

立法會

Legislative Council

LC Paper No. CB(1)1004/05-06
(These minutes have been seen
by the Administration)

Ref : CB1/PL/ITB/1

Panel on Information Technology and Broadcasting

Minutes of meeting
held on Monday, 13 February 2006, at 2:30 pm
in the Chamber of the Legislative Council Building

Members present : Hon SIN Chung-kai, JP (Chairman)
Hon Albert Jinghan CHENG (Deputy Chairman)
Hon Fred LI Wah-ming, JP
Dr Hon LUI Ming-wah, SBS, JP
Hon Jasper TSANG Yok-sing, GBS, JP
Hon Howard YOUNG, SBS, JP
Hon Emily LAU Wai-hing, JP
Hon Ronny TONG Ka-wah, SC

Member absent : Hon Timothy FOK Tsun-ting, GBS, JP

Public officers attending : Agenda Item IV

Mr Howard C. DICKSON
Government Chief Information Officer

Mrs Betty FUNG, JP
Deputy Government Chief Information Officer
(Planning & Strategy)

Mr Stephen MAK, JP
Deputy Government Chief Information Officer
(Operation)

Ms Subrina CHOW
Assistant Government Chief Information Officer
(Special Duties)

**Attendance by
Invitation**

: Agenda Item IV

Customer input Limited

Mr David JACQUES
Founder and Principal Consultant

Mr Nicolas LASSUS
Business Development Manager

Hong Kong and Mainland Software Industry
Cooperation Association

Mr Joe LUO
President

Mr Ted CHENG
Vice-President

Hong Kong Information Technology Federation

Mr Charles MOK
Ex-officio Member

Hong Kong Linux Industry Association

Mr Alan KAN
Chairman

Mr Oldfield SO
Vice Chairman

Hong Kong Wireless Technology Industry Association
Ltd

Mr John CHIU Chi-yeung
Chairman

Internet Professional Association

Mr Ringo LAM
Chairman, Policy Committee

Mr Dyson YU
Vice-Chairman, Policy Committee

The Institute of Electrical and Electronics Engineers
Hong Kong (CAS/COM Joint Chapter)

Mr Peter K S TAM
Chairman

Mr Y W LIU
Committee Member

The Institution of Electrical Engineers Hong Kong

Dr TSANG Kim-fung
Past Chairman of Electronics & Communications
Section

The Society of Hong Kong External
Telecommunications Service Providers

Mr Vito CHAN
Director

ESD Services Limited

Mr Tony MA
Chief Operating Officer

Ms Agnes MIU
Senior Regulatory Counsel

Mr Michael YUNG
General Manager
Technology & Operations

Clerk in attendance : Miss Polly YEUNG
Chief Council Secretary (1)3

Staff in attendance : Ms Pauline NG
Assistant Secretary General 1

Ms Debbie YAU
Senior Council Secretary (1)1

Ms Sharon CHAN
Legislative Assistant (1)6

I. Confirmation of minutes and matters arising

(LC Paper No. CB(1)821/05-06 - Minutes of meeting held on
- 9 January 2006)

The minutes of the meeting held on 9 January 2006 were confirmed.

II. Papers issued since last meeting

2. Members noted that no paper had been issued since last meeting.

III. Date and items for discussion for next meeting

(LC Paper No. CB(1)820/05-06(01) -- List of outstanding items for
discussion

LC Paper No. CB(1)820/05-06(02) -- List of follow-up actions)

Special meeting

3. Members noted that a special meeting had been scheduled to be held on 11 March 2006 to receive deputations' view on issues related to the review on public service broadcasting.

Regular meeting

4. Members noted that the March meeting had been re-scheduled to be held on 17 March 2006 to avoid clashing with the special meetings of the Finance Committee (FC). Members agreed to consider the item on "Public consultation on the legislative proposals to contain the problem of unsolicited electronic messages" proposed by the Administration. Members also agreed to invite deputations' views on the subject.

(post-meeting note: A general notice inviting submissions on the subject and attendance for the next regular Panel meeting on 17 March 2006 has been posted on the Council's website on the Internet. The 18 District Councils have also been invited to provide views on the subject. Members have been duly notified about the arrangement on 16 February 2006 vide LC Paper No. CB(1)926/05-06 and invited to propose other organizations/individuals, if any, to which/whom the Panel should issue invitation.)

