

Hong Kong Retail Management Association Submission on 2019 Policy Address

5 September 2019

Executive Summary

The Association's recommendations on the Chief Executive's 2019 Policy Address are summarized in this Executive Summary.

I. Introduction

1. The Association reiterates that the pivotal and immediate task of the Government is to swiftly restore law and order to the society, and stop any further damage to the city's stability and its international status by addressing the root cause of the protest.

II. Deteriorating Retail Market Prospect

2. Starting from June, majority of our member companies indicated that their sales loss has widened from single to double digit drop, and even more than 50% in August.
3. Some micro-enterprises and SMEs members indicated that there would be a high chance of drastic cost cutting in shops, including staff layoffs, or even go out of business.
4. The Association forecasts a double-digit drop in total sales value for whole year of 2019, and a high chance of recession for 2020.

Immediate Measures

III. Sustain Retail Business

5. The Association has written to the Financial Secretary on 20 August to call for the Government to address retailers' immediate hardships.
6. The Association reiterates that rental reduction would be the most effective and direct way to sail through this crisis; and that the Government must maintain its flexibility and alertness to help different sectors of the economy.

Mid to Long Term Measures

IV. Enhance Governance with Sincere Communication Strategy

7. The Government must set up a fair and open platform soonest to listen and respond to community needs and concerns.
8. The Government should demonstrate clear leadership and effective governance by revamping its communication strategy and should convey its vision and key messages with transparency and sincerity to the business sector and the public.
9. The Government should step up its digital strategies, such as the use of social media in connecting with the public.
10. A worldwide media campaign should be conducted on a continual basis so as to remedy the image of Hong Kong and to update international media and trade partners in a balanced and objective manner.

V. Improve Retail Business Operating Environment

11. The skyrocketing rent is the key challenge that Hong Kong retailers are facing. The Association urges the Government to set up some form of control mechanism on commercial rental for the retail industry to instate a power balance between landlords and tenants.
12. The Association urges the Government to consider aligning the commercial renting rules to that of the regulations governing sales of residential premises i.e. applying net lettable area concept in retail leasing contract.
13. The Government should also exercise some regulatory measures on retail related fees, such as the management fee, promotion fee, and air-conditioning fee via the proposed control mechanism.
14. The Government should be very cautious not to create any further unnecessary regulations and to help retailers, especially SMEs, cutting the compliance cost of doing business.

VI. Speed Up Retail Technology Adoption

15. The Association suggests the Government to commission an international consultant to conduct a digital readiness survey for Hong Kong and its industries so as to devise a holistic strategy to transform Hong Kong into a smart city.
16. With holistic policy support, the Government could mobilize resources and formulate strategies to develop Hong Kong's overall competitiveness in the new digital and technology era.
17. The Government should take up the key role in coordinating various IT-related statutory bodies to work together according to its master plan on technology promotion among different industries including retail.
18. The Government should speed up the set up of necessary IT infrastructure and relevant technologies while ensuring the protection of personal data and privacy.
19. Funding schemes for SMEs to enhance their IT should be streamlined. The Association suggests a one-stop funding solution for SME retailers and that the applications should be swiftly approved by officials with IT background.

VII. Support Retail Talent Development in Hong Kong

20. The Government must formulate a forward-looking master plan on future demand of human capital development, highlighting retail as a priority industry.
21. Retailers are facing a lack of young talent joining the industry. We urge the Government to adopt retail in the current education curriculum by setting up a retail management degree at major universities.
22. The Government should consider special arrangement on mobilizing retail talent across the Greater Bay Area (GBA) region.
23. The Government should relax the requirements on overseas and Mainland students to work while studying in Hong Kong.

VIII. Render Support to Retail Industry Re-branding

24. There is an urgent need for the Government to help uplift and rejuvenate the industry's image and to attract talent for its transformation.
25. The Association calls for a timely review of the Government's funding of \$130 million granted to the retail manpower development in 2014; and to enhance its overall policy support on retail rebranding strategy.
26. Additional resources and coordination from the Government is needed to change the mindset of parents, teachers, career masters and students to let them understand that the opportunities in joining the retail industry.

IX. Conclusion

27. The Association reiterates the importance for the Government to restore and maintain a healthy environment for businesses, and to resolve societal conflicts on housing, medical and education system.
28. The Association urges the Government to work closer together with the retailers to tackle the industry's heightened challenges.

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