

LCQ5: Impact of the expansion of the Individual Visit Scheme on Hong Kong

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 (February 26):

Question:

According to the Assessment Report on Hong Kong's Capacity to Receive Tourists completed by the Commerce and Economic Development Bureau in December last year, the projected annual visitor arrivals will increase from 54 million in 2013 to 100 million in 2023, whilst the percentage of arrivals of mainland residents under the Individual Visit Scheme (IVS) in the total visitor arrivals will also rise year on year. The Secretary for Commerce and Economic Development said that aspects such as the handling capacity of boundary control points, the capacity of tourism facilities and the public transport network, Hong Kong would generally be able to cope with the demand of visitors up to 2017, but the supply of hotel rooms would continue to be tight. Yet, there are views that Hong Kong may not have adequate capacity to receive visitors, and the continuous growth in mainland visitor arrivals will aggravate the problem of smuggling/parallel trading activities by mainlanders. In this connection, will the Government inform this Council:

(1) of the respective projected growths in mainland visitor arrivals in each of the coming five years, with a tabulated breakdown by pilot city implementing IVS/the multiple-entry permit arrangement;

(2) whether the Government has, prior to putting forth the proposals of not increasing the number of IVS pilot cities and not expanding the scope of the multiple-entry permit arrangement for the time being (not increasing the number of pilot cities), assessed the impacts of such proposals on the relationship between the Mainland and Hong Kong; if it has, of the details; if not, the reasons for that;

(3) whether it has assessed the impacts on the economy of Hong Kong brought about by the decision not to increase the number of pilot cities; if it has, of the details; if not, the reasons for that;

(4) whether it has assessed the impacts of the decision not to increase the number of pilot cities for the time being on tourism-related industries (including the hotel, catering,

retail and transportation industries); if it has assessed, of the impacts on such industries in respect of their business turnovers, employment rates and the income levels of employees;

(5) whether it has considered introducing measures to develop overseas source markets, so as to attract more visitors to Hong Kong; if it has, of the details; if not, the reasons for that;

(6) of the respective numbers of visitor arrivals from the Mainland and their average lengths of stay in Hong Kong during the Lunar New Year, Labour Day, "National Day Golden Week" and Christmas holidays in each of the past five years; whether it has assessed if these visitors have brought heavier pressure year on year on the tourism facilities in Hong Kong during such periods;

(7) whether it has assessed, by District Council (DC) district, the capacities of tourism and transport ancillary facilities in various major tourism districts (including Yau Tsim Mong, Central and Western District, Wan Chai and North District, etc.) for receiving visitors; if it has, of the details; if not, the reasons for that;

(8) whether it has set maximum capacities of public transport services in Hong Kong, assessed if such services can cope with the growth in visitor arrivals in the coming five years, and assessed whether such growth will adversely affect the level of transport services provided to local residents; if it has, of the details; if not, the reasons for that;

(9) given that the authorities plan to provide, in collaboration with the 18 DCs in the territory, more tourism attractions to spread out visitors so that all districts can have a share in the relevant economic benefits, of the specific measures to be implemented;

(10) of the justifications for the Chief Executive's claim that the proposal of imposing an arrival tax on visitors entering the territory on land is infeasible, and the details of the studies previously conducted by the Government for the implementation of such similar measures;

(11) of the number of mainland visitors arrested by the authorities for breaching their conditions of stay due to involvement in parallel trading activities, and the number of mainland visitors denied entry into Hong Kong due to their frequent entries/departures within one single day, in each of the past five years;

(12) of the quantities of smuggled goods seized by the authorities of Hong Kong from mainland visitors on their departure from Hong Kong in each of the past five years, with a breakdown by type of such goods;

(13) of the number of mainland visitors arrested in Hong Kong for suspected involvement in smuggling activities during the Lunar New Year, Labour Day, National Day Golden Week and Christmas holidays in each of the past five years; and since the implementation on March 1, 2013 of the new requirement on carrying powdered formula for infants and young children on departure from Hong Kong, of the quantities of powdered formula illegally carried by mainland visitors on their departure from Hong Kong which was seized by the authorities;

(14) given that some members of the public initiated a "protest against IVS mainland visitors" and hurled abuses at the latter along Canton Road in Tsim Sha Tsui on the 16th of this month, which developed into a war of words and obstructing the shops nearby from carrying out their business, whilst a number of principal officials condemned such behaviour one after another on the following day, whether the Government has assessed the impact of the incident on the relationship between the Mainland and Hong Kong; if it has, of the details; if not, the reasons for that;