IV. New strategy for e-government services delivery

- LC Paper No. CB(1)820/05-06(03) -- Administration's response to issues raised by the Panel on the new strategy for e-government services delivery at the meeting held on 9 January 2006
- LC Paper No. CB(1)896/05-06(02) -- Powerpoint presentation material on "New strategy for e-government services delivery" provided by the Administration
(tabled and subsequently issued on 14 February 2006)
- LC Paper No. CB(1)671/05-06(02) -- Letter dated 9 January 2006 from Hon SIN Chung-kai on "New strategy for e-government services delivery" (Chinese version only)
- LC Paper No. CB(1)896/05-06(03) Questions raised by Hon Howard YOUNG on "New strategy for e-government services delivery"
(tabled and subsequently issued on 14 February 2006)
- LC Paper No. CB(1)596/05-06(07) -- Information paper provided by Administration
- LC Paper No. CB(1)597/05-06 -- Background brief on E-government Programme

Presentation by the Administration

5. At the invitation of the Chairman, the Government Chief Information Officer (GCIO) highlighted that the implementation of the new strategy was critical to the future development of e-government services in Hong Kong. It would enable Hong Kong to move from the stage of merely putting departmental services online to the delivery of "citizen-centric" e-services with a view to increasing citizens' satisfaction and service utilization. As shown by the experience of other governments, the successful migration of customers from conventional to online channels and realization of tangible and intangible benefits had encouraged the governments concerned to pursue further e-government initiatives and investments. The Administration's plan was to increase the investments in e-government infrastructure and programmes with a view to enhancing the quantity and quality of government online services. While the Government would be responsible for the development of the One-Stop Access Portal (OSP)/service clusters, the private sector would be actively engaged in the supply of hardware and software as well as the provision of professional services in terms of system design, system integration and operation, etc. through outsourcing initially and then public-private sector partnership (PPP) at a later stage. The proposed new strategy would thus create business opportunities and jobs for the local IT industry. GCIO sought members'

support for the proposed new strategy, which had been endorsed by the E-Government Steering Committee chaired by the Financial Secretary, the Digital 21 Strategy Advisory Committee and certain industry bodies.

6. With the aid of power-point presentation, the Deputy Government Chief Information Officer (Planning and Strategy) (DGCIO(P&S)) introduced the e-government services currently delivered through the Electronic Service Delivery (ESD) portal (www.esd.gov.hk) and the Government Information Centre (www.info.gov.hk). She also took members through the government portals of Australia, Canada, Singapore, the United Kingdom (UK) and the United States (US) which were delivering government information and services to citizens through their government-branded portals. As shown by the UK experience, user take-up rate had increased substantially when the UK government moved from the department-centric UK Online portal to the citizen-centric Directgov portal, which provided information and services based on a clustering approach. DGCIO(P&S) then outlined the background of the current ESD Scheme and the rationale for not continuing with the status quo. She also took the opportunity to refute an inaccurate press report alleging that the Government planned to spend \$560 million on setting up a new e-government portal to replace ESDLife, the operation of which required only \$1 million per month from the Government. On the investment under the ESD contract vis-à-vis that of the proposed OSP/service clusters, DGCIO(P&S) explained that the annual recurrent cost borne by the Government for running ESDLife currently providing some 200 e-services would be between \$35.5 to \$37.5 million for 2005-06, but would likely increase to an average of \$45 million per year from 2008-09 onwards as a result of projected increase in the volume of transactions. Compared to the estimated annual recurrent cost of \$60 million in running the OSP/service clusters, the difference in the annual recurrent cost of supporting the ESD Scheme and the new strategy would be about \$15 million per year. On the non-recurrent cost under the ESD contract, the Government had since 2000 invested around \$140 million in the back-end departmental infrastructure, which would normally become obsolete after seven years. It was thus estimated that the Government would need to invest another \$100 million or so in renewing/upgrading the back-end systems if the ESD Scheme were to continue beyond January 2008. Under the new strategy, the total non-recurrent expenditure to be incurred was estimated to be about \$260 million. As such, DGCIO(P&S) considered that the increase in Government's investment in terms of recurrent and non-recurrent costs under the new strategy reasonable and justifiable, particularly given that more than 1 300 e-services would be provided under the new strategy, as compared to some 200 e-services under the existing ESD Scheme.

