

## **LegCo Panel on Economic Development**

### **Policy Agenda of the Commerce, Industry and Tourism Branch, Commerce and Economic Development Bureau**

#### **Introduction**

This paper outlines the initiatives related to the portfolio of the Commerce, Industry and Tourism Branch of the Commerce and Economic Development Bureau under the 2011-12 Policy Agenda.

#### ***Developing the Infrastructure for Economic Growth***

##### **New Initiatives**

##### **Tourism**

***Initiative: Review the operation and regulatory framework of the tourism sector in Hong Kong and announce the substantive reform proposals in the fourth quarter of 2011.***

2. Tourism is an important pillar of Hong Kong's economy. We attach great importance to the healthy and sustainable development of the tourism sector in Hong Kong. The Government issued a consultation paper on 29 April this year and conducted a ten-week public consultation on the review of the operation and regulatory framework of the tourism sector in Hong Kong. During the consultation period, we publicised the consultation document and gathered views from the trade and the public through various channels and occasions. We attended a Legislative Council (LegCo) Panel on Economic Development meeting to listen to the views of Legislative Council Members and deputations. We also attended forums organised by the Travel Industry Council of Hong Kong (TIC) to listen to the views of its members. Furthermore, we briefed the Chairmen and Vice-Chairmen of 18 District Councils on the consultation document and organised forums through the Travel Agents Registry to

exchange views with travel agents. We also met with trade members, front-line practitioners and other stakeholders to gather their views. We are considering the views collected during the consultation period with a view to formulating a reform proposal that is effective, practicable and can foster a consensus amongst stakeholders. We will announce the reform proposal in the fourth quarter this year as planned.

***Initiative: Explore with the Ocean Park the feasibility of developing Tai Shue Wan as a new integrated theme zone.***

3. To further enhance the tourism appeal of the Ocean Park, we will work closely with the Park in exploring the feasibility of developing Tai Shue Wan as a new integrated theme zone comprising waterpark cum ice-skating ring, etc.

***Initiative: Explore with the Hong Kong Disneyland the feasibility of further expansion within the existing area of the park after completing the current expansion plan.***

4. The Hong Kong Disneyland (HKD) is exploring a further expansion within the existing area of the park by adding a new attraction after completing the current expansion plan. Preliminary conceptual planning on the new attraction has already commenced. We will work closely with The Walt Disney Company with a view to continuously enhancing HKD's appeal to visitors.

### **On-going Initiatives**

#### **Competition Policy**

***Initiative: Pressing ahead with the enactment of the Competition Bill to prohibit conduct that prevents, restricts or distorts competition in Hong Kong and to establish a Competition Commission and a Competition Tribunal.***

5. Since the introduction of the Competition Bill (the Bill) into the LegCo in July 2010, we have been working closely with LegCo's Bills Committee on Competition Bill (the Bills Committee) on its scrutiny of the Bill. We are aware of the views and concerns expressed by Members of the Bills Committee and different sectors of the community on the Bill. We will respond to the major concerns at the Bills Committee in late October, taking account of the aspirations of the public to tackle anti-competitive conduct and the actual circumstances of Hong Kong. Our goal is to strive for the enactment of the Bill within the 2011-12 legislative session.

### **Aviation Weather Services**

***Initiative:*** *Continuing to take forward a programme aimed at enhancing weather services for the Hong Kong International Airport and upholding aviation safety, including the replacement/upgrading of the Hong Kong Observatory's windshear radar and other meteorological equipment.*

6. Aviation safety relies on quality weather services. In February 2009, LegCo approved funds for the Hong Kong Observatory to replace and upgrade the meteorological facilities for our Airport.

7. We would seek funds from LegCo later this year to construct a station for housing the new Terminal Doppler Weather Radar. This radar is essential for the continued provision of reliable windshear warnings. Acquisition of other meteorological equipment and facilities for the Airport is underway. They will be fully commissioned by 2015 as planned.

