

ITEM FOR ESTABLISHMENT SUBCOMMITTEE OF FINANCE COMMITTEE

**HEAD 55 – GOVERNMENT SECRETARIAT: INFORMATION
TECHNOLOGY AND BROADCASTING BUREAU**

**HEAD 47 – INFORMATION TECHNOLOGY SERVICES
DEPARTMENT**

Subhead 001 Salaries

Members are invited to recommend to Finance Committee the creation of the following supernumerary directorate post in Information Technology and Broadcasting Bureau for a period of two and a half years –

1 Administrative Officer Staff Grade B
(D3) (\$134,300 - \$142,300)

PROBLEM

There is a need for re-organisation of the Information Technology and Broadcasting Bureau (ITBB) to meet the challenges ahead for developing and pushing forward the Government's Digital 21 Strategy and specifically E-government. The Secretary for Information Technology and Broadcasting (SITB) needs senior directorate support to spearhead the E-government initiatives.

PROPOSAL

2. The SITB proposes to create a supernumerary post of Administrative Officer Staff Grade B (AOSGB) (D3) for a period of two and a half years. The proposed creation will be offset by the freezing of one post of Assistant Director of Information Technology Services (D2) in the Information Technology Services Department (ITSD) from May 2002 until the lapse of the proposed supernumerary post.

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JUSTIFICATION

3. In the Digital 21 Strategy Document released in May 2001, we set out five Key Results Areas (KRA) to cement Hong Kong's position as a leader and not a follower in the digitally connected world. These are –

KRA 1: To enhance the world class e-business environment in Hong Kong

KRA 2: To ensure that the Hong Kong Government leads by example

KRA 3: To develop Hong Kong's workforce for the information economy

KRA 4: To strengthen the Hong Kong community for digital exploitation

KRA 5: To leverage Hong Kong's strengths in exploitation of enabling technologies

4. In order to achieve these aims we need to refocus and redeploy our resources in some areas. In ITBB we have to make room for an expanded E-government role, and also to allow the Bureau to put sufficient focus into the important areas of information technology (IT) manpower, film promotion, digital entertainment, e-logistics and e-commerce promotion. In ITSD we need to refocus the work of the department so that it can efficiently: place greater emphasis on further developing our information infrastructure and its security; tackle new subject areas of IT in the community and the digital divide; exploit new IT and communications technologies; and assist in embedding business process re-engineering in the implementation of IT projects. At the same time, in bureaux and departments (B/Ds) we need aggressively to step up the pace of infusing IT and e-business best practices in their normal business planning and operations. Specifically B/Ds need to assume much greater ownership of IT and to set up IT Management Units (ITMUs) in delivering their e-options and targets under the E-government strategy.

E-government

5. Advances in the Internet and other e-business technologies are now such that the Government can and should make as much use as possible of the electronic medium both for conducting its own business and for interacting with citizens and businesses. E-government is a tool through which we can improve the business of the Government and fundamentally change the way we provide our services to the public. Effective use of IT will bring about greater efficiency in our internal processes and service provision. The use of IT will facilitate the

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provision of services through a one-stop customer-oriented approach, transcending departmental boundaries. E-government seeks to improve the quality of public service provision and helps meet the increasing expectations of the community towards the Government. E-government will also bring about greater productivity and allow officers to focus on other more value-adding areas of their work. With the Government taking the lead in the use of IT, we can also drive the wider adoption of IT by businesses and enhance the competitiveness of business in Hong Kong.

6. The breadth, scope and pace of change are highly challenging to deliver, co-ordinate, monitor and drive. It is important to do so effectively, since considerable capital and recurrent expenditure is involved and since the benefits are potentially very substantial. We intend to meet these challenges, by establishing an E-government Coordination Office (EGCO) and by re-focusing the work of the ITSD.

7. Two studies, by the UK E-Envoy's Office and Accenture (a consulting firm), put forward that visible and committed leadership within the Government is necessary for successful E-government. Other conditions include: a combination of a clear policy statement, deliverables and a timetable and a framework for an authentic E-government strategy; cooperation between Government departments; and process re-engineering and sources of inspiration from elsewhere in the world and from the private sector etc.

Need for an E-government Coordination Office

8. We firmly believe there is the need and justification to set up a dedicated office – the EGCO – in ITBB to steer, drive and coordinate E-government initiatives. Areas where we consider an EGCO would make a real difference are as follows –

(a) Overall Targets

We have set ambitious overall targets for E-government. By end-2003, we aim to provide an e-option for 90% of public services amenable to the electronic mode of service delivery. We aim to carry out 80% of government procurement tenders through electronic means by end-2003. Implementation of initiatives to meet these targets needs to be closely monitored and guided from the centre to ensure they are met. The end result will be improved services/opportunities for citizens and businesses.

