



***Building an Efficient
E-government and
an IT-savvy
Business Community***

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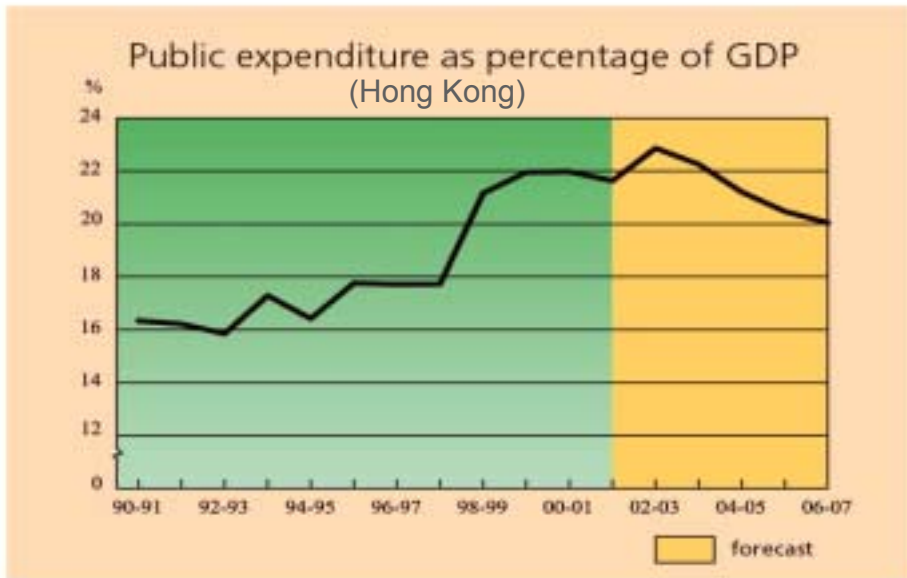
Distinguished Guests, Ladies and Gentlemen,

Good afternoon!

It is my great pleasure to have the opportunity to speak to such a distinguished audience at the Hong Kong ICT Business Seminar in Malaysia.

Today, I would like to talk about what the Hong Kong Special Administrative Region (HKSAR) Government has done, and is doing, in building an effective E-government and an IT savvy business community in Hong Kong.

Let me start by sharing with you some of my thoughts on the relationship between government and economy.



Government is a big business. According to the Organisation for Economic Co-operation and Development (OECD), government represents around 20 to 40 percent of gross domestic products (GDP) in most of their member countries. In Hong Kong, our public expenditure as a percentage of our GDP is around 20 percent in 2002-03.

To maintain competitiveness, governments in the world are unanimously looking for opportunities to enhance efficiency and effectiveness. This leads to the development of our E-government vision - the vision to transform the traditional government into an effective citizen-centred E-government.

An effective E-government will not only improve the administrative aspects of governance, but also significantly improve the overall efficiency of the economy and foster a better environment for doing business.

Indeed, the competitiveness of an economy depends increasingly on the extent to which IT is adopted by its businesses and its government. The challenge is how we can leverage on IT to enhance our competitiveness.



To Make Hong Kong
a Leading Digital City
in the Globally
Connected World



The HKSAR Government is committed to developing Hong Kong into a leading digital city in the globally connected world. As a practical realisation of this vision, we formulated an important policy document, the *Digital 21 Strategy* in 1998.

Since 1998, we have substantially enhanced our information infrastructure. We have also created a business environment conducive to IT adoption in business, government and daily life.

Our broadband network covers practically all commercial buildings and over 95% of households. Around 60% of our households have personal computers and nearly half of them are Internet-connected. Half of our businesses use personal computers and over 70% of them are connected to the Internet. Our mobile phone penetration rate is about 85%, which is one of the world's highest.

But we cannot stand still. In 2001, we fine-tuned our strategy and issued another policy document, *2001 Digital 21 Strategy*, to cope with the technological changes and the world e-commerce development.

E-government Target



- Improve Quality of Service
- Improve Efficiency
- Breakdown Bureaucracy
- Drive E-business Adoption

TARGET
**90% services
with e-option by 2003**



To cope with the increasing demands from the community, we are pursuing our E-government initiatives to move away from the conventional approach of service delivery on individual department basis. We strive to break down bureaucracy between departments to facilitate the provision of more customer-oriented, value-added and one-stop government services. And also, we aim to drive the adoption of e-business in the community.

To achieve our goals, we have set out clear target to provide more government services online to the community. Our target is to increase the percentage of e-option of government services to 90% by end 2003. At present, over 78% of government services amenable to the electronic mode of delivery are already provided with an e-option.

