

LCQ14: Measures to support sustained development of retail industry

Following is a question by the Hon Shiu Ka-fai and a written reply by the Secretary for Commerce and Economic Development, Mr Edward Yau, in the Legislative Council today (March 17):

Question:

The Government allocated \$130 million in 2014 for the implementation of three measures related to the manpower development of the retail industry, including implementing an Earn and Learn Pilot Scheme for Retail Industry, raising the retail industry's image and setting up a Retail Technologies Adoption Fund for Manpower Demand Management. Regarding the measures to support the sustained development of the retail industry, will the Government inform this Council:

(1) whether it has assessed the effects of the aforesaid three measures on the retail industry over the years; if so, of the details;

(2) of the latest implementation situation of the three measures, and the balance of the allocation;

(3) given that the Coronavirus Disease 2019 epidemic has accelerated the development of online shopping and the operation of the retail industry under an integrated online-to-offline model, thus leading to a surge in the industry's demand for the relevant talents, and that the Government has decided to cease accepting new applications under the aforesaid measures starting from this year, whether the Government will consider the following proposal of some members of the industry: continuing to use the balance of the allocation for enhancing training on technology application and digital skills for the practitioners of the retail industry, and at the same time for promoting the new image of the retail industry so as to attract new blood, thereby helping the industry meet the talent challenges brought by the digitalisation of the retail industry; if so, of the details; if not, the reasons for that; and

(4) as some members of the industry have indicated that in their work to transform their retail business, quite a number of retailers currently lack support on aspects like funding, mastery of the relevant technologies, and effective online sales channels and promotion platforms, what targeted measures, other than those for talent development, the Government has put in place to help the industry resolve the current difficulties so as to support the sustained development of the industry?

Reply:

President,

In response to the question raised by the Hon Shiu Ka-fai, my consolidated reply is as follows:

The Government launched three retail manpower development measures in 2014, including the Earn and Learn Pilot Scheme for Retail Industry (the Pilot Scheme), the Retail Technology Adoption Assistance Scheme for Manpower Demand Management (ReTAAS) and the related promotion activities.

The Pilot Scheme was implemented by the Vocational Training Council (VTC) in partnership with the Hong Kong Retail Management Association. It allows Secondary Six graduates to attend classes on campus while acquiring working experience, and aims at providing training for aspiring youngsters to join the retail workforce. The first cohort of the Diploma of Foundation Studies (DFS) programme under the Pilot Scheme commenced in September 2014, with an intake of 255 student-workers. A total of 615 student-workers have enrolled in the seven cohorts of the DFS and the three cohorts of the Higher Diploma (HD) programmes under the Scheme so far. However, the number of student-workers joining the Pilot Scheme has dropped significantly in recent years. The DFS programme in the 2020/21 academic year had an intake of only four student-workers and no students were enrolled in the HD programme in the last two academic years.

On the contrary, VTC began offering two full-time Government subsidised retail courses (i.e. Higher Diploma in Retail Innovation and Management and Diploma of Foundation Studies – Retail) in the 2020/21 academic year. These courses are similar in nature to the Pilot Scheme, but full-time courses are more popular with students. In the 2020/21 academic year, about 120 students were enrolled in these courses. Considering that the student demand for the programmes under the Pilot Scheme has dropped significantly, the Government will stop accepting new applications for the Pilot Scheme from the 2021/22 academic year onwards. Student-workers already enrolled under the Pilot Scheme will not be affected and could complete the programmes as originally planned. The two full-time Government subsidised retail courses offered by VTC could continue to support the manpower development of the retail industry.

ReTAAS was launched by the Government in partnership with the Hong Kong Productivity Council, and aims to support the retail industry to adopt technologies for manpower management and enhancing productivity. As of February 2021, 467 applications with a total funding of around \$17.2 million were approved.

However, the number of ReTAAS applications from retail enterprises has dropped significantly in recent years. Eligible applications received have decreased by 69 per cent from about 13 per month in 2016-17 to four in 2019-20. On the other hand, the Innovation and Technology Commission (ITC) launched the Technology Voucher Programme (TVP) in 2016, which aims to support local enterprises/organisations (including retail enterprises) in adopting technology services and solutions to improve productivity, or upgrade or transform their business processes. As of end February 2021, TVP

received 2 552 applications from the wholesale and retail industry, of which 973 were approved with a total funding of about \$149.4 million. As the number of applications for ReTAAS has dropped significantly and there are Government funding schemes with a similar nature but more popular with the trade, the Government will stop accepting new applications for ReTAAS from April 1, 2021 onwards, but applications submitted or projects approved before the deadline will not be affected.

Since the launch of the above Pilot Scheme and ReTAAS, the Government also began a related retail promotion campaign to enhance the positive image of the retail industry, which includes television and radio Announcements in the Public Interest, online animation videos, a thematic website, social media pages and advertisements, bus seatback and restaurant table stickers and advertisements in recruitment magazines. As the Pilot Scheme and ReTAAS will stop accepting new applications, the relevant retail promotion campaign will also cease.

The accumulated expenditure and funding approved for the above retail manpower development measures is about \$44.46 million thus far. Although the measures concerned will be discontinued, the Government will continue to support the retail sector in manpower development and adoption of information technology services through VTC's full-time Government subsidised retail courses and TVP.

In addition, the Government has also supported the retail industry through various channels. For example, under the first round of the Anti-epidemic Fund, the Retail Sector Subsidy Scheme was launched to support retailers seriously affected by the pandemic, with about 69 000 applications and about \$5.5 billion approved. Moreover, the Distance Business Programme also approved about 6 800 applications from the retail sector with a total funding of about \$393 million (Note 1) to support the sector to continue operation and service by adopting information technology solutions (including online business, online order taking and delivery, digital payment, etc.) during the pandemic.

In terms of technology adoption and training, the Reindustrialisation and Technology Training Programme under the ITC aims to subsidise technology training for staff of local enterprises on a 2 (Government) : 1 (Enterprise) matching basis. Enterprises receiving funding under the programme include retail enterprises.

The SME Export Marketing Fund (EMF) under the Trade and Industry Department (TID) provides funding support to local enterprises (including retail enterprises) to expand their markets outside Hong Kong, e.g. subsidising enterprises to set up or enhance company websites and implement export promotion activities through electronic platforms or media. To assist enterprises (including retail enterprises) in local market promotion under the pandemic, the Government plans to expand the funding scope of the EMF with conditions for two years from April 2021 onwards at the earliest to cover exhibitions and virtual exhibitions targeting the local market. The eligibility criteria will also be relaxed to cover non-SMEs.

The Government also helps local enterprises (including retail enterprises) enhance their competitiveness and develop the Mainland and other Free Trade Agreement (FTA) markets through the Dedicated Fund on Branding, Upgrading and Domestic Sales under the TID. Fundable items include designing and establishing online sales platform, establishing or enhancing company website and mobile applications, recruiting additional manpower for upgrading, and setting up new entities in the Mainland or FTA markets, etc.

Note 1: Excluding approved applications not accepting funding and cases where relevant information was not provided after approval.