

ITEM FOR FINANCE COMMITTEE

GENERAL REVENUE ACCOUNT

HEAD 47 – INFORMATION TECHNOLOGY SERVICES DEPARTMENT

HEAD 55 – GOVERNMENT SECRETARIAT : COMMERCE, INDUSTRY AND TECHNOLOGY BUREAU (COMMUNICATIONS AND TECHNOLOGY BRANCH)

CAPITAL WORKS RESERVE FUND

HEAD 710 – COMPUTERISATION

**Government Secretariat : Commerce, Industry and Technology Bureau
(Communications and Technology Branch)**

**Subhead A059XV Implementation of the first phase of the Electronic
Service Delivery scheme**

Block allocation

Subhead A007GX New administrative computer systems

Members are invited to approve the following changes to the 2004-05 Estimates with effect from 1 July 2004 to reflect the merging of the Information Technology Services Department and the information technology-related divisions of the Commerce, Industry and Technology Bureau (Communications and Technology Branch) to form a new entity entitled “Office of the Government Chief Information Officer” in the Commerce, Industry and Technology Bureau from the same date –

- (a) for Head 47 Information Technology Services Department –
- (i) retitling this Head of Expenditure as “Government Secretariat : Office of the Government Chief Information Officer”;
 - (ii) designating Government Chief Information Officer as Controlling Officer for the retitled Head of Expenditure; and
 - (iii) injecting a provision of \$48.099 million, transferred from Head 55 Government Secretariat : Commerce, Industry and Technology Bureau (Communications and Technology Branch) Subhead 000 Operational expenses, into the same subhead for Head 47 as supplementary provision;
- (b) redesignating Government Chief Information Officer in place of Director of Information Technology Services (DITS) as Controlling Officer for Head 710 Computerisation Subhead A007GX “New Administrative Computer Systems (Block Allocation)” of the Capital Works Reserve Fund (CWRF); and
- (c) redesignating Government Chief Information Officer in place of Permanent Secretary for Commerce, Industry and Technology (Communications and Technology) as Controlling Officer for the approved major project “Implementation of the first phase of the Electronic Service Delivery scheme” Head 710 Computerisation Subhead A059XV of the CWRF.

/PROBLEM

PROBLEM

We need to fund the new Office of the Government Chief Information Officer (OGCIO) to be established on 1 July 2004 following the merging of the Information Technology Services Department (ITSD) and the information technology-related divisions of the Communications and Technology Branch (CTB) of the Commerce, Industry and Technology Bureau (CITB).

PROPOSAL

2. We propose the following changes to and cost-neutral transfers under the 2004-05 Estimates, with effect from 1 July 2004 –

- (a) retitling Head 47 as “Government Secretariat : Office of the Government Chief Information Officer” (GS : OGCIO);
- (b) designating “Government Chief Information Officer” (GCIO) as the Controlling Officer for the retitled Head 47;
- (c) providing supplementary provision of \$48.099 million under Head 47 Subhead 000 Operational expenses, to be offset by the deletion of an equivalent amount under Head 55 Government Secretariat : Commerce, Industry and Technology Bureau (Communications and Technology Branch) (GS : CITB(CTB));
- (d) redesignating GCIO, in place of DITS, as Controlling Officer for CWRP Head 710 Computerisation Subhead A007GX “New Administrative Computer Systems (Block Allocation)”; and
- (e) redesignating GCIO, in place of Permanent Secretary for Commerce, Industry and Technology (Communications and Technology) (PSCT), as Controlling Officer for the approved major project “Implementation of the first phase of the Electronic Service Delivery scheme” under CWRP Head 710 Computerisation Subhead A059XV.

/JUSTIFICATION

JUSTIFICATION

The merger

3. On 16 June 2004, the Establishment Subcommittee (ESC) of the Finance Committee (FC) endorsed, vide EC(2004-05)8, the proposed organisation and staffing structure of a new entity, namely the OGCIO, to be set up within CITB, on 1 July 2004. Essentially, the proposal involves –

- (a) the merging of ITSD with the IT-related divisions of CTB to form a new entity within CITB responsible for IT-related policy and operational matters;
- (b) creation of a departmental post of GCIO at D6 to head the new entity, to be offset by the deletion of the DITS post at D5;
- (c) a net deletion of three other directorate posts in ITSD and CTB;
- (d) adjustments to the establishment ceiling placed on the total notional annual mid-point salary value of all non-directorate posts in the permanent establishment under Head 47 and Head 55 in 2004-05 to facilitate the cost-neutral transfer of non-directorate posts under the merger proposal; and
- (e) redistribution of responsibilities among certain directorate posts in ITSD and CTB.

4. The OGCIO will be an integrated entity responsible for formulating policies and strategies and implementing measures to drive IT development in Hong Kong. The merger will provide a streamlined government structure for delivering the IT function, and enable the Government to take a proactive, leading role in championing IT development.

/Changes

Changes to GRA Head 47

5. The proposal involves, among other things, the deletion of the post of DITS, who is currently the Controlling Officer of Head 47, and the creation of the GCIO post to assume the overall responsibility for the formulation and implementation of IT-related policies as well as overseeing the day-to-day management of the OGCIO. Subject to the approval of the establishment changes by FC, we propose to account for the spending of the new OGCIO under Head 47, change its title, with effect from 1 July 2004, from "ITSD" to "GS : OGCIO", and designate GCIO as Controlling Officer for the retitled Head 47.

Supplementary provision

6. On 1 July 2004, we will inject \$48.099 million as supplementary provision under Subhead 000 of the retitled Head 47. The amount is the residual balance of the provision under Subhead 000 of Head 55 GS : CITB(CTB) originally earmarked for the operation of IT-related divisions in CTB for the rest of the financial year. The supplementary provision covers –

	(\$'000)
Personal Emoluments	
- Salaries.....	9,110
- Allowances.....	410
- Job-related allowances.....	0
Personnel Related Expenses	
- Mandatory Provident Fund contribution.....	27
Departmental Expenses	
- Hire of services and professional fees...	14,385
- General departmental expenses.....	288
Other Charges	
- Electronic Service Delivery scheme.....	23,879
Total	<u>48,099</u>

7. We estimate that Head 47 will incur a total expenditure of \$554.619 million in 2004-05.

/Changes

Changes to CWRP Head 710

8. At present, DITS is the Controlling Officer for CWRP Head 710 Computerisation Subhead A007GX “New administrative computer systems”, being a block allocation for administrative computer systems and consultancies for feasibility studies and systems development; and PSCT is the Controlling Officer for a major computerisation project Subhead A059XV “Implementation of the first phase of the Electronic Service Delivery scheme”. Upon the merger, the GCIO will be accountable for the Government’s investment, strategies and performance in IT and drive the IT programme formerly led by CTB. We propose that the GCIO should take over from DITS/PSCT as Controlling Officer to authorise expenditure for these items.

FINANCIAL IMPLICATIONS

9. The proposal, which involves a cost-neutral transfer of voted funds and some retitling of Head of Expenditure and redesignation of Controlling Officer, will not give rise to any additional financial implications for the Government. The merger will give rise to savings of \$7,405,000 in full annual average staff cost, including salaries and staff on-cost.

BACKGROUND INFORMATION

10. We consulted the Legislative Council Panel on Information Technology and Broadcasting on the merger proposal on 10 May 2004. Members indicated support for the proposal. The ESC of FC endorsed the proposed organisation and directorate staffing structures of the new OGCIO on 16 June 2004.
