

香港特別行政區政府

創新及科技局

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INNOVATION AND
TECHNOLOGY BUREAU

THE GOVERNMENT OF THE HONG KONG
SPECIAL ADMINISTRATIVE REGION

20/F, West Wing, Central Government Offices,
2 Tim Mei Avenue, Tamar, Hong Kong

By email

15 February 2019

Mr Desmond LAM
Clerk to Panel on Commerce and Industry
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Mr LAM,

**Panel on Commerce and Industry
Meeting on 15 January 2019**

Progress Report on the Innovation and Technology Fund

At the meeting held on 15 January 2019 on the subject agenda item, the Panel passed the motion (at Annex) moved by Dr Hon CHIANG Lai-wan. The Innovation and Technology Bureau's response is provided below.

I. To consider setting up a centralised frontline office to provide one-stop services

2. To provide a more convenient means for the public to enquire about different funding schemes under the Innovation and Technology Fund ("ITF"), the Innovation and Technology Commission ("ITC") has put in place a one-stop enquiry service (Tel: 3655 5678) in mid-2018. ITC handles over 700 telephone enquiries each month on average.

3. In addition, we also provide information on ITF's funding schemes through different supporting organisations. For example, the Support and Consultation Centre for Small and Medium Enterprises ("SMEs") (SUCCESS) of the Trade and Industry Department provides information and consultation

services on various funding schemes for SMEs (including ITF funding schemes). The “SME One” of the Hong Kong Productivity Council also provides information and face-to-face advice on Government funding schemes (including ITF funding schemes). Moreover, the “TecONE” of the Hong Kong Science and Technology Parks Corporation (“HKSTPC”) also provides information on funding schemes and support programmes (including ITF funding schemes) applicable to the innovation and technology (“I&T”) industry.

4. Separately, we have published the “Technology Funding at a Glance” booklet to provide an overview and essential information of various technology funding schemes (including ITF funding schemes). The booklet is available on the ITF website (https://www.itf.gov.hk/l-eng/TF_Booklet.asp). Its hardcopies and digital version have also been distributed to various industry organisations.

II. To consider simplifying the application procedures so as to enable applicant organisations/enterprises to obtain early funding support

5. ITC has been monitoring the implementation of various funding schemes under ITF, reviewing them from time to time and introducing enhancement measures as and when necessary. To facilitate the applications for financial support by applicant organisations/enterprises, we provide comprehensive application guides, samples of completed application forms and information of past approved ITF projects for public reference. Contact information of the subject teams for various funding schemes under the ITF is also available online to facilitate applicants to make enquiries. To assist applicants in submitting applications, officers of the ITC would also arrange meetings with individual applicant organisations/enterprises on a need basis.

6. In addition, for individual funding schemes, we have introduced measures to simplify the application requirements and streamline the procedures. For example:

- (a) The Enterprise Support Scheme (“ESS”) launched in 2015 supports enterprises to carry out in-house research and development (“R&D”) work. Funding support of up to \$10 million is provided to each approved project on a dollar-for-dollar matching basis. To process ESS applications submitted by SMEs in a more focused and expeditious manner, the ESS offers a “designated track” for SME applicants which have fewer than 100 employees and require funding of no more than \$2.8 million per ESS project. In addition, the number of relevant assessment panel members has been

increased since July 2017 so that panels may meet more frequently and process more applications, thereby speeding up the vetting of applications. With the above efforts, the processing time of ESS applications has been reduced from an average of about 3 months in 2017 to about 2 months in 2018; and

- (b) The Technology Voucher Programme (“TVP”) launched in November 2016 subsidises local enterprises on a 2:1 basis to use technology services/solutions to improve productivity or to upgrade/transform their business processes, so as to promote technology adoption by the business sector. Having taken into account the views of the industry, ITC has introduced measures to streamline the application process. For instance, a pop-up checklist function has been added in the TVP Funding Administrative System since January 2017 to list out all documents required for submission. We also provide a checklist of supporting documents required on the TVP website for enterprises’ reference. Also, starting from February 2018, applicants are no longer required to submit copies of their business registration certificates in their applications.

III. To consider using contribution to Gross Domestic Product growth as a premise for assessing various applications

7. The various funding schemes under the ITF have different natures, objectives and target groups and thus have different assessment criteria. That said, overall speaking, the ITF supports projects which can contribute to the economic development of Hong Kong and improve the well-being of the society.

