Internet Professionals Association

Response to the Public Consultation Paper on 2004 Digital 21 Strategy

Background

Internet Professionals Association (iProA) holds an active stake in the long-term blueprint for the ICT (information and communications technologies) development in Hongkong. In response to the Government's Public Consultation Paper on 2004 Digital 21 Strategy, intended to be issued in early 2004 as Hongkong's ICT strategy over the forthcoming years, we have come up with a set of comments and inputs and are delighted to be given the opportunity to present them herewith.

Our comments and inputs, in accordance with the ordering of the issues as appear on the Public Consultation Paper, are as follows:

Government leadership

Public-private partnership (PPP)

[cf. para. 14 of Public Consultation Paper]

Public-private partnership is an internationally recognised concept of co-operation between government agencies and businesses to cost-effectively provide the public with quality goods, services and facilities.

As defined by the Irish Government Public Private Partnership (PPP) website, a PPP "is a contractual arrangement between the public and private sectors (consistent with a broad range of possible partnership structures e.g. Design Build, or Design Build Operate and Finance) with clear agreement on shared objectives for the delivery of public infrastructure and/or public services by the private sector that would otherwise have been provided through traditional public sector procurement".

As dissected by the National Council for Public-Private Partnerships of the United States, there are various structures of public-private partnerships, of which Contract Services, more commonly known as "outsourcing", is merely one category. Other common PPP structures are Build-Operate-Transfer (BOT), Design-Build-Finance-Operate (DBFO) and Build-Own-Operate (BOO), in ascending order of private responsibility.

We believe that the Government shall, for public ICT project procurement, adopt forms of PPP which are at the more *laissez-faire* end of the spectrum of PPP structures. Most notably of all, the BOO form, which involves the contractor constructing and operating a facility while retaining its ownership, involves maximised sharing of skills, capabilities, resources, risks and rewards between the public and private sectors, and is, in our opinion, most beneficial to the local industry.

One of the critical success factors in creating successful PPPs which poses a win-win scenario for both the public and private sectors is the relaxation of the restrictions imposed onto the Intellectual Property Rights (IPR) of Government projects. The desired outcome of such relaxation of IPR restrictions shall be to allow private sector

partners to resell the IPR arising from the Government projects, or even to set up new businesses to position the IPR as a product. Ultimately, this represents an enormous and solid foundation for local companies to develop its own ICT products for reselling to other markets.

One example that the Government can take note of towards such direction is the Defense Advanced Research Projects Agency (DARPA) under the U.S. Department of Defense, who actively funds R&D projects of dual-use technologies (those with commercial non-military potential as well as potential military applications) with businesses and then subsequently releases the IPR of such projects to the private sector partner for commercial exploitation, in accordance with their PPP contractual agreement.

We would like to make the following recommendations to the Government in this regard:

 * Take concrete steps to enable the BOO structure of PPP for public ICT project procurements, including exploration of the legal feasibility and bidding procedure, to gradually replace conventional public procurement structures in ICT projects and services.

 * Incorporate into the contractual terms of PPP in ICT projects and services which favour more private responsibility to facilitate sharing of skills, resources, risks and rewards, and to enable organisational learning.

 * Incorporate into the contractual terms of PPP in ICT projects and services which relax the restrictions imposed onto the IPR of these projects and services against the private sector partner, and allow the private sector partner to continue to develop the IPR arising from such projects and services.

 * Give preference to bidders with intension and commitment to continue develop the IPR arising from the public ICT project procurement in the tendering process.

 * Audit the IPRs held by the Government arising from the past PPPs to examine their commercial potential, and release those with high commercial viability to public bidding by the local ICT industry with a view to further development and market release.

Reference:

 * The Irish Government Public Private Partnership (PPP) website, http://www.ppp.gov.ie

 * The National Council for Public-Private Partnerships [U.S.], http://ncppp.org

 * Directorate-General for Regional Policy, European Commission: Guidelines for Successful Public-Private Partnerships, as retrieved from http://europa.eu.int/comm/regional_policy/sources/docgener/guides/guide_en.htm

Sustainable e-government programme

E-government: where do we go from here?

