and knowledge of different aspects of the CR's operations, be thoroughly conversant with the operational and information needs of the department and its customers, and have a sound knowledge of the relevant legislation. We therefore consider that the role of DM should be performed by a member of the CRO grade and the post should be ranked at D1 level.

14. However, as there is at present no PCRO or D1 rank for the CRO grade, it is proposed to create a new rank of PCRO at D1 level and to create a supernumerary PCRO post for a period of four years. Upon the creation of this new PCRO post, the existing CCRO post created to head the SCP Study Team on 26 October 1998 will no longer be required and can be deleted. With the

/establishment

Encl. 3 establishment of the two new divisions, the SCP Study Team will also be disbanded. A revised organisation chart of the Companies Registry showing the proposed changes is at Enclosure 3.

Alternative

15. At present, the CR's directorate structure comprises the R of C and five other directorate officers. They are the Registry Manager (RM) (D2), the Registry Solicitor (RS) (DL2), the Secretary to the Standing Committee on Company Law Reform (S/SCCLR) (DL2), the Business Manager (BM) (D1) and the Assistant Principal Solicitor (APS) (DL1). While the work of the S/SCCLR lies outside the scope of the CR trading fund, the RS and APS are mainly responsible for giving legal advice to the R of C and the Registry staff; and undertaking prosecutions and investigation into complaints about breaches of the ordinances administered by the CR.

16. The RM supports the R of C in the overall management, supervision and planning of the CR's operations in providing facilities and services for incorporation of companies, registration and search of documents. The RM also monitors the execution of civil service policies, considers and implements civil service reform initiatives in the CR, and oversees the implementation of the CR's human resources management strategy. In addition, the RM guides and supervises the Customer Services Division, which processes complaints from members of the public, the Ombudsman, the Legislative Council Members as well as managing the CR's public relations and publicity matters. There are altogether five divisions under the RM and the officer is heavily committed to her present scope of responsibilities.

17. The BM who is a member of the Treasury Accountant grade is responsible for financial management and accounting functions. He is in charge of preparing the CR's annual budget, annual report and corporate and business plan, reviewing operational costs and staff productivity, advising the R of C on matters relating to fees and charges, pricing of new services and trading-fund related issues, formulating business strategies and exploring new business opportunities to enable the CR to meet agreed financial targets. The BM provides support in vetting the business proposals of service tenderers and in contract negotiations. He is also responsible for overseeing the financial management of the newly introduced Companies Registry On-line Public Search System. As the BM is already fully occupied with his present responsibilities, he does not have the spare capacity to take on the SCP project.

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18. Given the workload involved and that the development of the SCP will span over four years, the R of C concludes that it is impossible to require any of his directorate officers to take on an additional project of such magnitude and for such a prolonged period without adversely affecting the operations of the department. A full-time officer is therefore needed to take up the role of DM.

FINANCIAL IMPLICATIONS

19. The additional notional annual salary cost of this proposal at mid-point is -

	\$	No. of Post
New supernumerary post PCRO (D1)	1,213,200	1
Less		
Permanent post to be deleted CCRO (MPS 45 – 49)	985,260	1
	227,940	0
Additional cost	227,940	0

20. The additional full annual average staff cost of the proposal, including salaries and staff on-costs, is \$441,000. Sufficient provision is available under the 2000-01 CR Trading Fund Business Plan to meet the additional cost of this proposal. The financial requirement for implementing the proposal represents 0.2% of the estimated annual recurrent expenditure of the CR Trading Fund. Therefore the proposal will have a minimal impact on fees.

BACKGROUND INFORMATION

21. The R of C is the General Manager of the Companies Registry Trading Fund (CRTF) established under the Trading Funds Ordinance to operate on a self-financing basis. He is responsible to the SFS for the performance of the CRTF, advising on policies, legal and regulatory issues regarding company law and related legislation. The CRTF is responsible for administering and enforcing the Companies Ordinance and other miscellaneous ordinances including the Trustee Ordinance, Limited Partnerships Ordinance, Money Lenders Ordinance and Registered Trustees Incorporation Ordinance.

