

ITEM FOR FINANCE COMMITTEE

CAPITAL WORKS RESERVE FUND

HEAD 710 – COMPUTERISATION

Office of the Government Chief Information Officer

New Subhead “Enhancing the E-government Infrastructure to Support the New Strategy for E-government Service Delivery”

Members are invited to approve a new commitment of \$170.8 million for developing a new One-stop Access Portal and enhancing the central infrastructure to support the implementation of citizen-centric e-government service delivery.

PROBLEM

Presently about 1 200 government services and numerous sources of information are made available online by bureaux and departments through some 200 websites. While the Government Information Centre (GIC) (www.info.gov.hk) and ESDlife (www.esd.gov.hk) provide some assistance, there remains a complex and sometimes confusing access barrier to citizens. In the absence of a comprehensive citizen-centric government service portal, users need a good understanding of the Government’s departmental structure in order to make effective use of these online services.

PROPOSAL

2. The Government Chief Information Officer, with the support of the Secretary for Commerce, Industry and Technology, proposes to create a new commitment of \$170.8 million to support the development of a government-branded One-Stop Access Portal (OSP) and enhancement of the central infrastructure for delivery of citizen-centric e-government services.

/JUSTIFICATION

JUSTIFICATION

The Need for a New Strategy for E-government Service Delivery

3. As with other governments, our first phase of e-government programme has focussed on putting information online and enabling electronic transactions. Through the Electronic Service Delivery (ESD) Scheme and the efforts of bureaux/departments (B/Ds), we have achieved the target of providing an e-option for 90% (or 1 200) of the public services amenable to the electronic mode of service delivery in 2003.

4. We reviewed the ESD Scheme and the first phase of our e-government programme in 2004. ESD Services Limited (ESDSL), a private sector operator selected through open tender, operates the current ESD Scheme since 2001¹. Through the Scheme, the Government has made available, through lower initial investment, a platform to jump-start the development of e-government and e-commerce in Hong Kong. The ESD portal (i.e. ESDlife) has over the years evolved into an e-commerce site providing access to 200 e-government services² alongside its commercial offerings. In parallel, the GIC provides access to some 200 departmental websites and 1 200 e-government services, which are presented largely in a government-centric manner. Local and overseas users without a good knowledge of the roles and functions of individual B/Ds would have difficulties in locating the information and services they need through the GIC.

5. As with the experience of other economies, the government-centric way in which services are delivered to citizens is a major reason behind the generally low utilization of e-government services in Hong Kong. Experience of these governments³ suggests that the problem can to a large extent be addressed by creating a government-branded access portal and adopting a “citizen-centric” approach of service delivery. This approach involves the proactive re-engineering of government processes, integration and re-packaging of information and services across departmental boundaries and the delivery of related information and services in clusters that meets and anticipates citizens’ needs.

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¹ The existing ESD contract will expire in January 2008.

² ESDlife hosts 49 e-government applications developed by ESDSL and provides hyperlinks to another 151 e-government services developed by B/Ds.

³ Reference has been made to the experience of the U.K., the U.S., Canada, Australia and Singapore.

Encl.1

6. Our review concludes that Hong Kong needs to adopt a new strategy for delivering e-government services (hereafter referred to as the “new strategy”) based on a service clustering approach and an open, interoperable and neutral infrastructure. The aim of the new strategy is to enhance the quality and delivery of e-government services and attract more of our citizens and businesses to migrate to the online channel through providing truly one-stop, end-to-end and user-friendly electronic services. The current model of e-government service delivery and the future model under the new strategy are illustrated at Enclosure 1.

Roadmap for the New Strategy

7. The new strategy will comprise the following key components –

(a) *Creating a government-branded portal as a single gateway*

Overseas experience shows that a government-branded platform with information and services delivered in an integrated and citizen-centric manner helps increase service utilization and customer satisfaction. ESDlife, which presents government services alongside commercial services and advertisements, does not offer a clear and strong e-government branding for Hong Kong. Furthermore, the co-existence of ESDlife and the GIC for delivering e-government services creates confusion and access barriers for local and overseas users. Rather than delivering e-government services through a commercial portal, an OSP with a strong government branding should be developed to serve as the one-stop gateway to all online government information and services. Specifically, the OSP should incorporate the information hosted by the GIC, re-provision the existing ESD services and support the introduction of new e-government services by B/Ds as and when necessary. Initially, over 100 new e-services will be introduced by the Immigration Department⁴ (ImmD), Transport Department (TD), Inland Revenue Department and other B/Ds from mid-2006 onwards.