(15) whether it has assessed if protests similar to that referred to in (14) will dampen mainland visitors' desire to visit Hong Kong, thus reducing the arrivals of such visitors; if it has, of the details; if not, the reasons for that;

(16) whether it has assessed if the protest referred to in (14) has adversely affected the tourism industry of Hong Kong and undermined its international image; and

(17) given that some members of the public raised the flag of Hong Kong under British colonial rule during the protest referred to in (14), whether it has assessed the impact of such an act on the successful implementation of the principle of "one country, two systems" in Hong Kong?

Reply:

President,

In response to the public concern about the impact of the continuous growth in visitor arrivals on the livelihood of the community, the HKSAR Government has

comprehensively assessed Hong Kong's capacity to receive tourists. The areas taken into account include the handling capacity of 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. The Assessment Report on Hong Kong's Capacity to Receive Tourists (Assessment Report) was completed at the end of last year.

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

(1) With reference to the existing growth trend of visitor arrivals and assuming a steady growth of Mainland and short-haul visitor arrivals, as well as a very mild growth from long-haul markets, the Assessment Report estimated that visitor arrivals in 2017 would exceed 70 million. The source markets were taken as the basis in the Assessment Report to estimate overall visitor arrivals. However, there was no breakdown by year or visitor segment.

(2 - 4) The HKSAR Government has discussed the Individual Visit Scheme (IVS) and multiple-entry permit policy with the Central Government over the past year. We have also conveyed the different views of the Hong Kong people on the further expansion of the IVS. The Central Government agreed not to increase the number of IVS cities nor expand the scope of the multiple-entry permit at the current stage.

In fact, the number of IVS cities has remained at 49 since January 2007. Over the past seven years, the IVS has been running smoothly in general and continues to generate significant visitors' spending to different sectors including the tourism, retail, food and beverages sectors, etc., thereby facilitating overall economic development.

The HKSAR Government will continue to communicate and co-ordinate with the relevant Mainland authorities with a view to attracting Mainland visitors in an appropriate and orderly manner in the light of our economic and social conditions.

(5) The Hong Kong Tourism Board (HKTb) has been actively maintaining a diverse visitor portfolio and endeavours to uphold Hong Kong's image as the Asia's World City and a world-class travel destination. In 2014-15, the HKTb will continue to launch promotion in 20 key source markets (including five new markets) around the world. Seventy-five per cent of the overall marketing resources will be allocated to the international markets with a view to targeting the high spending Mid-Career and Achiever segments. The HKTb will attract these high spending visitors to visit Hong

Kong through packaging and promoting our tourist festive events, various large scale events (such as the annual Hong Kong Wine and Dine Festival) and international exhibitions.

To target the short-haul markets, the HKTB will leverage the stable economic development in the region and increase its marketing investment in short-haul markets in 2014-15. The HKTB will also roll out image-boosting campaigns in various short-haul markets, such as Southeast Asia, South Korea and Taiwan, and promote Hong Kong as the most preferred travel destination in the region through channels such as advertisements, public relations and digital channels.

To target the long-haul markets, the HKTB will focus its promotion on the spring and autumn travel seasons, and promote Hong Kong's tourism offerings through channels such as TV programmes, magazines, digital channels and social media, so as to maintain Hong Kong's presence in the long-haul markets. Besides, given that visitors from long-haul markets relatively prefer to visit Hong Kong with a multi-destination itinerary, the HKTB will collaborate with major travel agencies, airlines and the tourism authorities from the Mainland and Macau to promote multi-destination tourism products featuring Hong Kong to visitors from long-haul markets.

On the other hand, the HKTB will continue to allocate resources to a number of new markets, in particular Russia and India, in 2014-15. It will also increase its marketing investment in Vietnam to raise local visitors' awareness of Hong Kong's tourism offerings.

(6) According to the Immigration Department's (ImmD) statistics, Mainland visitor arrivals during major holidays from 2009 to 2013 are set out in Table 1.

The ImmD does not maintain statistics on the average length of stay of Mainland visitors during major holidays.