22. The CR's primary functions are to provide facilities to allow the promoters of companies, limited partnerships, trust companies and registered trustees to incorporate their enterprises, and to register all documentation required by the various ordinances governing those enterprises; to provide the public with facilities to search for the information held by the Registry; to ensure compliance of the relevant ordinances and to advise the Government on policy and legislative issues regarding company law and related legislation.

CONSULTATION WITH LEGISLATIVE COUNCIL PANEL

23. We consulted the Legislative Council Panel on Financial Affairs on 11 January 2001. Some Members considered that the implementation schedule of the SCP could have been shortened and hence CR might reduce the duration of the proposed supernumerary PCRO post required. We have critically re-examined the implementation schedule in light of Members' comments. Taking into account the scale and the complexity of the SCP, we remain of the view that the SCP can only be fully implemented by 2004. Nevertheless, if we are able to complete the project ahead of schedule, we will delete the proposed post earlier.

CIVIL SERVICE BUREAU COMMENTS

24. Having regard to the justification put forward, the Civil Service Bureau supports the creation of the proposed new directorate rank and supernumerary directorate post in the CR and considers the grading and ranking of the proposed post to be appropriate having regard to its level of responsibilities and the complexity of the project.

ADVICE OF THE STANDING COMMITTEE ON DIRECTORATE SALARIES AND CONDITIONS OF SERVICE

25. The Standing Committee on Directorate Salaries and Conditions of Service has advised that the grading proposed for the post would be appropriate if the post were to be created.

Strategic Change Plan of the Companies Registry

Key Initiatives	Milestones					
	2000	2001	2002	2003	2004	Onward
Strategic Goal One: <i>Developing Electronic Services and Wider Use of Information Technology</i>						
1. Replacing the existing IT Systems and Developing an Information Technology Infrastructure						
♦ Develop a new IT System to support fully automated operations						
Feasibility Study (Phase 1)		■				
Tendering		■	■			
Implementation (Phase 1)			■	■		
Feasibility Study (Phase 2)				■		
Implementation (Phase 2)					■	
2. Establishing an Organisational Structure which Focuses on Corporate and IT Development						
♦ Establish a permanent Development Steering Committee		■				
♦ Establish a supernumerary post of Development Manager	■	■				
♦ Establish an Information Technology Division headed by an Information Technology Manager	■	■				
♦ Establish a new Development Division	■	■				

Key Initiatives	Milestones					
	2000	2001	2002	2003	2004	Onward
<p>3. <i>Simplifying Legislative Requirements and Removing Barriers to Facilitate or Encourage Electronic Transactions</i></p> <ul style="list-style-type: none"> ♦ Propose legislative amendments to the Companies Ordinance to streamline or introduce filing requirements to facilitate electronic filing, processing and searching of information 						
<ul style="list-style-type: none"> ♦ Simplify legislative requirements and procedures of the miscellaneous ordinances administered by the CR 						
<p>4. <i>Implementing Document Imaging, Business Process Automation, On-line Searching and Electronic filing</i></p> <ul style="list-style-type: none"> ♦ Implement IS projects to enable electronic filing, processing, storing and searching of information 						
<ul style="list-style-type: none"> ♦ Establish liaison with company secretarial software suppliers to enhance software compatibility 						
<ul style="list-style-type: none"> ♦ Develop and implement the Publicity Plan to promote awareness and development of the electronic filing system 						
<p>5. <i>Establishing an Operating Environment and Enhanced Facilities for Delivering Electronic Services</i></p> <ul style="list-style-type: none"> ♦ Refurbish the workplace and provide officers with personal computers to facilitate an electronic mode of operation 						