/(b)

⁴ ImmD plans to introduce around 100 new e-services, such as appointment booking, application submission and process enquiry in relation to application for HKSAR passports (e-passport), visa, permits, etc., in the latter half of 2006.

(b) *Re-engineering the services and adopting a service clustering approach*

The OSP will deliver government information and services through a number of service clusters developed on the basis of service areas (e.g. jobs & employment, education & training, health & well-being) and the needs of customer segments (e.g. youths, visitors). This approach involves more than grouping related information and services together: it requires the Government to proactively integrate and re-engineer its business processes and implement joined up initiatives. A private sector operator cannot deliver such changes without B/Ds' ownership of and active involvement in the processes. Moreover, top-level sponsorship (under the E-government Steering Committee chaired by the Financial Secretary) and an empowered organization (OGCIO) to drive the initiative are instrumental to the successful implementation of the new strategy. It is also necessary to conduct regular customer research to ensure that B/Ds are fully aware of the needs and expectations of the citizens.

(c) *Enhancing the central e-government infrastructure*

- (i) The benefits of private sector participation in delivering e-government and value-added services are recognized. However, the Government needs to establish strategic control over the central service delivery platform before it can bring in new players to deliver services. This is because potential business partners or service providers would have serious concerns if they have to operate on or from a proprietary platform owned by ESDSL or another private company. The availability of an open, neutral and interoperable platform owned by the Government for delivering e-government and value-added services would remove business concerns about impartiality, confidentiality and conflict of interests.
- (ii) We will make use of the most readily available and scalable central infrastructure, the E-government Infrastructure Service (EGIS) platform⁵, to support the development of the OSP/service clusters and introduction of new e-government

/services

⁵ The EGIS platform, which was developed by the OGCIO and came into operation in December 2004, provides to B/Ds shared front-end hosting services (e.g. application hosting, outgoing notification, application messaging, ebXML messaging and audio-visual content streaming services).

services. By enhancing EGIS, we will have the necessary front-end infrastructure in place in time for rolling out new e-government services and re-provisioning existing ESD services. Furthermore, as an open and neutral platform, the availability of EGIS will make it easier for third parties to deliver value-added services in the service clusters. To cater for the full range of service and technical requirements of the OSP/service clusters and the new and revamped e-government services, we have to enhance the capacity and capability of EGIS and supplement it with new common services to support electronic transactions (e.g. enhanced search function, e-payment gateway, e-authentication). Where necessary, the B/Ds concerned will enhance their back-end systems to support their new and revamped services.

(d) Conducting an Expression of Interest exercise

- (i) We will establish a government-branded OSP and an open and neutral infrastructure under the new strategy. As explained in paragraph 7(c)(i) above, to ride on a proprietary platform to provide all online government information and services would create a disincentive and barrier for other service providers to deliver e-government and value-added services.
- (ii) By mid-2006 when the OSP and the open and neutral platform are available, we will be ready to bring in business partners and service providers to provide value-added services or operate the service clusters. Our plan is to conduct an Expression of Interest (EOI) exercise to gauge the market interest in providing value-added services/content and operate the service clusters in the second half of 2006. By then, interested parties can better assess the service requirements, possible scope and models of public-private partnership (PPP) and the associated financial implications or risks. Subject to the outcome of the EOI and subsequent tendering exercises, our plan is to introduce private sector content and services to the service clusters from 2007 onwards and further PPP opportunities from 2008 onwards. ESDSL and other private sector companies may participate in the delivery of e-government and e-commerce services on a non-exclusive basis.

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- (iii) In the development of the OSP/service clusters, both the OGCIO and the B/Ds concerned will be outsourcing to the private sector a significant portion of their work in application development, system implementation and maintenance and provision of technical support. In other words, a major proportion of the funding (non-recurrent and recurrent) to be spent on the project will go to the private sector (see paragraphs 16 and 24 below).

Phased Implementation Approach

8. Accordingly, the new strategy will be implemented in four stages (with overlap between some stages) as follows –

- (a) *Stage 1 – Develop and Launch Initial OSP/Service Clusters (mid-2006)*

The OSP will be developed and soft-launched as a branded one-stop gateway to online government information and transactional services. Initial service clusters will emerge at this stage. New services launched by the ImmD on the OSP will be hosted on the enhanced EGIS platform. Existing ESD services will be hyperlinked to the OSP/service clusters.

- (b) *Stage 2 – Broaden and Deepen Service Clusters (mid-2006 – end 2007)*

The service clusters will gradually take shape and become more mature both in terms of the diversity of information and services provided and the customer-centric features available (e.g. personalization services). Existing ESD services⁶ will be progressively reprovisioned onto the OSP and further new/revamped services will be launched by ImmD and TD at this stage. An EOI exercise will be conducted to gauge market interest in providing value-added content and services and operating the service clusters.

