For discussion **EC(2010-11)10**
on 8 December 2010

ITEM FOR ESTABLISHMENT SUBCOMMITTEE OF FINANCE COMMITTEE

HEAD 95 – LEISURE AND CULTURAL SERVICES DEPARTMENT
Subhead 000 Operational expenses

Members are invited to recommend to Finance Committee the creation of the following permanent post in the Leisure and Cultural Services Department with immediate effect –

1 Chief Systems Manager
(D1) ($99,400 - $108,650)

PROBLEM

The Leisure and Cultural Services Department (LCSD) needs to replace an existing non-civil service position of Chief Information Technology Manager (CITM) at the equivalent rank of D1 by a permanent civil service post of Chief Systems Manager (CSM) (D1) in view of the permanent nature of the duties involved.

PROPOSAL

2. We propose to create one permanent post of CSM (D1) in the Information Technology (IT) Office of LCSD with immediate effect[1] to replace the existing non-civil service position of CITM at the equivalent rank of D1.

/JUSTIFICATION …..

[1] Subject to the support of the Subcommittee, our plan is to put the staffing proposal to the Finance Committee (FC) for approval on 14 January 2011.

JUSTIFICATION

3. Upon the dissolution of the two Municipal Councils and the establishment of LCSD in 2000, an IT Office was established in LCSD to develop IT in the Department to facilitate its operation and service delivery. The IT Office took charge of all IT matters including formulating departmental IT policies, devising strategic IT plans, providing consultancy services to internal users, developing and maintaining computer systems and IT infrastructure, selecting computer equipment and software, and operating three computer centres[2].

4. On 17 December 1999, FC approved, via EC(1999-2000)26, among others, the creation of a non-civil service CITM position at the equivalent rank of D1 in LCSD to head its IT Office (departmentally known as Head (IT)) with effect from 1 March 2000. A non-civil service position instead of a civil service post was proposed at that time as it was considered that the Department would have the flexibility of recruiting the most suitable person to meet its up-to-date IT requirements.

5. LCSD has regularly reviewed the operation and management of the IT Office to ensure that its IT projects align with the strategy for e-government service delivery. In the light of the review results and experience gained, while it is necessary to retain the flexibility of recruiting professionals from the market to bring in new and up-to-date IT expertise, LCSD considers it more appropriate for such knowledge transfer to be achieved at the operational level to meet project-based or specific service needs. Given the strategic importance of IT to the effective operation of the Department and smooth delivery of public services, as well as the increased number of IT projects and the substantial funding involved, it is important for the IT Office to be headed by a directorate officer who possesses professional IT knowledge and has a good understanding of Government policies and practices. He/She can provide effective leadership in aligning IT strategy with the objectives of government services, as well as strategic planning for the continuous development of IT in LCSD to improve operation and public services. A directorate civil servant can also assure that the quality of the IT programmes and services are in line with government standards and regulations. We therefore propose to create a permanent CSM post to replace the non-civil service CITM position as the Head of the IT Office.

/***Formulation*** *…..*

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[2] One is located in the LCSD Headquarters (Shatin) to operate systems mainly for internal use, one is in the Lockhart Road Municipal Services Building (Wanchai) for mission-critical systems supporting public services, and one in the Hong Kong Central Library (Causeway Bay) dedicated to the Multi-media Information System (MMIS).

Formulation of IT strategy and strategic plans

6. The services provided by LCSD are multifarious and cover many facets of the daily life of the general public. These include leisure and sports venues and activities, public library services, cultural and entertainment programmes, museum services, etc. LCSD is committed to capitalising on the use of IT and other advanced technologies to further enhance its business operations and its service delivery.

7. Given the strategic importance of IT to achieving the business objectives and missions of LCSD, coupled with the rising public expectation for better and more efficient delivery of services through multiple channels, the IT Office has to constantly review and update the departmental IT strategic plans and infrastructure, as well as develop IT applications to support the daily business operations.

