

Speech by Commissioner for Tourism at 2012 Hong Kong Tourism Overview  
(English only)

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Following is a speech by the Commissioner for Tourism, Mr Philip Yung, at the 2012 Hong Kong Tourism Overview today (February 29):

Mr Tien, friends from the travel trade, ladies and gentlemen,

Good morning to you all. It is my great pleasure to be here at the annual Tourism Overview again.

2011 was a year of many challenges for our tourism industry. The global economy was overshadowed by the repercussions of Japan's earthquake, Eurozone sovereign debt problems and the slow recovery of the US economy. Nevertheless, thanks to the rising tourism demand within the Asian region, particularly the Mainland of China, and the versatility and resilience of all of you here, our tourism industry finished rather strongly last year.

We welcomed a new record number of visitors of 42 million last year. This is indeed no small feat for a small city like Hong Kong. I am very pleased to note that while the Mainland continued to be the largest source of our arrivals, a number of our long-haul and short-haul markets saw double digit growth last year. I wish to thank the Hong Kong Tourism Board under Mr Tien's chairmanship for the effective promotion campaign. Credit also goes to the travel trade for supporting the Hong Kong Tourism Board.

However, we must never be complacent. I need not stress more that tourism is always a fiercely competitive market. As the chairman just pointed out, 2012 will be another year full of challenges. Both the Government and the trade should continue to make concerted efforts in maintaining the momentum of our tourism development. I would like to take this opportunity to let you know the progress of some of the ongoing initiatives.

First, on infrastructure development. We are moving forward in full swing in expanding both the Ocean Park and the Hong Kong Disneyland. A number of new facilities in both of them have gone into operation. This should help sustain their strong performance in the coming years. At the same time, we are also working with the Ocean Park on developing Tai Shue Wan as a new integrated themed zone and

revising the tender terms for the Ocean Park's hotel project. We are in close touch with the Hong Kong Disneyland, which is drawing up plans for further expansion on the existing park site.

Furthermore, the construction of our new cruise terminal at Kai Tak made considerable headway last year. You may have noticed the emergence of the superstructure in the past few months as you travel in that part of our harbour. It remains our target to commission the terminal building and the first berth which will be able to accommodate the largest cruise vessels in the world in the middle of next year, and we are close to appointing the terminal operator. I am sure the selected operator will work closely with the travel trade to prepare for the opening of the terminal and provide top-notch service to our cruise passengers.

To pave the way for the commissioning of our new terminal, the Hong Kong Tourism Board will form a strategic partnership with cruise lines through establishing a co-op marketing fund, developing new shore excursion programmes, enhancing hospitality arrangements and stepping up regional co-operation. If all these work out well, I am confident that we will make Hong Kong a popular cruise destination.

Ladies and gentlemen, let me now turn to another matter which is crucial to our tourism industry. Concerns have been expressed, quite rightly, on hotel supply in Hong Kong. To cope with our rapid visitor growth, the Government has been making proactive efforts to catch up on the supply of hotel rooms. We have put "hotel only" sites into our land sale programme. Three out of the five "hotel only" sites for 2011-12 have been sold. In addition, as at the end of last year, five applications for redevelopment or wholesale conversion of industrial buildings into hotels were approved. Our estimate is that the total number of hotels will go up to over 240 in 2016, supplying a total of over 72 600 rooms.

At the same time, I wish to appeal to you to work together on better hotel room supply management, with a view to facilitating travellers in their planning of itineraries, and highlighting our reputation as a preferred tourist destination.

Hardware aside, the improvement in our software is equally important. In his latest Budget, the Financial Secretary announced the injection of \$150 million to extend the Mega Events Fund for five years. The Mega Events Fund scheme will be modified to make its operation more effective. Subject to funding approval of the Legislative Council, we expect that the modified scheme will be launched in the first half of this

year. We look forward to having more mega events in Hong Kong.

We have also been working on making it easier for Mainland visitors to come to Hong Kong. Frequent visitors from the Mainland can now enjoy the convenience of using e-channels in some of our border crossings. Another major task of the Tourism Commission is to facilitate Hong Kong travel agents to operate and expand their business in the Mainland. In particular, we are trying to get openings for our travel agents to operate outbound tours from the Mainland. We hope to share some progress with the trade on this in the near future.

On the regulatory front, the Government conducted a review of the regulatory framework of our tourism sector in 2011. We have now decided to set up a new independent statutory body, tentatively called the Travel Industry Authority, as the overall regulator of the industry. We will continue to listen to the views of the trade and the public as we iron out the detailed arrangements. We expect the new regulatory framework to be in place in about three years' time. This notwithstanding, I have to pay tribute to the Travel Industry Council for the immensely useful work it has done over the years. It will be a blessing to our industry if the Travel Industry Council continues to be a key player in the tourism sector.

The travel trade, and all practitioners like yourselves have a significant part to play in our tourism development. We need your active participation and sterling support in attracting more visitors to Hong Kong, and in providing highly efficient service to them. We and the Hong Kong Tourism Board look forward to a closer partnership with all of you. Anthony Lau has been preaching to his team the key concepts of innovation, quality execution and speaking to the market. I share these concepts entirely. It is important that both our marketing work and infrastructure development are geared to the trade's needs. We have had some recent success on this front in the cruise market and in promoting our Geopark. I am also glad to note that the trade, the Tourism Board and the industry associations concerned are now thinking about ways to promote our culture of hospitality so as to maintain a high service standard.

Ladies and gentlemen, the Hong Kong Tourism Board estimates that total visitor arrivals this year will grow by 5.5 per cent to 44 million. This is in itself quite a tall order. Marketing and excellence in service remain as important as ever. In a moment, Anthony will share with you the latest outlook of the industry and the most up-to-date marketing strategies.

So I wish you a very fruitful day at this Tourism Overview. Thank you very much.

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