7. On concerns about the Government's possible competition with the private sector for businesses under the new strategy, DGCIO(P&S) said that out of the \$170.8 million being sought from FC, some \$150 million would be used to procure hardware and software from the private sector through established procurement procedures and to engage the service of private sector professional staff during implementation. The Government would not seek to increase the existing civil service establishment to deliver e-government services under the proposed new

strategy. In gist, the new strategy could help enhance competition in the provision of e-government services and create more jobs in the IT related sectors. DGCIO(P&S) invited members to support the proposed funding request which would be submitted to the FC for consideration on 3 March 2006.

Presentation of views by deputations

8. Members noted that submissions had been provided by the following organizations not attending the meeting:

ESRI China (Hong Kong) Limited
(LC Paper No. CB(1)847/05-06(03) -- Submission)

Information and Software Industry Association
(LC Paper No. CB(1)875/05-06(03) -- Submission)

9. The Chairman welcomed the deputations and invited them to give views on issues related to the new strategy for e-government services delivery.

Customer input Limited
(LC Paper No. CB(1)847/05-06(01) -- Submission)

10. Mr David JACQUES, Founder and Principal Consultant of Customer input Limited welcomed the Government's approach in developing a strategy to build a citizen- centric one-stop e-government platform. He summarized the views of the company as follow:

- (a) Citizen-centricity could only be achieved through methodical gathering of target user needs and building the solution around them. "Human-centered processes for interactive systems" or usability standard were examples of some international standards. These standards had taken into account human limitations and were simple to use by following the international coding technique.
- (b) As the launch of the OSP would be advanced to mid-2006 to tie with the roll-out of the new e-services of the Immigration Department, the proposal was very much a technology-centric approach.
- (c) On phasing out the conventional mode of services delivery, it was necessary to conduct customer research as some citizens might still prefer to use government services through traditional channels.

Hong Kong and Mainland Software Industry Cooperation Association (HMSICA)
(LC Paper No. CB(1)875/05-06(01) -- Submission)

11. Mr Joe LUO, President of HMSICA expressed the full support of HMSICA for the Government's proposal as it could help software companies, which were mainly Small and Medium Enterprises (SMEs), participate in projects requiring a

lower level of investment. He also referred to the Administration's information paper on "Business review of the Hongkong Post Certification Authority (HKPCA)" (CB(1)460/05-06(05)) in which it was stated that one of the factors leading to the slow adoption of HKPCA's digital certificate (e-Cert) was the lack of killer applications. Given that the e-Cert currently run by HKPCA operated on a public key infrastructure (PKI), Mr LUO considered that it was not appropriate for the system to be operated by a private company since out of commercial consideration, the company might impose a fee on those software industry players which intended to use the PKI for development of killer application software. Instead, Mr LUO suggested that the PKI should be operated by the software industry through self-regulation so that a level-playing field could be created for all participating industry players.

Hong Kong Information Technology Federation (HKITF)

(LC Paper No. CB(1)847/05-06(02) -- joint submission with Internet Society, Hong Kong Chapter (ISOC-HK))

12. Mr Charles MOK, Ex-officio Member of HKITF said that on behalf of HKITF and ISOC-HK, he expressed support for the Government's proposed new strategy. He considered that e-government played a critical role in the transformation of governance and helped improve public administration. He elaborated on the viewpoints of the two organizations as follow:

- (a) HKITF/ISOC-HK supported the introduction of competition into the e-government services market as this could help create a level-playing field for technology vendors and service providers. It could also help upgrade the service standard, lower operating costs and service fees etc which would ultimately benefit the users.
- (b) HKITF/ISOC-HK considered that there should be multiple providers for e-government services to provide reasonable choices to the public and to foster market competition. The currently adopted single-provider approach under the ESD model was not the best option.
- (c) HKITF/ISOC-HK considered it necessary for the Administration to resolve the issue of unclear branding between the private operator and the Government under the future OSP.
- (d) On how public resources should be utilized when introducing competition, the Administration should refrain from over-protecting certain vested interests so as to enable consumers to benefit from genuine competition.