Use of IT to improve public services and internal operation

8. Over the years, LCSD's IT Office has developed three mission-critical computer systems in conjunction with the user divisions to support the major business objectives/operations of LCSD. These systems are –

(a) the Library Automation System (LAS): providing automated library services to the public, such as searching, reservation, borrowing and renewal of library materials through different platforms. In 2009-10, the LAS handled some 61 million transactions for checking out, renewal and reservation of library materials;

(b) the Leisure Link System (LLS): enabling the public to book a wide range of LCSD-run leisure facilities (e.g. badminton courts, turf pitches, golf facilities, etc.) and enroll in recreational and sports activities (e.g. training courses, water sports activities) organised through four channels including counters, internet, self-service kiosks and telephone. In 2009-10, the LLS conducted around five million transactions on the booking of leisure and sports facilities and activities; and

(c) the Urban Ticketing System (URBTIX): providing ticketing services for cultural and entertainment programmes. It is running on an IT infrastructure developed and provided by an outside contractor. In 2009-10, about four million tickets were issued through URBTIX.

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9. In addition to the above three mission-critical systems, over 80 essential computer systems, such as MMIS in public libraries and the Human Resources Management Information System (HRMIS) for internal use[3], are in operation supporting LCSD's services for the public and its internal operations. These systems are supported by a complex IT infrastructure comprising about 80 mid-range computers and about 320 personal computer servers located in the three computer centres, and accessed by around 8 000 desktop computers connected with different networks. The systems have to be maintained, upgraded and enhanced from time to time in order to meet the public expectation and the latest technological developments.

Upcoming major projects

10. Most of the mission-critical and essential systems will undergo major upgrading and enhancement in the next few years. Insofar as the public libraries are concerned, the LAS is undergoing a major upgrading and replacement exercise, with a commitment of $196.467 million approved by FC in February 2007. The project is expected to be completed by 2013-14. The new LAS will include new and customer-oriented functions such as virtual reference services, online reservation for workstations, e-notification, e-payment, etc. An add-on Radio Frequency Identification (RFID) sub-system will also be integrated with the new LAS on a pilot basis. With the use of RFID to support library operations, it is anticipated that the efficiency of staff operations on check-in and check-out of library items will be further improved.

11. Another project approved by the FC in January 2009 was to upgrade the MMIS by replacing the obsolete hardware and software, upgrading the digital library system, extending the scope of services and enhancing the functions of the system. The approved commitment is $93.119 million and the project will be completed in 2013-14. On the leisure services side, feasibility studies for upgrading the LLS have been conducted and the LLS will undergo major infrastructural enhancement which is scheduled for completion in mid 2013.

12. Apart from maintaining and upgrading the mission-critical and essential systems, LCSD continuously explores the possibility of applying IT and other technologies to different facets of its internal operations as well as those with interface with the general public. Such projects include –

/(a) …..

[3] The MMIS facilitates the public to retrieve the multi-media materials in the Hong Kong Central Library such as audio/video collections and digitised documents of old newspapers and books. The HRMIS maintains various human resources records of the Department such as establishment and strength, appointment, posting, performance appraisals, etc.

(a) the Civic Centre Management System: launched in July 2009 to support the operation of venue hiring, payment transaction handling and other hiring related functions for all the 15 civic centres/performing arts venues managed by LCSD;

(b) the Self-Service Kiosk System: launched in March 2008 to provide users with an additional channel of access to the LLS for booking sports facilities and recreational activities; and

(c) the Library Management System of the Hong Kong Heritage Discovery Centre (HKHDC): completed in April 2006 to provide library cataloguing functions for the Reference Library of HKHDC with RFID technology.

13. All the above-mentioned projects are highly complex in nature, both in technical and project management terms, and involve substantial funding. LCSD therefore requires the personal attention and steer from a senior and experienced IT professional at the directorate level to ensure that the projects will be carefully thought out and successfully implemented. It is also essential to have the on-going leadership of a permanent civil servant at the directorate level who possesses the necessary experience and IT expertise, as opposed to a a contract staff at the equivalent directorate rank, to ensure that the systems are rolled out successfully and operated smoothly to achieve the business objectives of LCSD.

