

MALAYSIA RETAILERS ASSOCIATION
33rd ANNUAL GENERAL MEETING
On 14 May 2015

Agenda Item 2. PRESIDENT'S REPORT for 2014

Successes : Federation of Asia-Pacific Retailers Association (FAPRA) and Asia-Pacific Retailers Convention and Exhibition (APRCE)

MRA won the bid to host the 18th APRCE in 2017.

The scenario started in Turkey, October 2013 with the Heads of Delegations (HOD) Meeting where MRA was given the honour and mandate to register FAPRA in Malaysia. MRA then set the stage to host the FAPRA Executive Director (ED) Meeting in June 2014. Working hand in hand with Malaysia Convention & Exhibition Bureau (MyCEB) and Kuala Lumpur Convention Centre (KLCC), we showcased our great hospitality and fabulous food and of course, KLCC being voted the Best Convention Centre in Asia.

Next on, in conjunction with FAPRA Head of Delegates (HOD) Meeting in Manila in October 2014, MRA made a bid to host the 18th APRCE. In our bid presentation, we showcased Malaysia's retail scene growing from strength to strength in the past few years and we are proud that CNN Travel Survey has ranked Kuala Lumpur as the 4th Best Shopping City in the world and ranked 9th by research house A.T. Kearney. We also showcased why Malaysia, one of the world's most favorite destinations, renowned for its warm hospitality, multicultural melting pot, beautiful scenery and with a good, strong track record for staging national & international events is where all the delegates would want to be.

MRA aims to make 18th APRCE 2017 another world-class regional event to benchmark against. In this regard, we will be inviting world-class and global leaders in retail to be our speakers. We will also be promoting pre-and post-event tours.

This is the second time that MRA will serve as host. We first hosted the APRCE in 1995 through the efforts of all members led by industry stalwarts, Mr Pang Say Kong who was then the CEO of Parkson but has since retired, and Mr Chow Chee Ming, now lifetime adviser of MRA.

On this note, I would like to encourage you to register for the 17th APRCE 2015 which will be held from 28th to 30th October 2015 in Manila, Philippines. The Welcome Dinner and FAPRA Awards, one of the important event will be held on 1st day, 28th October 2015 and most important, the Official Hand Over Ceremony from Philippines (PRA) to Malaysia (MRA) will be on the 3rd day, 30th October 2015 in conjunction with their Gala Dinner.

In summary, 18th APRCE 2017 would be the platform for members of MRA to be continuously searching, learning, adapting and implementing the best practices from around the Asia-Pacific region and from other global organisations towards attaining

excellent performance and to keep a very close eye on the global trends shaping this very vital retail industry.

Awards : About "Service & Courtesy" Excellence Awards for Retailers

The 2014 "Service & Courtesy" Excellence Awards for Retailers Presentation Ceremony was held at the MRA 32nd Anniversary Dinner, which took place at the One World Hotel on 28 November 2014. Since 2003, the MRA has been organizing this Awards to give retail professionals with excellent service performance and to upgrade Malaysia's overall customer service standards .

To further enhance the Awards approach, the MRA Accreditation Programme would be revamped into a Mystery Shoppers Programme in the next couple of months.

On this note, we wish to inform that MRA is organising the "Customer Service Excellence Award" in recognition of retailer who has demonstrated outstanding achievements in providing quality customer service that distinguished itself from the rest of its peers and "Best Efforts In Social Responsibility Award" which recognises the efforts of retailer who have introduced, increased or sustained their efforts in being a socially responsible organisation in the areas of environment conservations, contributions to society, public education and etc.

Winner of these Awards will be nominated to vie for the FAPRA Award 2015 under the same categories, which was designed to honor retail companies with outstanding achievement on a Asia-Pacific standing. The Awards Presentation Ceremony will be held in conjunction with the 17th APRCE 2015 in Manila, Philippines.

Pursuing Retail Issues with The Authorities

1) Goods and Services Tax (GST)

As issues pertaining to GST implementation need to be highlighted and using effective approach for better solutions for the industry, GST Task Force Committee was then formed, with Mydin Mohamed Holdings Bhd, Datuk Wira (Dr.) Haji Ameer appointed as the Chairman. GST Task Force Committee has had various meetings with MOF, RMCD and MDTCC on related GST issues and solutions were deliberated upon for adoption.

