

For discussion on
12 July 2004

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

Progress Update on the E-government Programme

Introduction

This paper is the fifth in the series of regular progress updates on Hong Kong's e-government programme.

2. We mentioned in our last report (January 2004) and the 2004 Digital 21 IT Strategy document (released in March 2004) that in the next developmental wave of e-government, we would deepen our programme and focus more sharply on service quality and effectiveness. In particular, the e-government programme would seek to bring value to customers as well as to the Government. As such, our future focus will be on driving up utilization, engaging customers and promoting joined-up projects to facilitate service integration and transformation.

3. In this paper, we report our progress over the past six months in taking forward this new strategy. This includes the new institutional arrangements, the review of the Electronic Service Delivery (ESD) Scheme, the implementation of the non-immigration applications on the smart identity (ID) card and the development of other major e-government initiatives.

The New Institutional Arrangements

4. To drive forward the new e-government programme using a whole-of-government approach and to work towards the realization of enhanced benefits for customers and Government, we need an integrated entity with the right mandate, visibility, organization and expertise to steer and facilitate the various bureaux and departments to implement e-government initiatives according to the agreed direction. We also believe it is vital to have strong leadership to champion the e-government agenda. Members of this Panel were consulted on our proposals in this regard on 10 May 2004.

5. With the approval of the Finance Committee on 25 June 2004, the Office of the Government Chief Information Officer (OGCIO) has been established within the Commerce, Industry and Technology Bureau (CITB). This took effect on 1 July 2004, by merging the Information Technology Services Department (ITSD) with the IT-related divisions of the Communications and Technology Branch (CTB) of CITB.

6. With regard to e-government, the OGCIO has brought together into a single organization the duties of policy formulation and execution, the necessary core competencies encompassing both public policy and professional contribution and the government-wide perspective of driving policy and business changes across the Government through the use of IT. Furthermore, to provide sponsorship for the e-government programme at the most senior level, we will set up a high-level E-government Steering Committee, chaired by the Financial Secretary. This Committee will steer the strategic direction of the e-government programme, monitor progress and address issues which may arise with departments. With the Committee's support, the OGCIO will be well-positioned to drive IT-related changes in departments' business processes and to take the lead in driving the e-government programme across different Government agencies.

Recent Achievements

7. Over the past six months, our e-government efforts have continued to gain international recognition. The smart ID card project received the "Card Technology Breakthrough Award – Implementation" from the Card Technology Magazine in April this year, for its impressive implementation of advanced technologies, multiple applications and wide coverage across the whole population.

8. During the SARS epidemic last year, the development of an electronic database system (e-SARS) by the Hospital Authority, together with the Department of Health's Case Contact Information System and the application of software tools under the Police's criminal tracking system, facilitated prompt tracing of contacts of SARS patients for timely isolation and treatment. This IT project won the Stockholm Challenge Award 2004 in May this year. The adjudicators were impressed by Hong Kong's innovative application of IT in contributing to the rapid response of coordination and effective management during the SARS crisis.

The Electronic Service Delivery (ESD) Scheme

9. The ESD Scheme continues to improve its customer-centric services to better serve the community. So far this year, the average monthly number of transactions has exceeded 230,000 and the average monthly hit-rate is over 125 million.

Tax Returns

10. To make the filing of individual and property tax returns more convenient, the Inland Revenue Department (IRD) has introduced a number of new and user-friendly features for its online tax filing service under the ESD Scheme. The new retrieval function allows previous e-filers to retrieve data from their previous returns to “pre-complete” the electronic return for the current year; the save and resume function enables e-filers to temporarily save their data if they are unable to complete the form in one go; and the view and print function enables e-filers to view and print their return online within two years after submission. The IRD also offers a two-week automatic extension for e-filing. And in addition, ESD has offered shopping coupons and a lucky draw to encourage take-up. All of these value-added initiatives are aimed at making the online filing experience more user-friendly and incentivising people to use this more convenient and efficient online service. The number of e-returns has increased from approximately 5,000 last year to over 23,000 this year.

Business Entry Portal

11. A business entry portal (business.gov.hk) was launched under the ESD Scheme in February this year. This provides a convenient one-stop access to essential business information from over one hundred contributing sources, including government departments, public bodies and trade associations.