Hong Kong Linux Industry Association (HKLIA)
(LC Paper No. CB(1)930/05-06(01) -- Submission)
(subsequently issued on 17 February
2006)

13. Mr Alan KAN, Chairman of HKLIA supported the Government's proposed new strategy. He urged the Administration not to entrust the entire project to a single provider but to break down the project into smaller ones in order that SMEs could also participate. Mr KAN also encouraged the Government to adopt the Open Document Format (ODF) in delivering e-government services to enable the re-use of the data in future systems.

Hong Kong Wireless Technology Industry Association Ltd (HKWTIA)

14. Mr John CHIU, Chairman of HKWTIA expressed his full support for the Government's proposal since the OSP/service cluster proposal would cover more than 1 300 e-government services. He considered that the single-provider approach was not citizen-centric and called for transparent and open tendering processes. He also urged the Government to employ wireless technology more widely in disseminating information to the public.

Internet Professional Association
(LC Paper No. CB(1)875/05-06(02) -- submission)

15. Mr Dyson YU, Vice-Chairman of the Policy Committee of IPA welcomed the Government's initiative to develop a new OSP as a single gateway to all e-government information and services, and to adopt a service clustering approach to better meet the needs and expectations of citizens by segments. He then outlined the concerns and recommendations of IPA as follow:

- (a) According to a survey conducted by IPA in February 2006 on the accessibility of e-government services provided by the ESD portal, it was found that the portal as a whole was not very accessible for people with disabilities. Hong Kong lagged behind countries, such as Australia, Japan, New Zealand and Republic of Korea in the accessibility of the e-government portal.
- (b) The Government should take the opportunity to improve accessibility in the short-term, medium-term and long-term as suggested by IPA in its submission.

The Institute of Electrical and Electronics Engineers Hong Kong (CAS/COM Joint Chapter) (IEEEHK(CAS/COM Joint Chapter))
(LC Paper No. CB(1)930/05-06(02) -- submission)
(subsequently issued on 17 February 2006)

16. Mr Y W LIU, Committee Member of IEEEHK(CAS/COM Joint Chapter) welcomed and supported the Government's proposal. He considered that the success of the new OSP would hinge on the co-operation and smooth communication between bureaux/departments (B/Ds) and the Office of the Government Chief Information Officer (OGCIO). As the proposal involved huge capital and recurrent costs, he urged OGCIO to monitor the implementation of the new strategy closely to ensure its cost-effectiveness.

The Institution of Electrical Engineers Hong Kong (IEEHK)
(LC Paper No. CB(1)888/05-06(01) -- submission)

17. Dr TSANG Kim-fung, Past Chairman of Electronics & Communications Section of IEEHK supported the Government's proposed new strategy. He urged that in implementing the project, the Administration should carry out careful planning, make correct choice of technologies and maintain a level playing field for all industry players with a view to creating a cost-effective platform.

The Society of Hong Kong External Telecommunications Service Providers (ETS)
(LC Paper No. CB(1)896/05-06(01) -- submission)
(tabled and subsequently issued on 14 February 2006)

18. Mr Vito CHAN, Director of ETS said that upon consultation, most members of ETS welcomed the Government's plan.

ESD Services Limited (ESDSL)
(LC Paper No. CB(1)896/05-06(04) -- submission)
(tabled and subsequently issued on 14 February 2006)

19. Mr Tony MA, Chief Operating Officer of ESDSL said that being the incumbent ESD Scheme service operator, ESDSL was perplexed by the significant change in the Government's approach to implementing the new strategy of e-government services delivery since the current PPP model had served the community well. He then highlighted the views of ESDSL as follows:

- (a) The Government had reported in its regular progress updates on e-government programmes to the Panel that the objectives of the e-government platform conceived under Digital 21 policy had been well met by the ESD Scheme, which had also received a number of international awards. It was thus puzzling as to why the Government had opted to abandon ESDLife and pursue other models.

