

LCQ7: Number of visitor arrivals to Hong Kong and Hong Kong's capacity to receive them

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Following is a question by the Hon Gary Fan and a written reply by the Secretary for Commerce and Economic Development, Mr Gregory So, in the Legislative Council today (March 18):

Question:

Hong Kong's capacity to receive visitors is at bursting point as the number of visitor arrivals to Hong Kong exceeded 60 million last year. Among them, mainland visitor arrivals were as many as some 47 million, accounting for about 78 per cent of the total visitor arrivals. The huge influx of visitors to Hong Kong in recent years has seriously affected the daily lives of Hong Kong people. On February 24 this year, the Chief Executive (CE) told the media that the Government of the Hong Kong Special Administrative Region (SAR) was fully aware of the pressure put on the daily lives of Hong Kong people by the increased number of visitors, and would continue its discussions with the Central Authorities to see if there was room for tightening the Individual Visit Scheme (IVS) and the policy on issuing one-year multiple-entry Individual Visit Endorsements (multiple-entry endorsements) to Shenzhen permanent residents, so that the trend of natural growth of mainland visitors to Hong Kong could be put under control. However, after meeting the relevant officials in Beijing on the 6th of this month, CE indicated that the need of mainland residents to visit Hong Kong should also be taken into account. Regarding the number of visitor arrivals to Hong Kong and Hong Kong's capacity to receive them, will the Government inform this Council:

(1) as the Mayor of the Shenzhen Municipal Government recently remarked that mutual respect was the premise for the policy on multiple-entry endorsements, whether the SAR Government has to take into account the views of the Shenzhen authorities when it discussed the tightening of the policy on multiple-entry endorsements with the Central Authorities, and whether the prior consent of the Shenzhen authorities is required for amending the policy;

(2) as it has been reported that last month, the Central Authorities delegated the power of vetting and approving immigration documents of mainland residents from the public security authorities at the municipal level to those at the county level, and at present, residents of 49 mainland cities may visit Hong Kong under IVS, whether the SAR

Government is able to obtain from the mainland authorities instant data about the endorsements issued by the public security authorities at the county level, so as to facilitate discussion with the mainland authorities the adjustment of the number of endorsements to be issued in the near future, and to study in the long run the setting up of a mechanism to allow the SAR Government to take part in determining the number of IVS endorsements to be approved;

(3) given the remarks made by CE on the 6th of this month that the SAR Government should strike a balance between Hong Kong's receiving capacity and the number of visitors to Hong Kong, and yet the average length of stay of overnight visitors has reduced from 3.6 nights in 2011 to 3.3 nights in 2014, whether the authorities have assessed the causes for the shortening of the average length of stay of overnight visitors, as well as its impact on Hong Kong's capacity to receive visitors, such as on the demand for hotel rooms, and set specific targets for the number of hotel development projects in the future;

(4) of the information on the hotel projects approved by the Building Authority in the past three years, and set out such information according to Annex 1;

(5) given that the Assessment Report on Hong Kong's Capacity to Receive Tourists published by the Commerce and Economic Development Bureau in January 2014 did not assess the social costs of receiving visitors borne by SAR (such as the impact of parallel traders on Hong Kong people), whether the authorities will prepare another assessment report within this year, having regard to the latest visitor statistics and the increasingly serious problem of parallel trading activities; and

(6) whether it will formulate measures within this year to reduce the number of IVS visitors, including requesting the mainland authorities to modify the arrangement for issuing "multiple-entry endorsements", in order to mitigate the impact of visitors on the daily lives of Hong Kong people?

Reply:

President,

The HKSAR Government attaches great importance to the long-term and healthy development of Hong Kong's tourism industry. At the same time, we understand the community's concern about the impact of the continuous growth in visitor arrivals on

people's livelihood. The Chief Executive announced in September 2012 that the relevant Mainland authorities would liaise and work closely with the HKSAR Government to ascertain the receiving capacity of Hong Kong before considering implementing multiple-entry Individual Visit Endorsements for non-permanent residents of Shenzhen, and arranging the orderly issuance of exit endorsements for non-permanent residents in six cities. Moreover, the HKSAR Government finished the assessment on Hong Kong's capacity to receive tourists in late 2013, and is now making great efforts to enhance Hong Kong's capacity to receive tourists along the recommendations in the assessment report, including the expansion of the two theme parks, the commissioning of the second berth of the Kai Tak Cruise Terminal, etc. We will also continue to adopt a multi-pronged approach to increase the supply of hotel rooms.

Our replies to the questions raised by the Hon Gary Fan are as follows:

(1, 2 and 6) Taking into account the community's continued concern about Hong Kong's capacity to receive tourists, the Chief Executive indicated in April 2014 that the HKSAR Government was looking into ways to adjust the growth in visitor arrivals and their composition, and would announce the outcome as soon as possible upon discussion with the Central Government and relevant Mainland authorities. The HKSAR Government met with the Hong Kong and Macao Affairs Office of the State Council in June 2014 and relayed different views of the Hong Kong community on the Individual Visit Scheme (IVS) to the Central Government. The Chief Executive also continued to discuss with the Central Government during the National People's Congress and Chinese People's Political Consultative Conference in Beijing in early March.

The IVS, as well as the processing and approval of applications for exit endorsements, fall within the policy remit of the Mainland, involving the Central Government as well as provincial governments. The HKSAR Government will continue to liaise and exchange views with the Central Government and relevant Mainland authorities, and the Central Government will handle this in accordance with its mechanism.

(3) Underpinned by the continuous growth in visitor arrivals, the average occupancy rate of hotels in Hong Kong stood high in the past decade, and the hotel occupancy rate was about 90 per cent in 2014. The total number of overnight visitors for Hong Kong still registered a growth, though the average length of stay of overnight visitors slightly

edged down last year due to the slight drop in the length of stay of Mainland overnight visitors last year as compared with three years ago. As the demand for hotel rooms from the overnight visitors is expected to remain keen in the years ahead, the Government would continue to adopt a multi-pronged approach to encourage investors to build hotels of different types. Overall speaking, it is estimated that there will be a number of hotel projects coming on stream in the coming years and the total number of hotel room supply will increase to around 84 000 in 2017.

Nevertheless, the demand and supply of hotel rooms have always been market-driven. In deciding and adjusting the development plan and pace of the hotel construction works, developers will take into account various factors including the prospective growth of visitor arrivals, economic outlook, business environment of the hotel industry and the projection on business receipt, etc. The Government will continue to keep a close watch on the demand-supply situation in the hotel market to ensure healthy development of the tourism industry.

(4) According to the information provided by the Buildings Department and the Hong Kong Tourism Board (HKTB), as at end 2014, there have been 40 hotel projects approved by the Building Authority in the past three years (i.e. 2012 - 2014). Details are set out at Annex 2.

(5) The Government announced the assessment report in early 2014, and had assessed relevant tourism facilities at that time. We will continue to closely monitor Hong Kong's situation in different areas, including visitor arrivals, relevant industries (e.g. retail, food and beverage services and hotel industries, etc.) and the receiving capacity of individual districts, etc.

The HKSAR Government is very concerned about the nuisance of parallel trading activities caused to the daily lives of residents. The relevant law enforcement agencies have implemented a series of measures to improve order at railway stations and boundary control points, so as to uphold the daily lives of our residents. The Government will continue to take targeted measures and enhance co-operation with relevant Mainland authorities to combat parallel trading activities.

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