In the monthly "GST Implementation-Working Committee Meeting" which was chaired by MOF and attended by RMCD, MDTCC together with other Associations and stakeholders, MRA has highlighted retail related issues to their attention, namely:

- Double Tagging
- Gift Rules
- Special Refund of Sales Tax on Stock
- Sales Tax Savings not passed by Suppliers to Retailers
- Allow usage of till refund slip for customers who are not registered

- Allow usage of current Stock Count Report to support stock loss
- Issue Self-billed invoice for consignment sales
- Shoppers Guide
- GST Treatment by service provided by B2B Commerce Sdn Bhd
- Issuance of Debit Note

In addition, MRA has also organized the following GST Infosharing for its members :-

- i) Various Hand Holding Programmes and Workshops on GST Compliance and Registration were held in Putrajaya and Kelana Jaya throughout the year 2014 and in Batu Pahat too.
- ii) "GST – Business Impact & Final Software Checklist" by YYC GST Consultants and Goldsoft
- iii) "GST @ 1 April 2015" by GST Task Force Committee together with MDTCC
- iv) "GST – Tourist Refund Scheme" by IRIS Global Blue TRS Malaysia Sdn Bhd

Notwithstanding, MRA has also have dialogues with YB Dato' Sri Hasan Malek, Minister of MDTCC on '**Inflationary Impact of GST on Cost of Goods**', with MOF on the '**Technical Assistance (TA) by the International Monetary Fund (IMF) on The Implementation of Goods and Services Tax (GST) in Malaysia**' and last but not least, with MOTAC, Ministry of Tourism and Culture Malaysia on Tourist Refund Scheme (TRS).

2) Music Royalty Collection on Performers

Music Royalty Collection for performers has become a major issue for MRA and its members.

Confusion arose when a 4th collecting agency known as PRISM (replacing PRISM Sdn Bhd previously parked under PPM) was licensed in 2013 to represent an overlapping group of performers. With that, we now have these 2 bodies, RPM and PRISM who represent the same category of rights ie recording performers' rights but are essentially 2 different groups of performers. PRISM has unilaterally set and demanded an additional and separate fee where users like you are not agreeable to pay these additional superfluous fees when there should only be 1 composite fee payable for the category of performers.

Therefore, on 4 June 2014, MRA organized a briefing by our jointly appointed solicitors together with other stakeholders, primarily Persatuan Pengurusan Kompleks Malaysia (PPK) and Malaysia Retail Chain Association (MRCA) to ascertain the situation.

Subsequently, and to further clarify the situation, on 10 July 2014, all the 4 music copyright bodies (ie Malaysian Authors Copyright Protection (MACP), Public Performance Malaysia SB (PPM), Recording Performers Malaysia Berhad (RPM) and Performers Rights And Interest Society of Malaysia Bhd (PRISM)) were invited to give presentations pertaining to the payment of music copyrights.

The main issues of contentions were as follows :-

- i) there are currently 2 licensing bodies (RPM & PRISM) who represent the same category of rights ie recording performers' rights.
- ii) since the 2 bodies represent 2 different group of performers, members now have to pay an additional fee which has become an additional financial burden.
- iii) the tariffs for the 2nd body (PRISM) are considerably above existing market rates and they have been employing strong arm tactics to enforce collection from retailers, malls and hotels.

A dialogue between stakeholders which included hotel owners/operators and the music business industry (ie radio stations etc.) was then organized on 4 September 2014 to discuss and look for solutions.

In view of the situation, a meeting was subsequently convened by the Ministry of Domestic Trade, Cooperatives and Consumerism (MDTCC) on 9 September 2014. This meeting has since decided to form a new joint committee comprising the relevant trade associations and music licensing bodies to address the current issues.

At the same time, since there was a need for government intervention, a Joint Memorandum was then submitted to the MDTCC on 9 September 2014, with the support of other like minded organizations as follows:

- Malaysia Retailers Association (MRA)
- Persatuan Pengurusan Kompleks Malaysia (PPK)
- Malaysia Retail Chain Association (MRCA)
- Malaysian Hotel Owners Association (MAHO)
- Malaysian Hotel Association (MAH)
- Malaysian Budget Hotel Association (MyBHA)
- Commercial Radio Malaysia (CRM)

The Memorandum sought the followings :-

- i) to streamline the current 2 collection bodies for performers (RPM & PRISM Bhd) into 1 single collection body which will represent ALL performers ie an independent performers' music copyright body. Performers' music copyright fees may then be paid to this single body who will re-distribute the appropriate dues to the bodies under them.