[cf. para. 16 of Public Consultation Paper]

We appreciate the Government's effort invested into implementing a sustainable e-government programme during execution of the past Digital 21 Strategy. The achievement of the last four years' effort, which culminated in 90% of the amendable public services covered by an e-option and the renowned ESD Scheme earning plaudits and recognition on both local and global fronts, can hardly be overlooked. These achievements represent efficiently and effectively implemented measures connecting between the Government and the public and boosting Hongkong as a knowledge-based economy. These achievements also serve as good indicators that Hongkong's e-government programme is ready for take-off towards a more in-depth level of e-government.

However, on this regard, i.e. going into the next level of e-government, we are concerned that, as appear from the Public Consultation Paper, there is a lack of vision and mission on how to drive Hongkong's e-government programme to the next level.

Internet Professionals Association (iProA) is the only ICT Association in Hongkong to have obtained Accreditation to the World Summit on the Information Society (WSIS) and our representative has the honour to be involved in the World Summit Award (WSA) this year as a Grand Jury member to select, evaluate and promote the best practice examples in e-content and creativity, of which "e-government" is one of the categories. It is our pleasure to be given the opportunity here to share our view on the essence of e-government.

We would like to point out that while the existing e-government programme is strong in terms of provision of information and e-option in public services, these achievements can only be regarded as reaching the "e-transaction" level.

The "e-transaction" level of e-government, which focuses on one-way transmission of communication through ICT to accomplish ordinary transactions is, in the view of the WSA Grand Jury, one step – but also a giant leap – away from the top level of e-government.

This is notwithstanding that the Government also faces challenges at the e-transaction level, e.g. the low usage of the ESD Scheme because of its clumsy interface and the undisclosed use-rate of e-option of the public services.

We share the vision with the WSA Grand Jury that the ultimate of an e-government programme is to attain the level of "e-transformation" which, to quote the WSA from its web-site, www.wsis-award.org, involves the following:

» Empowering citizens and serving public services clients;

» Fostering quality and efficiency of information exchange and communication services in governmental and public administrative processes; and

» Strengthening participation of citizens in information society decision-making.

In addition, we are also of the opinion that an e-government programme attaining e-transformation shall utilise the Internet to:

» Improve transparency of policy-making and executive decision-making;

» Enhance two-way communication with the public;

» Promote Government policies; and

» Collect public opinions and reflect on public sentiments.

Missions that can be accomplished in the process of attaining e-transformation include further exploitation of concepts such as "e-governance", "e-democracy" and "e-voting".

Towards such aim, we recommend the Government to take symbolic yet significant and concrete measures in the direction of e-transformation. One good example is to immediately set up a direct e-mail address to the Chief Executive.

Reference:

◆ The World Summit Award, http://www.wsis-award.org/

Infrastructure and business environment

I. The missing links on external levels

[cf. para. 17 of Public Consultation Paper]

Internet Professionals Association (iProA) appreciates the Government's aim to make Hongkong a leading digital city connecting the world. However, we also spot certain glaring deficiencies in the 2004 Digital 21 Strategy on consultation to identify important linkages on external levels between Hongkong and the world.

In particular, we are most concerned about the following "missing links":

◆ A lack of international mutual recognition of Certification Authorities (CAs) or schemes of any kind. Without such mutual recognition, parties often are more willing to use CAs whom are more readily recognized by the market (e.g. Verisign), whether those are recognized by HK statute or not.

◆ Compliance of overseas e-related regulations, e.g. lack of safe harbour provisions of privacy rules. The Government must take the initiative to deal with this issue as larger corporations (e.g. HSBC) have already moved their data centres out of HK for cost reasons and also because data subjects are not protected by statute.

◆ The Government's failure to join international consortia, e.g. CommerceNet and Organization for the Advancement of Structured Information Standards (OASIS), so as to obtain first hand information as to what its peers are up to and to voice its concerns to help shape regional or global e strategies.

Whereas the Government has concentrated on building a strong IT infrastructure, we would like to point out that maintaining our legal framework to be up-to-date and compatible with international consensus is equally important.

In particular, we are concerned that the Electronic Transactions Ordinance may not be keeping up with the Guangdong province's e commerce regulations promulgated as the PRC's first regional e regulations in December 2002 and which are now in effect.

