

**Legislative Council Panel
on Information Technology and Broadcasting**

Progress Update on E-government Development

Introduction

This paper is the third half-yearly update of Hong Kong's E-government development, which is coordinated and facilitated by the E-government Coordination Office (EGCO) of the Commerce, Industry and Technology Bureau and the Information Technology Services Department (ITSD). Apart from outlining the major E-government developments in the past half a year and our work under progress, this paper will also point to our direction for the future.

Getting Close to Reaching the E-government Targets: An Overview of our Progress

2. With respect the overall E-government target to provide e-option for 90% of public services amenable to the electronic mode of service delivery by end 2003, we have attained 86% as of June 2003, up from 81% as of end 2002. Some of the prominent e-services made available in the first half of 2003 are: submission of electronic manifests for import/export cargo by rail, air and ocean/river; lodgment of textiles notifications by carriers and traders; and one-stop notification to 12 departments change of address (the "Easy Change of Address" service). We are in line to achieve the 90% target by the end of this year. A key element in this will be the Integrated Companies Registry Information System, which is due to be rolled out towards the end of 2003. At Annex A is an update of the list we gave members in our January 2003 report for information.

3. As for our e-procurement target of carrying out 80% of Government tenders through electronic means by end 2003, we are already up to 77%. We are confident of being able to meet the target by

the end of this year. We will continue to look for ways to expand the scope of electronic tendering and promote adoption by suppliers.

4. The portal of the Electronic Service Delivery (ESD) Scheme (www.esd.gov.hk), which has been serving as the main vehicle for delivering major E-government services to the community, is becoming more and more popular. The number of monthly transactions has reached 190,000, and the average daily hit rate has increased to over 3.2 million, a 60% increase from the last progress report.

5. A revamped ESD portal was introduced in May 2003. The new design has made access to public services easier by introducing more customer-friendly grouping of service categories, incorporating directional links and improving the search engine. We will extend its service scope by introducing appointment booking service for the smart identity (ID) card replacement exercise when the exercise starts in August this year. This is a service that each member of the community could access and benefit from over the four year ID card replacement cycle. We will also expand the current business channel of the ESD website to implement a business entry portal for enterprises doing business in Hong Kong (also see paragraph 7 below).

Stepping into the New Stage of E-government: Joined-up Government and Major Government-wide Initiatives

Common Change of Address

6. ESD provides a one-stop platform for the provision of e-options for major E-government services. At the same time, it has also provided us with much experience in running joined-up projects, breaking down departmental boundaries and providing more customer-centric, rather than department-centric, services – the focus of our next stage of E-government development. The “Easy Change of Address” service is a major joined-up government initiative implemented in the context of the ESD Scheme. The Efficiency Unit (EU), by coordinating the different operational needs of 12 departments, has enabled citizens and businesses to make use of one single online form to notify these 12 departments their change of address. The convenience brought by this one-stop service has attracted more members of the public to notify government departments their change of address online. Since its launch in late April, it has

proved to be generally welcome by the public, with an increasing volume of transaction. Creating benefits to the public and enhancing internal operational efficiency will remain our twin foci in other joined-up government projects.

Business Entry Portal

7. One of the other joined-up projects under progress is the Business Entry Portal. Working with a number of key business-oriented government bureaux, departments and public bodies, action is in hand to implement this business-friendly initiative by end 2003/early 2004. At present, there are more than a dozen government and public bodies that provide business-related information over 20 or more websites on the Internet. Businesses thus often have to search over multiple websites to find the information they need. This Business Entry Portal will create much convenience to the businesses (particularly small and medium-sized enterprises) by acting as an entry point to the online world of business information and providing a user-friendly interface to facilitate search for the right information for enterprises in Hong Kong and overseas. Apart from providing one-stop access to public sector-provided business information, we also expect the Portal to open up opportunities for hosting private sector-provided business information (such as bank loans etc). This initiative will also enhance the value of the existing business-related websites.

Property Information Hub

8. Another joined-up project for improving service delivery to the public is the Property Information Hub. This information hub aims to provide electronic options to make available property-related information that is held by different Government departments to businesses in the property sector, the general public and other market participants. It will improve the overall transparency and efficiency of the property market in Hong Kong and provide a one-stop and user-friendly services to all the users. We hope to introduce the first phase of its services in 2004.