- (b) In line with the Government's policy of promoting PPP, the ESD Scheme had successfully manifested and delivered all the advantages of PPP, in particular in terms of better allocation of risks and making use of private funding. However, the proposed new strategy placed a much heavier financial burden on the Government in terms of the upfront infrastructure costs, ongoing system maintenance and upgrading costs. The new strategy was much more expensive than the current model and lacked a long-term funding plan. Since the core elements of the proposed new strategy had yet to be defined, the huge level of public resources involved should be more clearly justified. Otherwise, the Government should consider more cost-effective alternative models.
- (c) Upon expiry of the existing ESD contract, a continuation of the current PPP approach would not pre-empt the introduction of new or multiple providers via open tendering. The Government should clearly define the role and extent of PPP under the new strategy. Indeed, the Government should have a consistent policy on e-government service delivery, having regard to existing PPP models such as the Tradelink, Electronic Tendering System and Digital Trade Transport Network.
- (d) The Government should commit to pump-prime e-commerce via the future service clusters and include commercial contents and value-added services in all the service clusters.

Preliminary response of the Administration

20. GCIO took note of deputations' views. While appreciating the benefits of the PPP model, he remarked that such benefits would be maximized if the PPP approach could be deployed in a more prudent and timely manner. The present challenge faced by the Government was that it needed to deliver new services in around mid-2006 and continue the provision of existing e-government services after the expiry of the current ESD contract in mid-January 2008. Given such a tight time-frame, the Administration decided that it should involve the private sector after the branding and positioning of the OSP had been established and a service clustering strategy had been formulated.

Discussion

Citizen-centric e-services

21. Mr Jasper TSANG noted that with the exception of ESDSL, deputations which had expressed support for the Government's proposal had in fact welcomed the introduction of competition to the e-government service delivery market with a view to creating more business opportunities for SME industry players. Some of the deputations had objected to the single-provider approach out of the concern that the services thus provided would not be citizen-centric. Mr TSANG sought deputation's views on whether and how a model comprising multiple service

providers would be able to bring about citizen-centric and cost-effective services.

22. Mr Ted CHENG, Vice-President of HMSICA pointed out that under a "multiple service providers" approach, the Government could select the most appropriate service providers for different service clusters to fulfil the citizen-centric needs of the users. While reckoning that under the new e-government strategy, the Government would take up some of the tasks in implementing the new strategy, he reminded the Administration to observe the principle and global trend of "Big Market, Small Government".

23. Mr Alan KAN of HKLIA opined that under a "single-provider" approach, only large consortia would be financially capable of undertaking the provision of the e-government services. Under the service clustering approach, if the project was broken down into smaller ones, SMEs would be in a better position to bid for individual projects of smaller scales.

24. Mr Charles MOK of HKITF said that according to his understanding, the new strategy would enhance competition not by way of different service providers operating the same service cluster, but by different service providers operating different service clusters. As citizens would compare the standards of different service clusters, individual operators would strive to provide high quality services in order to boost the take-up rates. As public resources were involved, Mr MOK considered it unfair if the provision of e-government services was awarded to a single company for an unduly long period of time, thereby depriving other interested service providers the opportunity to participate and consumers a reasonable choice. As e-government services had a bearing on the daily lives of the general public and involved the collection and use of personal information, Mr MOK was of the view that it was imperative for the Government to retain control over the OSP and the service delivery platform. He therefore remarked that even if the Government would take up certain areas of the work under the new strategy, this was not incongruent with the spirit of the PPP approach. On the wider question raised by Mr Jasper TSANG regarding competition arising from the proposed new strategy, Mr MOK considered that the subject should more appropriately be examined in the context of the government's general policy on competition in Hong Kong.

25. Ms Agnes MIU, Senior Regulatory Counsel of ESDSL clarified that notwithstanding its submission which raised certain queries on the proposed new e-government strategy, it was not the company's intention to seek to prolong its current role as the e-government service provider. She drew members' attention to the fact that currently, apart from ESDSL, the Government had also contracted other companies such as Tradelink Electronic Commerce Limited, Digital Trade and Transportation Network Limited and Electronic Purchasing System, to undertake other e-government services under PPP. ESDSL nevertheless found it necessary to highlight certain problems associated with the proposed new strategy. Ms MIU noted that according to the Administration, the new strategy would enable the Administration to increase operating efficiency and service accountability, to retain flexibility over service scope and to establish a clear and unified

e-government branding for Hong Kong. She considered it possible that the benefits claimed under the proposed new strategy might still be delivered at a much lower cost. However, due to the absence of information on the detailed estimates of the future non-recurrent expenditure for upgrading and enhancing the Government-owned infrastructure and services, it was difficult for the public to assess how prepared the Government was in embracing new technology, and how thorough it had conducted its cost benefit analysis for the new e-government strategy. Ms MIU further pointed out that as the very core elements of the new strategy, i.e. the underlying business and technology models, the branding and positioning of the one-stop portal and the service clustering strategy were yet to be defined, it would seem inappropriate to endorse the funding request at this stage.