8. For instance, the ESS funds enterprises to carry out in-house R&D work. The R&D results can be directly used by the enterprises, benefitting not only the enterprises concerned but also the economy as a whole. In assessing applications, the project’s commercial viability as well as its contribution to the community’s overall benefits are also essential factors to be considered.

9. Separately, the TVP enables local enterprises to adopt technological services/solutions to improve productivity or to upgrade/transform their business processes. It would help enhance the productivity of the industry and add impetus to the overall economic development of Hong Kong.

10. The Public Sector Trial Scheme (“PSTS”) helps research institutions and incubatees/graduate tenants of HKSTPC and Cyberport to commercialise their R&D outcomes through production of samples/prototypes and conducting of trials. Since the trials would be conducted in the public sector, members of the community would be able to benefit from the projects during the trial period. On the other hand, from the feedbacks and experience obtained from trials, relevant organisations/companies are able to refine their products and services, and bring greater benefits to the community upon the formal launch of the products and services in the market.

11. Furthermore, the Partnership Research Programme (“PRP”) funds R&D projects jointly undertaken by universities and public research institutions in collaboration with local enterprises. The industry co-applicant is required to contribute at least 50% of the total project cost. In general, the more the industry co-applicant contributes, the greater commercialisation potential the relevant R&D outcome has, and the more potential economic contribution it will bring.

IV. To consider giving a greater portion of funding to enterprises directly so as to attract more enterprises to conduct R&D

12. In 2017-18, about 58% of ITF funding was channeled to universities, R&D Centres and other research institutions through funding schemes that support R&D projects conducted by these research institutions¹.

13. On the other hand, there are various funding schemes under the ITF for private enterprises. They include -

- (a) ESS: subsidises enterprises to conduct in-house R&D projects;
- (b) R&D Cash Rebate Scheme: enterprises can obtain cash rebate equivalent to 40% of its expenditure in R&D projects which are funded by the ITF or conducted by designated local public research institutions;
- (c) PSTS: subsidises enterprises to conduct trials of R&D outcomes in public sector bodies (applicable to incubatees/graduate tenants of HKSTPC and Cyberport);
- (d) Internship Programme: subsidises enterprises for recruiting local graduates as interns to assist in their ITF-funded R&D projects, or for

¹ These funding schemes are the Innovation and Technology Support Programme (including Guangdong-Hong Kong Technology Cooperation Funding Scheme), the University-Industry Collaboration Programme and the Midstream Research Programme.

in-house R&D work (applicable to incubatees/I&T tenants of HKSTPC and Cyberport);

- (e) Postdoctoral Hub: subsidises enterprises to recruit postdoctoral talent to assist in their ITF-funded R&D projects, or for in-house R&D work (applicable to incubatees/I&T tenants of HKSTPC and Cyberport);
- (f) TVP: subsidises enterprises to adopt technological services/solutions to improve productivity or upgrade/transform their business processes;
- (g) Re-industrialisation and Technology Training Programme: subsidises enterprises to train their employees in advanced technologies;
- (h) Patent Application Grant: subsidises enterprises to apply for patent for their inventions; and
- (i) General Support Programme: subsidises enterprises to conduct non-R&D projects that could foster an I&T culture in Hong Kong.

14. Private enterprises may also participate as sponsors in the Innovation and Technology Support Programme and the PRP to jointly conduct R&D projects with local universities and public research institutions.

Yours sincerely,



(Ricky CHONG)

for Secretary for Innovation and Technology

c.c. Commissioner for Innovation and Technology
(Attn.: Miss Kathy CHAN)

(Translation)

Panel on Commerce and Industry

**Motion passed under agenda item III on
“Progress Report on the Innovation and Technology Fund”
at the meeting on 15 January 2019**

While various funding schemes under the Innovation and Technology Fund (“ITF”) have up to now received grants accumulating to over HK\$30 billion, there have been views that the achievements made by the funded projects under these schemes are far from satisfactory. In this connection, this Panel urges the Government to:

- (1) with a view to facilitating the application for some 10 funding schemes under ITF, consider setting up a centralized frontline office to provide one-stop services to assist enterprises in their submission of applications;
- (2) consider simplifying the application procedures, so as to enable applicant organisation/enterprises to obtain funding support expeditiously for early commencement of their operation/research and development (“R&D”) activities;
- (3) in vetting and approving the applications, grant funding on the premise that Gross Domestic Product growth may be boosted as a result; and
- (4) given that currently funding is mainly granted to projects initiated by universities and R&D centres under the funding schemes, study giving a heavier weighting of direct funding to enterprises, so as to attract more enterprises to conduct R&D activities.