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LEGCO QUESTION NO. 4

(Oral Reply)

Asked by : Hon LAU Kong Wah

Date of meeting : 17 May 2006

Replied by : Secretary for Economic
Development and Labour

Question

With regard to Mainland tourists visiting Hong Kong, will the Government inform this Council:

- (a) Of the respective numbers of Mainland tourists to Hong Kong during the Chinese New Year and May 1 "golden week" holidays this year and, among these tourists, the respective numbers of those who travelled individually and those who travelled in tour groups, as well as how such figures compare to those for the past two years;
- (b) How Hong Kong's hotel room prices during the above two festive periods compare to those for the corresponding periods last year, and whether it has assessed the correlation between hotel room prices and the number of tourists from the Mainland; and
- (c) Of the numbers of complaints lodged by Mainland tourists received by the relevant authorities in each of the past two years and in the first four months of this year respectively, about being compelled by local tour guides to buy goods or dishonest marketing practices of shop operators, etc, together with a breakdown by the subject matter of the complaints, and whether the authorities concerned have any new measures to curb such practices?

Reply

Madam President,

(a) & (b) During the Chinese New Year Golden Week this year, Hong Kong received some 562,000 Mainland visitors, a new record for Golden Week arrivals. It represented an increase of nearly 20% compared to the same period last year. The growth of Individual Visit Scheme (IVS) visitors was particularly strong, at 30.8%. IVS visitors and group tour visitors accounted for 59.1% and 12.7% of the total Mainland visitor arrivals respectively.

As to the Labour Day Golden Week this year, we received some 415,400 Mainland visitors. Compared to the same period in 2005 and 2004, there was an increase of 6% and 11.3% respectively. IVS visitors and group tour visitors accounted for 54.9% and 7.5% of total Mainland visitor arrivals respectively. According to past experience, the Labour Day Golden Week recorded fewer Mainland visitor arrivals amongst the three Golden Week holidays each year.

These figures reflect that Hong Kong remains attractive to Mainland visitors. As the Individual Visit Scheme (IVS) becomes more popular, the share of IVS visitors has increased to more than half of the total Mainland visitors while the proportion of group tour visitors decreased correspondingly. This shows a change in the travel pattern of Mainland outbound tourists. The "Golden Week effect" is expected to diminish gradually. Taking the visitors from Guangdong province as an example, they prefer to visit Hong Kong during normal weekends so as to avoid the crowd and the surcharges for peak seasons. In March and the first two weeks of April, during which there were no major holidays, the number of Mainland visitors increased by 20% and 15% respectively compared with the same periods last year. On the other hand, the number of countries granted the "Approved Destination Status" by the Mainland has increased substantially from 14 in 2000 to 81 in March 2006, providing more destination choices for Mainland visitors. Hong Kong therefore faces more competition for Mainland visitors from other destinations.

The detailed numbers of Mainland visitor arrivals during the Chinese New Year and Labour Day Golden Week holidays this year and comparison with the corresponding periods in the previous two years are at Annex for Members' reference.

As to the hotel room rate, according to the Hong Kong Hotels Association, the average room rates during the Chinese New Year and Labour Day Golden Weeks increased by 13.5% and 15% compared to the corresponding periods last year. The adjustment of hotel room rates during peak season reflects the market demand and supply situation. The rates of increase were comparable to the peak season of previous Golden Weeks. Judging from the increase in arrival figures during the Chinese New Year and Labour Day Golden Weeks this year, hotel room rates did not have a significant impact on the number of Mainland tourists visiting Hong Kong. However, in the face of keen competition from other tourist destinations, it is necessary for the hotel industry to enhance its competitiveness.

