

SECTION III

ANALYSIS¹⁷

Basic Characteristics

Workforce Size

3.1 Wine-related businesses had indeed grown, and employed more people, since wine duty exemption was announced in the Financial Secretary's Budget Speech for 2008-2009¹⁸. According to CEDB's ad hoc survey in 2010 on the economic benefits of wine duty exemption, the number of persons engaged¹⁹ in wine-related business were 30 634 FT and 3 435 PT as at end of 2007. Compared to the results of this survey, it could be said that there was an increase of 23 884 FT employees and 10 219 PT employees since end of 2007.

¹⁷ This survey is the first of its kind. Without the benefits of comparison with past figures for trend observation, we try to compare with other surveys to present the findings of this survey in perspective. **Caution** should be given to the different methodologies, parameters and timing of the other surveys.

¹⁸ Para. 114 of the Speech is relevant: "in the long run, this will create more favourable conditions for the development of such economic activities as catering services, tourism, brand promotion and exhibitions, table wine appreciation and related educational activities that can achieve synergy with table wine trading and create new jobs."

¹⁹ Persons engaged are broadly defined in the ad hoc study as "all working proprietors, active partners, unpaid family workers and employees in Hong Kong".

3.2 The wine industry was not a small employer. The total number of 68 172 employees represented 2.5%²⁰ of the total number of persons engaged²¹ in all the industries covered in the 4th Quarterly Survey of Employment and Vacancies (QSEV) 2013 conducted by the Census and Statistics Department (C&SD). If we count only the industries most relevant to wine businesses²² in Hong Kong, the proportion would become around 5.2%.

3.3 There were more higher-skilled workers in the wine industry. 57.2% of all wine employees were employed in the managerial and supervisory levels which generally correspond to the “higher-skilled segment” under the AEHS²³. The proportion was compared to 40.1% of higher-skilled FT employees among all industries according to the C&SD’s Annual Earnings and Hours Survey (AEHS) 2013, which reflected the position of May to June of the year. The other FT wine employees held posts at the “clerical and operative support” level, which were broadly equivalent to the jobs in the “lower-skilled segment”²⁴.

²⁰ The survey allowed wine employees to perform non-wine duties as additional / secondary duties as long as their major duties were related to wine business..

²¹ For establishments outside the civil service, persons engaged include: (i) individual proprietors, partners and persons having family ties with any of the proprietors or partners and working in the establishment without regular pay, who are actively engaged in the work of the establishment for at least 1 hour on the survey reference date; (ii) full-time salaried personnel/employees directly paid by the establishment and working directors of limited companies, both permanent and temporary, who are either at work (whether or not in Hong Kong) or temporarily absent from work (viz. those on sick leave, maternity leave, annual vacation or casual leave, and on strike) on the survey reference date; and (iii) part-time employees and employees on night/ irregular shifts working for at least 1 hour on the survey reference date.

²² These industries are trading, wholesale, retail and restaurants, being the sectors with the largest number of employees from the current survey.

²³ Occupation groups in the “higher-skilled segment”, under the AEHS, are managers and administrators, professionals and associate professionals.

²⁴ Under the AEHS, occupational groups of the “lower-skilled segment” are clerks, craft and related workers, plant and machine operators and assemblers, service workers and shop sales workers, and elementary occupations.

3.4 For PT employees, their engagement has become more common in wine-related businesses. The share of part-timers among the wine workforce was 20.0% according to this survey²⁵, higher than 10.1% in 2007 as revealed in CEDB's ad hoc survey. Comparing with 7.1% of all industries according to AEHS²⁶ 2013, wine business relied more on PT staff than all industries as a whole. The more extensive deployment of PT wine staff might be a result of the FT vacancy situation to be discussed in the ensuing paragraphs.

Vacancies

3.5 Employment opportunities in the wine industry were not readily taken up. 20.2% of employers in the survey expressed difficulties in recruitment in the fourth quarter (Q4) of 2013. The difficulties were worst felt by recreation clubs, 38.7% of which found recruitment difficult. Such employers were not in the majority, but their views echoed an observation that there was manpower shortage in certain wine sectors (according to interviewees in the wine manpower study conducted in early 2013).

