

立法會
Legislative Council

LC Paper No. CB(1)1018/08-09
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by the Administration)

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Panel on Economic Development

Minutes of meeting
held on Monday, 19 January 2009, at 4:30 pm
in Conference Room A of the Legislative Council Building

- Members present** : Hon Jeffrey LAM Kin-fung, SBS, JP (Chairman)
Hon Starry LEE Wai-king (Deputy Chairman)
Hon Albert HO Chun-yan
Dr Hon David LI Kwok-po, GBM, GBS, JP
Hon Fred LI Wah-ming, JP
Hon CHAN Kam-lam, SBS, JP
Hon Emily LAU Wai-hing, JP
Hon Abraham SHEK Lai-him, SBS, JP
Hon Albert CHAN Wai-yip
Hon Vincent FANG Kang, SBS, JP
Hon Andrew LEUNG Kwan-yuen, SBS, JP
Hon WONG Ting-kwong, BBS
Hon Ronny TONG Ka-wah, SC
Hon CHIM Pui-chung
Hon Paul CHAN Mo-po, MH, JP
Hon Tanya CHAN
Hon IP Wai-ming, MH
Hon Mrs Regina IP LAU Suk-ye, GBS, JP
Hon Paul TSE Wai-chun
Dr Hon Samson TAM Wai-ho, JP
- Public officers attending** : Agenda Item IV
Miss Margaret FONG, JP
Commissioner for Tourism

Mrs Laura ARON
Assistant Commissioner for Tourism

Attendance by invitation : Agenda Item IV

Hong Kong Tourism Board

Mr James TIEN, GBS, JP
Chairman

Mr Anthony LAU
Executive Director

Miss Cynthia LEUNG
General Manager
Corporate Communications & Public Relations

Mr Chris FUNG
Senior Manager
Strategic Planning

Clerk in attendance : Ms Debbie YAU
Chief Council Secretary (1)6

Staff in attendance : Ms Angel SHEK
Senior Council Secretary (1)1

Ms Michelle NIEN
Legislative Assistant (1)9

Action

- I Confirmation of minutes and matters arising**
(LC Paper No. CB(1)495/08-09 - Minutes of meeting held on
24 November 2008)

The minutes of the meeting held on 24 November 2008 were confirmed.

II Information papers issued since last meeting

(LC Paper No. CB(1)518/08-09(01) - Tables and graphs showing the import and retail prices of major oil products from December 2006 to November 2008 furnished by the Census and Statistics Department)

2. Members noted the above information paper issued since the last meeting.

III Items for discussion at the next meeting

(LC Paper No. CB(1)571/08-09(01) - List of outstanding items for discussion

LC Paper No. CB(1)571/08-09(02) - List of follow-up actions)

3. Members noted that the Administration had not proposed any items for discussion for the next regular meeting scheduled for 23 February 2009.

4. The Chairman reported that further to the meeting on 16 December 2009, he had discussed with Mr Paul TSE and the Administration issues relating to the collection of air passenger departure tax and fuel surcharge by travel agents. The Society of IATA Passenger Agents Ltd (SIPA) had also requested the Panel to follow up the matter with the Administration. Mr Paul TSE supported the Chairman's suggestion to include the item for discussion at the next meeting. He proposed relevant organizations, including SIPA, be invited to the meeting. Members agreed.

(Post-meeting note: The list of organizations to be invited to the meeting on 23 February 2009 was circulated to members on 22 January 2009 vide LC Paper No. CB(1)658/08-09.)

IV Hong Kong Tourism Board Work Plan 2009 - 2010

(LC Paper No. CB(1)571/08-09(03) - Administration's paper on Hong Kong Tourism Board Work Plan 2009 - 2010

LC Paper No. CB(1) 57108-09(04) - Paper on the Hong Kong Tourism Board prepared by the Legislative Council Secretariat (Background brief))

5. The Chairman said that the Administration had provided the paper for discussion on the Hong Kong Tourism Board Work Plan 2009-2010 on 13 January 2009, which did not meet the requirement of providing papers at least five clear days before the relevant Panel meeting. In accordance with the agreement made

at the House Committee meeting on 26 November 2004, the Chairman consulted members whether the item should be discussed. Members agreed.