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(b) Business Process Re-engineering

This is vital if we are to reap the real benefits of the Information Age, both for the public we serve and also internally within the Government. While the need for business process re-engineering has always been recognised, there is a need to increase efforts in this respect and to embed business process re-engineering into the different stages of the IT development cycle. The EGCO can achieve this through requiring business process re-engineering in the project funding approval mechanism and through providing advice/funding support to enable the conduct of business process re-engineering.

(c) Efficiency and Common IT Approaches

Several areas of E-government activity will benefit from being under central supervision and facilitation. Many E-government applications are common to all B/Ds. They need to be developed and rolled out in a coordinated manner and on some common and shared IT platforms. Synergies should also be possible, e.g. giving notification of change of address to as many departments as possible in one go. And the e-option of the “one stop and customer centric” approach of E-government may require substantial changes in the processes through which Government services are delivered, breaking down departmental boundaries. All these should improve productivity or achieve efficiency gains. It is an area where EGCO, working with ITSD, will have to provide central direction and steer.

(d) Internal Processes for Dealing with IT Projects

We need to streamline the IT system development life cycle, procurement framework, and the internal governance system for funding priority and allocation. The EGCO can, in close collaboration with ITSD and other relevant bureaux and departments, examine these opportunities with a view to reducing the “time to market” of all government IT projects while achieving the needed quality.

(e) Government-to-Citizen (G2C) projects

Several strands are involved. We need to expand and improve the services available through our flagship project: the Electronic Service Delivery (ESD) Scheme. This involves seeking out more services, which are of interest to the public, to

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be made available online. We also need to consider where there is scope for joined-up government to provide a better service to citizens. This includes cross-departmental (or even cross-bureau) collaboration, which can more effectively be coordinated, driven and pushed by an office at Bureau level – the EGCO – if inter-agency issues are involved.

(f) Government-to-Business (G2B) projects

Internet use by businesses is not as high as it should be. By putting Government tenders online, we can help to drive businesses to adopt e-solutions. We wish to set up an electronic marketplace system under Government Supplies Department (GSD) for smaller purchases conducted by individual bureaux and departments. This will help drive Government suppliers, particularly small and medium-sized enterprises, to transact business with Government through electronic means, so as to drive them to make greater use of IT. The EGCO will work with GSD to move this forward quickly by helping to tackle interfacing issues with the Government-wide financial management system and how to promote adoption of the electronic marketplace by small and medium-sized enterprises.

(g) Government-to-Employee (G2E) projects

We need to enhance the IT literacy and get more of our civil servants with Internet enabled and Intranet enabled access. Through this we can move Government further towards paperless operation. Training in the Information Age is crucial. For this, the EGCO with ITSD, are taking forward a project for universal accessibility to shared computing facilities.

With more civil servants online, more can be done to provide training opportunities to all, both in IT and in general training. EGCO will work with the Civil Service Bureau and Civil Service Training and Development Institute and ITSD to drive this along.

(h) Government-to-Government (G2G) projects

Issues here cover both matters like more efficient internal operations – for example online ordering for common store items and printing of government publications – and inter-departmental collaboration on projects, such as system interfacing to ensure maximum efficiency. As a central point for vetting all computerisation projects, the EGCO, working

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with ITSD and with the advice of Management Services Agency (MSA), can identify and pursue synergies where they may be achievable.

9. Naturally the EGCO, a small central unit, cannot do all the above on its own. We have indicated above the very close relationship there needs to be between the EGCO and the ITSD. In paragraphs 13 to 16 below, we set out how ITSD will change to meet the challenges ahead. In addition, the EGCO must work hand in glove with the Efficiency Unit and MSA, which have great expertise and experience in business process re-engineering, change management and efficiency. With a dedicated EGCO, the Government would be able to bring these disparate strands together more effectively.

The Organisation of ITBB

Encl. 1 10. SITB is underpinned by three Deputy Secretaries, designated as Deputy Secretary for Information Technology and Broadcasting 1, 2 and 3 (DS(1), DS(2) and DS(3)). An organisation chart of ITBB showing the responsibilities of each of the Deputy Secretaries is at Enclosure 1. The DS(1) is responsible for overseeing the policy areas of broadcasting and telecommunications as well as bureau administration. DS(3) is responsible for overseeing the Cyberport development. This is a supernumerary post for a period of three years up to June 2002. Both DS(1) and DS(3) are already fully occupied in their clearly defined areas of responsibility. DS(2) has been responsible for overseeing the policy areas of: IT policy, infrastructure and services; e-commerce and E-government; and film services.

Encls. 2&3 11. With the widely expanded scope of the E-government agenda and the increasing focus on the other duties of the DS(2) post, like IT manpower supply, digital divide, driving e-commerce in the private sector, enhancing support to the film industry, driving new policy initiatives related to mobile commerce, digital entertainment, e-logistics, etc., it is no longer possible for DS(2) to oversee all these matters in an effective manner and to give them due priority. The span of responsibilities and control and the duties of DS(2) are at Enclosures 2 and 3 respectively.