The Chinese New Year Golden Week and National Day Golden Week have always been the peak seasons for Mainland visitors to visit Hong Kong. The relevant Government departments and travel trade will formulate a number of measures to cater for the significant increase in visitor arrivals during the period. The major tourist attractions (including the Ocean Park, Hong Kong Disneyland, Ngong Ping 360, etc.) will also extend their opening hours as appropriate and draw up measures and

contingency arrangement for crowd control, as well as deploy additional manpower and resources, to cater for the demand during peak seasons.

(7 - 8) In the course of our assessment, we have conducted analyses in different areas, including the handling capacity of 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 fact, the HKSAR Government is aware of the situation in individual popular tourist areas and has collectively reflected it in the Assessment Report. The Tourism Commission (TC) has been maintaining close liaison with the tourism sector, including the Travel Industry Council of Hong Kong and operators of tourist attractions, as well as listening to their views and reviewing timely the general ancillary facilities in major tourist districts. We endeavour to help ensure that the tourist facilities and services provided in these major tourist districts could meet the visitors' needs and expectations.

In addition, the TC will co-ordinate the relevant departments to keep in view and examine whether the existing supporting facilities are effective and adequate, and will, in conjunction with the relevant departments, make appropriate adjustment and improvement as necessary.

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 a large number of visitors will thus vary accordingly. This shows that while the receiving capacity of public transport modes has certain flexibility, some will be more crowded or will have a longer waiting time at certain hours and in certain areas. For instance, the railway network is quite crowded and the waiting time for taxis in commercial areas will be longer during peak hours.

When planning and co-ordinating the development of public transport services, the Transport and Housing Bureau will respond to and assess the overall passenger demand (including that of local residents and tourists). As regards the railway network, although the loading of certain railway lines is relatively higher during peak hours, there is still room to accommodate more passengers on the whole (such as during non-peak hours). To alleviate crowdedness and shorten the waiting time during peak hours, the MTR Corporation Limited (MTRCL) has strengthened the train service of different railway lines (Note 1) in the past two years. Platform assistants have also

been deployed to encourage passengers to move inside trains and to maintain the order of boarding/alighting passengers. MTRCL will closely monitor the service level of every railway line and arrange for service adjustments as required to meet the overall passenger demand. In the long run, the Government will continue to examine whether new railway projects have to be implemented to cater for the demand.

As for road-based public transport modes, the average occupancy rate of franchised buses during peak hours in the morning and afternoon is 70 per cent in general. During non-peak hours, there will be more room to meet the transport demand of visitors. As for taxis, survey results reveal that the waiting time at the busiest taxi stands (Note 2) may be up to about 15 to 20 minutes but the wait is usually just a few minutes at other taxi stands. Given that other modes of public transport (such as trams, ferries and minibuses) are less commonly used by visitors, the increase in visitor arrivals should not exert too much pressure on them.

In the planning of future public transport services, the Transport Department (TD) will, having regard to the overall passenger demand, continue to work with the operators to introduce new services or adjust existing road-based public transport services where necessary and feasible. As for the railway, 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 come into operation in phases between end-2014 and 2020, thereby increasing the capacity of the railway network and that of the overall public transport network. This will also help re-distribute visitor flow. It is noteworthy that when SCL is fully commissioned in 2020, it is estimated that approximately 23 per cent (about 74 000 passenger trips daily) of the southbound passengers of the New Territories (including that of the East Rail Line and Ma On Shan Line) will switch to use SCL travelling to East Kowloon and Hong Kong Island. It helps relieve the loading of the East Rail Line during peak hours.

Regarding transport ancillary facilities, there are currently about 750 taxi pick-up/drop-off points and taxi stands in Hong Kong. As for coaches, the Government will provide on-street parking spaces or pick-up/drop-off facilities for coaches in individual districts where the supply of such spaces and facilities is relatively tight, as long as road safety and other road users are not affected. The TD and the TC will explore possible ways to improve the current arrangement for on-street parking and pick-up/drop-off of coaches. The long-term aim is to provide adequate parking spaces for coaches and related facilities at new tourism developments.

For those recreational facilities and tourist attractions popular among local residents and visitors, we will ensure the provision of adequate public transport services for use by both local residents and visitors. For instance, other than the peak tramway, passengers may take public transport such as franchised buses, green minibuses and taxis to travel to and from the Peak. Members of the public and visitors heading for the Hong Kong Disneyland may take the MTR Disneyland Resort Line, franchised buses and taxis while those for the Ocean Park may take franchised buses, green minibuses and taxis. In 2015, the Ocean Park can be directly accessed via the railway upon opening of the South Island Line (East).