Presentation by the Hong Kong Tourism Board (HKTB)

6. At the invitation of the Chairman, Mr James TIEN, Chairman of HKTB, presented HKTB's work plan for 2009-2010 (i.e. from 1 April 2009 to 31 March 2010). He said that the total baseline marketing budget for 2009-2010 was \$319.6 million, representing a reduction by some \$4.1 million from the 2008-2009 revised estimates of \$323.7 million. About 60% of the proposed budget would be allocated to the Worldwide Offices (WWOs). The remaining portion would be used by the Head Office, mainly to support global or regional marketing campaigns spanning across numerous markets. As pointed out by the United Nations World Tourism Organization (UNWTO), economic volatilities had shed continued uncertainties for global tourism industry. With a view to enhancing flexibility in adjusting the marketing strategy to capture the changing market trends, the Board of HKTB (the Board) had resolved to institutionalize a mechanism of quarterly review of market conditions during this critical period. Under the mechanism, reports would be submitted to the Board, and if necessary, market prioritization and investment would be adjusted accordingly. This would ensure resources allocated for the source markets be put to gainful use to yield the highest return. Mr TIEN further said that in drawing up the work plan, HKTB had consulted various stakeholders, including tourism-related partners, academics and other relevant sectors. In face of the global financial tsunami, HKTB would work closely with relevant Government departments as well as travel-trade partners to counter the impact of economic downturn on tourism, and create business and job opportunities for the industry and other relevant sectors.

7. With the aid of power-point, Mr Anthony LAU, Executive Director of HKTB briefed members on the details of HKTB's work plan for 2009-2010. He took members through the performance of Hong Kong's tourism industry in 2008 and the market outlook for 2009, HKTB's marketing strategies and resources allocation for 2009-10 in respect of the Mainland, Taiwan, other short-haul and long-haul markets, as well as key marketing initiatives. Mr LAU also shared the new performance measure framework for the HKTB.

Discussion

2008's overview of Hong Kong tourism industry and the outlook for 2009

8. Mr Fred LI appreciated HKTB's efforts to enhance communication with Panel members and improve its image. However, he noted that although the total visitor arrivals in 2008 had risen by 4.7% over the past year to about 29.5 million, the figure had in fact fallen short of the 2008 forecast of 30.4 million. He considered that the management of HKTB should face up to the shortfall, and undertake analysis in a realistic and pragmatic manner.

9. Mr James TIEN of HKTB said that the lower-than-expected total arrival figure in 2008 was due to unforeseeable circumstances. Although the arrival figure in early 2008 had increased by more than the projected 8%, the growing trend was counteracted by the loss of long-haul arrivals due to tightening of visa policy by the Mainland authorities in the run-up to and during the Beijing Olympics, as well as the global financial turmoil in late 2008. Although it was projected that the total visitor arrivals in 2009 would slide by 1.6%, Hong Kong's figure had already fared better than that of some neighbouring destinations.

10. Mr Fred LI expressed concern that Macau had overtaken Hong Kong in the number of visitor arrivals in 2008. Mr James TIEN of HKTB pointed out that the basis of working out total visitor arrivals by Macau was different from Hong Kong. While Hong Kong's figure did not include entry by work visa, Macau had counted in some 8 million visitor arrivals in this segment. Hence, a direct comparison between the two was unwarranted.

11. Mr Vincent FANG doubted why the basis of calculation was different for the two territories. Mr Anthony LAU of HKTB said that Hong Kong used to adopt the definition of tourists stipulated by UNWTO, which excluded visitors holding work or student visas. The Commissioner for Tourism (C for Tourism) advised that it would be for individual economies to decide on the method for working out visitor arrivals. Hong Kong had adopted the UNWTO practice in order to facilitate comparison of arrival figures with other destinations on a common basis.

