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

**Questions on the New Strategy for E-government Service
Delivery Raised by Hon. Howard Young on 13 February 2006**

Q1. *Is it a waste of public money for the Government to spend a huge sum
to build a new OSP, which far exceeds the expenditure under the
current ESD model?*

A.1   The case for adopting a new strategy for delivering citizen-centric
e-government services through a one-stop access portal (OSP) has
been set out clearly in our two submissions to the LegCo Panel on
Information Technology and Broadcasting on 9 January and 13
February 2006.   The Panel is generally supportive of this new
strategy.

In implementing the new strategy, the Government has decided to
develop a government-owned OSP and supporting front-end
infrastructure instead of riding on the existing ESD portal or another
commercial portal secured through a public-private partnership (PPP).
The reasons are as follows:

(a)   bureaux/departments (B/Ds) have to re-engineer their business
processes and implement more joined up initiatives in order to
increase the take-up of e-government services and customer
satisfaction.   Top management sponsorship, B/Ds' ownership
and OGCIO's proactive leadership are all instrumental to the
successful implementation of the new strategy.   A private
sector partner cannot take the place of the Government to drive
the changes;

(b)   the current ESD model cannot meet one major policy objective of
the new strategy, i.e. to open up e-government service delivery to
new market players effectively.   If the Government were to
continue to use a proprietary platform (owned by the ESD
operator or another private company) to provide the front-end
infrastructure and interface with the departmental back-end
systems, other business partners and service providers would

have serious concerns about the neutrality and impartiality of the platform.   On the other hand, an open, neutral and interoperable hosting platform owned by the Government will remove business concerns about impartiality, confidentiality and conflict of interest and in turn facilitate new players' participation in the new strategy;

(c)   our proposed implementation approach enables the Government to establish strategic control over the design, development and operation of the OSP/service clusters, and to expand the scope and number of e-government services on a scalable and government-owned infrastructure.   On the other hand, there is a limit to which such changes can be made under a contract and, in any case, contract variations will be required.   Furthermore, a government-owned central infrastructure and OSP will give the Government greater flexibility in collaborating with multiple private sector partners; and

(d)   as compared to the ESDlife portal, which presents government services alongside commercial services and advertisements, a government-branded portal will offer a clear and strong e-government branding for Hong Kong, and enhance the accessibility and user-friendliness of government information/services for local and overseas users.

As with other governments, e-government development requires constant upgrading and investments.   The implementation of the new strategies of e-government service delivery will cost about $260 million in non-recurrent expenditure in 2006-07 and 2007-08, which would account for about 6.5% of the total non-recurrent expenditure by the Government on IT projects in those two years (assuming the level of expenditure per year remains at the estimated expenditure level of 2006/07 at around $2,000 million).   The programme is of strategic value to the future development of e-government in Hong Kong, and the proposed investment is necessary and justified to sustain our position as a leading digital city in the world.

Q.2 *Is a government-owned e-government portal really more suitable for the Hong Kong market? As a PPP approach would reduce government expenditure, why not allow the private sector to invest and operate the service if the private sector is interested?*

A.2 Overseas experience indicates that the establishment of a government-branded portal providing access to a comprehensive range of government information and services in a "citizen-centric" approach will help increase customer satisfaction and service utilization. Our recent customer research also confirms that our citizens generally prefer a clear, independent and non-commercial branding for the government portal.

A.1 above explains why the Government has to develop its own infrastructure to support the OSP/service clusters. While we are of the view that the OSP and the supporting front-end infrastructure do not lend themselves to the PPP model, we are not ruling out PPP as an approach to implementing the new strategy. Our plan is to introduce PPP at a more appropriate juncture so that we can minimize the risks involved and enable more private sector companies to eventually participate in the delivery of e-government and other value-added content and services over an open and neutral platform. For this purpose, we will conduct an Expression of Interest (EOI) exercise to gauge market interest in the latter half of 2006, after we have established the branding of the OSP and formulated the service clustering strategy. Subject to the outcome of the EOI exercise, we will introduce non-government value-added content and services to the service clusters from 2007 onwards. Private sector companies including the incumbent provider are welcome to participate in the delivery of e-government and e-commerce services on a non-exclusive basis.

Q3. *IT outsourcing has proven to be effective in savings costs. Why does the Government take the view that outsourcing the operation and management of the government portal could not deliver the same services and benefits to its customers?*

A.3　Outsourcing usually refers to the Government engaging an external organization to provide operational services, where the costs are predictable and the service expectations are clear. One recent example is the outsourcing of the operation of the Central Computer Centre by the Office of the Government Chief Information Officer (OGCIO). In the case of PPP, the external organization partnering with the Government usually has to provide both capital funding and services in exchange for a major share in the resulting revenue stream. Examples include the implementation of major infrastructure projects (e.g. tunnels and bridges) where the private sector partner has to invest in building the infrastructure apart from providing the operational and managerial services.

It remains our policy to outsource our work where possible under the new strategy - both the OGCIO and the B/Ds involved will outsource to the private sector a major portion of their work in application development, system implementation and maintenance and provision of technical support. As regards PPP that usually involves a certain level of investment and control by the private sector, we will, as mentioned in A.2 above, conduct an EOI exercise in the latter half of 2006 to gauge market interest in this respect.

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