Government's investment

26. Ms Emily LAU thanked deputations' input and stated that she was in support of competition and would object to a single-provider approach. She considered it a waste of resources if the Government had to abandon the existing infrastructure for providing ESD services and set up a new one. Ms LAU was concerned whether any parts of the existing systems could be re-used for the new strategy.

27. In this regard, Mr Charles MOK of HKITF highlighted the changing landscape of IT development and the benefits of IT investment. He stressed that IT technology was advancing in big strides and the normal serviceable lifespan of IT systems was about five years. Re-investment in IT projects should not always be assessed in terms of the costs incurred but should be viewed in the light of enhancement in productivity. He further pointed out at present, IT investment in Hong Kong accounted for a relatively low share in the territory's Gross Domestic Product. He urged members to take into consideration the tangible and intangible benefits of IT investment to the community in the long run.

28. Mr Ringo LAM, Chairman, Policy Committee of IPA considered that as the new strategy would cover more than 1 300 e-services, the proposed expenditure was not high when compared to other Government projects of a similar scale. He also pointed out that it took time for service operators to understand the needs of e-government services users from operational experience and to familiarize themselves with the system requirements of e-services. He believed that if more citizens would opt to use e-government services, the costs in providing government services via the conventional mode would be reduced correspondingly.

29. On the feasibility to reuse the ESD infrastructure, Mr Alan KAN of HKLIA commented that if the ESD Scheme had adopted ODF as its technical specification, the contents and data of the services could be reused in future systems.

30. Mr Ted CHENG of HMSICA recalled that in a reply to a media question, Mr Alan GREENSPAN, Former Chairman of the US Federal Reserve Board, said that in addition to a sound legal system, US's competitive advantage laid in its strong IT capability. US was therefore well-placed to compete with rising economies amidst globalization. Drawing on the example of the US, Mr CHENG considered

that it would be in the best interests of Hong Kong to make continuous investments in IT.

31. Noting the deputations' views that operating e-government services required a process of familiarization, Mr Tony MA of ESDSL questioned the need to replace the existing ESD model under which the private-sector operator was already prepared to bear the risks and make the necessary investment in front-end infrastructure and related applications. To illustrate that the existing model had merits, Mr MA informed members that an overseas government had approached ESDSL and invited it to participate in a joint venture based on the existing PPP model of the ESD Scheme. The government in question had put in too much investment upfront and now had financial difficulty in continuing to deliver the e-services on its own. Regarding the Deputy Chairman's question on the amount of additional investment required if the scope of ESDLife was to be expanded to cover some 1 300 e-services, Mr MA said that since the Administration had not formulated a service clustering strategy, ESDSL was unable to estimate the level of investment required. In the absence of such estimates, he expressed grave reservation on the Government's claim that the new strategy would be more cost-effective than the existing ESD Scheme.

32. DGCIO(P&S) highlighted that the Government had all along recognized the contribution of the ESD Scheme and confirmed that it had met the objectives specified in the relevant tender documents by, inter alia, successfully providing online channels for certain government services and attaining the service levels stipulated in the ESD contract. DGCIO(P&S) stressed that the present proposal aimed to enhance the quality and citizen-centricity of e-government services and in no way reflected adversely on the performance of the existing ESD operator. However, if Hong Kong could not make a timely decision to upgrade its e-government infrastructure and improve its service delivery approach, it would quickly lag behind other advanced economies. DGCIO(P&S) remarked that the proposed funding, if approved, would enable the Government to retain strategic control over the design and operation of the OSP/service clusters, and to progressively expand the scope and number of e-government services to be provided. On partnership with ESDSL, DGCIO(P&S) said that in the run-up to the expiry of ESDSL's contract, the Government would maintain close liaison with the company to see how the experience of ESDSL could benefit the implementation of the new strategy.