12. Referring to the shortfall in the projected number of visitor arrivals to Hong Kong during the Beijing Olympics and the Paralympics Equestrian Events, Mr Paul TSE was concerned about the ways in working out HKTB's forecast of arrivals of -1.6% for 2009, as the figure was related to the performance discretionary pay to HKTB staff.

13. Mr James TIEN of HKTB said that it was difficult to forecast arrivals precisely amidst the economic slowdown and the decline in consumer confidence. The Board had exercised prudence in the projection to avoid over-estimation or under-estimation, as both would affect the outlook and planning of business in the travel trade. The projection for 2009 was based on the current market conditions which might change by the time the work plan took effect in April 2009. The forecast of -1.6% had involved technical consideration of arrivals pertaining to individual major source markets. Mr TIEN agreed to provide, after the meeting, further explanation on the forecast of total visitor arrivals in 2009, together with the supplementary powerpoint slide on "Projection of 2009 Visitor Arrivals – Work Process".

14. Ms Emily LAU noted that one of the risks identified by HKTB in the outlook for 2009 was possible further reduction in air capacity as passenger

demand weakened. However, HKTB also saw opportunities for the year as UNWTO had highlighted that the current economic downturn did not impact much on the desire to travel. She sought HKTB's clarification as the outlook for 2009 appeared ambiguous. Ms LAU also asked about the risks posed by the prospective development of a Disneyland theme park in Shanghai.

15. Mr Anthony LAU of HKTB explained that, at a recent UNWTO meeting, it was identified that the major risk to tourism in 2009 was the slackening visitor growth in long-haul markets. Unlike the setback caused by the outbreak of Severe Acute Respiratory Syndrome and the 911 incident when people lost their desire to travel, the current economic downturn would only lead consumers to take less expensive holidays and switch to short-haul destinations. This might spur intra-regional and short-haul travel, and work in Hong Kong's favour. On the challenge posed by a new Disneyland theme park in Shanghai, Mr LAU referred to the example of the United States and opined that the huge Mainland market could nurture and sustain the viability of two Disneyland theme parks in the territory. He said that Hong Kong had its multi-faceted appeal that would continue to arouse and retain visitors' interests in many ways.

16. Ms Emily LAU noted that HKTB would capitalize on the global interest in the World Expo 2010 in Shanghai (the Shanghai Expo) to promote multi-destination itineraries. She was worried that the problem of visa application in relation to the Beijing Olympics would recur, and cautioned that HKTB should not be too optimistic about the number of visitor arrivals to Hong Kong en route to/from Shanghai during the event.

17. Sharing Ms LAU's concern, Mr James TIEN of HKTB said that the number of visitor arrivals during the Paralympics Equestrian Events was indeed much lower than the expectation. HKTB would re-assess the situation and if necessary, adjust more realistically the projected visitor arrivals for 2010.

Market prioritization and investment strategies

18. Noting that the Mainland would remain the highest priority market of HKTB, Mr Fred LI was worried that HKTB would passively rely on the Mainland as feeder of visitor arrivals to Hong Kong. He cautioned that capitalizing on the opportunities created by the opening up of Individual Visits Scheme (IVS) alone would not sustain the growth of visitor arrivals in the long run.

19. Mr Anthony LAU of HKTB acknowledged the need for HKTB to maintain a balanced portfolio of visitors from all key markets. However, in the light of the prevailing economic environment and the pronounced decline of visitor arrivals from long-haul markets, HKTB would re-deploy resources to high-growth areas, i.e. the Mainland market and selected short-haul markets with a view to tapping short-haul arrivals amid the economic downturn. Nevertheless, HKTB would monitor the situation closely, shift resources between markets in a timely manner,

and continue the efforts to nurture both short- and long-haul markets.

