Comments and Recommendations in Response to
Public Consultation Paper 2004 Digital 21 Strategy
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Government Leadership

➢ Enabling the development of innovative technological applications

Hong Kong's position as a major international service center in various sectors, such as transportation and logistics, financial services, trade and commerce, as well as its strength in various industries, e.g. watches, jewelry and toys, is well known. The sophisticated level of operation can make these sectors major users of information technology. The Government should take measures to encourage local IT companies in developing innovative applications, operating platform, contents and services based on information technology, e.g. through sponsorship or tax incentives. This will be a WIN-WIN strategy: on one hand, to encourage commercial sectors to put more resources and ideas in the IT industry, at the same time enhancing their competitiveness in the global market; on the other hand, to create a market of sufficient size in stimulating the development of local IT industry, whereby the applications and proven solutions can be exported to the Mainland and global market.

➢ Continued Enhancement of the IT outsourcing programme

Being a major user of information technology, the Government should continue to press on the e-government strategy and expand the outsourcing policy. However, the Government should consider some long term and favorable measures to facilitate participation from Hong Kong-based companies, with the objective of nurturing the growth of local companies or to grow through the government projects. To achieve this objective, for example, the Government may set aside a certain proportion of projects for bidding by local companies exclusively, or, stipulating foreign companies to form partnership with local companies to bid for Government projects. In addition, the Government can split the large-scale project into smaller projects as far as possible to provide more opportunities to small and medium-sized companies in the industry in bidding government IT projects. The Government should also make efforts in advocating local community economy, encouraging large corporations to adopt the similar practice.

Infrastructure and Business Environment

➤ Promote the adoption of e-business

As the PC & Internet penetration rate in business sector is relatively low as compared with household users, it is encouraging to learn that the Government will focus on driving e-business and information technology adoption by business sectors, which target small and medium enterprises. In Singapore, with the purpose of encouraging SMEs to have web presence, the Singapore Government has endowed with sponsorship for the SMEs to set up their web sites in conducting business via Internet. The Government in Hong Kong can also consider a similar measure, or can contribute to these activities by providing tax incentive, technical assistance or training. In driving up the demand for IT services, this is an active and fundamental way to involve the business sector to initially boost the adoption of e-business, which may further stipulate the SMEs to develop their own e-system. If e-business is successful in Hong Kong, we believe that there are greater business opportunities brought by the CEPA as well as from the globally connected markets.

Institutional Review

➤ The case for a more integrated structure of the Government

It is stated in the Digital 21 Strategy draft that the Government is considering to merge the transforming ITSD into the Communications and Technology Branch of the Commerce, Industry and Technology Bureau. Nevertheless, to ensure greater cost-effectiveness and competitiveness of the department, the Government should consider privatizing the ITSD. A privatized independent company will be more efficient and flexible to integrate the concerns and directives of both the commercial sector and government. However, measures in ensuring the continuing contribution of a privatized ITSD towards the development of the local IT industry can be incorporated as part of the mandate of privatization, for example, by setting a budget for R&D, committing to certain spending on IT development, and local employment.