Acknowledgement:

The section immediately above is adopted from an article by Angus Forsyth and Yvonne Chia, Partners of IT Practice Group, Stevenson, Wong & Co. (Web site: http://www.sw-hk.com), legal advisers to iProA.

II. Marketplace for SME software

According to Box 1 of the Public Consultation Paper, the PC penetration rate in 2002 was 62% in household as compared to 55% in business sector, while the Internet penetration rate was 53% in household as compared to 44% in business sector. These figures show that the usage of IT in SME is even lower than household.

Internet Professionals Association (iProA) believes that one of the most significant factor behind such trend is the lack of a disciplined marketplace to lower the entry barrier of IT adoption. We suggest the Government to set up a marketplace of business-purpose software for SME which:

* Is moulded on the "Golden Shopping Centre" model

* Allows local software vendors to set up display and demo of their products, with SMEs their target audience in the marketplace

* Provides objective testing and evaluation results on usability and buyer guide to SMEs

* Provides certificate for software vendor which produce quality software

We believe the above act can:

* Increase the IT adoption rate in SME

* Facilitate quality vendors to market their products to SME

Institutional review

In support to establishing the Government's CIO function

[cf. para 25 of Public Consultation Paper]

Internet Professionals Association (iProA) hold the view that a centralised Chief Information Officer (CIO) function at top-management level in the Government rank will facilitate the Government to organise and co-ordinate the use of ICT across all Government bodies.

We therefore welcome the government's initiatives to explore the establishment of a CIO function within the Government. We envisage the CIO function to take a leading role in driving the e-transformation process as the next step of the e-government strategy. In particular, the CIO function should be able to define standards of ICT usage within the Government. These include definition of measurable adoption threshold and code of practice of using ICT within the Government.

However, it is worth noting that certain quasi-government bodies, e.g. Airport Authority, Hospital Authority, Housing Authority &c., already have their own CIO. It will be a challenge for the Government's own CIO function to co-operate and co-ordinate with the existing CIOs so as to devise policies and strategies in order to effectively drive an e-government programme with cross-agency, whole-of-government effects.

In order to fulfil its designated role and responsibilities, we recommend the government to establish the CIO function with the following considerations:

- The CIO function shall be managed by a cross-agency Board of CIOs led by the Government's Chief Information Officer and assisted by all CIOs of the quasi-government bodies as Members of the Board. This Board of CIOs will play the role of an "IT Steering Committee" commonly found in larger enterprises, which plan for and lead the implementation of the whole enterprise's IT policy and which involves top managers from various business units of the enterprise. The Government's Board of CIOs may then make constructive use of the existing CIOs' experience in planning and implementing an organisation-wide IT policy to facilitate the Government's decision making. This Board may also enable the Government to formulate real and effective cross-agency, whole-of-government policies with a view to driving the Government's e-government programme.

- The CIO function shall be attached with a higher level of authority and responsibility so as to enable the CIO function to effectively drive the e-government programme.

A vibrant IT industry

Taking a more unified and proactive approach in encouraging foreign trade in the IT industry

◆ The roles of attracting foreign investments to local IT industry and seeking foreign business opportunities for local IT industry are now separately performed by several independent bodies, namely, InvestHK, HKSTP, Cyberport and TDC (TDC being more involved in matching local firms with foreign business opportunities).

◆ Each of these bodies promotes and manages its own standard "one-stop service plan", whose major selling point is Hongkong's existing business environment, IT infrastructure, and the plan's other value-adding services.

◆ Such scenario of individual body promoting its own programs creates confusion to foreign investors, deterring foreign investments from entering the local IT industry. This also indicates inefficient resources allocation.

◆ In addition, these bodies may not possess the IT domain knowledge necessary for encouraging foreign investments. And for foreign investor, difference between investing in Hong Kong or investing in mainland cannot be easily identified due to inefficient education and promotion programme.

◆ Moreover, Hong Kong is promoted as the gateway to China but do not offer one-stop service to investors seeking to operate both in Hong Kong and in China collectively as a whole.

◆ We therefore propose the Government to allocate the responsibilities of encouraging foreign trade to the IT industry to one single body, so that this body may take a more unified and proactive approach in the following two areas:

   I. Leveraging Hong Kong's strategic value to the China market in attracting foreign investments; and

   II. Seeking business opportunities from the foreign market for the local IT industry.

◆ We shall elaborate on the above as follows, each of which may also constitute an independent proposal.