20. Mr CHAN Kam-lam re-iterated his concern that marketing input for a particular market should correspond with the number of visitor arrivals from the market. Comparing the marketing input vis-à-vis the number of total arrivals in individual source market in 2008, he said that the average marketing expenditure per head for the Mainland market was relatively low, albeit there was a 22% increase for 2009-2010. He opined that HKTB should ride on the liberalization measure of IVS and invest more in the high-growth Mainland market. Mr James TIEN of HKTB pointed out that due to lower cost of living, advertising and related marketing expenses in the Mainland were less expensive than that in developed markets such as the United States and European countries.

21. Mr Albert CHAN was pleased to note about changes made to the senior management of HKTB, and hoped that HKTB would improve its work efficiency in promoting Hong Kong tourism. He considered that there were many factors that would affect visitor arrivals, such as the Mainland's IVS policy, currency fluctuation, promotion packages offered by travel-trade partners etc. Hence, HKTB should adopt a multi-faceted approach in marketing.

22. Dr Samson TAM enquired whether the Administration would consider relaxing the existing quota restriction to enable more Mainland officials to participate in exchange tours to Hong Kong. Mrs Regina IP shared similar concern and considered that the number of visitor arrivals from the Mainland hinged on the IVS policy.

23. C for Tourism said that the Administration had maintained regular dialogue with the China National Tourism Administration and the Guangdong provincial tourism authority to seek further liberalization measures on tourism by the Mainland. Under the facilitation measures on tourism for early and pilot implementation in Guangdong, the coverage of "simplified entry arrangement for a period of 144 hours" would be extended to the entire Guangdong, and Mainland-authorized Hong Kong travel enterprises were permitted to organize group tours to Hong Kong for qualified non-Guangdong residents in Shenzhen who resided and worked there. The Administration would continue its discussion with relevant Mainland authorities on further measures to facilitate Mainland visitors to come to Hong Kong.

24. Mr Fred LI noted with concern the stagnant number of visitor arrivals from Japan and the shrinking marketing budget for this source market from \$16.6 million in 2008-2009 to \$14.3 million in 2009-2010. It appeared to him that HKTB had an oversight of the prevailing strength of Japan's currency and relatively stronger consumption power of the Japanese visitors, which had made it a high potential market.

25. Mr Anthony LAU of HKTB explained that HKTB would leverage on the 2009 Hong Kong – Japan Tourism Exchange Year to roll out promotions targeting the silver-haired segment. By focusing on major marketing campaigns, the marketing budget for Japan for 2009-2010 could thus be used more cost-effectively. Although there was no growth in visitor arrivals from Japan in 2008, Hong Kong's share in the overall outbound visitors of Japan for the year had increased. He assured members that HKTB would spare no efforts in maintaining its presence in this established market to sustain volume and share of arrivals from Japan.

26. Miss Tanya CHAN enquired why the marketing budget for the Middle East market for 2009-2010 would be increased even though the arrivals from this region had dropped by 7.4% in 2008. Mr James TIEN of HKTB said that HKTB planned to increase the investment in the emerging market of the Middle East to cultivate its awareness of Hong Kong and expand trade and media networks. However, due to the impact of crude oil price fluctuation on the Middle East economy, it was difficult to forecast precisely at this stage the level of visitor arrivals from this market. He re-iterated that HKTB would review the market conditions every three months and if necessary, adjust market prioritization and investment.

Promoting Hong Kong tourism to local people

27. Mr CHAN Kam-lam considered that HKTB should also promote Hong Kong's tourist attractions and events to the local people, with a view to stimulating internal consumption, and increasing visitor flow to the attractions. For example, HKTB should promote district cultural and heritage programmes among the locals whom would help generate positive word-of-mouth and promote the Hong Kong brand to their overseas relatives and friends.

28. Mrs Regina IP held a different view. She said that HKTB should focus on promoting Hong Kong to overseas/Mainland visitors as a form of export services in order to earn tourism dollars and bring about economic benefits other than local consumption. Mr Vincent FANG considered that it would be practically difficult to delineate HKTB's marketing initiatives for overseas visitors or the local public.