12. In order to move E-government issues forward quickly, we created a supernumerary post of Administrative Officer Staff Grade B (AOSGB) – the E-government Coordinator (EGC) post – in ITBB in early August 2001 under delegated authority to form the EGCO. We have redeployed six posts (one directorate and five non-directorate) to the Office, have on loan from ITSD and the

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Encl. 4 MSA a further three posts and have engaged the service of a short-term contract
Encl. 5 staff at non-directorate level. The proposed organisation chart of ITBB, with the
Encls. 6 provisional setup of EGCO, is at Enclosure 4. The proposed structure of the EGCO
& 7 is at Enclosure 5. The proposed revised duty list of DS(2) and proposed duty list of
EGC are at Enclosures 6 and 7 respectively.

Repositioning of the Information Technology Services Department

13. ITSD plays a number of important roles in taking forward the Digital 21 Strategy and E-government initiatives. These include the further development of our information infrastructure, provision of central and shared government IT infrastructure facilities and services, facilitating interoperability among disparate systems in Government and in communications with those outside of Government, protection of critical infrastructures against information security threats and maintaining our information security management framework. ITSD also has a key role in exploitation of new technologies, putting forward IT-related best practices and re-engineering methods, promoting the adoption of IT in the community and among SMEs, facilitating the development of the local IT industry, and providing expert advice to B/Ds and their ITMUs in their planning and implementation of E-government initiatives.

14. To meet its enhanced roles ITSD is repositioning itself and its services. ITSD has been the major IT service provider to B/Ds. Over the years, it has helped a small number of departments establish ITMUs to plan and implement IT projects in an autonomous manner. But their reliance on ITSD is still considerable. We believe there is room for B/Ds to assume much greater ownership of IT and to blend IT with their core support services. Only then will they be able to reap the full benefits of e-business transformation and be in the best position to deliver their e-option targets under the E-government strategy. Thus we intend to step up the pace of establishing ITMUs in the remaining B/Ds. To this end, ITSD will provide or help departments source the professional IT staff resources in setting up the ITMUs and establishing the necessary standards and governance systems for management of IT. ITSD will progressively focus on its core functions. It will become more pro-active in providing expert advice, help and research to add value to the ITMUs and to bring to them best practices around the world. ITMUs are expected to plan and execute their individual IT applications and acquire IT resources with much reduced dependency from ITSD. At the same time, the role of joined up government will be impressed on all ITMUs and ITSD will through its core support role ensure that such is taken forward in departmental initiatives.

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15. To adapt to its new mission and focus, ITSD will re-engineer itself and will carry out a change management programme. The guiding principles of this change programme will focus on: achieving of targets in the Key Result Areas of the Digital 21 Strategy; recognising the formation of ITMUs in departments; stepping up action against information security threats; ensuring the performance, reliability and scalability of infrastructure facilities; strengthening liaison with the local IT industry, non-governmental organisations and support organisations to spearhead inter-departmental E-government and community-wide e-commerce projects that are emerging.

16. ITSD will reorganise itself through the change management processes, with reference to industry best practices in terms of its core competencies and mode of operations. It will delayer the hierarchical structure in delivering outcomes as far as possible, thereby driving empowerment, efficiency and productivity. It will also work closely with the EGCO and B/Ds to achieve maximum synergy in achieving our E-government objectives.

Creation of the post of EGC

17. With the provisional setup of EGCO in the last five months, we have initiated work in each of the areas set out in paragraph 8 above which have strongly demonstrated the need for better central coordination and drive and hence a genuine need for the dedicated EGCO. We consider that the leadership of EGCO should be pitched at a sufficiently senior level (D3) to provide appropriate policy responsibility and sufficient administrative experience in order to take forward the whole E-government agenda and to initiate the necessary cultural changes. The amount of coordination required with B/Ds, mostly at senior level, and the strategic direction that needs to be mapped out, mean that, at this time, we firmly believe the drive and coordination should come from the bureau - rather than from ITSD.

18. We propose that the EGC post should be created on a supernumerary basis for a period of two and a half years. We consider that the proposed EGC needs at least two to three years to initiate the necessary cultural change and put in place mechanisms conducive to further E-government developments in B/Ds who are the ultimate drivers for adopting IT in their own business areas. It will also enable EGC to see through the delivery of the E-government targets by end 2003 and to determine the future strategy to take. Some of the E-government projects, in particular joined-up projects, will take time to implement and see early benefits. Given the complex tasks in enhancing the mechanisms and great deal of coordination work involved, we consider that the proposed duration of the post modest and appropriate.