I. Leveraging Hong Kong's strategic value to the China market in attracting foreign investments

◆ Hong Kong possesses many advantages that render her the ideal starting point for foreign enterprises aiming to enter into the China market. In addition to her strategic location, Hong Kong's well-established legal and financial system, business environment, human resources and IT infrastructure all contribute to her advantages in this regard.

◆ However, in order for such advantages to be realised and considered by foreign investors, it is essential that the Government, and the body responsible for encouraging foreign trade in the IT industry in particular, to:

   i. establish concrete linkage with the Mainland IT industry that leverage Hong Kong's strategic position; and

ii. strengthen the promotion of Hong Kong's advantage by incorporating such close ties with the Mainland.

- It is very important for Hong Kong's claiming as the entry point to the China market be backed by concrete linkage with the Mainland IT industry, so that foreign enterprises may reap the rewards of entrance in the China market while also enjoying the benefits of Hong Kong's established legal and financial system. Successful establishment of such ties will strengthen Hong Kong's positioning as the design and marketing stronghold for the IT industry, while leveraging the Mainland's vast development resources.

- In this regard, strong connection with Mainland's Software Technology Parks plays an important role. Mainland's Software Technology Parks represent R&D resources and human resources that are appealing to foreign enterprises.

- One way to strengthen the connection with Mainland's Software Technology Parks is to invite all Mainland Software Technology Parks to set up a representative office in Hong Kong to facilitate communication.

- The Government should also actively seek for other means to enable foreign enterprises' entry to the China market through Hong Kong. Examples of this include business matching with Mainland firms and assisting foreign enterprises to set up branches in the Mainland.

- In parallel with these measures to facilitate foreign enterprises' entry to the China market, the Government should take a more proactive approach in promoting Hong Kong's such unique advantages as the entry point to China. The close linkage with conducting business in China shall constitute one of the emphasises in such a promotion package.

II. Seeking business opportunities in the foreign market for the local IT industry

- It is a common practice for countries to set up trade representative offices in foreign countries to explore the business opportunities therein for local firms, so should Hong Kong.

- However, some countries have moved one-step ahead by proactively offer chargeable services to support and assist Local IT companies to earn global IT contract.

- Hong Kong is currently lagging behind in such practice.

- The Government, and the body responsible for encouraging foreign trade in the IT industry in particular, should apply more innovative and assertive practices and establish an IT trade representative office in each of the targeted foreign market in active pursuance of business opportunities, such as government contracts, for the local IT industry, or strengthen the existing ones to incorporate such role. These offices will have to be staffed with IT professionals to cater for the special needs of the IT industry.

Human resources in a knowledge economy

I. Vast improvement of the software infrastructure in secondary schools in support of IT in education

[cf. para 31 of Public Consultation Paper]

Internet Professional Association (iProA) believes the effective use of IT in education calls for the necessary infrastructure, in terms of both hardware and software, in place in secondary schools. However, the current IT infrastructure for secondary schools focuses mainly in terms of hardware only.

The software applications required by the syllabus are not always in place, because some schools cannot afford the expensive software license. Some schools need to shift to teaching non-mainstream software (e.g. Photo Impact instead of Photoshop).

The current situation contrasts with that in some foreign countries, such as USA, in which universities and schools enjoy free/discounted software from software vendors when it is used for education purpose.

The government need to take the lead to bargain for schools collectively for a much more affordable software license fee for education purpose. We believe that this will also create a win-win situation with the major software vendors. We also believe this will reduce the pressure on the budget by having the cost of software infrastructure for education reduced in this way.

To enable this, we recommend the government to set up a "Software Infrastructure for Education Committee" which:

- Comprises of representative from the government, universities and secondary schools, IT professional bodies, etc.;
- Arrange central procurement for software and bargain for the lowest possible price;
- Seek donation from major software vendors;
- Explore the feasibilities of adopting mature open-source software, e.g. Linux, for education use.