29. Mr James TIEN of HKTB said that the statutory role of HKTB was to promote Hong Kong to outside visitors. However, he noted that mega events launched by HKTB to enhance Hong Kong's destination appeal among visiting tourists were also enjoyed by many local people.

30. Mr CHAN Kam-lam was not convinced. He cited that, according to section 7(c) of the HKTB Ordinance (Cap. 302) (HKTBO), the Board might engage in, assist, promote and advance activities as were conducive to the better carrying out of the mandate of the Board. It appeared to him that HKTBO did not restrict HKTB from promoting Hong Kong tourism to the locals. Mr CHAN suggested that HKTB should be entrusted with the responsibilities pertaining to promotion of tourism, including local tourism.

31. C for Tourism advised that, in accordance with HKTBO, HKTB's marketing efforts should mainly target at attracting overseas visitors to Hong Kong, although some of its promotion activities and programmes were held locally and participated by Hong Kong residents. She said that the promotion of local economy, including local tourism, was under the purview of the Home Affairs Bureau (HAB). Where appropriate, HAB would engage the expertise of HKTB and make use of HKTB's marketing platform for promoting local activities. The Tourism Commission (TC) would help facilitate the process.

32. Mr Albert CHAN said that it would be strategically unwise to exclude local residents from HKTB's promotion targets. He considered that the existing division of responsibilities and coordination among the relevant Government bureaux/departments had hindered a smooth conduct of local cultural activities. In his view, the responsibility of promoting local cultural and heritage programmes should be entrusted to HKTB. Mr CHAN also urged HKTB to deploy more resources to help local organizations and communities to conduct and promote events of unique traditional and cultural characteristics, such as Cheung Chau Bun Festival. He said that some local activities had great appeal to visitors but were not well attended due to the lack of marketing sponsorship. He urged the Administration to devise more sustainable and effective policy in marketing local events among tourists and local people.

33. Mr James TIEN of HKTB said that HKTB had been acting proactively on related initiatives where practicable, and care had been taken to avoid channeling public resources to local bodies with particular political affiliation. Under the prevailing mechanism, local events would be organized by HAB or HKTB, depending on which party had been allocated with the relevant resources. C for Tourism supplemented that at the advice of HAB, HKTB would step up its effort in promoting characterized local events at its website. Mr TIEN took the opportunity to brief members on HKTB's ongoing efforts in promoting green tourism.

Marketing through collaboration with strategic partners

34. Mr Albert CHAN suggested that HKTB should strengthen cooperation with overseas media and airlines to maximize exposure and publicity of Hong Kong. Recalling the complaints against HKTB about its refusal to lend assistance to overseas media covering Hong Kong's tourism development some years ago, he urged HKTB to play a more proactive role, and invite travel columnists to visit Hong Kong and report the city's diverse appeals in their home countries.

35. Mr James TIEN of HKTB said that HKTB had been collaborating with local or new airlines (e.g. Cathay Pacific Airways Limited or Jet Airways) in advertising Hong Kong's tourist attractions in their publications. Nevertheless, overseas airlines were more inclined to promote tourism of their home countries.

Mr Anthony LAU of HKTB added that around 260 media delegations were received by HKTB annually. C for Tourism said that the Administration would continue to arrange for overseas journalists, including travel writers, to visit famous tourist spots in Hong Kong for their future featuring.

36. The Chairman understood that the Hong Kong Trade Development Council (TDC) had also invited overseas journalists to visit Hong Kong with a view to promoting MICE activities. HKTB should enhance its cooperation with TDC and develop a common platform to market Hong Kong. Mr Anthony LAU of HKTB apprised members that HKTB and TDC had been working closely with each other. For instance, HKTB would set up information counters at TDC exhibitions, providing information to overseas convention guests on tourism products. HKTB had also worked with hotels and airlines to offer concessionary travel packages for exhibition participants and their accompanying spouses and families.