Key Initiatives	Milestones					
	2000	2001	2002	2003	2004	Onward
Strategic Goal Two: <i>Enhancing Quality of Information and Corporate Compliance</i>						
6. Refining and Developing Forms						
♦ Conduct a forms review exercise to refine the existing forms or design new forms	■					
♦ Establish a Forms Review Working Group to co-ordinate the forms review exercise	■					
♦ Develop electronic forms for on-line completion and electronic submission					■	
7. Enhancing the Scope and Integrity of the Electronic/Computerised Database						
♦ Maintain a shareholders database						■
♦ Convert microfiches and paper documents into electronic images			■			
♦ Convert the manual register of charges into electronic registers			■			
♦ Update database upon registering annual returns lodged electronically						■
♦ Review the amendment procedures			■			
8. Promoting Corporate Compliance						
♦ Send electronic reminders for filing annual returns						■
♦ Improve information pamphlets to enhance compliance standards	■					

Key Initiatives	Milestones					
	2000	2001	2002	2003	2004	Onward
Strategic Goal Three: <i>Achieving and Sustaining Excellence in Service Delivery</i>						
9. Restructuring the Organisation						
♦ Reorganise and redistribute work within the organisation				■	■	
♦ Establish a Central Mail Room				■		
♦ Formulate a manpower plan and organise consequential redeployment of staffing resources	■	■	■			
10. Enhancing the Capabilities of Staff to Deliver High Quality Service						
♦ Develop and implement a Change Management Plan to obtain the ownership and commitment of staff to change	■	■	■	■	■	
♦ Provide training for new systems operations				■	■	
♦ Increase the intellectual capital of the CR by establishing a business knowledge repository				■	■	■
11. Exploring New Business Opportunities and Ongoing Business Process Re-engineering						
♦ Conduct ISS Review						■
♦ Assess the feasibility of packaging information into saleable products				■	■	■
♦ Foster partnerships with public or private enterprises in service provision	■	■	■	■	■	■

**Job Description of the
Development Manager (DM) post**

Rank : Principal Companies Registration Officer (D1)

Post Title : Development Manager

Main Duties and Responsibilities :

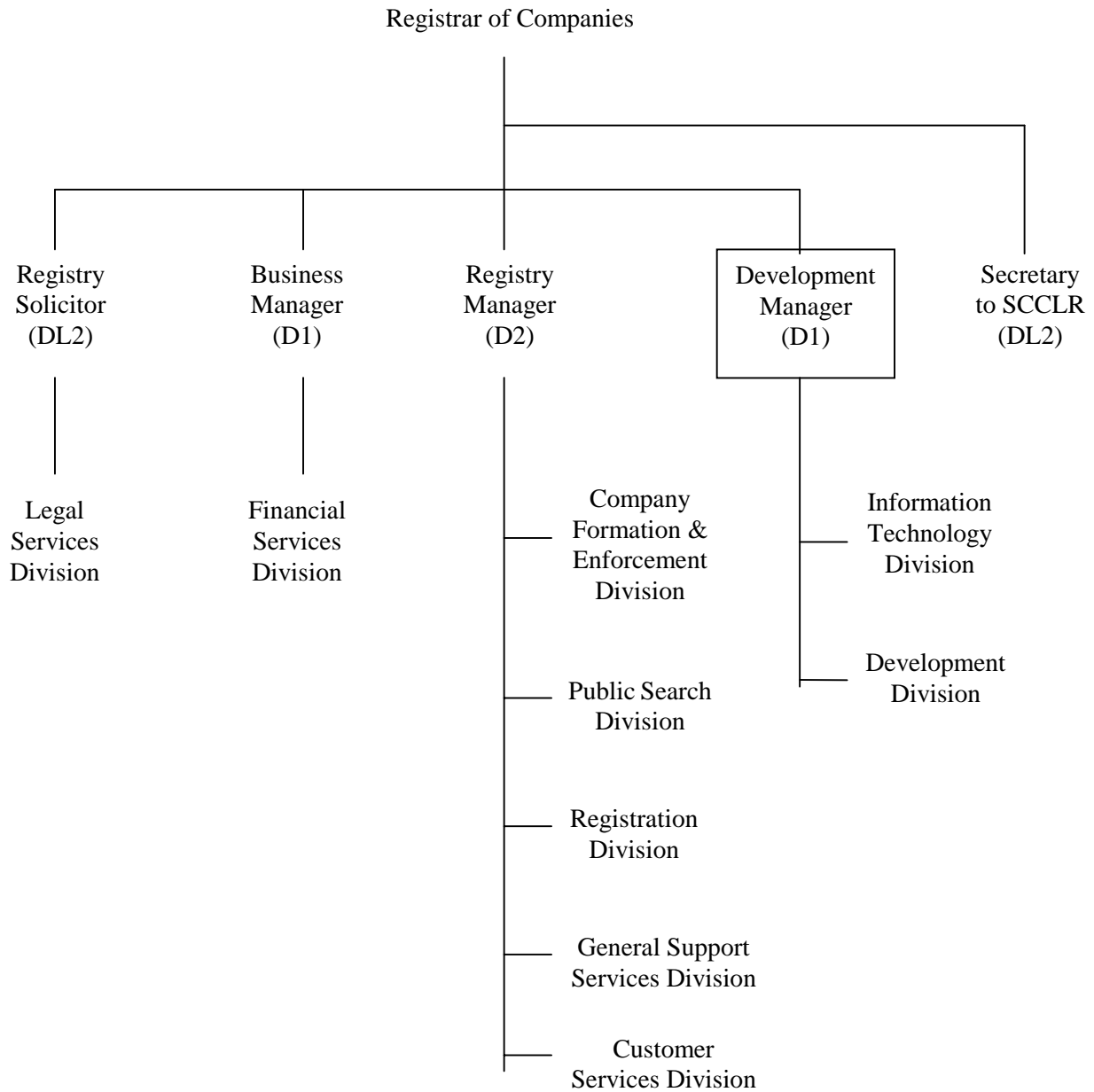
Responsible to the Registrar of Companies for the following main duties and responsibilities –