/(c)

⁶ These include existing e-government services offered by the Transport Department, Immigration Department, Inland Revenue Department, Census & Statistics Department, Information Services Department, Leisure & Cultural Services Department, Official Receiver's Office, Registration and Electoral Office, Rating & Valuation Department and Office of the Government Chief Information Officer.

- (c) *Stage 3 – Introduce Private Sector Content and Services (from 2007 onwards)*

Subject to the outcome of the EOI exercise and subsequent tendering, value-added content and services provided by the private sector will be introduced onto the service cluster gradually and private sector delivery platforms/channels (e.g. mobile, wireless) will be considered.

- (d) *Stage 4 – Introduce PPP (after January 2008)*

PPP in the management and operation of selected service clusters will be introduced.

OTHER PROPOSALS CONSIDERED

Engaging ESDSL to deliver the new strategy

9. It has been suggested that the Government could invite the existing ESD operator to implement the new strategy, rather than developing its own e-government branding and infrastructure. The suggestion is not feasible for three reasons. Contractually, the ESD contract has a fixed duration of five years and is extendable for two years on the same terms and conditions (i.e. up to mid-January 2008). It does not provide for further extension or renewal beyond the seven-year period. The Government must go through an open tendering process to identify suitable contractor(s) to deliver the OSP, infrastructure and service clusters even if it were to continue to adopt a PPP approach. Moreover, the ESD contract provides for 49 applications and 200 services only, as opposed to the over 1 200 services to be covered by the OSP.

10. Secondly, as mentioned in paragraph 7(b) above, top-level sponsorship, B/Ds' ownership of the business process re-engineering and OGCIO's proactive leadership are all instrumental to the successful implementation of the new strategy. A private sector operator cannot possibly take the place of the Government to drive the changes. Lastly, the ESD Scheme cannot meet one major policy objective of the new strategy, i.e., to open up e-government service delivery to new market players. As explained in paragraph 7(c)(i) above, other business partners and service providers will have serious concerns if they have to provide services on the proprietary platform (i.e. ESDlife) owned by ESDSL. Hence, the Government has to put in place an open and neutral e-government platform before it can bring in new service providers under the new strategy.

/Individual

Individual B/Ds providing their services on separate platforms

11. Without an enhanced EGIS platform to provide the front-end infrastructure of the OSP/service clusters, each B/D will have to build or enhance its own infrastructure and develop the required common services (e.g. e-payment, e-authentication) individually. This represents substantial duplication of efforts/resources and undermines the “whole-of-government” approach of service delivery. On the other hand, a central infrastructure would allow the Government to achieve economies of scale and minimize duplication of efforts and costs in project implementation, system administration and contract management; and the OSP will ensure that B/Ds’ services are delivered in a citizen-centric manner consistently.

BENEFITS**Intangible Benefits**

12. The successful implementation of the new strategy for e-government service delivery will achieve the following intangible benefits for the Government and citizens –

(a) *Improve service quality and reduce access barrier*

As the one-stop government portal and adopting a service clustering approach, the OSP will provide end-to-end and citizen-centric information/services to its customers and ensure government-wide consistency in service delivery and customer experience. It will also enhance the accessibility and ease of use of government information and services as customers can locate the desired information and services more easily through the service clusters, which are designed based on customer research findings and supported by enhanced search capability and customer relationship management features. The new personalization services (e.g. information subscription service) will enhance customer satisfaction and value in using e-government services. On the other hand, B/Ds can respond to customers’ requests and needs faster as they will be in the frontline of providing e-government services.

(b) *Improve operational efficiency and minimize duplication of efforts*

The implementation of business process re-engineering and other service transformation measures will not just enhance service quality but also improve B/Ds’ operational efficiency.

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The consolidation of related information/services into service clusters will minimize duplication of efforts in hosting and maintaining multiple departmental websites on similar subjects. The availability of a secure, robust and scalable central infrastructure will minimize duplication of efforts and costs in project implementation, system administration and contract management.

(c) *Retain flexibility and control over service scope and design*

With a government-owned infrastructure in place, the Government can progressively expand the scope and number of e-government services and adjust the design and operation of the OSP/service clusters as and when necessary, without the contractual limitations posed on the scope, priority and length of services. Apart from the existing 1 200 and the over 100 new e-government services mentioned in paragraph 7(a) above, OGCIO is discussing with other B/Ds on the introduction of more new e-services on the OSP. Furthermore, an open and neutral platform will facilitate the provision of value-added content and services on the service clusters by different business partners.