- ii) to limit performers' music copyright bodies to the current 2 bodies and not to license any additional bodies. This will greatly streamline and control operating costs for our industry as a whole.
- iii) to stay any impending action from both RPM and PRISM Bhd for the temporary non-payment of copyrights by our members.

Regret to report that after 5 months of meeting & deliberation, the last being held on 9 February 2015 where MyIPO was instructed to mediate for RPM & PRISM and to work out a solution by 17 February 2015, there has been no further notification of progress to date.

In the meantime, PRISM has resumed sending out letters of demand with threats of legal action. In addition, PRISM has also informed hoteliers that their royalty fees are to be donated to charity and representatives from the charitable bodies would be coming over to collect said fees.

All these abrupt and unilateral actions by PRISM have resulted in total confusion and anxiety amongst music users.

Most recent development taken by your Association was, on 1 April 2015, a Joint Press Conference on 'NO MUSIC DAY' has been convened by MRA, PPK Malaysia, MRCA and BB-KLCC Tourism Association to stop playing music on 6 April 2015 as a silent protest to create public awareness and to express our disagreement with PRISM actions.

3. With MDTCC

- **Dialogue Session On Profiteering With Industry – Enforcement of The Price Control and Anti-Profiteering Act 2011 During the Implementation of Goods and Services Tax (GST)**
This Dialogue was meant to clarify the regulation/mechanism of The Price Control and Anti-Profiteering Act 2011 during the implementation of Goods and Services Tax (GST).
- **Nomination as the Pricing Advisor for Session 2014/2016**
Datuk Wira (Dr) Hj Ameer Ali has been nominated to represent MRA as one of the Pricing Advisor for Session 2014/2016. This Advisory Board looks into pricing mechanism of goods.
- **Training on "User Guide to Online Cheap Sales Notice Application"**
MDTCC addressed and guided on the changes of system of 'Cheap Sales Notice Application' from manual to online. This changes is to speed up and ease the process of Cheap Sales Notice Application.
- **Discussion on NKEA Project of '1Malaysia Unified Sales'**

One of Government initiative is to have a mega sales which cover all sector of sales and services throughout the country.

- **Jawatankuasa Pemandu NKEA Pemborong dan Peruncitan Meeting 1/2014**

Discussion on 2014 NKEA Projects Implementation for the 12 Entry Point Projects (EPP).

- **Consultation With The Industry Pertaining Draft on Single Pricing Display Regulation 2014**

Single Price must be clearly stated and visible as a single price. It must be stated more prominently with information transparency if there are other optional charges that consumers may choose to pay.

- **Trade Descriptions (Goods Made From Any Part of Pig or Dog) Order 2013**

This Order comes into operation on 1 February 2014.

- **Meeting with Local and Foreign Hypermarket / Superstore / Departmental Store**

Discussion on the implementation of collaboration and cooperation programme by all the Local and Foreign Hypermarket, Superstore and Departmental Store to minimize the impact of price increase and the cost of living.

4. With MOF

- **Focus Group Meeting – “Managing Rising Cost of Living”**

Discussion in details on various current Economy and Country development issues.

- **Budget 2015 Consultation**

Budget 2015 Consultation with the following theme 'Accelerating Growth, Ensuring Fiscal Sustainability, Prospering the Rakyat' to channel the viewpoints and issues based on the theme.

5. With BNM

- **Engagement Session with Stakeholders on Payment Card Reform Framework**

With reference to revision of the Interchange Fees (IF) proposed by Bank Negara

- **Payment System Forum and Exhibition 2014, Theme : Payment Cards Acceptance**

To promote the acceptance of payment cards, in particular the domestic debit and contactless payment cards and to build public awareness and confidence on the use of payment cards.