II. Marketing IT career

[cf. para 31 of Public Consultation Paper]

We agree with the Government that there is an increasing demand for IT professionals in Hongkong. However, at the same time, there is a shrinking demand for IT Education at the undergraduate level, as evident by the gradual decline in both the admission grades of and the number of students admitted into IT-related curricula offered by local universities.

After the dot-com bubble burst, it has become a great concern to this society that IT professionals has lowered their self-esteem, while at the same time the public perception of IT professionals declines at an even more rapid rate.

A quality work-force in the IT industry for the foreseeable future is crucial for Hong Kong's strategic development as a knowledge-based economy. This, essentially, will hinges on the respect that IT professionals command from society, especially from the perspective of secondary school graduates. We call for the Government to invest more resources in marketing IT career, so that students feel proud of studying IT, thereafter they may be able to reap the benefits of an increasing demand for IT professionals in Hongkong.

Bridging the digital divide

I. Provide free access to ICT infrastructure for disadvantaged group

◆ Government's initiative to offer free public facilities of ICT access has stopped progressing forward after establishing of a few hundred "Cyber Points", one "Super Cyber Centre" in the TST area, one much smaller Cyber Centre in the NT area, and computers in libraries. The result is a lack of training facilities to support NGOs initiative to offer ICT training services to the needy and discourage the disadvantaged group to participate in cyber activities.

◆ We urge the government to establish Cyber Centres in all 18 districts with training facilities and broadband access.

II. Support training programmes to disadvantaged groups

◆ Although there are ICT training programmes offered by the government and the civil societies to disadvantaged groups, this trainings are still far from being sufficient to make Hong Kong a 100% digitally inclusive information society. Only less than 10 % of our senior citizens of age over 55 are computer literate.

◆ We suggest the government to provide more resources to encourage and support NGO in launching ICT awareness and training programmes to disadvantaged groups and set a target year to make Hong Kong a 100% digitally inclusive information society.

III. Increase web accessibility

◆ To comply with international web accessibility standard is a basic requirement of e-government.

◆ Although all government web sites are in compliance with the government internal accessibility guidelines, the web site www.esdlife.com that provide the most public services (170 public services from over 50 Government departments and public agencies) is not within the pledges of the government commitment.

◆ At present, government outsourced projects with servicing web site are not considered as "government web site". But having equal visual access to all government services is the right of every Hong Kong citizens.

◆ We suggest that the requirement for the compliance with government internal web accessibility standard should also apply to all future government web related outsourcing and renewing contracts. And the government internal web accessibility standard should be regularly reviewed to stay in line with international standard.

IV. Support R&D of Assistive Technology

- Assistive technologies provide ease and convenience for disabled people to access ICT.

- We suggest the government to support the R & D of Assistive technology by offering Assistive technology to be one of the priorities in the application of government Innovative and Technology Fund.

V. Develop local content

- Persisting digital divide attests that the path towards providing connectivity and technology infrastructure alone would still not enable a majority of the population to benefit from the current availability of information. Information in foreign languages is largely unreadable to our senior citizen and disadvantaged groups. Being able to operate the computer only in Chinese presents a major obstacle in gaining universal access to information and learning, both basic human rights.

- What is required is to enable all citizens to access and publish content in the languages that they speak and write in, on a daily basis. Access equates to providing local language computing framework and tools to ultimately translate and display this information in Chinese for HK citizen.

- We suggest the government to provide resources to support content development for specific disadvantaged groups and support the R & D of Chinese content enabling technology and application.

VI. Set up Hong Kong Information Society Commission

Internet Professionals Association would like to suggest the government to set up "Hong Kong Information Society Commission" as the formal communication channel with UN's World Submit of Information Society (WSIS).

Currently, it's only HKCSS representing the social service sector. It is indeed necessary to involve other sectors, e.g. Human right, monitoring group, IT professional bodies, etc.

Besides WSIS, there are also a number of global and regional initiatives that focus on a variety of specific areas. These initiatives shall became major driving force behind bridging digital divide as well as becoming worldwide influential forces that all Government and local community should take notice and participate.

VII. Set up of Digital Inclusive Fund

Internet Professionals Association would like to suggest the government to set up a "Digital Inclusive Fund" to fund local NGO's programme targeting to bridge the digital divide.

Prepared by iProA Policy Committee
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