3.6 This survey found that manpower shortage actually affected many sectors in the wine industry, as manifested in the overall FT vacancy rate of 8.4%. This was significantly higher than 2.6% across-the-board in the QSEV of Q4/2013. Vacancy rates topped 10% for three wine sectors: western restaurants (13.8%), Chinese restaurants (10.9%) and wholesale (10.2%). Comparing major wine sectors with their respective industries in the QSEV, we could also see a worse vacancy position in the wine industry in 2013 –

²⁵ We adopt a total (FT plus PT) headcount concept in this paragraph: $13\,654 / (54\,518 + 13\,654)$.

²⁶ The definitions of PT staff in this survey and the AEHS are different. In this survey, part-time staff refers to those working for less than 18 hours each week under the payroll of the establishment, employed on an hourly, daily or monthly basis.

For the AEHS, an employee is regarded as working part-time if: (i) the number of usual days of work per week is less than 5 (for a person with a fixed number of working days per week); or (ii) the number of usual hours of work per working day is less than 6 (for a person with a fixed number of working days per week); or (iii) the number of usual hours of work per week is less than 30 (for a person without a fixed number of working days per week).

	Vacancy Rate (%)	
	Wine Sectors	Broad Industries in QSEV
Trading	6.9	1.5
Restaurants	12.0	4.7
Retail	5.2	3.0
Wholesale	10.2	2.0

3.7 The high vacancy rates in wine businesses, especially the rate for clerical and operative staff (12.4%), might be explained firstly by manpower demand unsatisfied against the manpower tightness of the whole economy. The overall labour market stayed firm and remained in full employment throughout 2013. For Q4, unemployment rate stayed at a low level of 3.2%. Job creation continued apace in many sectors, especially those hiring a larger proportion of lower-skilled workers. Job vacancies posted further strong and widespread growth. The wine industry had a fair share of the situation. It had to compete with other employers for manpower in the tight market.

3.8 Other factors, such as income and job requirements, are to be discussed in the ensuing paragraphs.

Income

3.9 The largest number of FT wine jobs (59.8%)²⁷ fell in the band of income at \$10,001 to \$20,000 a month. Trying our best to compare this finding with other industries, we put the mid-point of this range, i.e. \$15,000, side by side the monthly median wage of for all industries, i.e. \$14,900 (AEHS 2013). Given the relatively small difference between the two figures, it could be said that the income of the wine industry was broadly comparable to industries across-the-board.

3.10 By the same way of comparison, the income of FT employees in some major wine sectors was arguably comparable by and large to that of their counterparts in the respective industries under the AEHS 2013. The

²⁷ The income of 21.9% of all FT wine jobs was “unspecified” in the wine manpower survey. We have excluded them in presenting the percentages of wine employees in paras. 3.9 to 3.11 above.

largest number of FT wine employees in the Chinese restaurant (65.0%), retail (59.3%), wholesale (56.4%) and trade (53.0%, adding import, export and re-export training) sectors earned \$10,001 to \$20,000 monthly. The range covered the median monthly wage of FT employees of the respective industries according to the AEHS 2013: trading (\$16,000), wholesale (\$12,900), retail (\$11,600) and Chinese restaurant (\$11,500).

3.11 The competitiveness of wine industry income could also be analysed by two broad levels of FT staff –

- (a) for clerical and operative support staff in the wine industry, the monthly income of most (63.7%) of them was between \$10,001 and \$20,000. This range covered the median monthly wage of three groups of lower-skilled FT employees, and was slightly above that of FT elementary occupations (AEHS 2013)²⁸; and
- (b) for managerial and supervisory staff, over half (56.7%) of them had a monthly income between \$10,001 and \$20,000. The range was below the median monthly wage of \$24,000 for FT employees of the higher-skilled segment of all industries (AEHS 2013).