Integrated Criminal Justice System

9. The proposed Integrated Criminal Justice System (ICJS) will be an important project for enhancing the efficiency and accuracy in transferring information between the departments and agencies which are

involved in the criminal justice process. That is, the aim of the project is to improve the information flow through the system- from arrest to identification, prosecution, trial, correction, rehabilitation and release. We will ensure that only relevant and legitimate information is involved in the information transfers, with due regard for privacy and data integrity. Such systems have been successfully introduced in many countries/provinces, including the USA, Australia, New Zealand and the UK. A Steering Committee, chaired by EGCO and involving all the concerned bureaux, departments and agencies, is now reviewing the findings and recommendations of a feasibility study conducted for the Committee by the EU. We will consult the relevant panel(s) of the Legislative Council once we have mapped out a suggested way forward.

Multi-application Smart ID Card

10. The new smart ID card is a major joined-up project which involves close collaboration among a number of departments, enabling citizens to enjoy the benefit of “one card for multiple uses”. The Immigration Department started issuing the new smart ID cards from 23 June. The four-year exercise to replace the existing old plastic ID cards with the new smart ID cards for the 6.9 million population is scheduled to commence in mid-August by phases.

11. In addition to the traditional immigration functions (as a means of identification), holders of the smart ID cards may choose to do a simple registration with the Hong Kong Public Libraries to use their smart ID cards for library services instead of carrying a separate plastic library card; they may also opt in for the embedding, onto their smart ID cards, of a one year’s free use of a digital certificate (the personal e-Cert) issued by Hongkong Post in order to carry out secure online transactions. The e-Cert programme is the subject of another paper to be considered by Members. From end 2004, cardholders may use it for automated immigration clearance at control points. And in about 2006, cardholders will no longer need to carry a separate driving licence while driving. We have been working closely with Immigration Department, Hongkong Post, Leisure and Cultural Services Department and Transport Department to ensure that timely and user-friendly services will be provided to the public and that the security and privacy concerns have been properly addressed.

12. Now, together with the departments concerned, we are launching a series of publicity and promotion activities (from TV and

radio Announcements in the Public Interest to roving shows) to ensure that the public will be well informed of the various aspects of the smart ID card scheme and the related security and privacy measures. In particular, Hongkong Post has also launched a publicity campaign specifically to drive take-up of the free e-Cert offer. The various publicity and promotion activities will all encourage residents to take up the multi-application functions of the smart ID card, so as to enjoy the convenience of one card for many uses, enhance their IT capability, and thus reinforce Hong Kong as a leading digital city.

Common Look and Feel for Government websites

13. All bureaux and departments are also joining hands to improve the accessibility of government websites by establishing a consistent online brand image for Government. We formally promulgated the Common Look and Feel (CLF) website design initiative to all bureaux and departments in earlier this year, and have set up a helpdesk in Information Services Department to co-ordinate the implementation and to provide advice and assistance to bureaux and departments. Up to June 2003, twelve bureaux and departments have revamped their 32 websites with CLF, including the highly utilised ones of Labour Department, Information Services Department and Hong Kong Observatory. The remaining bureaux and departments will adopt the CLF by November 2005 through their normal website revamping exercises. We shall conduct a public opinion survey later this year to gauge public response on the revamped websites and to identify improvement areas for fine-tuning the CLF design.

Facilitating the Full Exploitation of Information Technology: The Proper Institutional and Human Support

14. To ensure that we are well prepared to make further progress in the new stage of E-government development, we have improved the arrangements at both the centre and bureaux/departments.

15. At the centre, the EGCO is responsible for vetting all government administrative computerisation projects. Since 1 April 2003, the vetting procedure has been centralized and streamlined by redeployment of staff resources. Not only has this shortened the vetting time required, but it has also ensured greater cost-effectiveness in the

vetting process.

16. In addition, we have built into our vetting mechanism that bureaux and departments seeking computerisation funding must develop their projects in accordance with our E-government policy direction. Specifically, we have set out that projects which take account of the following principles will receive funding priority: fully exploit business process reengineering (BPR) opportunities to improve their services; participate in joined-up initiatives; seek views from their customers to ensure their projects serve their customers' needs; deploy customer relationship management (CRM) principles or features to enhance user-friendliness of their services; explore appropriate partnership with the private sector; and adopt innovation. Annex B lists out in detail the associated criteria we have stipulated in vetting computerization projects.

