

Hong Kong Retail Management Association
Submission on
2016 Policy Address and 2016-2017 Budget Consultation
24 December 2015

Executive Summary

The Association's recommendations on the Chief Executive's 2017 Policy Address and 2016-2017 Budget Consultation are summarized in this Executive Summary.

I. Introduction

The Hong Kong economy and its retail industry are facing a number of heightened unfavourable factors, both external and internal, which will continue to interplay and impede growth in the time to come. The Association calls for the Government to address these issues with practical approach and measures in its forthcoming Policy Address and Budget.

II. Harnessing Hong Kong's Competitiveness

Avoid an Over-regulated Regime

2. Adopt an "appropriately proactive" approach in the Government's policies to fend off competition, and not to over-regulate but to promote greater efficiency, flexibility, incentives, and ease in doing of business;
3. Uphold competitiveness and efficiency in legislating, especially in a number of latest regulatory measures as outlined in this document;

MPF Offsetting Mechanism

4. Do not abolish the MFP offsetting arrangement and protect the interest of all stakeholders especially the SMEs when conducting review;

Standard Working Hours (SWH)

5. Do not pursue legislating hastily on SWH before a comprehensive study is conducted to identify the root cause of long working hours, situations in different industries, and options to promote work-life balance;

Statutory Minimum Wage (SMW)

6. Review SMW according to an “evidence-based” and “rational” approach, and take into considerations of the ripple effects since its implementation;

Conduct Regulatory Impact Assessment (RIA)

7. Adhere to a proper legislating procedure by conducting RIA for new and existing legislation; and introduce main bills with details and guidelines;

Ease Cost of Doing Business

8. Lower corporate profit tax to 15%; offer additional tax incentives to SMEs and reduce their business fees; and review high credit card transaction fees and Octopus charges;

Keep Government's Fiscal Policy Healthy

9. Maintain prudence in its fiscal policy and be mindful of anticipated scenarios of structural deficit in the coming years.

III. Sustaining Manpower Development

10. Attract, nurture, and retain local and overseas young talents, whilst promoting different industries and its opportunities on user-friendly platforms;
11. Consider importation of labor on a large-scale sector-specific approach to uplift the relatively ineffective Supplementary Labour Scheme;
12. Promote actively the prospect of technical and vocational training to young people so as to draw new blood into different industries.

IV. Stepping Up Tourism Development

Redefine Hong Kong's International Image

13. Evaluate the prospect of our tourism in the context of the latest domestic developments and international competition;
14. Redefine Hong Kong's uniqueness, its image and attractiveness by underscoring them vigorously on global arena;
15. Pursue a long-term development vision with well define strategies to rebrand Hong Kong;

Diversify Tourists Sources

16. Provide the Hong Kong Tourism Board (HKTB) with additional resources to pitch for high-end visitors, including MICE and cruise visitors;
17. Organize mega discount sales on branded products in certain selected areas, such as at the cross-border zones to attract high spending mainlanders and visitors from countries with high import tax;

Individual Visit Scheme (IVS)

18. Impose no further restrictions on the number of IVS visitors to Hong Kong, and lobby for opening up more cities with higher spending propensities;
19. Lobby the China authorities to grant preferential custom duty to goods purchased from Hong Kong, and raise mainlanders' current duty-free limit;

Step up Incentives to attract Mainland Visitors

20. Organize additional HKTB's mega campaigns with attractive privileges offered by related industries to lure both IVS and non-IVS mainland visitors;

Enhance International Connectivity

21. Uphold strong connectivity with ease of travel via Hong Kong, and speed

up the setup of peripheral facilities of key infrastructure projects;

22. Curb the deteriorating service level of Hong Kong International Airport and improve its aviation services and related land operations without delay;

Improve Tourist Reception Capacity & Services

23. Enhance tourist reception by uplifting retail space and facilities, hospitality infrastructure, manpower supply, and tourist check-points facilities;
24. Mobilize extra resources to synergize with the industry to promote quality service via training and related award schemes;

Develop New Tourist Attractions

25. Develop North Lantau Island as a new one-stop tourist hub in tandem with development projects in airport, Disneyland, Asia-Expo, and the Hong Kong-Zhuhai-Macao Bridge;
26. Render policy support to encourage the industry to develop innovative tourist products and services in the wake of ever changing travel trends;

Organize International Mega Events

27. Spearhead to lure more international mega events to be held in Hong Kong to highlight Hong Kong's advantages and differentiation.

V. Strengthening Retail Development

Adopt an Overarching Development Blueprint

28. Set up a cross-departmental unit to oversee and devise a long term overarching development blueprint for retail and related industries;

Retail Education & Training

29. Continue promotion strives on retail under its HK\$130 million allocation

for manpower development since 2014, including the Earn & Learn Pilot Scheme;

30. Provide subsidies and/or tax incentives to employers and educational entities to develop QF-linked courses especially at its start-up stage;
31. Ease the accreditation process for company's in-house QF-linked training;
32. Incorporate retail as a formal discipline in the secondary and tertiary education curriculum and strengthen promotion to relevant stakeholders;

Retail Space & Warehousing

33. Provide more retail space and diversify shopping clusters in land use planning so as to ease high rental in the long run;
34. Expedite the feasibility of establishing warehousing zones in Zhuhai by providing co-location of boundary crossing facilities between the two places.

VI. Driving Retail Innovation & Technology

Catch up with Mega Developments of e-Commerce in Retailing

The Government should pay attention to the following areas in regard to retail innovation and technology development:

35. Monitor the megatrends of omni-channel retailing, O2O integration (online to offline), and social media application, and their implications to retailers;
36. Assess the impacts of the latest development in innovation and technology on the overall competitiveness of the retail industry;
37. Provide support to Hong Kong's 65,000 retailers, who are mostly SMEs, to stay competitive by capitalizing on these e-commerce megatrends;

Capitalize on China's Enormous e-market Potentials

38. Assist Hong Kong retailers to tap into China's burgeoning and lucrative e-retail market;
39. Help Hong Kong retailers to position themselves for the rising trend of "Haitao" (海淘 i.e. 海外淘寶物), which enabling purchase of foreign goods online in the mainland by paying a much lower rate of about 10% of Import Tariff on Luggage and Personal Shipment (行李及郵遞品進口稅 or 行郵稅);
40. Inform Hong Kong retailers about the threats and opportunities of "Haitao"; and prepare them practically to face the challenges;

Pledge for Government's Forceful Policy Support

41. Devise policy support with funding to drive retail innovation and technology in the context of international megatrends, threats and opportunities in China's prospering e-retailing;
42. Consider setting up a cross-bureux taskforce to spearhead the proposed initiative in a holistic manner;
43. In respond to an invitation from Mr. John Tsang, the Financial Secretary in November this year, the Association will submit a proposal on the subject in due course under separate cover.

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