

LCQ3: Tackling problems brought by increasing number of visitors to Hong Kong

Following is a written reply by the Secretary for Commerce and Economic Development, Mr Gregory So, to a question by the Dr Hon Lam Tai-fai in the Legislative Council today (May 28):

Question:

The Government forecast that annual visitor arrivals would surpass 70 million in 2017 and over 100 million in 2023. I have learnt that, in March this year, officials from the Central Government requested the Hong Kong Special Administrative Region Government to conduct a study on Hong Kong's capacity to receive visitors and ways to enhance such capacity. As some members of the public staged earlier on protests against mainland visitors under the Individual Visit Scheme (IVS), which deepened the conflicts between Hong Kong and mainland residents, and the number of mainland visitors visiting Hong Kong during this year's Labour Day Golden Week holidays dropped by 1.7 per cent as compared to that of last year, the first decline since the implementation of IVS, the tourism industry is worried about the prospect for tourism. In this connection, will the Government inform this Council:

(1) whether it has assessed how the various facilities and services of Hong Kong can cope with the visitor arrivals which will surpass 70 million in 2017 and will be as many as 100 million in 2023; if it has assessed, of the results; if not, the reasons for that;

(2) of the details of the requests made by the aforesaid officials from the Central Government; which bureaux/government departments or government officials are responsible for taking relevant follow-up actions and preparing the relevant report, and when the follow-up actions are expected to be completed; when it will submit the report to the Central Government and make the report public;

(3) whether it has assessed, with the continued growth in the number of mainland visitors to Hong Kong, if the conflicts between them and the Hong Kong residents will be intensified and the grievances of Hong Kong residents will be exacerbated; if it has assessed and the outcome is in the affirmative, of the mitigation measures put in place by the authorities; if not, the reasons for that;

(4) whether the authorities have taken any follow up action in respect of the series of recent incidents of harassment of mainland visitors by some local residents; if they have,

of the latest progress; if not, the reasons for that;

(5) whether it has assessed the impacts of the growth in mainland visitor arrivals on Hong Kong in terms of (i) immigration control and (ii) environmental hygiene; if it has assessed, of the outcome; if not, the reasons for that;

(6) as a Member of the Executive Council has remarked that crowdedness in compartments of public transport is a result of the increase in working population rather than the increase in the number of IVS visitors, whether the authorities will reassess the pressure on the service capacity of local public transport brought about by the growth in the number of mainland visitor arrivals and by the increase in working population respectively, and formulate corresponding measures;

(7) whether it has assessed the impacts of the continuous growth in mainland visitor arrivals on (i) the inflation rate and (ii) rentals of retail shops in Hong Kong; if it has assessed, of the outcome; if not, the reasons for that;

(8) whether it has assessed (i) the reasons for the drop in the number of mainland visitors to Hong Kong during this year's Labour Day Golden Week holidays and its impacts on Hong Kong in terms of the following aspects, (ii) the overall economy, (iii) the unemployment rate, (iv) the business turnover of the retail industry, (v) the business turnover of the catering industry, and (vi) the hotel occupancy rate; if it has assessed, of the outcome; if not, the reasons for that;

(9) whether it has discussed with the mainland authorities on the feasibility of resuming the issuance of "one-entry permits" to mainland residents to replace the one year multiple-entry IVS endorsements (multiple-entry permits); if it has, of the details; if not, the reasons for that;

(10) of the latest progress of the authorities' study on the feasibility of building major shopping facilities in areas close to the boundary, as well as the expected completion time of such facilities; and

(11) as the authorities have indicated that they will develop new tourist attractions in various districts in collaboration with the 18 District Councils (DCs) to divert visitors, of the latest progress of such initiatives, including (i) the DCs with which discussions are under way, (ii) the DCs that have completed the planning for new tourist attractions, and (iii) the completion dates for the new tourist attractions?

Reply:

President,

The HKSAR Government is aware of the public concerns about the impact of continuous growth in visitor arrivals on the livelihood of the community. In September 2012, the Chief Executive announced 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. The HKSAR Government has also comprehensively assessed Hong Kong's capacity to receive tourists, and completed the Assessment Report on Hong Kong's Capacity to Receive Tourists (Assessment Report) at the end of last year.

Our replies to the questions raised by Dr Hon Lam Tai-fai are as follows:

(1), (5) and (7) The Assessment Report completed by the HKSAR Government at the end of last year projected that visitor arrivals would be over 70 million in 2017, and used it as the basis to assess Hong Kong's capacity to receive tourists in the medium term. The areas taken into account included the handling capacity of boundary control points, capacity of tourism attractions, receiving capacity of hotels, carrying capacity of public transport network, impact on the livelihood of the community, and economic impact, etc.