17. At the bureaux and departments, ITSD is getting encouraging responses in the formation of IT Management Units (ITMUs). Apart from providing day-to-day IT management and support to bureaux and departments, ITMUs fulfil a very important function in identifying opportunities for BPR and joined-up, and customer-centric public services through systems integration and use of common data schemas. They also work closely with the central service providers in ITSD to ensure that systems are interoperable and best practices are adopted in managing them.

18. There are currently 34 ITMUs serving 41 bureaux/departments, either on a dedicated or shared basis- up from 27 ITMUs serving 32 bureaux/departments six months ago. ITSD and we shall continue to assist and encourage the remaining bureaux and departments to set up their own ITMUs, in order to establish an e-culture and blend IT into their core business. We envisage that by April 2004, the majority of bureaux and departments will have their ITMUs established. ITSD will make arrangements to cater for the remaining ones, whose IT requirements are not substantial or cost-justified to warrant separate ITMUs.

19. A more e-enabled civil service can also help accelerate the development of E-government. One of the e-enabling initiatives is the pilot Accessibility Programme, which provides email accounts and shared terminals to about 9 000 civil servants in seven bureaux and departments who otherwise have no access to computer facilities. With equipment

installation and user training completed in June 2003, this group of staff are now able to communicate with others through email and get access to the Internet, departmental intranets, office software and Government-to-Employee (G2E) services, which should help improve their IT literacy and promote e-culture among them. We shall review the results of this pilot in the coming few months to evaluate how we can cost-effectively provide an e-enabling environment to civil servants, and then confirm, by the end of this year, whether and how to extend the programme to more bureaux and departments.

20. On G2E services, through the good offices of the Treasury, we shall soon roll out the “e-payslip” to civil servants. We shall make this the only pay slip option for civil servants who have individual office accounts (usually officers on MPS point 34 and above) and make it a voluntary option for all others- who can opt to receive it at their personal internet account. This will be the first of several important Treasury related personnel services to be made available on line to civil servants and will help to change their attitudes towards adoption of e-options.

Gaining International Recognition: A Worldwide Survey

21. Our E-government direction is in line with the other E-government leaders in the world. Accenture, a management consulting and technology services company, released their third annual international survey of E-government leadership in April this year. According to this survey, Hong Kong’s ranking moved up to 7th this year from 8th last year. Annex C lists out the ranking of all the 22 countries/regions studied in this survey. Accenture in particular recognised Hong Kong’s improvement in the aspect of CRM and ranked Hong Kong as the 6th among the 22 countries/regions. The value-added e-commerce services that marry well with our E-government services have allowed the ESD portal better to meet the customers’ needs for both convenient public and private services.

22. In general, Accenture found that E-government in all countries progresses through a series of levels. As governments become mature at a certain level, they hit a plateau and need to re-think of their strategies to move to the next level. For most mature countries/regions like Hong Kong, they need to focus their strategies more on CRM and involve customers in service development to excel to a higher level.

These countries also need to combat the challenge of e-service utilisation to break through the take-up thresholds, so as to better achieve the benefits of E-government – improved service, greater efficiency and cost savings.

Gaining Feedback from Local People: A Public Opinion Survey

23. In order better to understand what citizens think of our E-government performance and to guide us forward, EGCO/ITSD engaged a marketing research company to conduct a household opinion survey. We have obtained some positive response from the community, while improvement areas were also identified. Copies of the main findings of this survey are available from the LegCo Secretariat for Member's reference, while the paragraphs below highlight the more significant results.

24. A total of 3 151 face-to-face interviews were successfully conducted with Internet users between January and May 2003. Among those surveyed, 2 178 (69%) had used E-government services before (with 59% in the last 3 months). Among the 973 (31%) who had never used E-government services, 69% considered that they had no such a need, 14% were unclear about what government services were available online, and 10% had not heard of/did not know how to access E-government websites.

Performance of E-government in general

25. Among the 2 178 E-government users, 62% rated E-government services as "very good" or "quite good", while only 4% gave a "quite poor" or "very poor" rating. Among those who rated E-government services negatively, 32% suggested to improve E-government services by providing clearer direction/making it easier to search for the information they wanted, 20% suggested to strengthen/simplify the search function, and 11% suggested to simplify the login procedure.