19. The SITB is highly conscious of the need for government to marshal its resources prudently. In setting up the EGCO she has thus sought to minimise any additional resources. As described in paragraph 12 above, almost all the positions in the EGCO are filled by redeployment and on loan arrangements. She intends to operate on the same basis for the EGC post by moving resources temporarily from ITSD to the bureau by way of freezing one post of Assistant Director in ITSD. Subject to Members' support of the proposed creation of the supernumerary EGC post, the Assistant Director post in ITSD will be frozen with effect from May 2002 when the incumbent retires and until the lapse of the two and a half year period of the proposed EGC post.

20. With the devolution of IT responsibilities to bureaux and departments, and with the EGCO taking up a central direction and coordination role over the E-government agenda, we believe that at this stage of development, it should be feasible for ITSD to reduce the current scale of support services being provided centrally at individual project level to bureaux and departments. It is envisaged that by the year 2004 the EGCO should have set the motion in train regarding the various E-government initiatives, especially those involving cross-departmental collaboration. By then, it should have put in place an environment conducive to E-government development, and it is expected that at the end of the two and a half year period, most of the coordinating function proposed for the EGC post could then be undertaken by ITSD as part of the E-government agenda, in addition to the on-going core functions in ITSD.

21. With the creation of the EGC post, DS(2) will still be fully occupied with the span of duties as listed at Enclosure 6. The incumbent will be able to assume increased focus in emerging areas of IT manpower supply, digital divide, driving the adoption of electronic commerce and mobile commerce, development of IT and film industries, digital entertainment and e-logistics policy as mentioned in paragraph 11 above.

FINANCIAL IMPLICATIONS

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

	\$	No. of Post
New supernumerary AOSGB post	1,659,000	1
Less Permanent ADITS post frozen	1,515,000	1
	144,000	0
	144,000	0

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23. The additional full annual average staff cost of the proposal, including salaries and staff on-costs is \$119,000.

24. We have sufficient provision in the 2001-02 Estimates to meet the cost of the proposal.

CONSULTATION WITH LEGISLATIVE COUNCIL PANEL

25. We consulted the Legislative Council Panel on Information Technology and Broadcasting on 10 December 2001. Members of the Panel supported the need to coordinate and drive the E-government agenda. However, members were concerned about any increase in the number of Directorate posts and there were mixed views about the best way of filling the EGC post. Given that our proposal involves no net increase in directorate headcount and only minimal additional staff cost (as set out in paragraphs 22 and 23), and the arguments set out in paragraph 17 above, we consider the proposal of having an AOSGB (D3) officer to take up the post is the most appropriate arrangement. In fact, the supporting posts in EGCO as set out in paragraph 12 are from redeployment and on loan arrangement from other departments and there will be no increase in civil service supporting posts as a result of the setting up of EGCO. In brief, we have made conscious effort in reducing the duration of the post sought to a minimum, maintaining the number of directorate headcount and containing the resource implications of our proposal.

BACKGROUND INFORMATION

26. In his 1997 Policy Address, the Chief Executive announced his vision to make “Hong Kong a leader, not a follower, in the information world of tomorrow”. The 2001 “Digital 21” IT Strategy promulgated in May 2001 updated and revised our IT strategy to keep pace with the changing technological landscape and the global e-business development so as to drive Hong Kong’s development as a leading digital city in the globally connected world. One of the main areas of focus of the strategy is to develop E-government. The strategy reaffirms Government’s commitment to leading by example in the adoption of e-business, both in conducting internal operations as well as delivering public services (including access to Government information and the completion of Government transactions) to the community on an “anywhere and anytime” basis.

/ESTABLISHMENT

ESTABLISHMENT CHANGES

27. The establishment changes of ITBB for the last two years are as follows –

Establishment (Note)	Number of posts			
	Existing	as at 1.4.2001	as at 1.4.2000	as at 1.4.1999
A	8+(3)	8+(2)	8+(2)	8
B	17	17	16	13
C	55	55	63	55
Total	80+(3)	80+(2)	87+(2)	76

Note:

- A - ranks in the directorate pay scale or equivalent
- B - non-directorate ranks the maximum pay point of which is above MPS Point 33 or equivalent
- C - non-directorate ranks the maximum pay point of which is at or below MPS Point 33 or equivalent
- () - number of supernumerary directorate posts

