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Panel on Commerce and Industry

Meeting on 15 April 2014

**Background brief on the proposed implementation of the recommendations
of Task Force on Manpower Development of the Retail Industry**

Purpose

This paper provides background information on the study on the manpower needs of the retail industry undertaken by the Task Force on Manpower Development of the Retail Industry and views expressed by Members on the subject.

Background

2. The retail industry is an important economic sector. In terms of direct contribution to the overall economy, the total value-added of the retail industry amounted to about 4% of Hong Kong's gross domestic product value in 2012. Direct contribution aside, the vibrant and diversified retail industry has been mutually supportive of other sectors including import and export, wholesale and logistics as well as related service sectors such as banking and finance, real estate and advertising.

3. The retail industry however has been facing manpower shortage in recent years. From 2003 to June 2013, the number of persons engaged in the retail industry steadily increased from 208 000 to 264 800 (representing an increase of 27.2%). Over the same period, the number of vacancies has more than quadrupled to about 8 100 in June 2013 and the vacancy rate of the sector stood at a relatively high level of 3%.

Concerns expressed by Members about the development of the retail industry and the manpower shortage problem

4. As retail industry is one of the main pillar of the Hong Kong's economy, Members have been following up closely on the development of the industry, including its manpower development. At the Council meeting on 6 February 2013, a motion on "Increasing the business floor areas of the retail industry" moved by Hon Vincent FANG, as amended by Hon WONG Kwok-hing, Hon Alice MAK, Hon Starry LEE, Hon Alan LEONG and Hon Kenneth LEUNG, was carried. The Administration was urged to, among other things, conduct a comprehensive review of the changes in the retail industry over the next 10 years, including the future development trends of the retail industry in respect of business floor areas, manpower, locations of businesses and business operators, including their size and number, so as to work out the future development scale of retail floor areas and appropriately increase their supply year by year to ease rental increases.

5. In the light of the business sector's suggestion on importing foreign labour to alleviate the labour shortage in certain industries in Hong Kong, Hon KWOK Wai-keung raised a Council question on "Manpower situation of the retail, construction and catering industries" at the Council meeting on 9 October 2013. Mr KWOK enquired about the Administration's assessment on the manpower shortage and wastage problems in the retail, construction and catering industries, as well as the Administration's new measures to attract Hong Kong people to join and reduce the manpower wastage in these industries.

Task Force on Manpower Development of the Retail Industry

6. Following the announcement of the Financial Secretary (FS) in his 2013-2014 Budget Speech, the "Task Force on Manpower Development of the Retail Industry" ("the Task Force") was set up in March 2013 to study the business outlook of the retail industry and its manpower demand and supply, and to advise the Government on matters relating to the overall manpower development of the industry in order to sustain its long-term growth. Members of the Task Force were drawn from a wide range of background and interests, including persons connected with different sectors within the industry, representatives of relevant Government Bureaux and the Vocational Training Council, as well as academics and individuals from outside the industry.

7. The Task Force has concluded its work and submitted a Report to the Government in December 2013, recommending a multi-pronged strategy to tackle the manpower tightening problem in the retail industry in the following five major areas:

- (a) adopting good people management policies in the workplace;
- (b) providing recruitment, employment and placement services more targeted at the retail industry;
- (c) strengthening vocational education and training on retail and promoting retail work experience for students;
- (d) raising the retail industry's image; and
- (e) managing manpower demand through enhancement in productivity.

Latest development

8. In the Budget Speech 2014-2015, the FS has announced acceptance of the recommendations of the Task Force and an allocation of \$130 million to implement the following measures:

- (a) supporting retailers (small and medium sized enterprises of the retail industry) on a matching fund basis for the use of IT and other technology solutions to increase productivity;
- (b) assisting the Vocational Training Council in strengthening vocational education and training with reference to the Specifications of Competency Standards for the Retail Industry (which was newly drawn up under the Qualifications Framework), including running retail courses through a professional institution and launching pilot courses combining classroom learning and work placement;
- (c) working with the industry to enhance the image of the trade; and
- (d) providing targeted recruitment and employment services and organizing large-scale and district-based job fairs dedicated to the retail industry.

Latest position

9. The Administration will consult the Panel on 15 April 2014 on the implementation plan of the Task Force's recommendations. The Administration plans to submit the relevant funding proposal to Finance Committee in the 2nd quarter of 2014.

Relevant papers

10. A list of relevant papers is shown in the **Appendix**.

Council Business Division 1
Legislative Council Secretariat
9 April 2014

**Proposed implementation of the recommendations of Task Force on
Manpower Development of the Retail Industry**

List of relevant papers

Date of meeting	Meeting	Minutes/Paper	LC Paper No.
6 February 2013	Council	<p>Motion on the business floors areas of the retail industry" moved by Hon Vincent FANG</p> <p>Administration's progress report on the motion</p>	<p>Hansard (Page 6786 to 6877)</p> <p>http://www.legco.gov.hk/yr12-13/english/counmtg/hansard/cm0206-translate-e.pdf#nameddest=mbm03</p> <p>http://www.legco.gov.hk/yr12-13/english/counmtg/motion/cm0206-m3-prpt-e.pdf</p>
9 October 2013	Council	<p>Question No. 10 on "Manpower situation of the retail, construction and catering industries" raised by Hon KWOK Wai-keung</p> <p>Administration's reply</p>	<p>http://www.legco.gov.hk/yr13-14/english/counmtg/agenda/cm20131009.htm#q_10</p> <p>http://www.info.gov.hk/gia/general/201310/09/P201310090416.htm</p>