(d) *Create a strong e-government branding for Hong Kong*

Our recent customer research confirms that it would be important to establish a clear, independent and non-commercial branding for the government portal. The OSP will create a strong and unified e-government branding for the HKSAR Government both locally and internationally, which is also important for driving up service utilization.

Cost Savings

13. The implementation of the new strategy will bring about average annual savings of \$41.6 million from 2008-09 to 2011-12, comprising –

(a) *Realizable savings of about \$24 million per annum –*

These comprise annual maintenance costs of \$13.1 million for maintaining B/Ds' back-end infrastructure (for interface with ESDSL's front-end infrastructure), and annual average of \$11.2 million for meeting financial charges payable to financial institutions for e-payment services (assuming a 10% growth in e-payment transactions) and other miscellaneous expenses under the ESD Scheme.

/(b)

(b) *Cost avoidance of about \$17 million per annum –*

This represents the average annual subscription and transaction fees⁷ that would otherwise be paid to ESDSL from 2008-09 to 2011-12 (assuming a 10% annual growth in the total volume of chargeable ESD transactions).

The sum will be used to offset partly the recurrent expenditure for implementing the new strategy (see also paragraph 31 below).

14. Apart from the aforesaid savings, we expect that tangible benefits can be realized through boosting the utilization of existing and new e-government services and migrating more Internet users to the e-channel. The latest survey conducted by the Census & Statistics Department on the usage and penetration of IT in Hong Kong shows that while about 57% (3.5 million) of our citizens aged 10 and above are Internet users, only around 37% (1.3 million) and 16% (560 000) of them have accessed online government information and used e-government services respectively. In other words, there is a sizable pool of potential users of e-government services who remained “untapped”. The successful migration of these Internet users to the e-channel will reduce the demand for services delivered via the traditional channels, thereby enabling the Government to focus its resources to better serve those citizens who have to rely on the phone or government counters/offices to obtain public information and services and to re-deploy its resources to address other pressing needs for public services. The OGCIO will promulgate to B/Ds a channel management strategy in the latter half of 2006 and take stock of the benefits that could be derived from channel migration.

Cost and Benefit Analysis

Encl. 2 15. A cost and benefit analysis on the implementation of the new strategy for e-government service delivery and the OSP/service clusters is at Enclosure 2.

FINANCIAL IMPLICATIONS

Non-recurrent expenditure

16. We estimate that implementation of the new strategy for e-government service delivery will require a total non-recurrent expenditure of \$170.8 million over a two-year period from 2006-07 to 2007-08, broken down as follows –

/(a)

⁷ Under the ESD contract, the Government will pay a monthly subscription fee of \$400,000 and a transaction fee of \$5.5 per chargeable transaction to ESDSL one year after the threshold of 2.3 million chargeable transactions was reached. This threshold had been reached around mid-2004.

| | 2006-07 \$ million | 2007-08 \$ million | Total \$ million |
|--|-------------------------------------|-------------------------------------|-----------------------------------|
| (a) Hardware and software | 36.3 | 22.8 | 59.1 |
| (b) Implementation and contract staff services | 44.8 | 43.5 | 88.3 |
| (c) Publicity and promotion | 4.0 | 4.0 | 8.0 |
| (d) Contingency | 8.5 | 6.9 | 15.4 |
| Total | 93.6 | 77.2 | 170.8 |

17. On paragraph 16(a), the estimate of \$59.1 million is for the acquisition of hardware, software and related facilities to support the development of the OSP/service clusters, introduction of new e-government services and reprovisioning of ESD services. The hardware includes web servers, application servers, database servers and network infrastructure. Software packages to drive and support the hardware will also be required.

18. On paragraph 16(b), the estimate of \$88.3 million is for the acquisition of services from external service providers and contract IT professional staff to implement the OSP/service clusters and develop the infrastructure and supporting facilities for reprovisioning ESD services. Main activities include system design and configuration, system delivery and migration, system installation and testing, system integration, production roll-out and provision of technical support.

19. On paragraph 16(c), the estimate of \$8 million is for launching and promoting the OSP/service clusters and the use of e-government services. Main activities include public education programmes, exhibitions and publicity campaigns.

20. On paragraph 16(d), the expenditure of \$15.4 million represents about 10% contingency on the cost items set out in paragraph 16(a) to (c).