Facing the continuous growth in visitor arrivals, the Assessment Report recommended that Hong Kong should enhance the capacity to receive tourists in different aspects. Along the recommendations in the Assessment Report, we are currently working on various fronts to enhance our capacity to receive tourists. First of all, we endeavour to increase the supply of hotel rooms, including actively identifying ways for the gradual release of the six sites facing Victoria Harbour within the "hotel belt" adjacent to the Kai Tak Cruise Terminal to the market starting from the end of next year. Also, the hotel project at the Murray Building site has been successfully tendered. Upon commissioning, this hotel, together with the Ocean Hotel in the Ocean Park and the third hotel in the Hong Kong Disneyland, will provide a total of over 1 500 rooms. Second, on tourism facilities, the Ocean Park Corporation will develop an all-weather indoor cum outdoor waterpark at Tai Shue Wan. It is expected to be

completed in 2017. The Hong Kong Disneyland will also build a new themed area based on the "Iron Man Experience". The terminal building and the first berth of the Kai Tak Cruise Terminal came into operation last June. The second berth is planned to be commissioned this year.

As for the more long-term planning, we will actively plan for the development of the "Kai Tak Fantasy" and Lantau into specialised tourism clusters to attract the high value-added visitor segments.

At the same time, we will strengthen the promotion of tourism offerings in different districts, so as to offer more choices to visitors and to alleviate congestion at traditionally popular tourist areas. We also hope to broaden the overall economic benefits brought about by the tourism industry to all Hong Kong residents through encouraging visitors to explore, visit and spend in different districts.

As regards the handling capacity of boundary control points, the Immigration Department and the Customs and Excise Department will implement various measures flexibly, including the enhancement of existing facilities of control points, the flexible deployment of manpower, the streamlining of workflow and the further use of information technology so as to enhance its handling capacity for passenger throughput.

As regards environmental hygiene, the Food and Environmental Hygiene Department (FEHD) has enhanced cleansing services for streets and public toilets at popular tourist spots. Besides, through FEHD's website as well as display and distribution of publicity posters and leaflets to visitors at boundary control points, tourists will be provided with information about various toilet facilities that are open to the public at popular tourist spots. FEHD will also call for concerted efforts to upkeep environmental hygiene in Hong Kong.

Also, according to the analysis done by the Economic Analysis and Business Facilitation Unit, inflation in Hong Kong eased in recent quarters, mainly reflecting the modest external price pressures and the continued feed-through of the slower private rental increase. Domestic cost pressures are also stabilising gradually. While it is difficult to assess the impacts of the change in tourist arrivals on Hong Kong's inflation, the HKSAR Government will closely monitor the inflation situation and its impact on the people's livelihood.

The movement in rentals of retail shop space bears close relations with the

performance of the retail trade industry. During 2009 to 2013, retail sales surged by a sharp 61% in volume terms, and rentals of retail shop space by a cumulative 42%. In tandem with the slowdown in growth of total retail sales volume over the past year, rentals of retail shop space also saw decelerated increases.

The HKSAR Government understands that steady and adequate supply of commercial land is crucial to promoting the long-term economic development of Hong Kong. In the past three financial years (i.e. 2011-12 to 2013-14), the Government sold 13 commercial/business sites and six hotel/mixed development sites, capable of providing over 530 000 square metres of commercial floor area and about 2 700 hotel rooms (including the Murray Building mentioned above) respectively. In addition, the 2014-15 Land Sale Programme comprises seven commercial/business sites and one hotel site, capable of providing about 230 000 square metres of commercial floor area and about 1 100 hotel rooms. The Government will continue to adopt a multi-pronged strategy by, for example, converting suitable government buildings and "Government, Institution or Community" sites in core business districts into commercial use, developing commercial facilities at the Hong Kong - Zhuhai - Macao Bridge Boundary Crossing Facilities and the Airport Island, and expanding in various new towns and providing in new development areas space for commercial and other industrial development, with a view to increasing the supply of commercial land and facilities, thus facilitating the development of different economic activities, including the retail sector.

(2) and (9) As mentioned by the Chief Executive earlier, the HKSAR Government is looking into means to adjust the growth in visitor arrivals and the composition of visitors, and will announce the outcome as soon as possible upon liaison with the Central Government and relevant Mainland authorities. Relevant Government bureaux and departments are involved in this task. Our major premise is to ensure the stable and orderly development of the tourism industry, and at the same time minimise as far as possible the inconvenience caused by the increasing visitor arrivals to local residents, with a view to striking a balance between the impact of the tourism industry on Hong Kong's economy and the livelihood of the community.