37. Noting the trade support measures stated in the 2009-2010 work plan, Mr Paul TSE conveyed the concerns of the tourism sector and trade unions that HKTB should conduct more consultation with them in future. Taking note of the concern, Mr James TIEN of HKTB said that HKTB had been trying to enhance the channels of communication with the relevant sectors. He would be pleased to exchange views with them in future.

E-marketing

38. Mr Anthony LAU of HKTB said that apart from the conventional channels of print, TV and outdoor advertising, HKTB had explored further use of e-channels to boost extra publicity for Hong Kong. For instance, HKTB's website had recently been enhanced, the hit rate of which had reached 140 million a year.

39. Dr Samson TAM suggested that HKTB should extend publicity coverage to other non-official websites. Mrs Regina IP suggested that HKTB should step up e-marketing which was more effective in terms of penetration and connectivity than traditional marketing efforts, in particular for source markets of large geographical areas, such as the United States.

40. Mr Anthony LAU of HKTB responded that HKTB's website had been upgraded to enable the sharing of multimedia content, such as blogs and videos by visitors and residents to stimulate interest in Hong Kong. HKTB also collaborated with popular websites such as Google, Facebook, Youtube to enhance their interactivity with HKTB's official website. Hyperlinks would be built with online travel agencies, including Expedia and Zuji, to provide more platforms for online marketing.

Mega event and the Fifth East Asian Games

41. Miss Tanya CHAN expressed keen interest in the "World of Food and Wine" Festival and the annual marketing theme of "Year of Food and Wine" that featured Hong Kong's diverse culinary experiences. Mr Vincent FANG was keen to ensure that besides the catering industry, the retail industry would also benefit from the programme.

42. As the Festival would be held near the end of 2009, the Chairman was worried that the catering and retail industries might not be able to weather through the financial tsunami and need to close down their operations after the Lunar New Year. He sought the Administration's measures, if any, to enhance the viability of these industries and help them tide over this difficult period.

43. Mr Anthony LAU of HKTB said that the "Year of Food and Wine" was a focused communication platform for 2009-2010, and the "World of Food and Wine" Festival was a mega event to be held in November 2009 to tie in with the Hong Kong International Wine Fair organized by TDC. During the Festival, HKTB would launch wine and dining promotions at key dining districts - Soho, Lan Kwai Fong and Knutsford Terrace, and collaborate with local organizations to stage seafood carnivals and food events in core districts of Hong Kong. Promotional activities for the retail business would also be staged to complement the marketing initiatives on food and wine. He informed members that HKTB had already commenced preparation for the year-round programme. For instance, food and dining guides would be published in March 2009, which would include concessionary offers or discounts provided by the retail or catering industry.

44. Miss Tanya CHAN learned that HKTB would organize a Woodstock Concert, which had much established fame in popular music history. Recalling the failure of Harbourfest concert in 2003, she was worried about HKTB's lack of expertise in organizing the concert. Mr Anthony LAU of HKTB assured members that HKTB would collaborate with the music industry in launching the event, with HKTB/TC responsible for publicity and venue arrangements while the music production firm would organize the concert per se.

45. Miss Tanya CHAN further enquired whether HKTB had liaised with the organizer for the promotion of the Fifth East Asian Games to be held in Hong Kong in late 2009. Mr James TIEN of HKTB said that HKTB had been working closely with the organizer, in particular on publicity in the home countries of participating athletes. The authority concerned estimated that the event would attract some 10 000 visitors. Similar to the Paralympic Equestrian Events held last year, a concrete promotion plan could only be drawn up after the details of ticket allocation by the organizer were known.