- (a) To oversee the Development Division and the IT Division in coordinating the timely and successful implementation of the recommendations in the Companies Registry Strategic Change Plan (SCP) and the Information Systems Strategy (ISS), particularly the three key change drivers, namely electronic filing, electronic processing and electronic searching;
- (b) to plan and devise a new integrated workflow system, to manage the revised business processes arising from the implementation of the SCP and ISS, and to coordinate the changes and resolve any problems that may arise from these;
- (c) to coordinate and to consult the division and section heads on the specific information and functional requirements of the new system including data capture, screen design, data validation rules and reports to be generated;
- (d) to identify revised accommodation, equipment and staffing requirements of the reorganised divisions and sections and to coordinate with the division and section heads on the appropriate arrangements to ensure a smooth transfer;
- (e) to take charge of the tendering process and to work closely with the contractors to map out the framework for developing, testing and installing the new system and to supervise their performance;
- (f) to draw up a change management framework to secure the commitment and support of staff for the smooth transition and successful implementation of the SCP and ISS;
- (g) to liaise with customers and interested bodies to ascertain their needs and secure their support for the smooth implementation of the SCP, in particular to prepare and coordinate appropriate consultation and publicity programs;

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- (h) to formulate departmental policies on IT matters and strategies in promoting electronic commerce and the wider use of electronic services;
- (i) to develop departmental policies on data management (i.e. the standards and control of data capture, storage, security, retrieval, retention and destruction) and access rights to data;
- (j) to review the legislations relevant to the work of the CR in the light of the changes to be introduced under the SCP and formulate proposals for amendments;
- (k) to promote the long term development of quality service by improving the management systems and processes adopting best practices where appropriate;
- (l) to draw up training plans with reference to critical competencies;
- (m) to report regularly to the Development Steering Committee on the progress of project implementation and make recommendations to resolve problems and ensure better service delivery; and
- (n) to liaise with other government departments on possible exchange of data and to work out the appropriate arrangements.

**Companies Registry
Proposed Organisation Chart**



– Supernumerary post proposed for creation, to be offset by the deletion of an existing Chief Companies Registration Officer (CCRO) post

SCCLR – Standing Committee on Company Law Reform