21. In addition to the central infrastructure and services, individual B/Ds that have to re-provision their ESD services will seek about \$70 million from CWRP Head 710 Subhead A007GX (computerization block allocation)⁸ for redeveloping and supporting their applications. They will absorb total recurrent expenditure of about \$15 million per annum for implementing these projects. To meet the target date of launching the OSP around mid-2006, OGCIO has also secured about \$20 million under the 2005-06 computerization block allocation for engaging professional services to support programme management and OSP branding and design (e.g. customer research).

Other Non-recurrent Expenditure

22. The implementation of the new strategy will entail a non-recurrent staff cost of \$33.6 million, broken down as follows –

| | 2006-07 \$ million | 2007-08 \$ million | 2008-09 \$ million | Total \$ million |
|--------------|------------------------------|------------------------------|------------------------------|----------------------------|
| Staff cost | 18.0 | 14.6 | 1.0 | 33.6 |
| Total | 18.0 | 14.6 | 1.0 | 33.6 |

23. The staff cost estimated above represents a total of 45.5 man-months of three Administrative Officer Grade staff, 21 man-months of an Executive Officer Grade staff, and 297 man-months of 13 IT professional grade staff. The project team will be responsible for planning and overseeing the implementation of the programme, devising the branding and marketing strategy for the OSP/service clusters, coordinating with stakeholders, advising and supporting B/Ds' work and overseeing the performance of the external service providers. The OGCIO will absorb the non-recurrent staffing requirement from within its existing resources.

Recurrent Expenditure

24. We estimate that the average total recurrent expenditure arising from the project is \$59.5 million per annum from 2008-09 to 2011-12, broken down as follows –

/(a)

⁸ B/Ds will apply for funding from the Finance Committee (FC) separately if the estimated costs of each of their projects exceed \$10 million.

| | 2007-08 \$ million ⁹ | 2008-09 \$ million | 2009-10 \$ million | 2010-11 \$ million | 2011-12 \$ million |
|--|------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| (a) Hardware and software maintenance and communications | 3.4 | 13.4 | 13.4 | 13.4 | 13.4 |
| (b) On-going support services | 5.7 | 21.6 | 21.6 | 21.6 | 21.6 |
| (c) Help desk services | 0.6 | 2.4 | 2.4 | 2.4 | 2.4 |
| (d) Publicity and promotion | 1.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| (e) Financial charges | 1.1 | 4.3 | 4.6 | 4.9 | 5.3 |
| Sub-total | 11.8 | 44.7 | 45.0 | 45.3 | 45.7 |
| (f) Staff cost | 4.3 | 15.1 | 14.1 | 14.1 | 14.1 |
| Total | 16.1 | 59.8 | 59.1 | 59.4 | 59.8 |

25. On paragraph 24(a), the estimated annual expenditure of \$13.4 million is for hardware and software maintenance, software licence fees and rental of data lines to support the OSP.

26. On paragraph 24(b), the estimated annual expenditure of \$21.6 million is for procuring on-going system operation, support and maintenance services provided by external service providers.

27. As regards paragraph 24(c), the estimated annual expenditure of \$2.4 million is for providing help-desk services to customers seeking advice on and assistance in the use of government information and services on the OSP/service clusters.

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⁹ The estimated recurrent expenditure for 2007-08 is based on a three-month period as the full system launch is planned for January 2008 when the ESD contract expires.

28. As regards paragraph 24(d), the estimated annual expenditure of \$3 million is for conducting publicity and promotion for the OSP/service clusters to build up awareness locally and internationally so as to increase the utilization of e-government services.

29. As regards paragraph 24(e), the estimated annual expenditure of \$4.3 million to \$5.3 million from 2008-09 to 2011-12 is for meeting the financial charges for online transactions using the debit and credit card payment options. The assumption is that the volume of electronic transactions requiring e-payment services will grow at a rate of about 10% every year.

30. As regards paragraph 24(f), the estimated annual expenditure of \$14.1 million (from 2009-10 onwards) represents the staff costs for providing on-going support for the operation of the OSP/clusters, contract management and co-ordination with B/Ds and stakeholders participating in the project. This comprises six man-months of two Administrative Officer Grade staff, three man-months of an Executive Officer I, 12 man-months of a Chief Systems Manager and 144 man-months of 12 non-directorate IT professional grade staff. The additional \$1 million of staff cost to be incurred in 2008-09 represents an additional nine man-months of three Administrative and Executive Grade staff for managing the closure of the implementation programme upon the full launch of the OSP/services clusters in January 2008.

31. Of the average total recurrent expenditure (discounting staff cost) of \$45.2 million per year from 2008-09 to 2011-12 (paragraph 24(a)-(e) above), \$41.6 million will be offset by the cost savings mentioned in paragraph 13 above. The OGCIO will absorb the remaining \$3.6 million of average recurrent expenditure and \$14.1 to \$15.1 million of recurrent staff cost from within its existing resources.