12. The portal is a government-to-business (G2B) joined-up project, providing all types and size of businesses with a wide range of up-to-date and comprehensive online business information and services, including how to start a business, obtain finance, and how to expand and manage a business. Value-added services such as bank loan and credit rating information are also available. With its comprehensive information and user-friendly interface, the portal has attracted an average of over 55,000 monthly visits since its launch.

M-government Services

13. To further improve the accessibility of e-government services, the development of m-government services is actively encouraged. Later this year, the ESD operator will roll out a package of mobile public services accessible using appropriate GPRS and 3G mobile phones. These services include accessing weather reports, the air pollution index, government news and announcements and enquiring about the quota available for ID card replacement appointments and marriage registration. We will continue to encourage the operator to roll out more interactive and transactional m-government services.

Property Stamping

14. We mentioned in our last update that an online property stamping service would be made available through the ESD Scheme, later this year. This project is making good progress and we plan to roll out the service in August 2004. The public will no longer be constrained by the Stamp Office's operating hours, as they will be able to submit their applications for stamp certificates and settle their stamp duties, online. IRD and the Land Registry (LR) are also working to allow payment of stamp duties at LR offices when customers present property documents for registration. This is a joined-up initiative aiming at providing greater convenience to the public in transacting with different Government departments.

Review of the ESD Scheme

15. The ESD website was rolled out in December 2000. When launched, it provided 60 services from 20 Government departments/public agencies. Today, over 180 services from over 50 departments/public agencies are available. After three years of operation, we have reviewed the ESD operation against the stated objectives, namely: (a) to improve the quality and efficiency in the delivery of public services and to improve their accessibility; (b) to pump-prime the development of e-commerce in Hong Kong; and (c) to reduce the cost of providing public services in the longer term. Our findings are set out below.

16. The ESD Scheme has created considerable benefits for the public and the Government by improving the quality, efficiency and accessibility of public services. According to a public opinion survey conducted in 2003, 68% of ESD users ranked the ESD website as "very good" or "quite good". This shows that the Scheme is well received by

the public. Government information and services are now available around-the-clock. Access is no longer restricted by the operating hours and location of government offices. By categorizing information and services around the daily needs of the public, and providing value-added e-commerce services, customers' needs are better met.

17. Citizens and businesses are able to obtain information and services more efficiently and conveniently, eg, the status of individual tax returns, search for business registration numbers and bankruptcy/compulsory winding-up of companies, can be obtained instantly online.

18. Many ESD services have also created a new way for Government departments to serve the public. For example, instead of queuing up outside marriage registries to get an auspicious date for their wedding, couples can now choose and book their preferred dates online. Rather than travelling to a sports venue to book and pay for the hire of facilities, the entire booking procedure can now be completed online within a few minutes. In addition, the public can purchase government publications online.

19. The ESD website is gaining popularity every month. The average number of transactions has increased by over 30% from 2001 to 2002, and by over 40% from 2002 to 2003. The services that enjoy the highest usage are not confined to those that are population-wide, but also include those serving certain niche groups of customers or the business sector. The less popular services are typically those that require more stringent authentication and/or online provision of several documents. Annex A gives details of the usage of some representative ESD services. While there is room to further improve the utilization of ESD services, we consider that the ESD Scheme has met its aim of improving the quality and efficiency of delivering public services and improving the accessibility of such services.

20. With respect to its other objective of pump-priming Hong Kong's e-commerce development, ESD has provided a ready platform for the private sector operator to leverage on and to launch a number of e-commerce services. As a result, a wide range of e-commerce services have been made available through ESD, including an online shopping mall, educational services, domain name registration, wedding-related services etc. In late 2003, the ESD operator was selected as the Best E-Commerce Service Provider by the Capital Magazine, and its "ESD*life*" brand also gained a Super Brands Award, earlier this year.

21. With respect to the Scheme's longer term aim of reducing the cost of providing public services, we have made incremental progress in benefiting from more streamlined departmental backend processing. However, we expect that material realization of savings will only happen when a critical mass of online service users has been built up and when there is general community consensus for different channels of service delivery to be rationalized on the principle of customer needs being addressed through the most cost-effective channel(s).

