

## LCQ7: Distance Business Programme

Following is a question by the Hon Jimmy Ng and a written reply by the Secretary for Innovation and Technology, Mr Alfred Sit, in the Legislative Council today (February 16):

Question:

A person-in-charge of an enterprise has relayed to me that he has received earlier on a subsidy under the Distance Business Programme for adopting information technology (IT) solutions in business operation, and he has selected a service provider from the IT Service Providers Reference List published by the Hong Kong Productivity Council (HKPC), which is the secretariat of the Programme. However, he suffered monetary loss as a result of the failure on the part of the service provider concerned to provide IT service for distance business in accordance with the contract. He subsequently lodged complaints with the Innovation and Technology Commission and the HKPC separately but the complaints were not entertained. In this connection, will the Government inform this Council:

- (1) of the total number of complaints received by the authorities against service providers since the launch of the Programme, with a breakdown by type of complaints;
- (2) whether the authorities have conducted investigations regarding the complaints mentioned in (1); if so, of the details, including the staffing establishment involved in the investigations; if not, the reasons for that;
- (3) whether, since the launch of the Programme, any service providers have been called to account or removed from the aforesaid reference list due to poor performance; if so, of the details; if not, the reasons for that; and
- (4) whether, under the circumstances that a service provider has failed to provide service in accordance with the contract, the authorities will consider not recovering from the enterprise concerned the subsidy disbursed, so as to reduce the loss it suffered; if so, of the details; if not, the reasons for that?

Reply:

President,

The Innovation and Technology Commission (ITC) has launched the time-limited Distance Business (D-Biz) Programme under the Anti-epidemic Fund to support enterprises to continue their business and provide services during the pandemic through the adoption of information technology (IT) solutions. The ITC has engaged the Hong Kong Productivity Council as the Secretariat of the D-Biz Programme.

The application period for enrollment on the IT Service Providers Reference List (Reference List) was open from May 4 to June 6, 2020. The Reference List seeks to offer relevant market information merely for reference by enterprises applying for funding. Whether or not the enterprises engage IT service providers on the Reference List will not affect the outcome of their funding applications. Applicants can engage appropriate IT service providers based on their needs. As at June 2021, there are 3 097 service providers enrolled on the Reference List.

During the application period from May 18 to October 31, 2020, over 38 000 applications were received. All the vetting work on funding applications was completed in January 2021. Of about 35 000 applications approved, over 25 740 approved applications have proceeded to implementation, involving total funding of around 1.7 billion. As at February 14, 2022, about 20 000 applications have completed the projects.

The reply to the various parts of the question is as follows:

(1) to (3) As the D-Biz Programme has received an overwhelming response from enterprises, the top priority of the Secretariat at that time was to handle applications received as soon as possible so that enterprises could implement the projects earlier. Since the launch of the D-Biz Programme, the ITC and the Secretariat had received different types of complaints on the processing time, funding amount and IT service providers etc. Upon receipt of complaints, the ITC and the Secretariat would arrange Secretariat staff to follow up on the applications concerned and render appropriate assistance to applicant enterprises as soon as possible in accordance with the Guidance Notes for Funding Applications of the D-Biz Programme and the relevant funding agreement.

There are 16 staff members responsible for handling enquiries and complaints in the Secretariat. About 98 per cent of the complaints have already been processed. The Secretariat did not keep a statistical breakdown of complaints. Generally speaking, if the complaints are lodged against IT service providers, the Secretariat would review other applications relating to the same IT service provider as well and conduct random checks. The Secretariat has identified several cases that involved irregularities or possible involvement of unlawful acts and reported to the ITC and the relevant law enforcement agencies.

(4) Under the D-Biz Programme, applicant enterprises should implement the projects in accordance with the terms and conditions of the funding agreement. If an applicant enterprise fails to comply with the relevant terms and conditions stipulated, the Government and the Secretariat shall have the right to claim for repayment of the disbursed funding in full or in part from the applicant enterprises in order to ensure the proper use of public money.

Generally speaking, the ITC and the Secretariat would not intervene in the contract or agreement between the applicant enterprises and the IT service providers as it is a private contractual relationship. When an applicant enterprise enters into a contract with the IT service provider, it

should ensure that the terms and conditions of the contract would facilitate the implementation of the projects and safeguard the interest of both parties.

In order to understand the implementation of projects by enterprises, the Secretariat has recently conducted a survey with those applicant enterprises which have their final project reports due but yet to submit to the Secretariat. Upon completion of the survey, the ITC and the Secretariat would take appropriate follow-up actions.