(9) Apart from promoting major tourist attractions to visitors, the HKTb also actively encourages visitors to explore, visit and spend in different districts, so as to broaden the overall economic benefits brought about by the tourism industry to Hong Kong. In recent years, the HKTb has made use of different channels, including the Internet, social media, smartphone applications with augmented reality technology, pamphlets, etc., to promote a number of themed routes bundling various attractions in the districts. Examples include "Travel Through Time" of Central and Sheung Wan, "Evolution of a Fishing Village" of Shau Kei Wan, "A Popular Temple and a City Transformed" of Wong Tai Sin and Kowloon City, Yuen Long Ping Shan Heritage Trail, Fanling Lung Yeuk Tau Heritage Trail, etc.

To better utilise the tourism resources of each district and to encourage visitors to gain an in-depth and comprehensive understanding of the specialties and local living culture of various districts, the HKTb will strengthen the promotion of tourist attractions in different districts in 2014-15, including setting up a dedicated webpage in a progressive manner to showcase various tourism offerings in the 18 districts. The webpage 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 (the Scheme). As at the end of 2013, the Scheme has subsidised 12 themed tours, including the "Sham Shui Po Foodie Tour" which takes visitors on a local culinary journey, and the "Six Senses Heritage Experience" which features a cycling tour in Yuen Long and a "big bowl feast" in the walled village. The Scheme has received positive feedback from the travel trade since

its introduction. The HKTb will continue to run the Scheme and encourage the travel trade to unleash their creativity to utilise the tourism resources of different districts.

(10) The proposal to introduce an arrival tax on visitor is infeasible. The travel trade also largely opposes to the proposal and considers that it will adversely affect the tourism, retail and food and beverages sectors, etc. In fact, Mainland and overseas visitors help boost our economic development, and also provide job opportunities for many grassroots workers. The HKSAR Government will endeavour to balance the impact of the tourism sector on the Hong Kong economy and the livelihood of our people, with a view to facilitating the stable and orderly development of the tourism sector, while at the same time minimising the impact of visitors on our livelihood.

(11) The ImmD and the Police have mounted a number of large scale operations in different districts including Sheung Shui, Fanling and Fo Tan since September 2012. According to the ImmD and the Police's statistics, as at January 2014, a total of 1 337 Mainlanders who were suspected of involving in parallel trading activities were arrested.

Also, according to the statistics provided by the ImmD, 13 716 suspected parallel traders were denied entry from September 2012 to January 2014. The relevant annual statistics are set out in Table 2.

The ImmD does not maintain statistics on the number of entries made by Mainland visitors who were denied entry on that day.

(12) According to the Customs and Excise Department's (C&ED) statistics, the type and quantity of smuggled goods seized from Mainland visitors at outbound passenger channels of the boundary control points from 2009 to 2013 are set out in Table 3.

(13) According to the C&ED's statistics, the number of Mainland visitors arrested by the C&ED at outbound passenger channels of the boundary control points for suspected involvement in smuggling activities in Hong Kong during the Chinese New Year Golden Week, Labour Day, National Day Golden Week and Christmas day from 2009 to 2013 are set out in Table 4.

On the other hand, since the new regulation on export control of powdered formula came into effect on March 1, 2013 and up to February 11, 2014, the C&ED has, through its enforcement actions, seized a total of 18 718 kilograms of powdered formula carried

by Mainland visitors on their departure from Hong Kong.

(14 - 17) The HKSAR Government strongly condemned the harassment of tourists on Canton Road on February 16 and expressed regret over the incident. The incident has seriously damaged the reputation of Hong Kong's tourism sector and affected the operation of some shops in the area. It has also disrupted Hong Kong's public order and directly impacted upon the relationship between Hong Kong and the Mainland.

As Asia's world city, Hong Kong welcomes visitors from around the world for business and tourism. 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 the tourists. On the other hand, the HKSAR Government will make greater effort 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.

Note 1: They include the Tsuen Wan Line, Island Line, Kwun Tong Line, Tseung Kwan O Line, Tung Chung Line, East Rail Line and West Rail Line.

Note 2: For example, taxi stands outside the MTR Admiralty, Kowloon Tong and Hung Hom Stations.

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