Performance of ESD

26. As for public opinion on ESD, 63% of the surveyed Internet users were aware of ESD, while 23% had accessed the ESD portal. The reasons for the E-government users not accessing the ESD portal are

similar to the Internet users not using E-government services.

27. Among the surveyed ESD users, 68% rated the ESD portal as “very good” or “quite good”, while only 4% gave a “quite poor” or “very poor” rating. As for the various important features of the ESD portal, the survey found that “ease of finding services”, “user-friendliness of services” and “provision of comprehensive content” were highly rated and valued by the Internet users, reflecting these being the strengths of the ESD portal. The ESD users also considered that “safety and security level of services” should be an important feature of the ESD portal but 53% of them were unclear what the safety and security features of ESD are. More should be done in this regard to close the knowledge gap.

28. On the other hand, the one-stop concept of providing both government and e-commerce services at the ESD portal was generally welcomed by the users. Among the surveyed ESD users, 71% “somewhat agreed” or “very much agreed” the commercial services available at the ESD portal were adding value to them when using E-government services.

Measures to Increase Usage of E-government Services

29. To improve the usage of E-government services, we have been introducing a number of incentives measures and are exploring more with the concerned departments. On the attractiveness of these incentives measures, 78% of all the 3 151 surveyed Internet users responded that they would make more use of the online channel instead of the traditional channels for accessing government services if “priority/quicker service is given to the online channel”. For the other incentive measures of “users of online channel can enjoy personalised services”, “users of online channel can enjoy value-added services through the same website” and “users of online channel can obtain gifts, coupons, discount offers or cash rebates”, the corresponding responding rates are 66%, 64% and 64% respectively. For the Internet users who did not respond positively to any of the incentive measures, the major reason was “would not use simply because of incentives” among the E-government users, and “no such a need for E-government services” among the non E-government users.

30. With respect to the disincentive measure of reducing counter service when online channel is available, 50% of the surveyed

E-government users “somewhat agreed” or “very much agreed” with this idea, with 32% being “somewhat disagreed” or “very much disagreed”. Even among those Internet users who have never used E-government services before, 47% were “somewhat agreed” or “very much agreed” with it, with 28% being “somewhat disagreed” or “very much disagreed”.

31. We are pleased that in general, the public is positive about the performance of our E-government and ESD services. However, it is clear that we must keep up our promotional efforts further to improve the awareness and user-friendliness of our services, and to enhance users’ understanding of their security. The findings are also reassuring in endorsing our unique public-private sector partnership model of the ESD Scheme, enabling the provision of both online public and private services at the same portal.

32. The public’s general acceptance of the various proposed incentive measures is useful. We have been continuously exploring with our private sector partner of the ESD Scheme and the concerned departments the introduction of incentive measures to encourage take-up. Apart from offering a customised express booking service for public sports facilities, ESD has been offering different forms of rebates and coupons. We are also exploring the implementation of differential pricing for online versus traditional channels. Since the cost involved in delivering services online is less than that using traditional means, customers obtaining services online should be charged less. While the survey indicated that those who agree with the disincentive of scaling down counter service out-number those who disagree, we will examine such measures with care to ensure that nobody will be barred from accessing the public service involved.

Our Way Forward

33. We believe that the above achievements show that we have laid a solid foundation for advancing E-government in Hong Kong. We are reflecting on the way forward in the light of operating experience and changing circumstances. Meeting the main milestone of covering 90% of amenable services electronically and having started the ESD Scheme since two and half years ago, beg the question of where we go from here, against the background that the euphoric atmosphere we launched E-government in 2000 is now gone and the government’s fiscal situation is

very different. The fact that the post of the E-government Coordinator will lapse in one-year's time also necessitates a fundamental look at how the momentum of the E-government initiative should be sustained and reinforced from an institutional perspective. We are actively reviewing these aspects in tandem with our review of the Digital 21 Strategy. We shall brief Members in due course.