22. In order to create a critical mass of online service users, one of our primary foci in the next wave of e-government is to drive up utilization of online services. To this end, apart from promoting ESD services to the public, we have been introducing price and service advantages (including priority treatment, instant retrieval of results, extension of submission deadline, exclusive service, customer relationship management (CRM) measures, etc) which create customer value for online services. The general aim being to migrate customers to the more cost-effective online channel and away from traditional channels, where this is practicable. Some of the more prominent examples are presented in Annex B. However, since many of these incentives may impact on Government revenue, or the less IT-literate members of the community, may require certain changes in operational procedures or may require legislative amendment, implementation may be complex and time-consuming. This cannot be based on cost-effectiveness alone. The OGCIO will work with departments to examine the use of incentives and disincentives, having regard to the interests of different customer groups.

Smart Identity Card

23. The smart ID card, being a population-wide e-platform for e-services to ride on, is playing a significant role in making e-services more accessible. Since the rollout of the smart ID card began in June 2003, the Immigration Department has issued over 1.4 million cards. The non-immigration applications are attracting more and more users. Over 340,000 one-year free e-Certs have been embedded onto the smart ID card for cardholders to carry out secure online transactions. The smart ID card has been used for checking out library books, etc, on over 210,000 occasions.

24. At the end of this year, the smart ID card will be used for automated immigration clearance at various control points. This

important initiative will transform immigration clearance, raise efficiency and throughput at control points.

25. We continue to explore new applications to exploit the capability and potential of the card. The Leisure and Cultural Services Department (LCSD) are planning to enable the public to book sports and leisure facilities (the Leisure Link booking service) using the smart ID card, at self-service kiosks to be installed at sports and leisure venues, starting from early 2006. This will make the e-booking procedure more user-friendly, efficient and error-free. Annex C provides more details about the system.

Other Joined-up and Government-wide Projects

26. We are pursuing other strategically important joined-up and government-wide projects, which cut across departmental boundaries and which will improve customer-centricity and efficiency.

Property Information Hub

27. We plan to construct a Property Information Hub to provide one-stop access to property information held by different Government departments. A customer survey was conducted in late 2003 to collect views and service requirements from the property sector. This is to ensure that the services to be delivered by the Hub will meet customers' needs. Together with the Land Registry and the Rating and Valuation Department, we are exploring various business, technical and operational arrangements with the intention of launching the service in 2005.

Integrated Criminal Justice Process

28. Hong Kong's criminal justice system involves a large number of public agencies including the Judiciary, Independent Commission Against Corruption, Security Bureau, Hong Kong Police Force, Immigration Department, Customs and Excise Department, Department of Justice, Legal Aid Department, Social Welfare Department, Correctional Services Department and Government Laboratory. Each of these agencies has its own internal criminal justice processes, some of which are supported by applications and programmes for the electronic management of related information. Most of these computer systems, however, cannot talk to each other. Instead, the various parties rely heavily on paper-based processes and manual effort in the transfer of information, resulting in

common information being entered into and processed by different computer systems. Such a mixture of manual and automatic processing is inefficient and ineffective in terms of the deployment of resources and manpower. This is an area with substantial potential for cross-agency streamlining which will bring about improved efficiency to those agencies involved in criminal justice processing, without changing their legal responsibilities and working relationships. The development of an Integrated Criminal Justice Process (ICJP) can improve the situation significantly.

29. The Efficiency Unit completed a feasibility study on ICJP and identified eight high impact areas and six information sharing areas in the criminal justice process for business processing re-engineering (BPR). Given the complexity of the processes and the large number of agencies involved, we have commissioned consultants to conduct an in-depth study on three selected high impact BPR areas (namely arrest, identification and charging tracking; arrest warrant tracking; and dissemination of court case results), confirm the technical blueprint, ascertain the technical and cost details and develop an implementation strategy.

30. We also recognize the importance of protecting the privacy of personal data given the sensitivity associated with the handling of personal data in various criminal justice related processes. As such, we have commissioned an external privacy consultant to conduct a Privacy Impact Assessment (PIA).

31. The consultants have recently completed the in-depth study and PIA studies. We are now examining them and will consult the relevant panels and Committees of the Legislative Council once we have mapped out the way forward.

Government-to-Employee (G2E) and Government-to-Government (G2G) Services

32. We continue to enhance our G2E services to cater for the needs of Government's internal customers. Starting from February 2004, government employees can receive, electronically, their Annual Return of Payroll Emoluments and other personal payroll statements, in addition to their monthly payslip. Under this "e-Payslip" initiative, employees can opt to use their official or personal email accounts for the service. In addition, the first phase of the "e-Payroll" service was introduced in April 2004. With this, employees can enquire about their personal,

appointment and payroll-related information with the Treasury electronically. More payroll-related enquiry and transactional e-services will be rolled out later this year and in 2005.