6. With MOHA

- **Focus Groups Meeting on Safety and Security (FGSS) 1/2014**

Discussion on Outcome of Modern Policing Laboratory, Certified Security Guard (CSG) Initiative under NBOS 10, RMP excellent approach in reducing house break-in crime index and Private Sector Contribution and Cooperation Initiatives for National Safety and Security

7. With JPNIN

- **Focus Group Meeting in Conjunction with 'National Unity Slogan Campaign'**

We have some members providing the Unity Slogans and the slogan 'Retail Synergy Towards Unity' was chosen to submit in this event and MRA was invited to be the 'Partners In Unity'.

8. With KeTTHA

- **Green Technology National Conference, Theme : 'Greening the Grassroots'**

To create awareness and to culture and spread the Technology Development in Malaysia

Other Activities and Events in Year 2014

- Infosharing Session with Bank Negara and Ambank on '**Migration To Electronic Payments**' at Signature by The Hill – Restaurant @ The Roof, Bandar Utama in conjunction with Chinese New Year, Members-Get-Together.
- **Study Trip** to Penang : Visited Gurney Paragon, Gurney Plaza, Straits Quay, Invest-in-Penang Berhad and Suiwah Corporation Bhd (Northern Representative for MRA).
- Seminar on "**Navigating the New Retail Landscape**" with **Dr Alan Treadgold** at Connexion @ Nexus Bangsar South.
- Refresher Course on **Criteria of 2014/2015 "Retail Service & Courtesy" Standards of Excellence Accreditation Programme.**
- At request of MRA for members, MDTCC organized E-CSNA Workshop "**User Guide to Online Cheap Sales Notice Application**" – hand-on guidance on the changes from manual to e-application of Cheap Sales Notice at MDTCC, Putra Jaya.

- **'SMEs/Entrepreneurs- Unlocking Your Potential to Grow'** co-organized by MRA to be a platform bridging local businesses and enterprises with Government offices and large enterprises in the region through networking session.
- MRA's **Quarterly Retail Sales Survey 2014** – reports were shared with participating members.
- MRA's **32nd Anniversary Dinner** at One World Hotel, Bandar Utama.
- **Tea Reception in Kuala Lumpur, Malaysia** organized by Hong Kong – Malaysia Business Association (HKMBA) to promote trade and business opportunities between Hong Kong and Malaysia.
- **Business Excellence CEO Forum 2014** by The Malaysia Productivity Corporation (MPC) to provide avenue for the expert to share their insights and experience highlighting to managing their business excellence journey.
- **Malaysia Business Events Week 2014 – 4th Associations Dialogue & 5th Successful Conference Planning Seminar** by MyCEB as part of their commitment to further strengthen Malaysia's Association sector.
- **Consultative Panel Discussion on Goods and Services Tax (GST) For Trade Associations and Other Not-For-Profit Organisations and The Way Forward for the Implementation of GST in Malaysia** by Socio-Economic Research Centre (SERC) on 11 July 2014 to share views on the way forward for the implementation of GST in Malaysia from non-technical socioeconomic aspects, drawing from lessons learned from other countries such as Australia, New Zealand, Singapore, South Africa and UK.

Looking forward 2015 :

In the next couple of days the series1 of GST Clinic on Human Resource and Accounting matter will be taking place at MRA. It will be an interesting and dynamic interactive dialogue session, lead by Mr Wan Leng Whatt, ex-Deputy Director of Royal Malaysian Customs Department.

Mall visits will also be in the pipeline as we have been invited by Freeport A'Famosa Outlet Village, Melaka and Avenue K, Kuala Lumpur, to arrange day visit for MRA members. Arrangement is being made and we hope you can join the mall visiting trip to learn and evaluate new business location for your company.

Moving forward in the month of June, under MRA's "Driven by Technology" we will be arranging with Tapway Sdn Bhd a session on "Grow your business with Customer Relation Management and Analytics via Technology" and a "Digital Marketing Workshop" with Spiral Vibe on update of latest digital marketing trends and media, technologies and strategies to understand more on consumer behavior.

MRA will be in collaboration with MAHSA University, on "Retail Work Skill Program" whereby students after completing the program will be able to join retail industry workforce of MRA members. Therefore, it will be a benefit for MRA members to recruit these new talent pool of students.

Compiled by MRA Secretariat as of 13 May 2015.