33. The Deputy Government Chief Information Officer (Operation) (DGCIO(O)) supplemented that it was not the intention of the Government to develop the OSP/service clusters and operate the e-government services entirely on its own. However, in view of the tight timeframe of the implementation programme, it would be imperative for the Government to have control over the planning and execution of the whole project prior to the completion of the ESD services migration. The Administration planned to conduct the Expression of Interest exercise in the second half of 2006 when the OSP and the service cluster framework would be in place so that the private sector could better assess the service requirements, the possible scope/models of PPP, and the associated

financial implications or risks. Where appropriate, private sector content/services would be introduced into the OSP/service clusters by phases in due course. Regarding the level of Government investment under the proposal, DGCIO(O) advised that it was just a question of the timing in making the investment. Under the ESD contract, the Government had to fund the back-end infrastructure by stages whilst under the present proposal, the Government would make the investment upfront to facilitate the introduction of the OSP.

34. Mr Howard YOUNG noted that the Government's proposed new e-government strategy seemed to have ruled out the single-provider approach. On the next step forward, Mr YOUNG considered that the best model was one that would enable the Government to own and use the existing ESD infrastructure and to expand its scope to cover some 1 300 e-government services the provision of which would be outsourced to SMEs specializing in IT. This could minimize public spending as well as obviate the need to discard the existing ESD infrastructure. In this regard, Mr Alan KAN of HKLIA commented that from a practical point of view, it might be difficult for the Government to apportion the infrastructure for different operators to provide e-government services.

35. Dr LUI Ming-wah appreciated the Government's vision to implement the new strategy for delivering citizen-centric e-government services and the need to identify a new operator(s) after the expiry of ESDSL's contract in mid-January 2008. He however did not agree entirely with the Administration's reasoning for not continuing with the existing arrangement. On the view that ESDLife remained a commercial portal and was perceived as such by the public, Dr LUI considered that the portal could easily be modified to feature as a government portal with hyperlinks to commercial contents/services. He did not envisage great difficulty or high costs for the Government to ride on the existing ESD infrastructure and expand the scope of services to cover some 1 300 e-services. The development and operation of new e-services could be taken up by different SME service providers. In this connection, DGCIO(P&S) advised that under the current ESD contract, ESDSL had the flexibility to use the portal for other revenue-generating commercial activities (e.g. advertisement and e-commerce services). It might not be feasible for the Government to take over the ESD portal and operate it as a government portal. A new tender would be required to expand the scope of the ESD scheme to cover 1 300 services. But more importantly, a private sector operator could not possibly take the place of the Government to re-engineer its business processes and deliver the changes required under the new strategy.

36. Dr LUI Ming-wah was concerned whether the Administration would put up further funding requests in addition to the \$170.8 million non-recurrent expenditure being sought, and whether the recurrent expenditure of \$60 million per year was an accurate estimation. The Deputy Chairman echoed members' views and opined that the Administration should make use of the ESD infrastructure as far as possible. Noting that the Government had invested \$140 million in back-end infrastructure under the ESD contract and would need to invest \$260 million to develop the OSP/service clusters, the Deputy Chairman sought further details on the two sets of

investment.

37. On funding request, DGCIO(P&S) said that the OGCIO would seek FC's approval for a provision of \$170.8 million for hardware and software, implementation and contract staff services, publicity and promotion. Individual B/Ds would also seek funding of \$90 million from the block allocation under CWRP Head 710 Subhead A007GX (computerization) for financing common services/applications (e.g. e-payment, e-authentication, search). As the normal serviceable lifespan of an IT infrastructure was about seven years, DGCIO(P&S) anticipated that it was unlikely that the Administration would need to submit major bids for FC's consideration in the next five to seven years. As regards the recurrent expenditure of \$60 million per year, \$45 million and \$15 million would be absorbed by OGCIO and other B/Ds respectively through internal redeployment. DGCIO(P&S) further explained that under the ESD contract, the Government had invested about \$140 million as non-recurrent expenditure in setting up the departmental back-end systems for ESD services. To cope with the anticipated increase in transaction volume under the new strategy, the capacity of the connection servers would have to be enhanced and the non-recurrent costs involved would be covered by the non-recurrent provision of \$260 million.