Revenue

32. The Government will explore possible revenue opportunities through collaboration with the private sector (e.g. provision of value-added content and services on the service clusters or PPP) in the second half of 2006.

/IMPLEMENTATION

IMPLEMENTATION PLAN

33. The OSP/service clusters will be launched by phases from mid-2006 and enter into full operation by January 2008. The proposed implementation plan is as follows –

| Activity | Timing |
|---|------------------------------|
| Procurement of hardware and software and implementation services | March to August 2006 |
| Implementation and enhancement of EGIS | May 2006 to July 2007 |
| Soft launch of the OSP | July/August 2006 |
| Progressive roll-out of the first phase of new services and reprovisioning of existing services | August 2006 to December 2007 |
| Invite private sector to express interest in providing value-added content/services in service clusters and PPP | August to October 2006 |
| Official launch of the OSP | October 2006 |
| Tendering for private sector content/services | Early 2007 |
| Introduce private sector content and services | Mid-2007 onwards |
| Full operation of the OSP/service clusters | January 2008 |

34. In implementing the new strategy, the OGCIO and B/Ds concerned will ensure that all data stored in their existing computer systems will be removed by means of de-magnetisation and the hard disks physically destroyed before they are disposed of. OGCIO and B/Ds concerned will also ensure that these physically destroyed hard disks and other unserviceable microcomputers and accessories like printers, monitors, routers and modems will be disposed of in accordance with the relevant government procedures.

PUBLIC CONSULTATION

35. We consulted the Legislative Council Panel on Information Technology and Broadcasting on the proposal on 9 January and 13 February 2006. Representatives of the IT industry who attended the Panel meeting on 13 February as deputations had expressed unanimous support for the proposal. Members are generally supportive of the new strategy for delivering citizen-centric e-government services, and have no objection to the submission of the proposal to the FC on 3 March 2006.

BACKGROUND

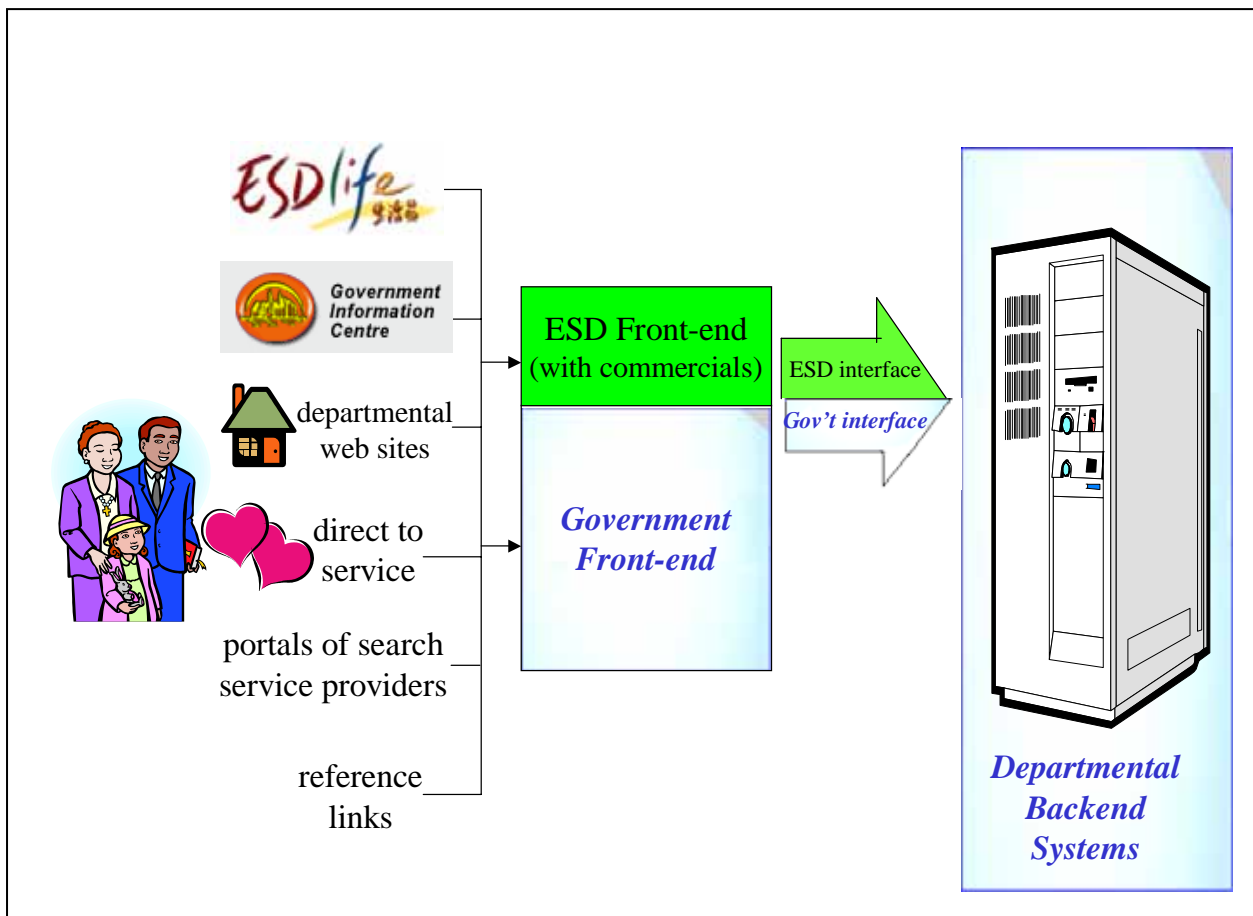
36. In December 1998, the FC approved vide FCR(98-99)55 a non-recurrent provision of \$123.2 million for the implementation of the ESD Scheme. Launched in January 2001 under a PPP established between ESDSL and the Government, the ESD Scheme was a core element of the first phase of our e-government programme.