3.12 If the wine industry did not maintain a competitive level of remuneration, it might lose out to other industries in competition for manpower. In fact, over one-third (37.4%)²⁹ of staff who left their wine establishments in 2013 hopped to other industries. Whether income level should be adjusted to make the jobs more attractive would primarily be a matter for the market, with reference to the requirements of the jobs in question.

²⁸ According to the AEHS 2013, the median of the four groups of FT employees in the lower-skilled segment was respectively: \$9,700 (elementary occupations), \$11,400 (service and sales workers), \$12,000 (clerical support workers) and \$15,500 (craft and related workers, plant and machine operators and assemblers).

²⁹ The whereabouts was unknown for 37.4% of staff who left wine establishments in 2013. We have excluded them in presenting the percentages of wine employees in para. 3.12 above.

Job Requirements

Work Experience

3.13 It did not seem that wine jobs were particularly demanding in terms of the length of “relevant work experience”, as over half (54.3%)³⁰ of them preferred no more than three years of such. The experience preference for 15.9% of all wine jobs was even less than one year. Not asked in the questionnaire, but in view of the recruitment difficulties and high vacancy rates discussed above, the preferred level of experience might have been lowered as appropriate to facilitate recruitment.

3.14 There might also be another reason why the preferred experience level was not higher. The survey allowed employers to decide what relevant experience was. Some might took relevance as prior work in similar positions in other industries; others the time spent in the wine industry beforehand. In the latter sense, it would not be surprising that a requirement of six years or more of relevant experience was least sought after (17.7%) as fewer people worked in the wine industry six years before the survey (i.e. late 2007). Para. 3.1 above is relevant.

Education Attainment

3.15 Neither was the wine industry more selective than others about level of general education attainment (as opposed to education on wine which would be discussed in para. 3.17 below). More than half (50.3%)³¹ of all FT wine positions preferred Secondary 4 to 7 education. Not on the same footing, but for reference the corresponding percentage was only 39.8% for the actual education attainment level for all FT employees of the economy as a whole (AEHS 2013). A similar comparison at the tertiary level was 33.5% (wine industry) vis-à-vis 34.7% (all industries). It followed that the wine industry’s requirements for the highest level of education attainment were lower than all industries taken together.

³⁰ The experience of 5.2% of all FT wine jobs was “unspecified” in the wine manpower survey. We have excluded them in presenting the percentages of wine employees in paras. 3.13 and 3.14 above.

³¹ The education level of 4.9% of all FT wine jobs was “unspecified” in the wine manpower survey. We have excluded them in presenting the percentages of wine employees in paras. 3.15 above.

3.16 Persons with senior secondary education formed – and would continue to form³² – the manpower pool in largest demand by all industries. From the competition perspective, it would be up to employers to consider whether to look out for persons with more advanced education background e.g. those with diploma / sub-degree (who might be in “over-supply” in the longer run according to the Government’s Manpower Projection³³). A higher level of general education attainment would also be in the interests of developing a better wine workforce.

Professional and Vocational Qualifications

3.17 How well employees were trained in wine-related knowledge would also affect the quality of the wine workforce. So far it was not very common for wine workers to have wine-related professional / vocational qualifications. A minority (38.0%) of all wine establishments had local employees with such qualifications. The proportion went down to 3.5% for overseas employees. The proportion did not improve much if we drew a line at the managerial and supervisory level. In terms of headcount, only 5.1% of all FT local employees possess such qualifications.

3.18 The situation varied among wine sectors. We attempt to group the sectors into four in order of their respective proportion of (i) establishments having local employees with wine-related professional / vocational qualifications and (ii) FT local employees having such qualifications –

- (a) specialist sectors of manufacturing and education: (i) 100% and 66.7% respectively & (ii) 50.0% and 46.3% respectively;
- (b) trading-related (external trading and domestic wholesale and retail): (i) 40.0% to 61.2% & (ii) 15.4% to 16.5%;

³² According to the Government’s Manpower Projection to 2022, embarked on in mid-2013, there would be a manpower shortfall of 94 100 at the upper secondary level in the target year.