38. In reply to Mr Howard YOUNG on the need for additional manpower for implementing the new strategy, DGCIO(P&S) advised that OGCIO would absorb the non-recurrent and recurrent staff costs as a result of implementing the programme through internal redeployment. Temporary staff deployed from the private sector through OGCIO's standing contracts would return to their respective companies after they had completed the required tasks.

Summing up

39. The Chairman thanked the deputation's participation and requested those parties which had not sent in their submissions to forward them for members' reference as soon as practicable. He informed members that Hon Howard YOUNG had tabled a few written questions on the subject and invited the Administration to provide an early response for members' consideration.

(Post-meeting note : The Administration's written reply to questions raised by Hon Howard YOUNG has been issued to all Members on 27 February 2006 vide LC Paper No. CB(1)994/05-06).

40. The Chairman sought members' position, if any, on the Administration's funding proposal. Mr Jasper TSANG said that he could not state his support or otherwise for the funding proposal at this juncture, as further consideration was needed. However, he would have no objection to the Administration's plan to submit the proposal for FC's consideration on 3 March 2006. Ms Emily LAU also agreed that the Administration could submit the proposal to FC for consideration on 3 March 2006, where members would still have the opportunity to deliberate on the Administration's proposal.

(*Post-meeting note*: The relevant minutes were issued to member on 1 March 2006 vide LC Paper No. CB(1)1010/05-06)

V. 2004 Digital 21 Strategy – Progress report for 2005 and targets for 2006

(LC Paper No. CB(1)820/05-06(04) -- Information paper provided by Administration)

41. Due to insufficient time for discussion, the Chairman suggested and members agreed to defer the item to the next regular meeting to be held on 17 March 2006.

VI. Any other business

The proposal for the Panel to undertake an overseas duty visit to study issues related to public service broadcasting.

(LC Paper No. CB(1)885/05-06 -- Paper on study of issues related to public service broadcasting prepared by the Secretariat)

LC Paper No. IN12/05-06 -- Information note on "Public service broadcasting in Canada, Germany, the United Kingdom and the United States" prepared by Research and Library Services Division of the Secretariat)

42. The Chairman referred to the paper on study of issues related to public service broadcasting (LC Paper No. CB(1)885/05-06) and sought members' views on paragraph 14. Members noted that in view of the growing concern about the way forward for public service broadcasting (PSB) in Hong Kong and the future role of RTHK in PSB, the Panel would conduct a study to acquire a better understanding of the subject matter. A copy of the study report will be forwarded to the Committee on Review of Public Service Broadcasting for its reference. In principle, members agreed with the proposed scope of the study, the proposed timing of the visit and the tentative workplan except that the Chairman would hope to complete the Panel's report in early July 2006, instead of late July 2006 as proposed in Appendix VII of the paper.

43. Members also agreed that non-Panel Members should be invited to join the proposed duty visit. In this connection, Ms Emily LAU called on Members from different political parties/groups to join the delegation in order that the observations/recommendations to be formulated in the Panel's report could reflect the views of LegCo Members in general.

(Post-meeting note : Following the suggestion at the internal discussion held prior to the meeting on the proposed overseas duty visit for interested members, the Chairman advised that in view of the importance of the overseas duty visit to the preparation of the Panel's study report, a more senior staff of the Secretariat and staff of the Research and Library Services Division should also accompany the delegation.)

44. On the proposed places to be visited, the Chairman recapped that at the internal discussion before the meeting, there was agreement in principle to visit Canada, the United States and United Kingdom from 11 to 21 April 2006 (i.e. Option 3 in para 9(c) of LC Paper No. CB(1)885/05-06). The Panel noted that the proposed overseas duty visit would need to be endorsed by the House Committee. On the itinerary, the Assistant Secretary General 1 said that the Secretariat would consult the relevant authorities and the Chairman on whether it was necessary to visit Vancouver to acquire the relevant information for the purpose of the proposed duty visit. A report would then be prepared for consideration by the House Committee.

(Post-meeting note : The Panel's proposed overseas duty visit (LC Paper No. CB(1)959/05-06) was endorsed by the House Committee on 24 February 2006).

45. There being no other business, the meeting ended at 4:25 pm.

Council Business Division 1
Legislative Council Secretariat
1 March 2006