

**For discussion on
9 January 2006**

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

New Strategy for E-government Service Delivery

PURPOSE

This paper updates Members on the progress made on implementing the new strategy for e-government service delivery, and seeks Members' support for the funding proposal under Capital Works Reserve Fund (CWRF) Head 710 Computerization for implementing the new strategy.

BACKGROUND

2. At present, the Government provides an e-option for about 1,200 public services. About 200 of these e-government services are provided by or hyperlinked to the Electronic Service Delivery (ESD) portal (www.esd.gov.hk), launched through a public-private partnership (PPP) between ESD Services Ltd. (ESDSL) and the Government in January 2001. The rest of the e-government services are provided by bureaux/departments (B/Ds) through their individual websites hosted by or hyperlinked to the Government Information Centre (GIC) (www.info.gov.hk).

3. At the meeting on 14 March 2005, Members were briefed on the Next Wave of E-government Programme. One of the key initiatives under the Programme is to map out and implement a new strategy for delivering **citizen-centric** e-government services, thereby increasing citizens' satisfaction and utilization of such services. To this end, the Government proposed to launch a One-Stop Access Portal (OSP) in 2007 and adopt a service clustering approach by grouping related e-government

services into service clusters to meet the needs and expectations of citizens by segments. The OSP will gradually re-provision the e-government services currently provided on the ESD portal (hereafter referred to as ESD services) before the ESD contract expires in January 2008¹.

LATEST DEVELOPMENTS

4. We have conducted in June 2005 a more in-depth study and devised a roadmap for implementing the new strategy, drawing on the experience of other countries in delivering citizen-centric e-government services as appropriate. The latest developments are outlined below -

- (a) ***Advancing the launch of the OSP:*** If we keep to our original timetable of launching the OSP in 2007, we will miss out the precious opportunity of incorporating into the OSP the new e-government services to be introduced by the Immigration Department² starting from around mid-2006, which are critical to driving traffic to and marketing of the new portal. We will therefore adopt an **incremental approach** in implementing the new strategy by advancing the launch of the initial OSP to around mid-2006 to tie in with the roll out of the new e-services of Immigration Department and enriching the content and features of the portal progressively from mid-2006 to end 2007;
- (b) ***Establishing a unified e-government branding:*** The co-existence of the OSP and the GIC will pose positioning and branding problems and create confusion to the public. On the other hand, it would be difficult for a transaction-only portal to create a critical mass of regular users/visitors, given that most citizens do not transact with the Government very frequently. Overseas experience shows that a platform integrating government information and transactions is helpful to driving the take-up of e-government services.

¹ The Administration has exercised the option under the ESD contract and extended the contract period for two years, i.e. from January 2006 to January 2008.

² Immigration Department plans to introduce around 100 new e-services such as appointment booking, application submission and process enquiry in relation to application for HKSAR passports, visa, permits, etc. in the latter half of 2006.

We will therefore incorporate the GIC into the OSP and position the latter as the **one-stop gateway** to all online government information and services;

- (c) ***Incremental private sector participation:*** Our original plan was to conduct an Expression of Interest (EOI) exercise in the latter half of 2005 to gauge the market interest and business potential in developing and operating the OSP/service clusters. However, pending the completion of our work on the branding and positioning of the OSP and the formulation of a service clustering strategy in early 2006, we anticipate that the private sector would have difficulties in pricing their services, assessing the risks and submitting carefully thought-out business propositions. We have hence decided to defer the EOI exercise to the second half of 2006. By then, the OSP and the service cluster framework will be in place and the private sector can better assess the service requirements, possible scope/models of PPP, and the associated financial implications or risks. Depending on the outcome of the EOI exercise, we will, where appropriate, introduce private sector content/services into the OSP/service clusters by phases starting from 2007; and
- (d) ***Riding on the central e-government infrastructure:*** In view of the tight timeframe of the implementation programme and the requirements in sub-paragraph (a) and (b) above, 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. Instead of building a new infrastructure, we will ride on the existing E-government Infrastructure Service (EGIS) platform³ to develop the OSP/service clusters and advise B/Ds to do the same in providing/reprovisioning their new and existing e-government services. In this connection, we will enhance the capacity and capability of EGIS and supplement it with new common and supporting services (e.g. enhanced search function, e-payment gateway) to cater for the full range of service and technical requirements of the new strategy for e-government service delivery.