(3) and (4) The earlier incidents of harassment of tourists have damaged the reputation of Hong Kong as a leading tourist destination. They have affected the operations of some shops in the tourist area, and disrupted Hong Kong's public order. Hong Kong is Asia's world city and welcomes visitors from around the world coming here on business or for sight-seeing. We believe Hong Kong people are rational and will

continue to extend our warm welcome to tourists from different places, and to ensure a pleasant experience for them during their stay.

We will strengthen promotion of attractions in different districts so as to offer more choices to visitors and to help alleviate congestion at traditionally popular areas. We will also make greater efforts to enhance our capacity to receive tourists on various fronts, and endeavour to balance the impact of the tourism sector on economic development and the livelihood of our community. On the other hand, the Hong Kong Tourism Board (HKTB) will continue to promote our hospitality culture and, through the internet and publicity materials, advise tourists on the points to note when travelling in Hong Kong so as to deepen their understanding of Hong Kong's society.

(6) The occupancy rate of and waiting time for the public transport services in Hong Kong vary on different days (holidays versus working days), during different periods (peak versus non-peak hours) and in different districts (commercial versus residential areas). The capacity of Hong Kong's public transport network to receive passengers will thus vary accordingly. This shows that the receiving capacity of public transport modes has certain flexibility. In the planning of future public transport services, the Government will respond to and assess the overall passenger demand (including that of local residents and tourists). The Transport Department will continue to work with the operators to introduce new services or adjust existing road-based public transport services where necessary and feasible. As for railways, the MTR Corporation Limited (MTRCL) will closely monitor the service level of every railway line and arrange for service adjustments as required to meet the overall passenger demand. The MTRCL has also begun upgrading the signalling system for existing railway lines in phases. With the completion of the upgrade, carrying capacity will be increased by around 10%. Meanwhile, the five railway projects under construction, namely the West Island Line, South Island Line (East), Kwun Tong Line Extension, Hong Kong Section of Guangzhou-Shenzhen-Hong Kong Express Rail Link and Shatin to Central Link (SCL), are expected to be completed one after another between December 2014 and 2020. This should help increase the capacity of the railway network and that of the overall public transport network. This would also help re-distribute visitor flow. When SCL is completed in 2020, it is estimated that approximately 20% of the southbound passengers of the New Territories (including those of the East Rail Line and Ma On Shan Line) will switch to the SCL for travelling to East Kowloon and Hong Kong Island. This would help relieve the loading of the East Rail Line during peak hours. In the long run, the Government will continue to examine whether new railway projects have to be implemented to meet demand.

(8) We notice that there was a drop in the number of Mainland visitor arrivals and Mainland inbound group tours during the Labour Day Holiday this year as compared to the corresponding period last year. We gathered from the trade that it may be due to Mainland visitor's growing familiarity with Hong Kong. Therefore, some Mainland visitors may avoid coming to Hong Kong during traditional peak seasons such as the Labour Day Holiday, but choose to visit Hong Kong on weekdays alternatively.

We did not conduct any assessment on the impact caused by the changes in visitor arrivals during an individual period on the overall Hong Kong's economy or an individual sector.

(10) We consider the suggestion of developing a shopping centre at the border area worth considering. If the proposal could be materialised, it might help divert visitors in the short term and provide job opportunities to residents of the existing and planned new towns in the New Territories in the long run. We have earlier received a proposal on the development of a shopping centre at the Lok Ma Chau border area. Since the area involved in the proposal is primarily private land, it may not meet the statutory requirement of resuming land for a public purpose should the Government take forward the private business development by way of land resumption. Land resumption would also involve a substantial amount of public funds and a prolonged period of time. We believe that it will be more efficient if the land owners could co-ordinate with other market stakeholders in pursuing the future development of the area concerned having regard to the commercial potential of the area. We will be glad to co-ordinate with the Government departments concerned to provide necessary information and assistance to the project proponent.

(11) The Tourism Commission, in collaboration with the HKTB, has been promoting the tourism offerings and specialties of various districts through different channels including guidebooks, digital media and public relations, with a view to encouraging visitors to travel and spend in different areas of Hong Kong, thus enriching their travel experience. To better utilise the tourism resources of each district and to encourage visitors to gain an in-depth and comprehensive understanding of the unique local living culture of Hong Kong, the HKTB will set up dedicated webpages in stages starting from 2014 to showcase various tourism offerings in different districts. The webpages will feature unique historical attractions and buildings, living culture, dining delights, themed shopping streets and specialty markets, etc., so as to offer more choices to visitors.

The HKTB will also continue to encourage the travel trade to develop new and attractive themed tours taking visitors to explore and spend at different districts through the New Tour Product Development Scheme.

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