33. An “e-Leave” service has been implemented in about one-third of the Government bureaux and departments, enabling electronic submission, processing, calculation and recording of leave applications. We target to complete the government-wide rollout by September 2004.

34. We are progressing with an IT accessibility programme, with the aim of providing access to IT facilities to all government employees on a shared basis and driving the adoption of G2E and G2G services. We piloted the programme in seven bureaux and departments in 2003 and have received positive feedback from their management and staff. Our target is to roll out the programme to cover all employees in the coming three years.

Common Look and Feel

35. To improve the user experience in browsing through government websites, we introduced a Common look and Feel (CLF) website design initiative in March 2003. To assess the results of CLF and to identify further improvement areas, we conducted a survey between November and December last year. Over 90% of the 2,400 respondents agreed that CLF has helped promote the brand image of government websites and improve user confidence; provide a user-friendly experience in navigating government websites; and organize information more consistently to facilitate searching.

36. The survey has identified several major improvement areas, including the frequency of information updating and power of the search engine. We are considering how to address these in the ongoing enhancement of the CLF.

Improving Customer-Friendliness

37. To create better value for the public, we need to continue improving the customer-friendliness of our e-government services, so that citizens and businesses find them easier, more enjoyable and worthwhile to use. In this context, we are pursuing a number of initiatives.

A CRM Guide for Government Bureaux and Departments

38. To better serve our customers, it is essential to have a good understanding of their needs, to design our e-government services accordingly and to review and improve our services based on their changing needs. Apart from making use of CRM technologies to inject customer-oriented elements into our services, we also need a proper framework to guide bureaux and departments through the CRM thinking process and implementation. In this way, we can put customers' needs at the centre right from the beginning of the conception of an e-government project and apply a more comprehensive package of CRM measures to improve our services. We therefore intend to set out our CRM policies clearly and produce a guide for all e-government projects involving a customer interface, and appropriately link them with funding conditions to ensure compliance by bureaux and departments. We target to promulgate these in early 2005.

Authentication Framework

39. As mentioned in paragraph 20, the ESD services which have attracted relatively low usage often require more stringent authentication measures. While we recognize that it is necessary to have appropriate authentication, it is also important to make e-government services as user-friendly as possible. To strike a better balance between the two, we need to assist departments to assess the risk level for e-government services and set out clearly the appropriate authentication measures commensurate with the assessed risk levels. At the same time, we also encourage departments to appropriately make use of certain administrative measures to mitigate certain technical authentication requirements. We will be issuing guidelines later this year for adoption by departments to further facilitate the development of user-friendly, yet properly authenticated e-government services.

Creating Value for Customers and Government

40. At the January 2004 panel meeting, Members enquired about the amount of realizable and notional savings/benefits of e-government projects. As at June 2004, there were 383 approved projects under implementation, with an estimated expenditure of \$1,792 million for the year 2004-05. The anticipated annual tangible benefits to be derived from these approved projects is \$949 million in realizable savings and \$1,628 million in notional savings. The realizable savings include reduction in staff costs through actual deletion or re-deployment of posts and reduction in other recurrent expenditure. The notional savings include fractional

staff savings and cost avoidance for additional staff, equipment and accommodation.

41. Given the Government's tight fiscal position, funding priority is given to those projects which bring value to customers and to the Government, whether it be in financial terms, quality of service or effectiveness. The initiatives mentioned in this paper can all help bureaux and departments better develop their projects in support of our new e-government agenda.

42. In summary, to create value for customers, we are enhancing the ease of use of e-government services, offering incentives to drive up utilization and seeking to bring customers into the centre of public service delivery. To create value for Government, we are working towards further streamlining of processes across Government bureaux and departments by encouraging the development of joined-up projects. We are targeting a number of high value areas and pursuing a series of government-wide measures to take these forward. By appropriately tying these initiatives with the e-government project funding mechanism, coupled with the new and more powerful institutional arrangements, we are confident of improving the quality and effectiveness of our e-government programme.