³ The EGIS platform, which 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).

PROGRAMME PHASING

5. 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 (around mid-2006)

The OSP will be developed and 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 Immigration Department⁴ 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 services⁵ will be progressively reprovisioned onto the OSP. An EOI exercise will be conducted to gauge market interest in providing content and value-added services on the OSP/service clusters.

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

Subject to the outcome of the EOI exercise and subsequent tendering, content and value-added services provided by the private sector will be introduced onto the OSP/service cluster gradually where appropriate.

⁴ See footnote 2.

⁵ These include around 30 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.

(d) Stage 4 – Consider Further PPP Opportunities (after January 2008)

Further opportunities for PPP, for example, in the management and operation of service clusters, will be considered where appropriate.

6. We will conduct customer research at various stages of the programme to ensure that the OSP/service clusters developed have full regard to the needs and preferences of citizens. The opinions collected will provide useful input to the design of the OSP and the types of information and services to be presented in different service clusters.

BENEFITS

Tangible Benefits

7. Based on B/Ds' projections that the number of chargeable ESD transactions will grow by 15.6% and 18.3% in 2006-07 and 2007-08 respectively, we estimate that the total subscription and transaction fees payable to ESDSL⁶ will reach \$13 million and \$14.5 million in the two financial years. Assuming that the contract between the Government and ESDSL could be renewed on the current terms and conditions and that the total number of chargeable ESD transactions grows at 10% per annum from 2008-09 to 2011-12, the total subscription and transaction fees payable to ESDSL (for the existing ESD services) during the period from mid-January 2008 to end March 2012 would amount to \$72 million⁷. We thus anticipate that there would be a cost avoidance of \$72 million in respect of the subscription and transaction fees payable to ESDSL, as fee payment will not be required after the ESD services have been fully migrated to the OSP by mid-January 2008.

⁶ 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 was reached. This threshold had been reached around mid-2004.

⁷ A breakdown of the projected subscription and transaction fees payable to ESDSL during the period from mid-January 2008 to end March 2012 (\$72 million) is as follows: \$3 million from mid-January to end March 2008, \$15.7 million in 2008-09, \$16.7 million in 2009-10, \$17.7 million in 2010-11 and \$18.9 million in 2011-12.

Intangible Benefits

8. In addition to tangible benefits, the implementation of the new strategy will deliver substantial intangible benefits to the citizens and Government. Adopting a service clustering approach based on customer research findings, the OSP/service clusters will enable members of the public to access quality and **citizen-centric** online government information and services in a **one-stop and user-friendly** manner. The OSP will further enhance the **accessibility and ease of use** of government information/services by the general public. With a well-designed branding and marketing strategy, we expect that the government-owned OSP will help build up a **strong and unified e-government branding** for the Government.

9. As the existing ESD contract does not permit the further introduction of new e-government services/applications, the Government has to build its own central platform (e.g. EGIS) or enter into a new contract after tendering (with ESDSL or another service provider) in order to provide new e-government services⁸. Apart from reprovisioning existing ESD services upon the expiry of the ESD contract, the implementation of the new strategy would enable the Government to **introduce new e-government services** on an enhanced EGIS platform and **improve the quality and delivery of the existing e-services** (e.g. through customer relationship management, business process re-engineering, service integration and enhanced search capability).

10. Moreover, our proposal to ride on the government-owned infrastructure (i.e. EGIS) ensures that a **secure, robust and scalable central infrastructure** will be available in time to support the progressive reprovisioning of ESD services as well as the roll-out of new services by B/Ds from the middle of this year. With a shared platform in place, there is no need for B/Ds to build or enhance their own infrastructure for hosting their respective e-government applications or

⁸ The ESD contract places a ceiling on the number of e-government services/applications to be provided by ESDSL. As the ceiling has been reached, B/Ds launching new e-government services have to build their own platforms (e.g. the Integrated Company Registry Information System of Companies Registry and the Integrated Registration Information System of the Land Registry), or use the EGIS platform provided by OGCI centrally (e.g. e-forms introduced by the Rating and Valuation Department).