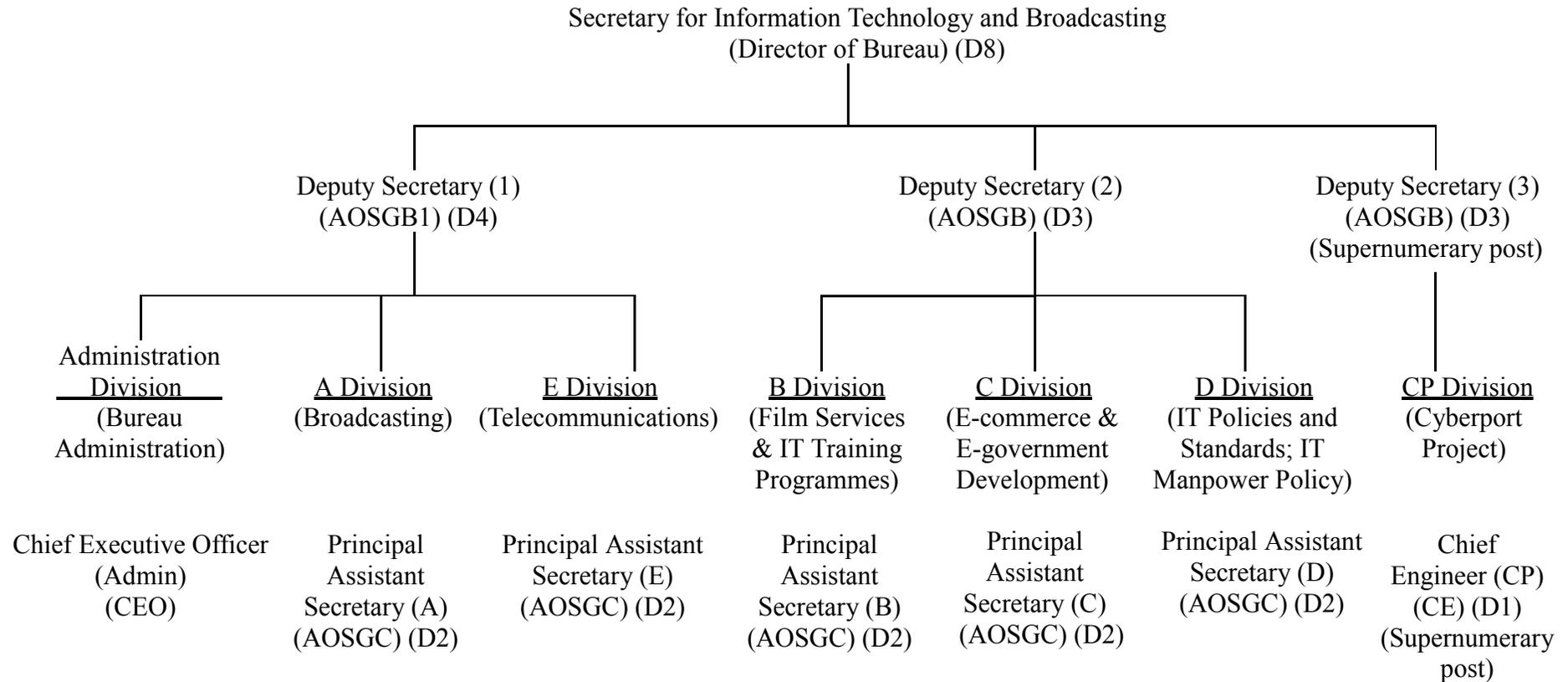
CIVIL SERVICE BUREAU COMMENTS

28. To enable the Government to spearhead the E-government initiatives, the Civil Service Bureau supports the proposed creation of the supernumerary post for a period of two and a half years, to be offset by the freezing of an Assistant Director post in ITSD from May 2002 until the expiry of the proposed post. Having regard to the level and scope of responsibilities, we consider the grading and ranking of the proposed post appropriate. The total number of established directorate posts in ITBB as at 1 December 2001 is 11, inclusive of three supernumerary posts.

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

29. As the post is proposed on a supernumerary basis, its creation, if approved, will be reported to the Standing Committee on Directorate Salaries and Conditions of Service in accordance with the agreed procedure.