43. We recently issued an e-government booklet, introducing our past efforts and new e-government roadmap. We have sent a copy to all Members of the Legislative Council, through the Secretariat. The softcopy is available at www.egov.gov.hk. We welcome comments from Members on this paper and the booklet.

Commerce, Industry and Technology Bureau
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Usage of some Representative ESD Services

Usage	Service	Take-up rate (2003 figures, unless stated otherwise)
High (take-up rate over 20%)	Appointment Booking for the Hong Kong Smart Identity Card Replacement Exercise	47%
	Appointment Booking for Giving of Marriage Notice	26%
	Leisure Link	22%
	Bankruptcy/Compulsory Winding-up Search	30%
	Business Registration Number Enquiry	79%
	Statistical Bookstore	21% (Jan - Mar 04 figure)
	Application for Volunteer Scheme for Probationers	93%
Moderate (take-up rate between 10% and 20%)	Appointment Booking for Registration of Identity Card	17%
	Application for Reservation of Non-special Registration Mark for Auction	15%
	Vehicle Annual Examination Appointment Booking and Re-scheduling	14%
	Government Bookstore	16% (Aug 03 – Mar 04 figure)
Low (take-up rate less than 10%)	Registration for Public Examinations	7%
	Senior Citizen Card Application	<1%
	Application for Voter Registration	<1%
	Filing of Tax Return	<1%
	Application for Renewal of Driving Licence	<1%
	Application for Renewal of Vehicle Licence	<1%

**Prominent Examples of Price and Service Advantages
offered by the ESD Services**

Advantage	ESD Service	Details
Price	Government Bookstore	25% discount for purchasing selected government publications from July 2003 (pilot)
	Statistical Bookstore	25% discount for purchasing softcopies of statistical publications from January 2004 onwards
Service	Appointment Booking for Giving of Marriage Notice	14-day advanced booking service
	Business Registration Number Enquiry	Instant retrieval of search result
	Bankruptcy/Compulsory Winding-up Search	Instant retrieval of search result
	Interactive Tax Enquiry	Instant notification of personal tax status
	Filing of Tax Return	2-week extension of submission deadline
	Filing of Tax Return	Retrieval of previously e-filed information for “pre-completion”
	Statistical Bookstore	Exclusive order of softcopies of statistical publications
	Leisure Link	Personalized express booking service for public sports facilities
Leisure Link	Email/SMS tell-a-friend service of booked facilities	

Details of the New Non-immigration Application of the Smart ID Card LCSD's Leisure Link Booking Service

Overview

LCSD have already enabled library users to make use of their smart ID card, as an alternative to their library card, for library services. The approach is for the system to read the necessary card face data (CFD) stored in the CFD compartment of the chip of the smart ID card to identify the library user. LCSD now propose a similar approach for their Leisure Link self-service kiosks.

2. The Leisure Link booking procedure, which has been endorsed by the Corruption Prevention Department of ICAC, requires the identification of each hirer, using the number of their identification document and their name. Currently, members of the public need to present their ID cards at LCSD's counter to book. At the proposed Leisure Link self-service kiosks, LCSD intend to allow citizens to choose (a) keying in their personal particulars into the system, or (b) inserting their smart ID card into the kiosk for the system to read the necessary CFD stored in the chip. Such CFD include the ID card number, name and in some cases date of birth (for verifying eligibility for concessionary rate).

Choice and Privacy Consideration

3. We uphold strict standards in ensuring a voluntary choice and privacy protection in the implementation of the smart ID card project. Similar to all the other non-immigration applications, the use of the smart ID card for booking sports and leisure facilities will be entirely voluntary to the public, as detailed in paragraph 2 of this Annex. The proposed use of the card does not require the storage of any additional data, but only makes use of the basic personal data already stored in the CFD compartment of the chip, which are also readable from the physical card face. Given the voluntary choice principle and the security measures already installed for the CFD compartment in the chip, the proposed use should not create any privacy concerns.

Legislative Consideration

4. According to Regulation 4A of the Registration of Persons (ROP) Regulations (CAP. 177 sub. leg. A), if new information or particulars (ie those not already specified in reg. 4(1) or Schedule 1) are to be stored in

the chip, it has to be specified in Schedule 5 through the necessary legislative amendment. Since the necessary CFD is already stored in the chip and have been specified in reg. 4(1) or Schedule 1, no legislative amendment is required to expand the usage of the current CFD for LCSD.