develop/acquire services that are commonly required by e-government services (e.g. e-payment) individually. Such an approach would **minimize duplication of efforts and costs** in project implementation, system administration and contract management, as well as ensure **government-wide consistency in service delivery and customer experience.**

FUNDING PROPOSAL

Scope of the funding proposal

11. To support the implementation of the new strategy, we will submit a funding proposal that covers the following major components to the Finance Committee in early 2006 -

- (a) development, management and maintenance of the OSP/service clusters as the public interface, together with up-to-date content management and search functions to facilitate content management by B/Ds and information search by the public;
- (b) enhancement of the capacity and features of EGIS to support the reprovisioning of the ESD services and introduction of new e-government services. New common facilities and services (e.g. e-payment gateway and personalization) as well as reference modules and applications (e.g. e-forms) will be developed/implemented to meet the common needs of B/Ds;
- (c) reprovisioning and enhancement of existing common applications provided on the ESD platform (e.g. easy change of address);
- (d) provision of helpdesk service for citizens accessing government information and services through the OSP/service clusters; and

- (e) branding, publicity and marketing of the OSP/service clusters.

Costs to be incurred by individual B/Ds in developing their applications and maintaining their backend systems will not be covered by this funding proposal. They will be funded separately through the block allocation under CWRP Head 710 Subhead A007GX.

Non-recurrent expenditure

12. We will seek the Finance Committee’s funding approval for a non-recurrent provision of \$170.8 million in 2006-07 and 2007-08 under CWRP Head 710 for acquiring hardware, software and implementation services as well as conducting publicity and marketing campaigns for the OSP/service clusters. The breakdown of cost is as follows -

	\$ million
(a) Hardware and software	59.1
(b) Implementation and contract staff services	88.3
(c) Publicity and promotion	8.0
(d) Contingency	15.4
Total	170.8

13. As mentioned in paragraph 11 above, individual B/Ds⁹ that have to re-provision their ESD services will typically seek funding from the block allocation under CWRP Head 710 Subhead A007GX¹⁰. Our current estimate is that they will together require about \$70 million from the block allocation. To facilitate the early commencement of the

⁹ See footnote 5.

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

implementation programme so as to meet the target date of launching the OSP around mid-2006, we have also secured about \$20 million under the 2005-06 block allocation for engaging professional services to support our work on programme management and OSP product development (e.g. customer research).

14. We will absorb, through internal redeployment, the non-recurrent staff cost of \$33.6 million for planning and overseeing the implementation of the programme, devising the branding and marketing strategy for the OSP/service clusters, coordinating with and providing support and advice to B/Ds involved.

Recurrent expenditure

15. The full operation of the OSP/service clusters from January 2008 onwards (i.e. the expiry date of the ESD contract) will involve expenses on hardware and software maintenance, support and operations services, helpdesk services, ongoing publicity and marketing as well as financial charges for online credit card and debit payment services. The recurrent expenditure for the last three months of 2007-08 (January – March 2008) is estimated at \$11.8 million. The full-year recurrent expenditure for 2008-09 is estimated at \$44.7 million, and will gradually increase to \$45.7 million by 2011-12 as a result of the forecast increase in the volume of service transactions.

16. We will absorb the above-mentioned recurrent expenditure from existing resources. We will further absorb the recurrent staff cost required to support the ongoing operation of the OSP/service clusters, which is estimated to be \$4.3 million in 2007-08 (January – March 2008 only), \$15.1 million in 2008-09 and \$14.1 million each year from 2009-10 to 2011-12.

IMPLEMENTATION PLAN

17. As mentioned in paragraph 5 above, 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 delivery of enhanced infrastructure services	May 2006 to July 2007
Progressive roll-out of new services and re-provisioning of existing services	June 2006 to December 2007
Full operation of the OSP/service clusters	January 2008

ADVICE SOUGHT

18. Members are invited to note the progress of implementing the new strategy for e-government service delivery, and support the funding proposal as set out in paragraphs 11 to 16 above.

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