Cruise tourism

46. Mr Ronny TONG said that the economic downturn did not impact much on cruise tourism as most of the cruise tourists were rich and less hit by the financial tsunami. He expressed concern that the current work plan of HKTB did not address adequately the development of cruise tourism. Mr TONG considered that South East Asia was a largely untapped cruise market, in particular, the Mainland, which was a market with high potential. Due to keen competition from neighbouring ports, it was now highly time-critical for Hong Kong to open up new cruise itineraries and grab a share of the Mainland market. In his view, the commissioning of the first berth of the new terminal at Kai Tak until 2013 could not possibly meet the urgent needs of the cruise trade. The operation of the new berth should commence earlier once the basic provisions were in place, which, in his view, could probably be provided within a year. Mr TONG urged the Administration and HKTB to act promptly to discuss with the major cruise companies to devise cruise itineraries that would include Hong Kong. He also called on HKTB to set up a task force to focus on the development of cruise tourism, and discuss with the Administration on how to speed up the provision of new cruise facilities.

47. C for Tourism responded that the Administration was committed to the development of cruise tourism in Hong Kong, and was well aware of the business potential of the cruise sector, the Asia Pacific market in particular. She informed members that the Advisory Committee on Cruise Industry was set up in January 2008, with representatives of the four leading cruise companies among its members, to advise the Administration on the development of Hong Kong into a regional cruise hub. C for Tourism was pleased to inform members that the major cruise line operators had expressed keen interest and confidence in opening up the Asian cruise market, and Hong Kong was widely perceived as a "must-call" port in the Far East and world cruise itineraries, either as a homeport or port of call. She said that the total conventional cruise passenger throughput of both overseas visitors and local residents had grown significantly in recent years, and mega vessels such as Queen Mary also called at Hong Kong. HKTB had also arranged special programmes for cruise visitors to enrich their experience in Hong Kong. On the availability of berths, C for Tourism advised that the existing berths at the Ocean Terminal, container terminals and China Merchants Wharf would be deployed to meet the rising market demand before the commissioning of the first berth at the new cruise terminal in 2013. Taking note of Mr Ronny TONG's concern, the Administration would try to fast-track the process while developing the necessary software for the cruise industry in parallel.

Strategic planning and cost management

48. Mr Paul TSE noted that HKTB would continue to tighten cost management, one measure of which was to freeze the headcount in its Head Office and WWOs in 2009-2010. He recalled that, in accordance with the recommendations of the

Director of Audit, HKTB had committed to constantly review the establishment of its WWOs and representative offices so as to take into account the changing market conditions and to tie in with its marketing strategies. According to the relevant report dated April 2008, the target completion date of the review was end 2008. He enquired about the outcome of the review, as well as the Administration's response.

49. Mr Anthony LAU of HKTB said that HKTB currently had a worldwide network of 15 offices and six representatives. The scale of establishment varied among the 15 offices, with the larger ones consisting of some eight to 10 staff and locating mainly in the major cities of London, Los Angeles, Sydney, Singapore and Tokyo. Most of the larger WWOs were either in the same building or near other overseas government offices, such as TDC, Economic and Trade Offices, and Invest Hong Kong. For the smaller WWOs, they would normally be accommodated near the tourism industry players in the area. Mr LAU said that the review of WWOs was expected to complete in the first quarter of 2009, and HKTB would re-assess the establishment of these offices yearly. Mr James TIEN of HKTB said that HKTB would, as far as practicable, contain the establishment of WWOs or representative offices.

Performance measurement

50. Mr Fred LI noted that under HKTB's new performance measurement framework to be implemented from 2009-2010, the four existing key performance indicators (KPIs) of visitor arrivals, their spending, length of stay and satisfaction) would still be maintained, in spite of their inadequacies in reflecting HKTB's performance. He enquired about the reference made with regard to overseas practices in performance measurement.