E-government Initiatives



• Electronic Service Delivery

- Over 130 services on-line
- About 2 million Daily Hit Rate
- Over 32 million Visitors

Multi-Application Smart Card

E-Logistics

Property Portal



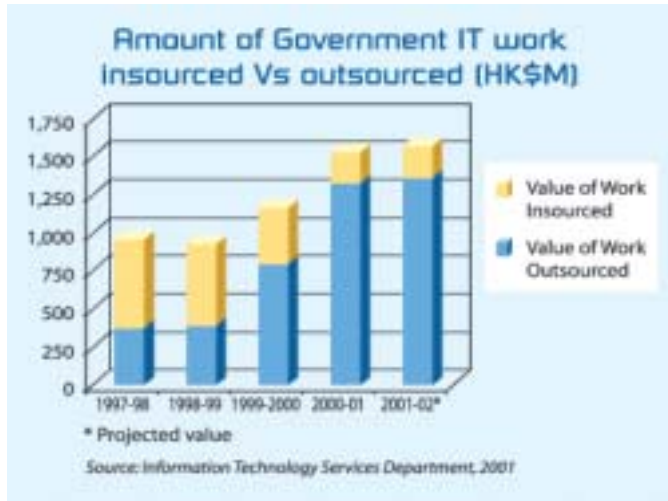
We have made significant progress in implementing many projects under our E-government initiatives. The Electronic Service Delivery (ESD) Scheme is one of our flagship E-government projects. At present, over 130 convenient and reliable public services are already made available in a citizen-centred way through our ESD web site.

The ESD scheme is well received by our citizens and businesses. As of July 2002, the average daily hit rate of the ESD web site is around 2 million and the accumulated total number of visitors has already exceeded 32 million since December 2000.

Other important E-government initiatives include:

- Replacement of some seven million identity cards with Multi-Application Smart ID cards,
- Promotion of an electronic inter-modal transportation system and other supporting facilities to speed up the flow of goods and information. With our excellent transportation facilities and the Pearl River Delta's high productivity, Hong Kong can develop into a logistics hub to link the Mainland with the world.
- Studying on the provision of a one-stop web service for online enquiry of property information and related services provided by government departments.

Outsourcing



- **Over 80% new projects outsourced**
- **Departmental Outsourcing**

To speed up the implementation of E-government initiatives, we have been pursuing a vigorous outsourcing strategy. The primary objectives are to enlarge the delivery capacity for IT services and to accelerate the delivery of IT solutions.

At present, more than 80% of new IT projects are already outsourced. Outsourcing of IT services on a departmental basis is another achievement that we have made.

We believe our outsourcing policy is conducive to the development of the local IT market as well as maintaining a right balance of in-house resources and expertise – a win-win situation.

- **Telecommunications**
- **Legal Framework**
- **Public Key Infrastructure (PKI)**
- **Government's Support**



To enhance the e-business environment in Hong Kong is another important area under our Digital 21 Strategy.

We have liberalised our telecommunications market to bring more effective competitive under a fair and open environment. Our telecommunications services are now characterised by their high quality and affordable prices. Some of our broadband service providers are offering unlimited Internet usage at less than US\$25 a month.

To instill trust and protect security in conducting electronic transactions, we have established a clear and supportive legal framework through the enactment of the Electronic Transactions Ordinance. Under the ordinance, electronic records and digital signatures are given the same legal status as that of their paper-based counterparts. The HKSAR Government has also taken the lead in accepting electronic records under various provisions of the legislation.

To provide a safe and secure environment for the conduct of electronic transactions, we have also built a public key infrastructure (PKI) through the establishment of a public certification authority (CA) in Hong Kong.

The HKSAR Government also plays important roles as promoter and supporter. We will continue to encourage the wider use of IT in the community. We will take the lead by providing more public services on-line through our flagship projects, including the Electronic Service Delivery scheme.

We will provide support to our business community in the use of IT through various funding schemes, such as the SME Funding Schemes. We are also providing assistance to our business community through our industry and trade support organisations. For example, the IT Assessment programme assisted our local SMEs in identifying their problems and needs in the use of IT and provided recommendations to them for future implementation of their IT strategies.



We operate a wide range of central infrastructure support services and facilities based on the open and international standards. This is to assist bureaux and departments in enhancing their readiness and capability to develop E-government. This also helps businesses to raise their competitiveness through adoption of IT and e-business. And individuals can enjoy greater convenience and better services.

Leveraging on the strengths of our infrastructure, we will strive for the exploitation and adoption of enabling technologies, such as XML, wireless technologies, smart card technologies, and the next generation of Internet technologies.



In building Hong Kong into a leading digital city, we are expecting substantial demand for high quality information technology and telecommunications solutions, products and services to support this development. I am confident that you will find rewarding opportunities for doing business in Hong Kong.

I am also sure that you will find Hong Kong a beautiful city as well as an excellent gateway for tapping into the Mainland of China.

Thank you!