37. Under the ESD contract, ESDSL is responsible for putting in place the front-end infrastructure, developing the 49 ESD applications and operating the ESD portal and related services. It bears the non-recurrent and recurrent costs involved in providing the front-end infrastructure, common services and individual e-government applications as well as in marketing and publicity. In return, it has the flexibility¹⁰ to use the portal for other revenue-generating commercial activities (e.g. advertisements and e-commerce services). The Government, on the other hand, bears the non-recurrent costs of setting up and maintaining the departmental back-end systems for ESD services, and pays ESDSL subscription and transaction fees.

Office of the Government Chief Information Officer
Commerce, Industry and Technology Bureau
February 2006

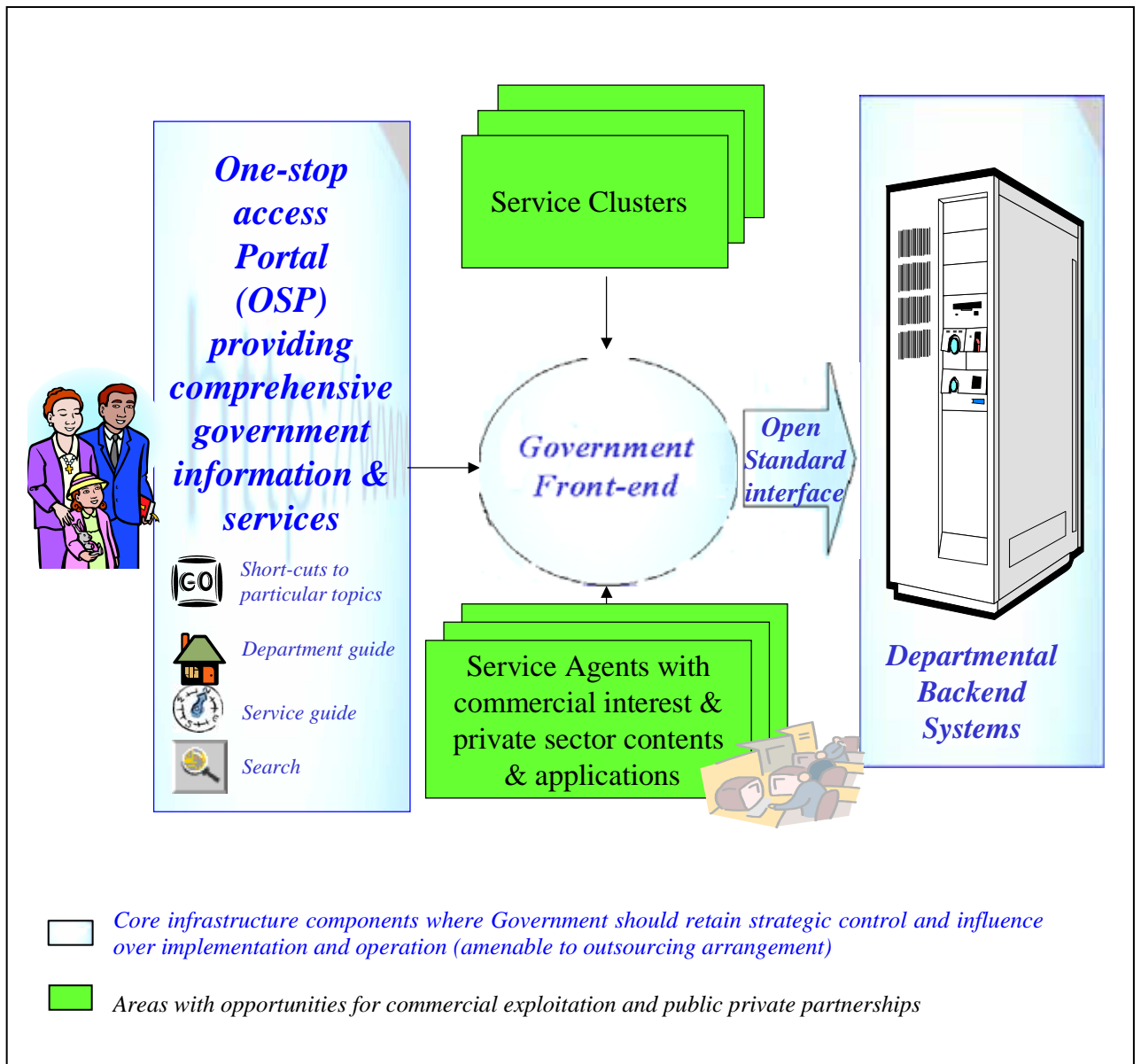
¹⁰ ESDSL is subject to certain conditions relating to the nature of non-government services and content that may co-locate with those of the Government on ESDlife.