Management of the IT Office

14. At present, the IT Office has a core team of 58 IT professional staff (including 13 civil servants and 45 non-civil service staff) and more than 20 civil service executive and clerical staff as well as computer operators. The IT Office has also engaged the services of some 30 IT staff through technical service providers under a term contract centrally administered by the Office of the Government Chief Information Officer to support specific IT projects.

15. The annual expenditure for supporting the IT activities and services under the management of Head (IT) amounted to $119 million in 2009-10 and will increase to about $127 million in 2010-11.

/***Permanent*** …..

Permanent need for the post

16. Given the scale and complexity of the IT systems in LCSD and the critical nature of the computer infrastructure, it is considered that an experienced government IT professional at the directorate rank will be required to formulate, review and implement LCSD's IT policies and strategic plans, as well as to oversee the development of the major projects which are critical to efficient public service delivery. It is therefore necessary to create a permanent CSM (D1) post to provide professional steer in meeting the IT needs of LCSD.

17. The CITM is under the direct supervision of Assistant Director (Finance) [AD(F)]. The proposed CSM will continue to be accountable to AD(F). The duties of the CSM and the departmental organisation structure will remain unchanged. He/She will be responsible for the management of the IT Office, in addition to providing IT-related technical advice and support to AD(F). The CSM will be tasked to set priorities and optimise resource utilisation as well as to balance the technological, economical and strategic factors involved in all major decisions. The job description of the CSM post as well as the organisation chart of LCSD showing the proposed replacement are at Enclosures 1 and 2 respectively.

Encls. 1 & 2

ALTERNATIVES CONSIDERED

18. LCSD has critically examined the feasibility of identifying a directorate officer within the Department to absorb the duties of Head (IT). However, it is operationally not feasible to pursue such an alternative. As Head (IT) is the only IT professional officer at the directorate level in LCSD, other existing directorate officers do not have the required professional knowledge and competence. Moreover, they are already fully occupied with their existing responsibilities relating to leisure, sports, culture and arts as well as financial and administration support.

19. We have considered the feasibility of allowing the IT Office to operate without a directorate officer by deploying its Senior Systems Manager (Master Pay Scale Point 45 – 49) to head the Office. However, this is highly undesirable since a directorate officer is needed to provide the necessary steer to the IT Office in planning various upcoming large-scale IT projects and in ensuring effective delivery of services in LCSD on a permanent basis. It is also important to continue the implementation of new IT project initiatives to cope with the dynamic business environment of the Department, advancement in technology and rising public expectation.

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20. We have also considered the option of engaging a non-civil service contract (NCSC) staff or a consultant to lead and control the planning, implementation and operation of the various IT projects and systems in LCSD. However, due to the permanent nature and complexity of the duties involved, we are of the view that a permanent civil service post should be created for the job.

FINANCIAL IMPLICATIONS

21. The proposed creation of a permanent CSM post will bring about an additional notional annual salary cost at mid-point of $1,265,400. The full annual average staff cost, including salaries and on-cost, is $1,742,000. Taking into account the cost of employing the current CITM at $1,630,000 per annum (including salaries and contract-end gratuity payment), the net annual average staff cost of replacing the non-civil service CITM position by a permanent CSM post is $112,000. There is sufficient provision to meet the additional cost of the proposal.

PUBLIC CONSULTATION

22. We consulted the Legislative Council Panel on Home Affairs on 12 November 2010. Members in general supported the proposal. Some Members enquired about the number of NCSC staff in LCSD and asked whether more NCSC positions at the junior levels would be converted into civil service posts. Members also wanted to know if the proposal would bring about any benefit to LCSD and the public in terms of resource allocation and the operation of IT systems. The relevant information as issued to the Panel on 23 November 2010 is at Enclosure 3.

Encl. 3

ESTABLISHMENT CHANGES

23. The establishment changes in LCSD for the last two years are as follows –

Establishment (Note)	**Number of posts**			
	Existing (as at 1 November 2010)	**As at 1 April 2010**	**As at 1 April 2009**	**As at 1 April 2008**
A	11 #	11	11	11
B	360	353	351	346
C	7 581	7 485	7 395	7 058
Total	**7 952**	**7 849**	**7 757**	**7 415**

/Note …..