**Organisation Chart of Information Technology and Broadcasting Bureau
(as at July 2001)**

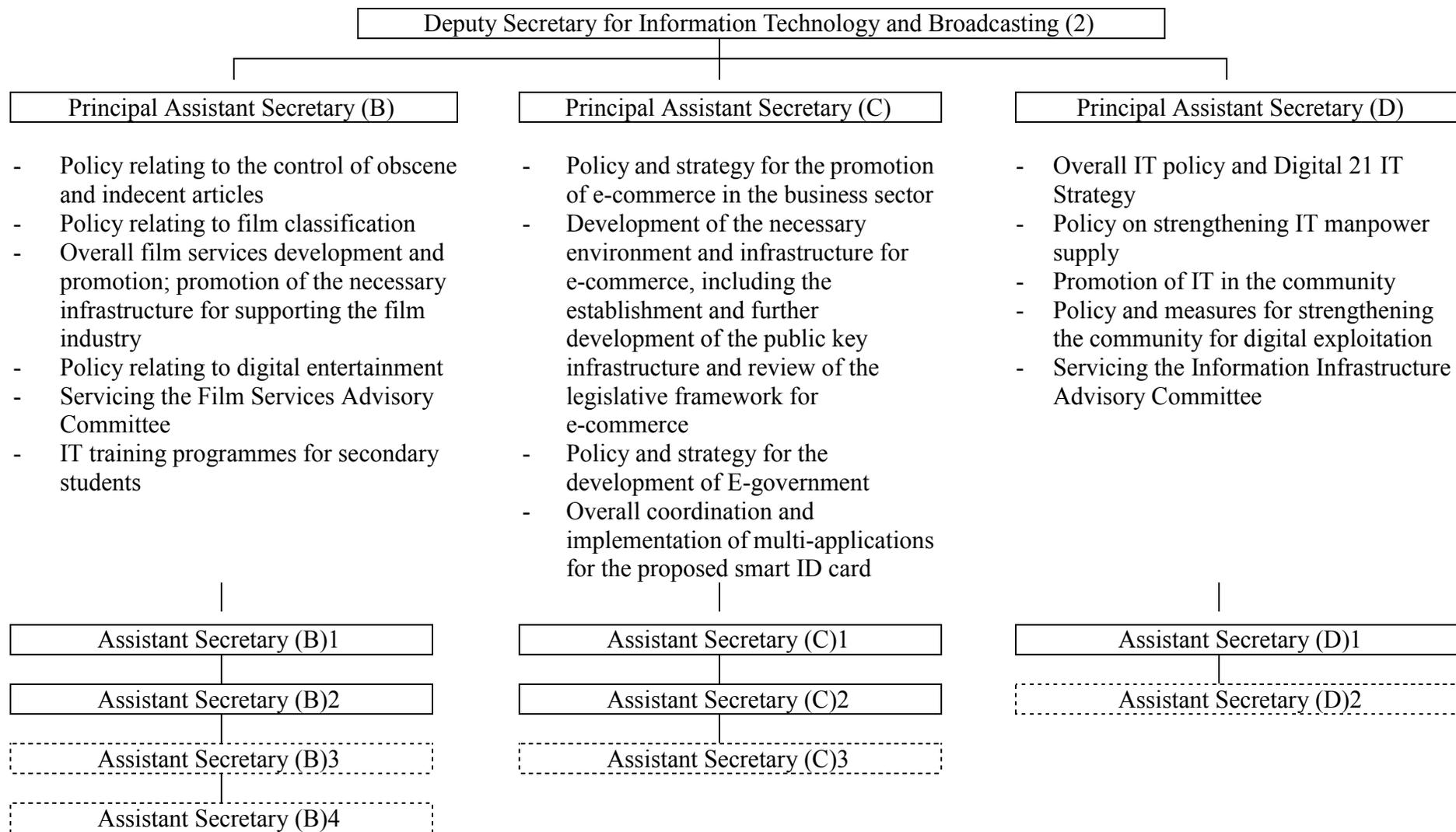


AOSG B1/B/C : Administrative Officer Staff Grade B1/B/C

CEO : Chief Executive Officer

CE : Chief Engineer

**Span of Responsibilities and Control of
Deputy Secretary for Information Technology and Broadcasting (2)
(as at July 2001)**



Legend : Assistant Secretary (B)3 Staff on secondment

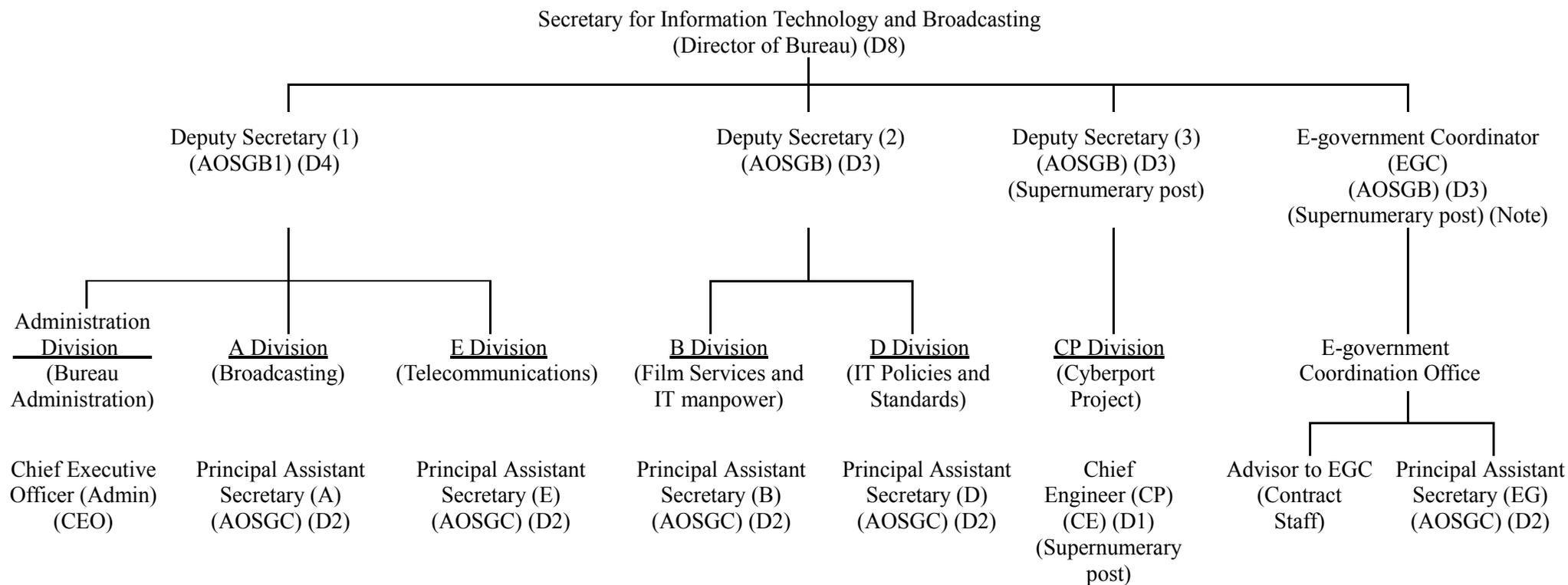
**Duties of the Deputy Secretary
for Information Technology and Broadcasting (2)
(as at July 2001)**