³³ The Manpower Projection to 2022 projects a manpower surplus of 16 300 at diploma level, and 13 000 at sub-degree level (a surplus of 19 100 at sub-degree level in 2018 according to the Manpower Projection to 2018, compiled back in 2010).

- (c) servicing (restaurants, hotels and clubs): (i) 8.2% to 38.9% & (ii) 0.2% to 6.5%; and
- (d) logistics and finance: (i) 7.1% and 0% respectively & (ii) 2.5% and 0% respectively.

3.19 The situation was more uniform regarding the background of the wine-specific qualifications possessed by wine employees. The bulk (80.6%) of employees held qualifications awarded by one body of the United Kingdom. 14 other qualifications were quoted, awarded by local institutes or by Austria, Canada, France, the United Kingdom and the United States etc.

3.20 Incidentally, the need for overseas employees did not seem high despite the dealings with international partners in trading. Only 6.5% of all wine establishments hired from overseas, amounting to 1 244 of such staff. Given the business nature, most (76.2%) of these overseas employees were in the import trading sector. They were not in big demand possibly because, to a certain extent, our own wine workforce already had a wealth of experience in trading and were proficient not only in Chinese but in the English language for handling partners from different parts of the wine world. How well they were trained specifically about wine was to be discussed below.

Training

3.21 While the qualifications referred to in para. 3.19 above involved only four Hong Kong institutes, there were actually 98 course providers in town as reported in this survey. They spread over different wine sectors, not limited to the education and training field. For example, 31 wholesale establishments claimed to have provided wine training to the public. Apparently they ran the courses either as a side business or as value-added services to their core customers (as allowed under the laws governing provision of education and training).

3.22 The situation reflected the dynamic development of the market of wine education. Similar to wine businesses in general, the demand for wine training has increased significantly since the exemption of wine duty in 2008.

According to the CEDB's ad-hoc survey, there were only 12 education institutes in Hong Kong that offered wine-related courses in 2007. The quantum leap to 98 in 2013 represented more than an eightfold increase.

3.23 The enhanced vibrancy of wine education was also shown in the number of courses and training places. There were only 52 wine-related courses in 2007. It was increased to 193 in 2013. Comparing to 3 016 students registered in 2007, there were as many as 32 074 places offered in 2013.

3.24 There was also a big variety of course type and duration, from wine tasting and serving to storage and investment and from two to 200 hours and four to 24 months. Most of the courses were not exclusive, as 137 of the 193 courses were reported as targeting both industry practitioners and amateurs.

3.25 On course level, only a handful of courses (11) indicated their QF level. Among them, 10 claimed Level 3 and one claimed Level 4 which was broadly equivalent to the level of Associate Degree / Higher Diploma. Beyond that, there was only one course at the degree level (a Master's programme) as far as course titles were concerned. The small number of higher level courses might reflect the need for them at present but, for manpower development of the wine industry, more post-secondary courses in wine-related disciplines should be developed or provided.

3.26 Apart from the information summarised above, there was no information available to us on their design and content, not least teaching staff, facilities etc. The list of courses collated from this survey did not profess to gather such information, nor should be used for such purposes. There would be a need for a mechanism dedicated to wine courses, gathering more information on the increasing number of wine courses in the growing market to make sure they are quality assured and meet the needs of the industry.

Forecast for 2014

Manpower Demand

3.27 The wine industry expected, as at end of 2013, quite a sharp fall in manpower demand in a year's time. The forecast number of FT posts in total (47 216) for late 2014 would be significantly lower (20.7%) than the number of FT employment opportunities in late 2013 (59 527, comprising all employees and vacancies). The drop would still be as steep as 13.4% even if we only take into account the actual number of FT employees in 2013 (54 518).