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
– as at 1 November 2010, there was no unfilled directorate post in LCSD

CIVIL SERVICE BUREAU COMMENTS

24. The Civil Service Bureau supports the proposed creation of a permanent CSM post to replace the existing non-civil service position of CITM. The grading and ranking of the proposed post are considered appropriate having regard to the level and scope of the responsibilities.

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 proposal were to be implemented.

Home Affairs Bureau
November 2010

Enclosure 1 to EC(2010-11)10

Proposed Job Description
Head (Information Technology)
Leisure and Cultural Services Department

Rank **:** Chief Systems Manager (D1)

Responsible to **:** Assistant Director (Finance)

Main Duties and Responsibilities –

1. To oversee the computer operations and system maintenance/development within the Leisure and Cultural Services Department (LCSD), and be responsible for the manpower planning, staff management, resource allocation and staff development of the Information Technology (IT) Office in LCSD.

2. To formulate management and deployment strategies for building the IT infrastructure, systems architecture, application systems and database management.

3. To facilitate re-engineering of the business processes of LCSD through the use of IT.

4. To formulate, recommend and execute strategies for the procurement of IT services and computer equipment.

5. To advise on matters related to the IT security policy and security framework in LCSD; assist in their maintenance and upholding; and establish appropriate checks and balances to ensure their compliance.

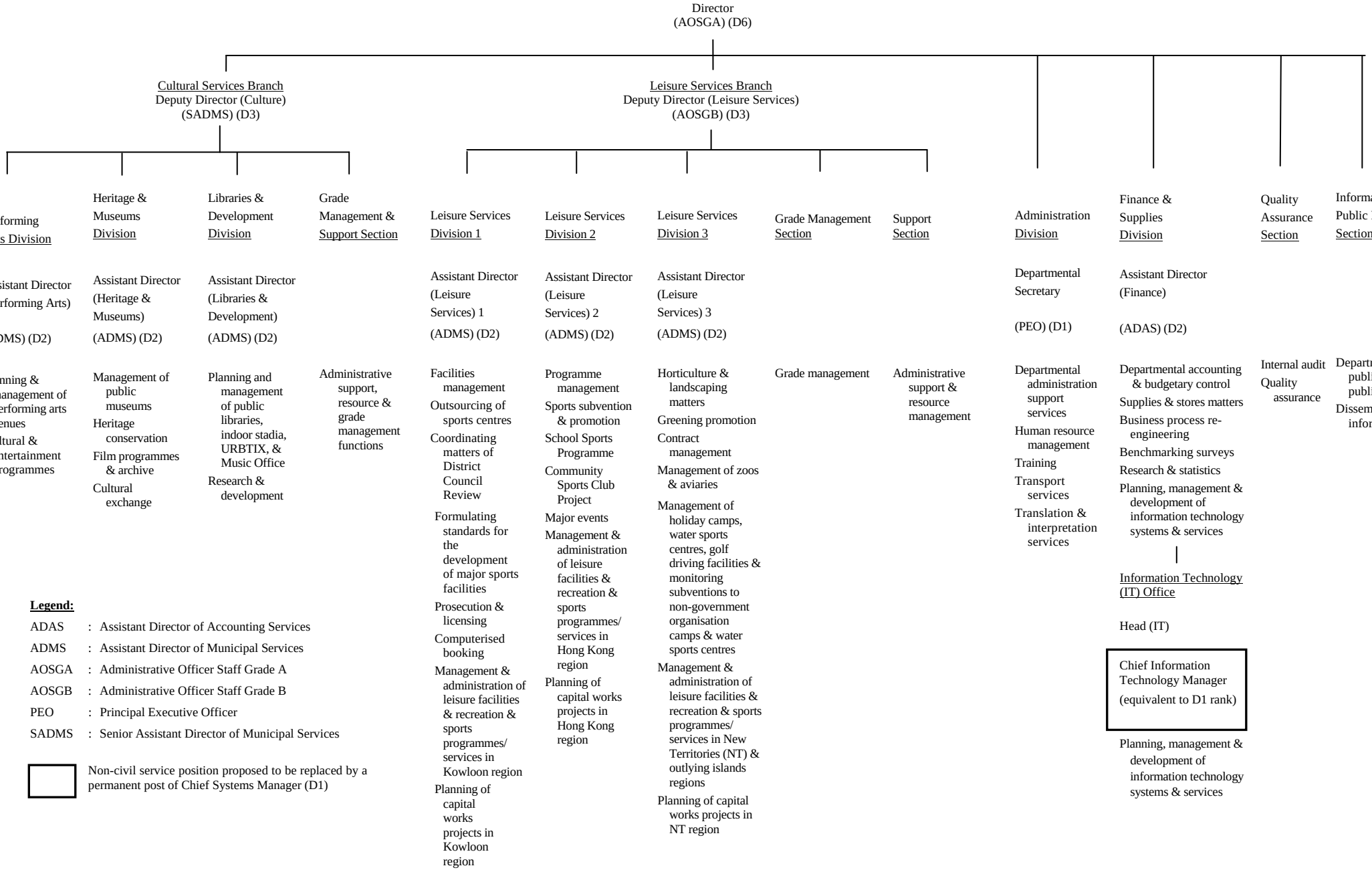
6. To advise on all IT related technical and policy matters and technology management; promote the government's IT standard and practices; and enhance the IT awareness and competence of staff in LCSD.

