

Hong Kong Retail Management Association
Submission on
2015 Policy Address and 2015-16 Budget Consultation
30 December 2014

Executive Summary

The Association's recommendations on the Chief Executive's 2015-16 Policy Address cum Budget are highlighted in this Executive Summary.

I. Introduction

1. The Government has to devise immediate measures to tackle the aftermath impacts of the Occupy Movements, and to map out policy with practical measures to address the pressing needs of Hong Kong on economic and societal fronts.

II. Aftermath of Occupy Movements – Immediate Measures to Revitalize Hong Kong

2. The Government is suggested to consider the following measures to boost up the economy and assist the affected sectors as follows:
 - 2.1 Organizing festive events in the affected areas to stimulate traffics and sales;
 - 2.2 Providing special assistance to affected SMEs by either reducing, postponing or cancelling business expense such as rates, business license fee, and extending loans;
 - 2.3 Providing cash coupons to visitors to encourage their re-visit to Hong Kong;
 - 2.4 Redefining Hong Kong's international image by stepping up overseas promotions of the Hong Kong Tourism Board (HKTB) and the Hong Kong Trade Development Council and the like; as well as soliciting international mega events to be staged in Hong Kong; and
 - 2.5 Strengthening the HKTB's promotions and incentives to lure mainland visitors especially the overnight stay visitors under IVS and group tours.

III. Hong Kong's Competitiveness

3. The Government should try its utmost to uphold Hong Kong's competitiveness in the following areas:
 - 3.1 Upholding Hong Kong's unique advantages including the rule of law, free and open market, free flow of information and a business friendly environment and the like;
 - 3.2 Expanding Hong Kong's uniqueness and international characteristics to make us irreplaceable by other mainland cities and counterparts in the region;
 - 3.3 Curbing the rising cost of doing business by cut in profit tax to 15%, and business license fee, review on high credit card transaction fees and Octopus charges, as well as offer additional tax incentives to SMEs;
 - 3.4 Avoiding excessive regulatory measures and to adhere to proper legislation process by conducting Regulatory Impact Study (RIS) before law formulation;
 - 3.5 Implementing the Competition Ordinance and its guidelines with a practical and pragmatic approach by taking into considerations of Hong Kong's highly competitive environment and its long-valued free market practices in areas of vertical agreements, franchising, concession and consignment, and exclusive arrangements;
 - 3.6 Conducting an independent assessment on Hong Kong's future manpower requirements and to devise a holistic approach to combat the labour shortage challenges;
 - 3.7 Avoiding to regulate working hours which should be considered in the context of a macro policy on population and manpower development; and
 - 3.8 Maintaining the Government's fiscal health in view of a likelihood of a structured deficit in the years to come.

IV. Population Policy & Manpower Development

4. As Hong Kong will face labour shrinkage in 2018, the Government is advised to undertake the followings:
 - 4.1 Devising a population policy to cope with heightening challenges of an aging society, healthcare financing, talent development, public education whilst maintaining fiscal sustainability;
 - 4.2 Reviewing the Supplementary Labour Scheme and to make it flexible enough to assist sectors with acute labour shortage; and
 - 4.3 Nurturing a diverse pool of future talents by promoting vocational and technical training.

V. Retail & Tourism Development

5. The retail and tourism development is vital to Hong Kong's economic growth and we suggest the Government to consider the followings:

Lobbying the Mainland authorities to provide mainland visitors with preferential custom treatments

- 5.1 Granting special custom duty quota to mainland visitors who have purchased goods in Hong Kong at a more preferential terms than to those from other countries; and
- 5.2 Increasing the current duty-free limit for mainland visitors from RMB 5,000 to RMB 20,000 or higher.

Individual Visit Scheme (IVS)

- 5.3 Maintaining the Individual Visit Scheme (IVS) and to uphold Hong Kong's free port status and its hospitable culture; and
- 5.4 Implementing targeted measures to address the needs of day trippers and parallel importers such as setting up shopping facilities near border zones.

Diversify visitors' portfolio

- 5.5 Maintaining a healthy mix of visitors' portfolio by making Hong Kong a must see stopover for any visitors travelling to China or Asia;

- 5.6 Providing incentives for organizing international mega events in lifestyle areas such as sports, arts and films, and entertainments to attract more visitors; and
- 5.7 Organizing mega sales events in designated areas such as the cross-border zones with special appeals in selling discounted branded products to attract high spending visitors from the mainland and countries with high import tax.

Promote Hong Kong as a MICE destination

- 5.8 Stepping up efforts to expand the MICE tourism as it brings in visitors with longer stay and greater spending power, and to fend off the fierce competition from Singapore without further delay.

Strengthen international & regional connectivity

- 5.9 Enhancing the connectivity and ease of travel via Hong Kong especially to construct the third runway without further delay; and
- 5.10 Upgrading the peripheral facilities to maximize the positive benefits brought by the Hong Kong-Zhuhai-Macao Bridge, Kai Tak Cruise Terminal, and the road and express railway networks to China.

Continue the Government's retail policy support

- 5.11 Conducting a strategic study to assess the retail industry's long term competitiveness covering issues like manpower, retail space, IT expertise, warehousing, and service levels;
- 5.12 Supporting the retail development with policy funding on a continued basis to revitalize the industry with supply of new blood and enhanced efficiency; and
- 5.13 Promoting quality service training in cooperation with the industry and render financial assistance where applicable as there is a risk of dwindling retail service level.

Expand retail facilities & tourist reception capacity

- 5.14 Giving policy priority to expand retail facilities and tourist reception capacity by allocating additional land space and developing new tourist attractions; and

- 5.15 Speeding up the development of North Lantau Island as a new one-stop tourist and shopping hub due to its proximity to the airport and Hong Kong-Zhuhai-Macao Bridge.

Develop new warehousing space

- 5.16 Developing new warehousing space by exploring the feasibility to set up warehousing clusters in Zhuhai as the Hong Kong-Zhuhai-Macao Bridge will operate in 2016.

Retail education & training

- 5.17 Granting subsidies to employers and education institutes to develop QF-linked courses as the initial returns to such is minimal;
- 5.18 Promulgating benefits of retail QF and its application to a wider pool of employers by easing the accreditation process of in-house QF-linked courses developed by employers;
- 5.19 Giving extra resources to the education institutes such as the VTC to step up their promotion on retail training;
- 5.20 Suggesting the Education Bureau to proactively cooperate with the industry to organize activities and seminars for students, parents, school and career masters to deepen understanding on retailing; and
- 5.21 Bridging retail education to the DSE curriculum and tertiary level; while at the same time, promoting the prospect of technical and vocational training to young people.

Set up an agency to oversee retail & tourism development

- 5.22 Setting up a permanent agency to oversee the development of tourism, hospitality and retail industries so as to create a synergized growth engine for Hong Kong.

- END -