To assist the Secretary for Information Technology and Broadcasting with the following –

- (1) to oversee the overall implementation of the Digital 21 IT Strategy;
- (2) to formulate policy on strengthening IT manpower supply, taking into account of overall manpower policy;
- (3) to formulate policy and strategy for the promotion of e-commerce in the business sector and the community;
- (4) to drive for the development of the necessary environment and infrastructure for e-commerce to prosper, including the establishment and further development of the public key infrastructure and the review of the legislative framework (Electronic Transactions Ordinance) for e-commerce;
- (5) to negotiate and establish co-operative arrangements on IT with countries which are advanced in the IT field;
- (6) to formulate policy and measures for strengthening the community for digital exploitation;
- (7) to formulate policy and measures for driving Hong Kong's development as an Internet hub, e.g. registration of Internet domain name, development of Internet2;
- (8) to formulate policy/strategy/plan for the development of E-government;
- (9) to coordinate different bureaux and departments in implementing E-government projects;
- (10) to control the funding under the Capital Works Reserve Fund Computerisation Block Vote and to efficiently use the funding available to support the implementation of E-government projects;
- (11) to coordinate the implementation of multi-applications on the proposed smart ID card;
- (12) to support the operation of the Information Infrastructure Advisory Committee and the Film Services Advisory Committee;

- (13) to formulate policy relating to the control of obscene and indecent articles;
- (14) to formulate policy relating to film classification and digital entertainment;
and
- (15) to oversee film services development and promotion and to drive the provision of the necessary infrastructure for supporting the film industry.