7. To act as the IT consultant of LCSD and the central liaison point between LCSD and the Office of the Government Chief Information Officer on matters concerning service-wide IT standards and initiatives, technology infrastructure and IT manpower deployment.

8. To participate in the development of inter-agency systems in the Government and maintain interoperability with these systems.

Enclosure 2 to EC(2010-11)10

Existing and Proposed Directorate Structure of the Leisure and Cultural Services Department



Legend:

ADAS	:	Assistant Director of Accounting Services
ADMS	:	Assistant Director of Municipal Services
AOSGA	:	Administrative Officer Staff Grade A
AOSGB	:	Administrative Officer Staff Grade B
PEO	:	Principal Executive Officer
SADMS	:	Senior Assistant Director of Municipal Services

Non-civil service position proposed to be replaced by a permanent post of Chief Systems Manager (D1)

Enclosure 3 to EC(2010-11)10

Follow-up to the Meeting of Legislative Council Panel on Home Affairs on 12 November 2010

Request for Information

1. Whether the Leisure and Cultural Services Department (LCSD) has employed more non-civil service contract (NCSC) staff than all other government departments, and if yes, please provide the reasons.

It should be noted that as at 1 November 2010, the number of NCSC staff employed by LCSD was 1 475 only. The figure provided by the Administration to the Legislative Council Panel on Public Service earlier (i.e. 2 753 full-time NCSC staff as at 30 June 2010) comprised some 1 300 seasonal staff employed by LCSD during the summer months to meet short-term and specific service needs, including some 900 seasonal lifeguards to enhance support for aquatic venues and about 400 summer student helpers recruited by public libraries for training purpose. All the student helpers and most of the seasonal lifeguards have completed their contracts after the summer.

Among these 1 475 NCSC staff employed by LCSD as at 1 November 2010, around 500 were engaged for time-limited tasks (including the remaining seasonal lifeguards whose contracts will expire within November 2010 and the youth trainees employed under the Job Creation Programme). For the remaining 980 NCSC staff, about 860 were employed to provide support for the services under review. These include the 14 public museums and 76 public libraries whose modes of service delivery were under review and hence civil service recruitment has been frozen for the grades concerned. On the former, following the Administration's decision in February 2010 that public museums should continue to be managed by LCSD, the Department has immediately resumed recruitment of civil servants to replace the NCSC staff concerned. LCSD has already completed the recruitment exercises for the various museum-related grades and so far appointed 82 civil servants for the museums. The Department will continue to replace the remaining NCSC staff by civil servants where long-term service needs are proven. As for public libraries, LCSD is finalizing the review of the mode of frontline service delivery and will consult the staff side on the way forward in the near future.