- (c) According to the Travel Industry Council of Hong Kong (TIC), the breakdown of the number of complaints received from inbound group tour visitors in the past two years and in the first four months of this year in respect of shopping is as follows –

	Complaints concerning shopping
2004	437
2005	473
Jan – Apr 2006	233

Source: Travel Industry Council of Hong Kong

Complaints by tourists received by the Consumer Council (CC) in the past two years and the first four months of this year concerning sales practice are set out below –

	Tourists' complaints concerning sales practices
2004	633
2005	765
Jan – Apr 2006	246

Source: Consumer Council

To safeguard the consumer rights of group tour visitors in shopping arranged by travel agents in Hong Kong, the TIC has implemented the “14 Days 100 Percent Refund Guarantee Scheme” since February 2002. According to TIC’s requirements, travel agents need to pre-register with the TIC those shops which they would take their visitors for shopping. They can only take their visitors to the “registered shops”. At the same time, these “registered shops” must comply with the “14 Days 100 Percent Refund Guarantee Scheme”. If group tour visitors make purchases at these shops as arranged by the travel agents, and are dissatisfied with the purchases and wish to return their purchases, the shops need to provide 100% refund to tourists, provided that (a) the purchased goods are undamaged and returned with the original packaging; and (b) the request for return is made within 14 days after purchase.

In order to improve the “14 Days 100 Percent Refund Guarantee Scheme” and enhance consumer protection for inbound group tour visitors on shopping arranged by travel agents, the TIC launched the “Demerit System for Registered Shops” in April 2005 to give demerits to registered shops for breaches of pledges they made to the TIC on shopping arrangement. Once a certain threshold of demerits is reached, the TIC will suspend or revoke the registration of the shops. According to TIC’s requirements, travel agents are not allowed to take their tour groups to shop at these establishments if their registration was suspended or revoked.

If a local travel agent is found to have breached TIC’s directive or Code of Conduct on shopping arrangements, it could be either

warned or fined by the TIC. For repeated and serious cases, the travel agent's membership with the TIC may be suspended or revoked, which may also lead to suspension or revocation of its licence by the Registrar of Travel Agents.

The TIC has promulgated the Code of Conduct for Tourist Guides (the Code) in 2003, giving guidelines on the practice and professional ethics of tourist guides. The Code covers the principles governing shopping activities which stresses that tourist guides shall not allow their service attitude be affected by visitors' unwillingness to purchase or the value of their purchases. Further, it is also the responsibility of tourist guides to let the visitors understand their consumer rights, for example, the visitors should be briefed on their rights enjoyed under the "14 Days 100% Refund Guarantee Scheme" before arranging tourists to visit the shops. Non-compliance of the Code will be penalized by the TIC and repeated offenders may have their Tourist Guide Pass revoked or the application for the Pass rejected. The travel agents they are working for will also be warned or fined; serious non-compliance cases may lead to revocation of a travel agent's membership with the TIC.

To help visitors to easily recognise reliable retail shops and restaurants, the Hong Kong Tourism Board (HKTB) will continue to enhance its promotion on Quality Tourism Services (QTS) Scheme. The accredited shops under the Scheme have to meet stringent assessment standards in order to ensure the attainment of service excellence. To further protect the consumer rights of tourists, the HKTB will expand the QTS Scheme to other tourism-related industries and raise awareness in major visitor source markets.

Besides, to further enhance visitor and consumer confidence for shopping in Hong Kong and strengthen Hong Kong's reputation as a "Shopping Paradise" for genuine products, the Intellectual Property Department has launched the "No Fakes" Pledge System since 1998. The System aims to establish and uphold honest and trustworthy trading practices, which help consumers to distinguish honest and reliable merchants.

The Government will continue to monitor the trend of complaints received from tourists. We will work closely with the CC, the HKTB and the travel trade to enhance consumer protection for visitors.

- End -

Periods	Mainland visitors	Individual visitors	Group tour visitors
2006 Chinese New Year (27 Jan to 5 Feb)	562,350	332,463 (59.1%)	71,220 (12.7%)
Compared to 2005	469,039 +19.9%	254,217 +30.8%	67,482 +5.5%
Compared to 2004	409,933 +37.2%	160,182 +107.6%	49,593 +43.6%
2006 Labour Day (29 Apr to 8 May)	415,446	227,624 (54.8%)	31,349 (7.5%)
Compared to 2005	391,992 +6.0%	203,506 +11.9%	34,328 -8.7%
Compared to 2004	373,263 +11.3%	149,825 +51.9%	34,981 -10.4%

Source: Immigration Department

Figures in () represent the percentage of the total Mainland visitors