51. C for Tourism said that apart from the four KPIs mentioned, there were two other KPIs including intention to revisit Hong Kong and intention to recommend Hong Kong to friends and relatives. In drawing up the KPIs, reference had been made to the practices of UNWTO and other national tourism organizations. Most of these organizations were employing indicators similar to those currently used by HKTB. Under the new framework, HKTB would continue to keep track of the six KPIs of the tourism sector contributed collectively by various stakeholders. On top of that, HKTB would bring in a second tier of corporate performance indicators to measure the effectiveness and performance of HKTB's marketing programmes by strategic focuses. The new measurement framework would better reflect the nature of HKTB's activities, increase its accountability and better measure the contribution of HKTB to tourism.

52. In reply to Mr Paul TSE, Mr James TIEN of HKTB said that, while the existing KPIs accounted for the total measurement of performance, under the new framework, they would only take up some 30% of the overall assessment. Individual staff's core competencies would also contribute to the performance

Admin/
HKTB

discretionary pay in future. He undertook to provide further details on the corporate performance indicators, and their weighting vis-à-vis the existing KPIs in the overall assessment of HKTB's performance, together with the supplementary powerpoint slide on "Band A Staff Variable Performance Pay Assessment Mechanism".

53. Ms Starry LEE asked about the methodology used in assessing the overall visitor satisfaction rating, and detailed breakdown of ratings by source markets (e.g. long-haul/short-haul/Mainland markets). She considered that HKTB should conduct more in-depth analysis to enable members to understand the factors that would motivate visitors to re-visit Hong Kong. In this regard, reference should be made to the example of Japan on how to enhance Hong Kong as a frequented travel destination.

Admin/
HKTB

54. Mr Anthony LAU of HKTB explained that HKTB used to conduct surveys among departing visitors at different boundary control points, and around 330 000 visitors' questionnaires were collected every year. He said that the gap in ratings for short- and long-haul markets was in fact very small. To address Ms Starry LEE's concern, he undertook to provide explanation on how the overall tourist satisfaction rating of 8.2 for 2008 had been obtained, and details on the breakdown of ratings by source markets.

55. Mrs Regina IP was concerned whether HKTB had, during the visitor surveys, probed into their favourite past-time while staying in Hong Kong. Mr Anthony LAU of HKTB said that HKTB used to conduct in-depth surveys and focus group studies in the source markets in order to track the changes in interests and preferences of tourists. Mr James TIEN of HKTB said that such surveys had provided useful information for marketing. For instance, it was learned that the family segments of India enjoyed visiting the Hong Kong Disneyland and Ocean Park, whereas people in the Middle East were more concerned about personal safety and Hong Kong appealed to them as a safe city for tourists.

56. Ms Starry LEE said that the work plan did not provide adequate information for members to consider the cost-effectiveness in the deployment of HKTB's resources. For instance, there was no reference/analysis to facilitate members to assess whether increase in arrivals in a particular source market was due to natural growth or the contribution of WWOs.

Admin/
HKTB

57. Mr James TIEN advised that the performance of visitor arrivals might not always correspond to the extent of marketing input, as other factors would come into play, such as the economies of individual source markets. Besides, the percentage of visitor growth in different source markets should not be compared directly as their base figures were different. Ms Starry LEE requested HKTB to provide more details in the future work plans, including assessment of the reasons for the increase/decrease in the number of arrivals for different markets, and analysis of such performance in relation to the effectiveness of programmes implemented by WWOs.

Others

58. Mrs Regina IP suggested that HKTB should consider revamping its logo in order to convey a more vibrant image for Hong Kong. In her view, the existing logo of a Chinese-style yacht was old-fashioned and reminiscent of Hong Kong as a fishing village in the early days. Mr James TIEN of HKTB took note of Mrs IP's suggestion for consideration. However, he said that the existing logo had an appeal to visitors of long-haul markets and it might not be easy to design a new logo agreeable to all parties.

59. In reply to Mrs Regina IP, C for Tourism informed members that the killer whale was on the list to be brought to the Ocean Park. However, there was difficulty in acquiring the animal due to the limited supply resulting from restrictions imposed by relevant international treaties and conventions.

V Any other business

60. There being no other business, the meeting ended at 6:24 pm.