



HONG KONG RETAIL MANAGEMENT ASSOCIATION

Submission on the Proposals on the Method for Selecting

the Chief Executive in 2017

8 May 2015

The Association supports the constitutional development of the HKSAR in accordance with the Basic Law. We appreciate the Government's effort to put forward the proposals on the method for selecting the Chief Executive (CE) by universal suffrage in 2017.

The Association had presented its views on (i) the Nominating Committee (NC) of the CE election, should its composition be derived from that of the current Election Committee (EC); and (ii) the Legislative Council Functional Constituencies elections; in its previous submission to the Government dated 24 April, 2014, which is annexed for reference in this document.

I. Balanced Representation in the Nominating Committee (NC)

1. We consider it is most important to actualize balanced participation of all sectors through balanced representation in the 2017 CE election. Only by a better balanced representation, it could ensure more balanced political and economic views and policies, which in turn would result in a more harmonious society that is essential to the healthy development for Hong Kong.
2. However, we regret to see the Government's current proposal that the 1,200-member NC would be composed in accordance with the 38 subsectors in the four sectors of the existing EC; and that the subsectors of the NC and the number of members of each subsector would remain unchanged. As a result,



it would be unable to achieve a more balanced representation of the subsectors, such as to enlarge the electorate base of the retail subsector.

3. Taking this opportunity, we would like to reiterate our stance in the context of the retail industry, which has been evidently playing as a key growth engine of the economy in the past decade.

II. Rising Contribution of the Retail Industry to Hong Kong

4. Apparently, the proposals do not appropriately reflect the importance and contribution of the retail industry, which has a significant rising contribution to the economy especially since the introduction of the Individual Visit Scheme (IVS) in 2003.
5. The latest statistic updates as follows demonstrate the retail industry has been fueling Hong Kong's robust growth, particularly in terms of creation of jobs, contribution to the GDP, and the growth of tourism in the past decades and more.
 - 5.1 Hong Kong's total retail sales value has increased by 185% in the past twelve years, from HK\$172.9 billion in 2003 to HK\$493.2 billion in 2014.
 - 5.2 The number of retail establishments registered an increase of 20%, from 55,114 in 2003 to 65,921 in 2014.
 - 5.3 The number of people employed in the trade increased by 25%, from 217,102 in 2003 to 271,533 in 2014.
 - 5.4 The retail trade contributed HK\$91,065 million in 2013, accounting for 4.3% of the total GDP in Hong Kong; which is a 250% growth when compared to HK\$25,017 million in 2003.



- 5.5 Since the introduction of IVS, the total number of inbound tourists increased by 292% from 15.5 million in 2003 to 60.8 million in 2014. With the sustained expansion of the inbound tourism, including the Mainland visitors, the retail sales revenue is expected to keep growing in the future.
6. The retail trade has been playing a pivotal role in providing advice to the Government on the formulation and implementation of a wide range of regulations and policies in recent years.

III. Under-representation of the Retail Industry in Current Electoral Systems

7. We regret that the current proposals put forward by the Government fails to address our concerns to achieve a more balanced representation of the subsectors, such as to enlarge the electorate base of the retail subsector.
8. Despite its growing importance to the economy, the retail industry is under-represented in the current electoral systems including the Election Committee's Wholesale and Retail Sub-sector, as well as the Wholesale and Retail Functional Constituency (FC) in the LegCo, when comparing to other subsectors.
9. To address the issues of under-representation and unfairness among electors in the subsectors for the CE election in 2017, we urge the Government to expand the representation of the retail trade in the relevant subsector of CE Nominating Committee, when its composition be derived from the current EC.
10. In parallel, the seat for retail sector at the LegCo should be increased from its current 1 to more seats; while at the same time allowing HKRMA to nominate and elect candidates from its members, same as the current practice of the Commercial FC and Industrial FC.



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11. We also urge the Government to reconsider various options to enhance eligibility of the HKRMA's registered voters whom are now all corporate based; despite the fact that the current Wholesale and Retail subsector allows coexistence of both individual and corporate voters.

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About HKRMA

The Hong Kong Retail Management Association (HKRMA) was founded in 1983 by a group of visionary retailers with a long-term mission to promote Hong Kong's retail industry and to present a unified voice on issues that affect all retailers. Established for 32 years, the Association has been playing a vital role in representing the trade, and raising the status and professionalism of retailing through awards, education and training.

Today, HKRMA is the leading retail association in Hong Kong with membership covering more than 7,800 retail outlets and employing over half of the local retail workforce. HKRMA is one of the founding members of the Federation of Asia-Pacific Retailers Associations (FAPRA) and is the only representing organization from Hong Kong. FAPRA members cover 17 Asian Pacific countries and regions.



Hong Kong Retail Management Association

Submission on Constitutional Development of the HKSAR

24 April 2014

1. Preamble

1.1 The Hong Kong Retail Management Association (HKRMA) supports the constitutional development of the Hong Kong Administrative Region (HKSAR) in accordance with the Basic Law.

1.2 According to the Basic Law, both the Chief Executive (CE) and the Legislative Council (LegCo) will be returned by universal suffrage “in accordance with the principle of gradual and orderly progress”.