Commerce, Industry and Technology Bureau
July 2003

**List of Prominent Services provided with/to be provided with
e-Option in 2003**

| Services | Status |
|---|---|
| Appointment Booking Service for Hong Kong Smart Identity Card Replacement Exercise | To be rolled out in August 2003 |
| Notification of change of address to over 10 departments using a common form | Rolled out in April 2003 |
| Submission of electronic manifests for import/export cargo by rail, air and ocean/river | Rolled out in April 2003 |
| Lodgment of textiles notifications by carriers and traders | Rolled out in May 2003 |
| Search of company documents | To be rolled out by end 2003 |
| Application for trade marks registration | To be rolled out by end 2003 |
| Search for patent and design details | To be rolled out after 2003- this needs legislative amendment |
| Application for redemption of tax reserve certificate | To be rolled out by end 2003 |
| Application for TeleTax | To be rolled out by end 2003 |
| Application for assessment for using fitness equipment | To be rolled out by end 2003 |
| Pre-arrival notification for river trade vessels | To be rolled out by end 2003 |
| Application for renewal of local craft licences | To be rolled out by end 2003 |

| | |
|--|------------------------------|
| Submission of preliminary examination questionnaire for bankrupt | Rolled out in May 2003 |
| Application for strategic commodities licence | To be rolled out by end 2003 |

Policy Considerations for Endorsement and Approval of Administrative Computer Projects

In giving endorsement and/or funding approval to administrative computer project proposals, special emphasis is given to the following policy considerations:

- (a) whether the bureau/department (B/D) has fully explored or is committed to fully explore the BPR associated with that area of its business and the specific computer project to maximise the benefits that could be brought by the computer project;
- (b) whether the B/D has fully explored the joined-up opportunities associated with that area of its business and the specific computer project such that it could cut across departmental boundaries to provide more integrated, more efficient and better public services through inter-departmental collaboration;
- (c) the extent of benefits that could be brought by the project, in terms of realisable benefits (e.g. reduction in operating cost, increases in revenue and staff savings) as well as notional or intangible benefits (e.g. staff cost avoidance and improvement in quality of service). B/Ds should fully exploit the scope for deriving realisable benefits from the deployment of IT;
- (d) whether the project aligns with the departmental IT plan and/or the Information Systems Strategy Plan of the B/D; in this connection it is also relevant to point out that the E-business Coordinators of B/Ds play an important role in ensuring that a proposed project fits in well with the e-business strategy of the B/D concerned;
- (e) whether the project serves to deepen and widen services

online and to enhance the user-friendliness of those services so as to improve service delivery and to drive the adoption of e-business in the wider community. It is important that B/Ds seek the views of their customers before project implementation, to ensure that the services will meet the needs of their customers;

- (f) whether the project has taken measures to address interoperability opportunities and is compliant with the requirements of the Government's Interoperability Framework published by ITSD;
- (g) whether the project enhances departmental IT capability and whether it has explored the use of central infrastructural facilities in ITSD to leverage on existing IT investment;
- (h) whether the project helps encourage the adoption of IT in the conduct of Government internal businesses to enhance operational efficiency and promote an e-enabled culture;
- (i) whether the B/D has made adequate use of customer relationship management (CRM) principles or features to improve the cost-effectiveness and user-friendliness of public service provision;
- (j) whether the project helps the B/D in the deployment of technology to manage and disseminate knowledge effectively;
- (k) whether the B/D has explored opportunities for engaging or partnering with the private sector in the implementation of the computer project in terms of cost-sharing, risk aversion and revenue-generation, bearing in mind the local situation and international best practices; and

- (1) whether the project applies innovative approaches to service delivery and/or procurement or makes use of innovative yet practicable technologies for its implementation.

E-government Ranking 2003

| Rank | Country/Region |
|-------------|-----------------------|
| 1 | Canada |
| 2 | Singapore |
| 3 | United States |
| 4 | Denmark |
| 5 | Australia |
| 6 | Finland |
| 7 | Hong Kong |
| 8 | United Kingdom |
| 9 | Belgium |
| 10 | Germany |
| 11 | Ireland |
| 12 | France |
| 13 | The Netherlands |
| 14 | Spain |
| 15 | Japan |
| 16 | Norway |
| 17 | Italy |
| 18 | Malaysia |
| 19 | Mexico |
| 20 | Portugal |
| 21 | Brazil |
| 22 | South Africa |

Source: *eGovernment Leadership: Engaging the Customer*, Accenture, April 2003