Proposed Organisation Chart of Information Technology and Broadcasting Bureau



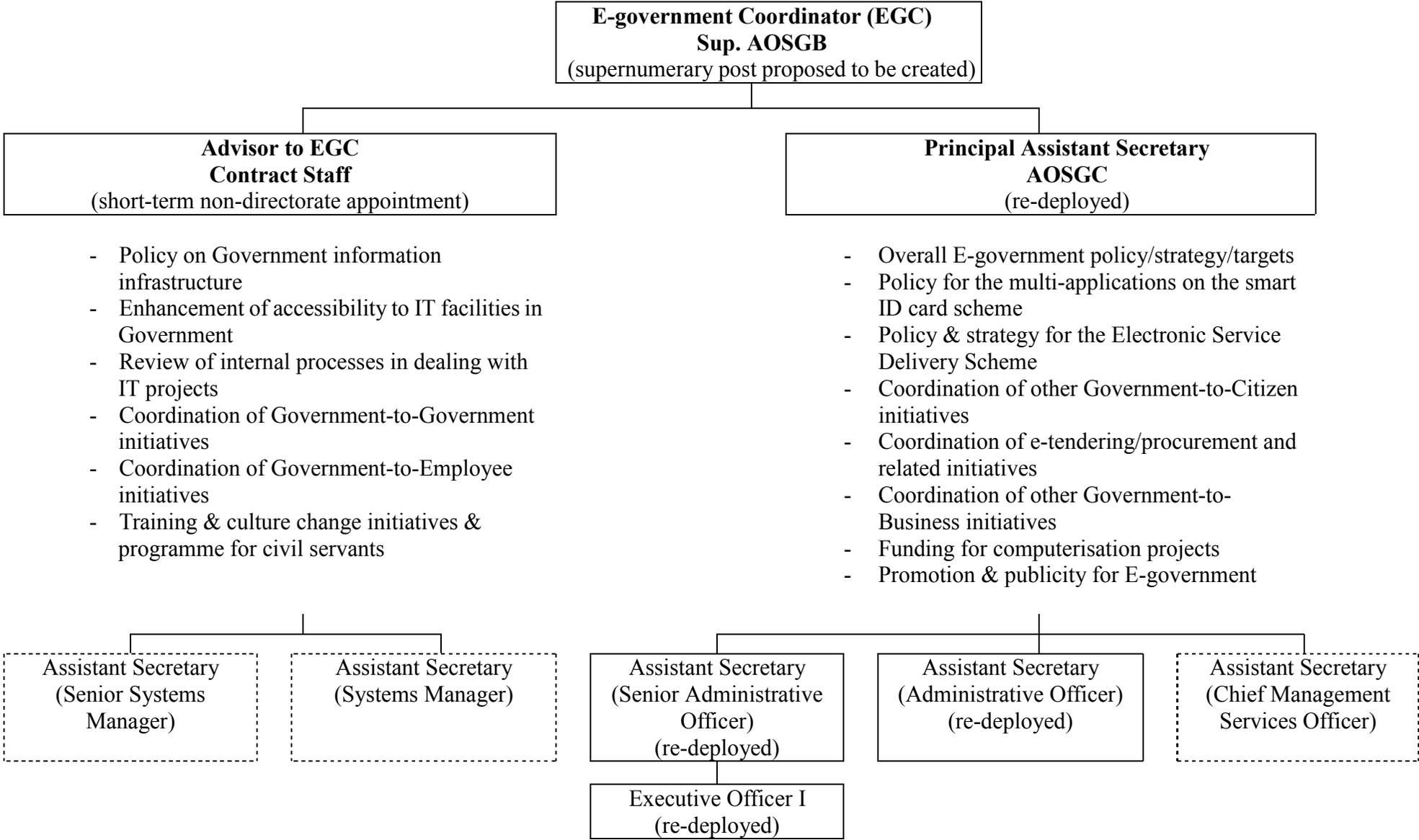
Note : Supernumerary post proposed to be created (now created under delegated authority for six months with effect from 3 August 2001)

AOSG B1/B/C : Administrative Officer Staff Grade B1/B/C

CEO : Chief Executive Officer

CE : Chief Engineer

Proposed Structure of the E-government Coordination Office



⋮ Posts on loan from Information Technology Services Department and Management Services Agency

**Proposed Revised Duties of the Deputy Secretary
for Information Technology and Broadcasting (2)**

To assist the Secretary for Information Technology and Broadcasting with the following –

- (1) to oversee the overall implementation of the Digital 21 IT Strategy;
- (2) to formulate policy on strengthening IT manpower supply, taking into account of overall manpower policy;
- (3) to formulate policy and strategy for the promotion of e-commerce in the business sector and the community;
- (4) to drive for the development of the necessary environment and infrastructure for e-commerce to prosper, including the establishment and further development of the public key infrastructure and the review of the legislative framework (Electronic Transactions Ordinance) for e-commerce;
- (5) to negotiate and establish co-operative arrangements on IT with countries which are advanced in the IT field;
- (6) to formulate policy and measures for strengthening the community for digital exploitation;
- (7) to formulate policy and measures for driving Hong Kong's development as an Internet hub, e.g. registration of Internet domain name, development of Internet2;
- (8) to explore the development of new policy initiatives on mobile commerce and e-logistics;
- (9) to support the operation of the Information Infrastructure Advisory Committee and the Film Services Advisory Committee;
- (10) to formulate policy relating to the control of obscene and indecent articles;
- (11) to formulate policy relating to film classification and digital entertainment;
and
- (12) to oversee film services development and promotion and to drive the provision of the necessary infrastructure for supporting the film industry.

Proposed Duties of the E-government Coordinator

To assist the Secretary for Information Technology and Broadcasting with the following –

- (1) to formulate policy/strategy/plan for the development of E-government;
- (2) to drive and monitor the implementation of E-government targets;
- (3) to coordinate different bureaux and departments in implementing E-government projects and to address cross-departmental issues arising from the implementation work;
- (4) to drive business process re-engineering in the context of E-government projects and to streamline the internal processes for dealing with IT projects;
- (5) to ensure the provision of adequate internal information infrastructure to sustain E-government and inter-operability of Government systems;
- (6) to identify the training needs of the civil service in developing E-government, and to initiate the necessary cultural changes;
- (7) to advise on the business approach in taking forward E-government projects, including innovative partnership with private sector, etc.;
- (8) to coordinate the implementation of multi-applications on the proposed smart ID card; and
- (9) to control the funding under the Capital Works Reserve Fund Computerisation Block Vote and to efficiently use the funding available to support the implementation of E-government projects.