Article 45 of the Basic Law stipulates that “The ultimate aim is the selection of the Chief Executive by universal suffrage upon nomination by a broadly representative nominating committee in accordance with democratic procedures.”

1.3 Regarding CE to be returned by universal suffrage in 2017, the HKRMA agrees to the consideration that “politically, the universal suffrage proposal should stand a reasonable chance of gaining majority support of the Hong Kong Community, securing passage by a two-thirds majority in the LegCo and receiving the approval or record by the National People’s Congress Standing Committee (NPCSC)”.

1.4 We also agree to the consideration that “in terms of actual operation, the electoral procedures should be practical and practicable, simple and easy to understand, convenient to voters in exercising their voting rights and conducive to manufacturing an open, fair and honest electoral system.”

With this principle appropriately applied in the electoral procedures, we expect the final candidates selected for CE election could possess high-standing credibility well recognized by Hong Kong people so as not to cause undue arguments and divisions in the community.



- 1.5 The HKRMA agrees to the decision of NPCSC in 2004 that any change relating to the current electoral methods “shall conform to principles such as being compatible with the social, economic, political development of Hong Kong, be conducive to the balanced participation of all sectors and groups of the society, being conducive to the effective operation of the executive-led system, being conducive to the maintenance of the long-term prosperity and stability of Hong Kong.”
- 1.6 Before universal suffrage is fully implemented, we understand that the LegCo Functional Constituency (FC) elections should continue to be an integral part of the electoral system in the HKSAR. The system should evolve, in particular, according to the balanced participation of all sectors and groups of the society.
- 1.7 Following the above, we consider it is important to actualize balanced participation through balanced representation in the 2016 and 2017 elections. A better balanced representation would ensure more balanced political and economic views and policies. This in turn would result in a more harmonious society which is essential to the healthy development for Hong Kong.
- 1.8 Accordingly, this submission focuses on the rationales of and recommendations for the expansion of representations of the retail trade and the role of the HKRMA in (i) the Nominating Committee of the CE election, should its composition be derived from that of the current Election Committee (EC); and (ii) the LegCo FC elections.

2. Rising Contribution of the Retail Industry to the Economy of HKSAR

- 2.1 Hong Kong’s retail trade has a significant, rising contribution to the economy since the past decade. It is evidenced by data from the Census and Statistics Department as elaborated in the ensuing paragraphs. (Appendix I refers)



- 2.2 Retail sales revenue has almost tripled in the past 11 years, risen from HK\$172.9 billion in 2003 to HK\$494.5 billion in 2013.
- 2.3 The number of retail shops registered 18% growth, from 55,522 in 2000 to 65,385 in 2013, with a majority are SMEs.
- 2.4 The number of people employed in the trade rose by 26%, from 212,666 in 2000 to 267,703 in 2013, which represents 9.8% of the total employment in the private sectors of the HKSAR.
- 2.5 In terms of contribution to the GDP, the retail trade contributed HK\$30,348 million in 2000 and HK\$83,315 million in 2012, representing an increase of 175% over 12 years. The GDP contribution was 2.4% in 2000 and 4.1% in 2012 respectively.
- 2.6 In light of the continued expansion of tourism, including arrival of more mainland visitors, retail sales revenue is expected to keep growing. With the introduction of Individual Visit Scheme (IVS) since 2003, the total number of inbound tourists increased by 250%, from 15.5 million in 2003 to 54.3 million in 2013.
- 2.7 According to the “Assessment Report on Hong Kong’s Capacity to Receive Tourists” released by the Government in December 2013, it is projected that visitor arrivals would exceed 70 million in 2017, which is a 28.9% increase over the number of visitors in 2013. By 2023, the total visitor arrivals will exceed 100 million, representing an 84.2% increase over 2013.
- 2.8 The retail trade plays a key role in giving advice and providing solutions to the Government in their formulation and implementation of a number of regulations and government policies over recent years. This was the case as shown by the Statutory Minimum Wage, the Environmental Levy on Plastic Shopping Bags, Nutrition Labelling, Export Control on Powdered Formula, Trade Descriptions (Unfair Trade Practices) (Amendment) Ordinance, and many more.



3. Under-representation of the Retail Industry in the current Electoral Design

- 3.1 The retail sector is under-represented in the current Wholesale and Retail FC composition arrangements. In 2013, the number of persons engaged in retail sector stood at 267,703, representing 81% of the total employment of the Wholesale and Retail Sub-sector (330,218 persons). In terms of establishments, retail constituted 82% (65,387 shops) of the total number of 79,867 shops. Similarly, in terms of GDP contribution, retail sector took up 82% of the Sub-sector share. (Appendix I refers)
- 3.2 Founded in 1983, the HKRMA is the most comprehensive representation of the retail trade in Hong Kong. It has about 500 company members with over 7,800 outlets, which cover employment of over 157,000 workers, or about 58.6% of the total retail workforce in 2013, or about 47.5% of the total workforce in the Wholesale and Retail Sub-sector.
- 3.3 Despite this substantial employment, the HKRMA members only constituted 132 out of 7,242 registered voters in 2012 for the Sub-sector. It is due to the fact that the Sub-sector allows coexistence of both individual and corporate voters, but the HKRMA is only allowed to have corporate registered voters.

