The Audit Commission ("Audit") conducted a review of the Innovation and Technology Commission ("ITC")'s work relating to the Reindustrialisation and Technology Training Programme ("RTTP").[1]

2.   Hon SHIU Ka-fai declared that he was a member of the Trade and Industry Advisory Board.

3.   RTTP was launched in August 2018 under the Innovation and Technology Fund to subsidize local companies to train their staff in advanced technologies.   Up to 31 March 2023, 8 936 training grant applications for 3 937 companies had been approved.   The total amount of training grant disbursed was $282.7 million.

4.   The Committee noted the following findings from the Director of Audit's Report No. 81:

Monitoring of training courses and course providers

- Audit's analysis on the processing time of the 4 099 applications for public course registrations approved from the launch of RTTP in August 2018 to March 2023 found that the processing time had increased;[2]

- Audit's review of the 1 470 public courses approved in 2022-2023 found that:

  (a) approvals for 336 (23%) courses were granted less than two weeks before course commencement dates; and

  (b) approvals for 128 (9%) courses were granted on or after course commencement dates;

- there was no prevailing requirement for the course providers to provide explanation on the reasonableness of the course fees in their applications. Audit's analysis on the course fees per hour per trainee of the

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[1] RTTP was retitled to "New Industrialisation and Technology Training Programme" in October 2023.

[2] While ITC had not set a target on the processing time of applications for public course registrations, the percentage of applications with processing time exceeding 30 working days increased from 24% (32 of 134) in 2018-2019 to 47% (689 of 1 470) in 2022-2023.

4 099 applications for public course registrations approved from the launch of RTTP in August 2018 to March 2023 found that:

(a)   for 881 (21.5%) courses, course fees per hour per trainee exceeded $1,000;

(b)   for 65 (1.6%) courses, course fees per hour per trainee exceeded $2,000; and

(c)   for 3 (0.1%) courses, course fees per hour per trainee exceeded $4,000;

- assessment of training courses did not include aspects such as accreditation status, trainers' background, course fees and the planned/target number of trainees;

- according to the Guidance Notes for Public Course Providers issued by RTTP Secretariat,[3] surprise class inspections might be carried out by RTTP Secretariat to the course providers.   However, ITC and RTTP Secretariat had not promulgated guidelines on surprise class inspections or conducted surprise class inspections on non-local courses.   Audit's analysis on the surprise class inspections conducted from 2019-2020 to 2022-2023 found that:

(a)   the number of surprise class inspections conducted each year ranged from 3 to 27;

(b)   on average, only 1.3% of local courses were inspected each year, ranging from 0.5% to 2.2%;

(c)   of the 125 course providers providing 3 779 local courses, only 26 (21%) were selected for surprise class inspections; and

(d)   of the 118 local tailor-made courses, only one surprise class inspection was conducted;

- Audit's review of the course fees charged by course providers on RTTP trainees noted that for one course provider:

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[3]   Since the launch of RTTP in August 2018, ITC had appointed the Vocational Training Council as RTTP Secretariat.   The Guidance Notes for Public Course Providers provided guidance to course providers, including vetting and assessment procedures.

(a)   the course fee charged on RTTP trainees was higher than that on non-RTTP trainees; and

(b)   RTTP Secretariat was not informed on offer of vouchers to RTTP trainees so the vouchers had not been deducted from the calculation of training grant;

-   in May 2023, Audit reviewed 20 training courses publicized as registered public courses on the websites of 10 course providers and found that 11 (55%) courses had not been registered;

Processing of training grant applications and reimbursement claims

-   RTTP Secretariat did not monitor the time taken from receipt of reimbursement claims to disbursement of training grants on a periodic basis.   Audit found that of the 461 reimbursement claims approved from January to March 2023:

(a)   the average processing time was 146 days, ranging from 28 to 448 days; and

(b)   in 79 (17%) claims, the time taken was more than 180 days. Among them, Audit's examination on 20 claims found that RTTP Secretariat could have taken earlier actions to finish processing and/or disburse the training grants;

-   there were no requirements for companies to provide supporting documentary proof for the nominated employee's education qualification, job position and years of work experience relevant to the advanced technology;

-   Audit's examination on 40 training grant applications approved from January to March 2023 found that in 6 (15%) applications, one or more employees nominated did not meet the requirements on qualification and/or work experience.   However, RTTP Secretariat had not requested the companies concerned to furnish additional information to support the eligibility of the employees concerned;

-   RTTP Secretariat had neither conducted site visits to companies applying for training grants since the launch of RTTP in August 2018 and up to August 2023, nor promulgated guidelines on site visits or set targets on the number of site visits;

Other issues

- ITC needs to take measures to strengthen guidance and regulation relating to RTTP over matters concerning national security (e.g. promulgating guidelines);[4]

- A Course Vetting Panel ("CVP")[5] was set up for administering RTTP and vetting RTTP applications. RTTP Secretariat adopted a two-tier reporting system for CVP members to disclose their general pecuniary interest and to report on any actual or perceived conflicts of interest as and when they arise. Audit noted that:

  (a) from July 2018 to June 2023, while 47 first-tier declarations of interest should have been made by CVP members,[6] none of them had been made;

  (b) for four CVP meetings held from March 2019 to June 2022 with discussions relating to 18 Vocational Training Council ("VTC") courses, six second-tier declarations of interest (involving three VTC's representatives) should had been made but none of them had been made; and

  (c) for 14 circulations of papers (involving 50 VTC courses) from September 2018 to June 2023, 21 second-tier declarations (involving three VTC's representatives) should had been made but 20 (95%) had not been made; and

- Audit's review of the four annual employer surveys from the launch of RTTP in August 2018 to March 2022 noted that:

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[4] The Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region stipulates that the Government of the Hong Kong Special Administrative Region shall take necessary measures to strengthen public communication, guidance, supervision and regulation over matters concerning national security, including those relating to schools, universities, social organizations, the media, and the Internet.

[5] CVP comprised members from the Government, the Vocational Training Council, academia, business sectors and professional services sector.

[6] CVP members (including the Chairman) were required to inform RTTP Secretariat in writing their personal interests, direct or indirect, pecuniary or otherwise, upon their first appointment to CVP and annually thereafter.

(a) the time between the end date of the period covered by the surveys and the date of commencing employer surveys ranged from 171 to 393 days (averaging 253 days); and

(b) the time taken for compilation of survey results was long. The survey results were only available 17 to 269 days (averaging 133 days) after the due dates for submission of feedback for the surveys.

5. The Committee did not hold any public hearing on this subject. Instead, it asked for written responses regarding the monitoring of training courses and course providers, processing of training grant applications and reimbursement claims as well as the conduction of employer surveys. The replies from the **Commissioner for Innovation and Technology** are in *Appendix 22*.

6. The Committee wishes to be kept informed of the progress made in implementing the various recommendations made by Audit.