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In addition, in the special review jointly conducted by LCSD and the Civil Service Bureau in 2006, 800 NCSC positions were identified to have long-term service needs and 710 of them have been converted into civil service posts in the last three years. The remaining 90 NCSC positions will be phased out as and when they can be filled by civil servants.

The remaining 30 or so NCSC staff were employed mainly for tasks that required expertise not readily available in the civil service or needed to meet the changing requirements of the service (e.g. Information Technology personnel).

Apart from the seasonal staff, youth trainees and summer student helpers who are employed for a certain period of time each year (e.g. in summer), it is anticipated that the number of NCSC staff will reduce significantly upon phasing out of the NCSC staff working in the museums and completion of the various organizational reviews. The Department will continue to keep the employment of NCSC staff under regular review and, where appropriate, replace them with civil servants where necessary and justified.

2. In addition to the proposed conversion of the non-civil service Chief Information Technology Manager (CITM) position into a permanent civil service post at the management level, whether LCSD has any plans to convert non-civil service contract positions into civil service posts at the junior staff level; and if yes, please provide the details.

As mentioned above, of the 800 NCSC positions identified in the 2006 special review for replacement by civil service posts, LCSD has since replaced some 710 NCSC positions by civil servants upon expiry of the contracts of the NCSC staff concerned and the availability of civil servants for filling the posts. The remaining 90 NCSC positions identified under the review will be phased out as and when they can be filled by civil servants. For NCSC staff employed by public museums, their positions are being/will be gradually replaced by civil servants. Indeed, the majority of the NCSC positions being replaced by civil servants are junior positions at MPS Point 10 and below.

In addition to the 800 NCSC positions identified in the 2006 special review, another 80 NCSC positions which have long-term needs will be phased out gradually upon recruitment of the relevant civil servants. All of these posts are clerical or middle ranking positions at entry ranks.

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3. The benefits (including intangible benefits, if any) of converting the non-civil service CITM position into a permanent civil service post in the following areas:

(a) the allocation of resources within LCSD;

(b) the expenditure saved; and

(c) the operation of LCSD's computer systems, such as facilitating business and the delivery of services (including ticketing services and the booking of leisure and sports facilities) to the public.

(a) Given the strategic importance of Information Technology to the effective operation of LCSD and the smooth delivery of public services, it is essential that the IT Office is headed by a directorate officer who possesses both professional IT knowledge and effective leadership on the one hand, and a good understanding of Government policies and practices on the other in order to align LCSD's work with the overall e-government objectives. Given the large number of IT projects being planned and implemented by LCSD (see (c) below) and the substantial amount of funding involved ($818 million in the next 5 years) in the management of the IT Office, a civil servant Head of the IT Office could provide effective and continuous oversight over the planning and implementation of the IT projects and secure the necessary funding. Furthermore, a civil service IT professional, who is familiar with government standards and regulations, will be in a better position to provide input to the LCSD directorate in formulating important management decisions using IT as a management tool. Given that the Head (IT) post is a strategic position whose services are required on a permanent basis, we consider it appropriate and necessary to create a civil service D1 post to head the Office.

(b) The annual staff cost for the proposed permanent Chief Systems Manager (D1) post (including average annual salary and on-cost) is $1,742,000 which will in a large part be offset by the annual saving of $1,630,000, being the annual staff cost for the current CITM position. Although the proposal incurs a slight increase in annual staff cost (about $112,000), the benefits as set out in (a) above would outweigh the cost increase.

(c) Most of the mission-critical and essential systems, such as the Library Automation System (LAS) and the Multi-media Information System (MMIS), which support the operation and delivery of LCSD's core services, will undergo major upgrading and enhancement in the next few years. These projects are highly complex in nature, both in technical

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and project management terms, and involve substantial funding (e.g. the approved project commitment for the LAS and the MMIS is $196.467 million and $93.119 million respectively). These projects require the personal attention and steer from a senior and experienced IT professional at the directorate level to ensure that the projects are carefully thought out and successfully implemented. It is also essential to have the on-going leadership of an experienced IT professional at the directorate level, as opposed to a contract staff or a consultant, to ensure that the systems are rolled out successfully and operated smoothly to achieve the business objectives of LCSD.