Current Model of E-Government Service Delivery



- Under the current model, citizens access government information and services through ESDlife, Government Information Centre and a variety of other websites/portals (e.g. through portals of major search service providers or direct access to departmental websites).
- To further improve customer satisfaction and to drive up take up rate, we need a one-stop government portal that provides citizens with convenient access to a comprehensive range of government information and transaction services.

Transition to the One-stop Access Portal under the New Strategy



- A one-stop access portal will be built to provide citizens with a convenient, commercials-free access to a comprehensive range of government information and services.
 - Service clusters targeted at different customer segments will be built.
 - The government-owned hosting platform will be neutral of commercial interest.
 - PPP opportunities available for operation of service clusters and for service agents to provide value-added content and services.
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**Cost and Benefit Analysis for the Development of a New One-Stop Access Portal and
Enhancement of the Central Infrastructure for Delivery of Citizen-Centric E-government Services**

| | Cash flow (\$ million) | | | | | | |
|---------------------------------|------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | Total |
| Cost | | | | | | | |
| Non-recurrent* | | | | | | | |
| Expenditure | 93.6 | 77.2 | 0.0 | 0.0 | 0.0 | 0.0 | 170.8 |
| Staff cost | 18.0 | 14.6 | 1.0 | 0.0 | 0.0 | 0.0 | 33.6 |
| <i>Total non-recurrent</i> | 111.6 | 91.8 | 1.0 | 0.0 | 0.0 | 0.0 | 204.4 |
| Recurrent* | | | | | | | |
| Expenditure | 0.0 | 11.8 | 44.7 | 45.0 | 45.3 | 45.7 | 192.5 |
| Staff cost | 0.0 | 4.3 | 15.1 | 14.1 | 14.1 | 14.1 | 61.7 |
| <i>Total recurrent</i> | 0.0 | 16.1 | 59.8 | 59.1 | 59.4 | 59.8 | 254.2 |
| Total cost | 111.6 | 107.9 | 60.8 | 59.1 | 59.4 | 59.8 | 458.6 |
| Savings* | | | | | | | |
| Realisable savings | 0.0 | 0.0 | 24.0 | 24.1 | 24.3 | 24.6 | 97.0 |
| Cost avoidance | 0.0 | 0.0 | 15.7 | 16.7 | 17.7 | 18.9 | 69.0 |
| Total savings | 0.0 | 0.0 | 39.7 | 40.8 | 42.0 | 43.5 | 166.0 |
| Net shortfall | 111.6 | 107.9 | 21.1 | 18.3 | 17.4 | 16.3 | 292.6 |
| Net cumulative shortfall | 111.6 | 219.5 | 240.6 | 258.9 | 276.3 | 292.6 | |

* The figures do not cover the non-recurrent expenditure incurred by OGCI and other bureaux/departments and funded under CWRP Head 710 Subhead A007GX (computerization block allocation) as mentioned in paragraph 21 of the paper or the recurrent expenditure and savings arising from these projects.