3.28 Such a decline in FT manpower demand was seen across all job levels, largest for supervisors (22.9%) and smallest for clerical / operative support staff (18.7%). By sectors, the FT manpower requirements for all sectors would shrink except the following –

- (a) education and training sector was expected to rise by 8.8%, and recreation clubs by 3.8%; and
- (b) the export / re-export trading and manufacturing sectors were expected to keep the same number of employees.

3.29 The sectors forecast to have the largest fall in manpower demand were retail (38.2%), warehousing and transportation (27.0%) and import trading (25.2%). Other major wine sectors also subject to a double-digit decrease in manpower demand save for export and re-export trading.

3.30 If manpower demand forecast closely reflected business outlook, the wine employers concerned were generally pessimistic about the short term future at the time of the survey despite increasing demand for wine in the region in the mid-term as forecast by international research agencies³⁴. Their prevailing outlook would likely be influenced by the ongoing business environment. Official trade statistics showed that, in 2013, Hong Kong wine imports dropped 0.4% by value and 0.8% by volume year-on-year.

³⁴ For example the International Wine and Spirits Research forecast that Hong Kong wine sales would grow by 17.4% over the five years starting 2013, while China's wine consumption (including Hong Kong) is expected to grow 33.8% between 2013 and 2017.

While the drop was not large, the slowing down might cast a cloud on future business and hence a conservative manpower projection. Sectors along the supply chain were also affected and would expect to reduce their size of employment to different extent.

3.31 On the other hand, for re-exports performance in 2013, the year-on-year drop of 9.6% by value came alongside a growth of 2.3% by volume. As the latter might affect manpower needs more than the value of the transactions involved, the export / re-export sector maintained a neutral view about growth of manpower demand.

3.32 There were other factors affecting business outlook. Reasons quoted in the wine manpower study conducted in early 2013 were keen competition within the industry and uncertainties of the global, Mainland and local markets. These would be applicable to the various wine sectors to a certain degree, and help understand why hotels, restaurants and others foresaw a lower demand for employees.

3.33 Another reason that might underlie the forecast decrease of FT manpower need was a complementary increase in the employment of PT staff. That would be possible given the increasing reliance of the wine industry on part-timers (para. 3.4 above refers). Whether and how much would there be the increase remains unknown so far. Of course, there would be a limit as to how many more PT staff could be employed given their availability, their increase in salary that would follow a rising demand, as well as the need for training depending on the manpower structure and work nature of different sectors / businesses.

3.34 The forecast no. of employees for end 2014 amounts to a cut of FT headcount of 7 302. This would likely ease the vacancy challenges facing the wine industry (discussed in paras. 3.5 and 3.6 above). Whether any pressure might be created on unemployment / underemployment would be contingent on how many of the displaced workers would be absorbed by other industries. How far the forecast would be realised depends on the market forces in operation up to late 2014; and how far would recruitment become easier for wine employers depend on the factors discussed above including overall labour market situation, competitiveness of the income level of wine jobs, etc.

Training

3.35 Despite the expected fall in the number of FT positions by end 2014, more than one in every four wine employers (26.7%) would still be prepared to provide training for their staff or sponsor them for training in 2014. Employers in the following three sectors were keenest: recreation club (63.3%), warehousing and transportation (49.5%) and hotel (55.0%).

3.36 There would be as many as 90 057 training places, well exceeding the number of FT positions envisaged (47 216). As a rule of thumb, each FT position would have the opportunities for 1.9 places. The position / place ratio for the three job levels respectively would be 2.0 for managers, 2.7 for supervisors and 1.4 for clerical / operative support staff.

3.37 On type of training, more emphasis would be put on trade-specific skills vis-à-vis general skills in language, management etc as 60.3% of all training places would be for the former set of skills. These training seemed to be more informal ones, as the number of employees holding formal qualifications in wine would rise only to 11.0% in 2014.

3.38 The training needs identified above would serve useful reference for vocational education and training providers in planning for programmes. That would include the VTC, which will open a new International Culinary Institute from 2014-15 onwards offering programmes on wine pairing, sommelier training and other wine-related courses to school leavers, in-service personnel etc.