CE Election in 2017

- 3.4 The HKRMA had 4 members (or 33%) represented in the Election Committee's Wholesale and Retail Sub-sector, out of a total of 12 seats in 2006. In 2011, when the EC expanded to 1,200 persons from 800 persons in 2006, the representation of HKRMA actually shrank by 16%, with 4 members reduced to 3, despite the total Sub-sector seats had increased from 12 to 18 seats.
- 3.5 To commensurate with the retail trade's growing importance and the prominence of HKRMA members in terms of workforce, we propose the Government to expand the representation of the retail trade and the



HKRMA in the relevant Sub-sector of the future CE Nominating Committee (NC) for the CE election in 2017, should its composition be derived from the current EC.

LegCo Functional Constituency Elections in 2016

- 3.6 We also urge the Government to conduct a comprehensive review of the eligibility specifications in the constituency to expand the Wholesale and Retail FC's overall representativeness in the LegCo. Should the total number of LegCo's FC seats be increased above the current 35 seats in the next election term, we consider that the Government should prioritize increasing the representation of the retail sector over others to reflect its rising significance in the economy.
- 3.7 Should the LegCo's seat for retail sector be increased from its current 1 to more seats, the arrangement for candidates to run for new seats should be similar to the current electoral arrangements for the Commercial FC and Industrial FC. That is to allow the HKRMA to nominate and elect candidates from among its members.

(Remark: The current Commercial FC allows one seat for The Hong Kong General Chamber of Commerce, and one seat for The Chinese General Chamber of Commerce, while the Industrial FC allows one seat for Federation of Hong Kong Industries, and one seat for The Chinese Manufacturers' Association of Hong Kong.)

- 3.8 On the other hand, should the total number of LegCo's FC seats be reduced in the next election term, we consider that the Government should prioritize retaining the retail sector's representation over others in light of its significant contribution in GDP and employment over the years.

Review Eligibility of Voters

- 3.9 In parallel, the Government should reconsider various options to allow representation of the HKRMA be enhanced, including, but not limited to, allowing multiple electors for a company, or imposing eligibility criteria



to a company in accordance with its sizes in outlet, staff, or economic contribution, etc. The crux is that the arrangement can reflect the special nature of retail business, and address the issues of under representation and unfairness among electors in the Sub-sector.

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About Hong Kong Retail Management Association

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Today, HKRMA is the leading retail association in Hong Kong with membership covering more than 7,800 retail outlets and employing over half of the local retail workforce. HKRMA is one of the founding members of the Federation of Asia-Pacific Retailers Associations (FAPRA) and is the only representing organization from Hong Kong. FAPRA members cover 17 Asian Pacific countries and regions.

HKRMA Submission on Constitutional Development of the HKSAR**Reference on Retail Statistics****Table 1: Retail Sales**

	2003	2013	2013 over 2003
Sales Value (HK\$ billion)	172.9	494.5	186%

Table 2: No. of Establishments

	No. of Establishments						
	Dec 2000	(%)	Dec 2006	(%)	Dec 2013	(%)	2013 over 2000
(A) Retail	55,522	79%	56,431	79%	65,387	82%	18%
(B) Wholesale	14,862	21%	14,857	21%	14,480	18%	-3%
Wholesale and retail (A) + (B)	70,384	100.0%	71,288	100%	79,867	100%	13%

Table 3: No. of Persons Engaged

	No. of Persons						
	Dec 2000	(%)	Dec 2006	(%)	Dec 2013	(%)	2013 over 2000
(A) Retail	212,666	76%	226,441	77%	267,703	81%	26%
(B) Wholesale	67,246	24%	66,578	23%	62,515	19%	-7%
Wholesale and retail (A) + (B)	279,912	100%	293,019	100%	330,218	100%	18%

Table 4: Value added to GDP by Wholesale & Retail (at current prices)

	GDP HK\$ (million)						
	Year 2000	(%)	Year 2006	(%)	Year 2012	(%)	2012 over 2000
(A) Retail	30,348	72%	39,408	74%	83,315	82%	175%
(% of total GDP in HK)	(2.4%)		(2.7%)		(4.1%)		
(B) Wholesale	11,986	28%	13,797	26%	18,151	18%	51%
(% of total GDP in HK)	(0.9%)		(0.9%)		(0.9%)		
Wholesale and retail (A) + (B)	42,334	100%	53,205	100%	101,466	100%	140%

Table 5: Visitor Arrivals

	Total Visitor Arrivals			Projected Total Tourist Arrivals*			
	2003	2013	2013 over 2003	2017	2017 over 2013	2023	2023 over 2013
Visitor Arrivals (million)	15.5	54.3	250%	70	28.9%	100	84.2%

* Projected by the Government in "Assessment Report on Hong Kong's Capacity to Receive Tourists" (Dec 2013)

Remarks

1. Data in Table 1 to Table 4 are obtained from the Census & Statistics Department.
2. Data in Table 5 are obtained from the Hong Kong Tourism Board.