

LCQ16: Impacts of reducing Mainland visitor arrivals

Following is a written reply by the Secretary for Commerce and Economic Development, Mr Gregory So, to a question by Dr Hon Lam Tai-fai in the Legislative Council today (June 11):

Question:

Given the public concern about the impacts of the continuous growth in Mainland visitor arrivals on people's livelihood, the Chief Executive (CE) indicated earlier that the Government was looking into means to adjust the growth in visitor arrivals and the composition of visitors, and would announce the outcome as soon as possible after discussions with the Central Authorities and relevant Mainland departments. Meanwhile, CE earlier brought up for discussion, at a meeting of the Commission on Strategic Development, the issue of reducing Mainland visitor arrivals by 20 per cent, which has aroused concerns among various sectors after the media reported on the issue. In addition, the Hong Kong Retail Management Association has expressed its worry that reducing Mainland visitor arrivals by 20 per cent will tarnish Hong Kong's image as "a hospitable city", affect the livelihood of retail workers, and impact on Hong Kong's overall economic development. Moreover, an article published earlier in the Overseas Edition of People's Daily has pointed out that if the number of Mainland visitors coming to Hong Kong under the Individual Visit Scheme (IVS) is deliberately reduced through policies, Hong Kong's tourism receipts will drop markedly, and it is estimated that a reduction in the number of same-day visitors coming to Hong Kong on the one-year multiple-entry Individual Visit Endorsements ("multiple-entry permits") alone may result in a decrease of \$10 billion in Hong Kong's annual tourism receipts, as well as 10 000 people losing their jobs. In this connection, will the Government inform this Council:

(1) of the respective numbers of Mainland visitors coming to Hong Kong on "multiple-entry permits" and "exit endorsements for non-permanent residents" (i.e. "one-entry endorsements" or "two-entry endorsements") in the 12 months from June last year to May this year;

(2) whether the Government initiated last year any discussion with the Central Authorities on the feasibility of ceasing the issuance of "multiple-entry permits" to Mainland residents and reinstating the issuance of "one-entry endorsements"; if it did, of the details; if not, the reasons for that;

(3) as some Members of this Council have proposed to change the "multiple-entry permits" to a "one trip per day" arrangement, whether it has assessed the circumstances and conditions under which this proposal can be implemented;

(4) given that the Government indicated earlier that it would make greater efforts to enhance Hong Kong's capacity to receive visitors, and endeavour to balance the impacts of the tourism industry on economic development and people's livelihood in our society, how the Government assesses Hong Kong's current social carrying capacity and receiving capacity for visitors;

(5) whether, based on the outcome of the assessment referred to in (4), it has determined the number of visitors that Hong Kong can receive each year after balancing Hong Kong's social carrying capacity and receiving capacity for visitors; if it has, of the details; if not, the reasons for that;

(6) of the justifications for the authorities to bring up for discussion the issue of reducing Mainland visitor arrivals by 20 per cent, including the reasons for not bringing up for discussion a reduction by a percentage such as 10 per cent, 30 per cent or 40 per cent;

(7) whether it has assessed the impacts of reducing Mainland visitor arrivals by 20 per cent on the (i) industrial and commercial sectors, (ii) the business turnover of the retail industry, (iii) the business turnover of the catering industry, (iv) the hotel occupancy rate, and (v) the overall economy; if it has assessed, of the outcome; if not, the reasons for that;

(8) whether it has assessed if a reduction in Mainland visitor arrivals by 20 per cent can alleviate the problem of crowdedness in compartments of public transport in Hong Kong; if it has assessed, of the outcome; if not, the reasons for that;

(9) whether it has studied if the projection made in the aforesaid article with regard to the impacts of a reduction in the number of IVS visitors on Hong Kong's tourism and employment situations is justified; if the study outcome is in the affirmative, of the details; if not, the reasons for that;

(10) whether it has assessed by how much Hong Kong's annual tourism receipts will be reduced and how many workers in the relevant industries will be rendered unemployed

as a result of a reduction in the number of same-day Mainland visitors coming to Hong Kong on the "multiple-entry permits"; if it has assessed, of the outcome; if not, the reasons for that;

(11) whether it has assessed if a reduction in the number of IVS visitors will tarnish the image of Hong Kong as "a hospitable city"; if it has assessed, of the outcome; if not, the reasons for that; and

(12) as the Government has indicated that the proposal of building major shopping facilities in areas close to the boundary for diverting visitors is worth considering, whether owners of lands in areas close to the boundary have approached the Government and indicated their interest in building such shopping facilities; if so, of the details; if not, whether it is the case that the Government will not consider taking the lead in implementing this proposal in the short term?

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) In the 12 months from June 2013 to May 2014, there were 13.22 million visitors travelling on multiple-entry endorsements.

The Immigration Department does not maintain statistics on visitors travelling on exit endorsements for non-permanent residents.

(2) and (3), (6) to (9) As mentioned by the Chief Executive on May 27, reducing the number of visitors under the Individual Visit Scheme by 20 per cent was not a specific recommendation. It was meant to stimulate various sectors to think about the important issue of adjusting the number of visitors and their composition.

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 discussion with the Central Government and relevant Mainland authorities. As different adjustment measures will lead to different extent of reduction in visitor flow in different districts and different sectors, as well as bring about different economic impacts, we have to analyse objectively the impact of different adjustment measures on Hong Kong's overall economy. Therefore, we hope that there would be extensive and serious discussions in the community, so that we could relay different views to the Central Government more accurately and the adjustment measures eventually implemented would better meet the long-term and overall interests of Hong Kong.

(4) and (5) The Report completed by the HKSAR Government at the end of last year aimed 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.

In view of the continuous growth in visitor arrivals, the Assessment Report recommended that Hong Kong should enhance the capacity to receive tourists in different aspects. We are currently taking follow-up actions on various fronts in line with the recommendations in the Report. 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.

(10) In 2013, the average per capita spending by same-day visitors travelling on multiple-entry endorsements was about \$2,220. If there is a reduction in the number of this type of visitors, the direct spending and employment opportunities brought about by these visitors for the relevant sectors in Hong Kong will drop correspondingly.

(11) 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 will continue to extend our warm welcome to tourists from different places, and to ensure a pleasant experience for them. The HKSAR Government will also continue to make greater efforts to enhance our capacity to receive tourists. On the other hand, the Hong Kong Tourism Board will continue to promote our hospitality culture.

(12) 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. The Government received a proposal from the Democratic Alliance for the Betterment and Progress of Hong Kong in October last year regarding the development of a shopping centre at the Lok Ma Chau border area. Since the area involved in the proposal is primarily private land, 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. The Government will be glad to co-ordinate with the relevant departments to provide necessary information and assistance to the project proponent. On the contrary, 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. As at June 3 this year, the Government has not received any planning applications for the development concerned from the relevant land owners.

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