### **The Pyramid Schemes Prohibition Bill**

***Initiative:*** *Pressing ahead with the enactment of the Pyramid Schemes Prohibition Bill with the objective of enabling more effective enforcement over objectionable, deceptive pyramid schemes.*

8. We introduced the Pyramid Schemes Prohibition Bill into this Council in June. The Bill seeks to improve the provisions of the existing Pyramid Selling Prohibition Ordinance (Cap. 355), adopt a clearer definition of “pyramid scheme”, expand the regulatory coverage and uplift penalties. We will continue to support the Council in scrutinising the Bill.

## **Tourism**

***Initiative: Supporting the Hong Kong Tourism Board (HKTB) in continuing its promotion work in key source markets and strengthening its marketing activities in emerging markets.***

9. In the first half of 2011, the changing macro economic environment has resulted in the different performance of emerging markets. Except for Russia which took on the growth momentum last year, visitor arrivals from India, the Middle East, Vietnam and the Netherlands were below expectations. Notwithstanding this, overall growth in per capita spending of overnight visitors from these markets was recorded, and increase in specific segments was also witnessed. The long term economic growth and flight capacity of emerging markets still present considerable potential in tourism. We will continue to support the promotion work of the HKTB in key source markets, and its expanding marketing efforts in emerging markets.

***Initiative: Together with local stakeholders and Mainland tourism authorities, tightening the regulation of the arrangements for Mainland tour groups in Hong Kong and continuing the promotion of honest tourism and hospitality culture to further uplift the quality of Hong Kong’s tourism services.***

10. In recent years, the reception of Mainland tour groups by some travel agents has aroused much concern in the Mainland and Hong Kong. The TIC implemented 10 measures since February this year to combat problems arising from zero or negative receiving fare practice, improve the operation of Mainland tour groups in Hong Kong and enhance the consumer rights protection for Mainland travellers.

11. The Government has all along maintained close co-operation with the China National Tourism Administration (CNTA) and other regional tourism authorities on tourism development and trade regulation in the Mainland and Hong Kong. Mainland tourism authorities also support our regulatory work, and have taken action to complement the 10 measures introduced by the TIC. The Tourism Commission (TC) has jointly promulgated with the CNTA a document to prescribe the key points that must be included in the contract between Mainland travel agents organising group tours and the Hong Kong travel agents receiving the groups. The TC has also issued an information note through the CNTA to raise Mainland tourists' awareness of their consumer rights when travelling in Hong Kong.

12. On fostering a hospitable culture, the TC has launched the Hong Kong Young Ambassador Scheme since 2001 to train young people to be polite and helpful to visitors, as well as to develop a strong hospitable culture in schools and the community. We will continue to promote a hospitable culture, and the TIC will also take the initiative to improve the service quality of tourist guides, for example, by strengthening the professional conduct and ethics education in tourist guide training courses. This will ensure our visitors can enjoy quality service.

***Initiative: Supporting HKTB's dedicated office "Meetings and Exhibitions Hong Kong" in strengthening MICE (meetings, incentive travels, conventions and exhibitions) promotion and continuing partnership with our local and overseas networks to attract more major international MICE events to Hong Kong.***

13. The HKTB established a dedicated office, the “Meetings and Exhibitions Hong Kong” (MEHK) in 2008 to step up the promotion of Hong Kong as a premier MICE destination, provide one-stop support for MICE event organisers, and enrich travel experience of MICE visitors. In 2010, the MEHK provided support to 1 598 MICE events. Amongst them, 410 have been facilitated by the MEHK or secured through MEHK’s proactive lobbying efforts and will be held in Hong Kong in the next few years. Large-scale MICE events secured by the MEHK include the 2012 FDI Annual World Dental Congress, 2012 Junior Chamber International Asia Pacific Conference and SIGGRAPH Asia 2011 (an international conference and exhibition on computer graphics and interactive techniques). The MEHK has also successfully united all major attractions and venue providers on Lantau Island to jointly launch a large scale publicity campaign, with a view to strengthening the image of Lantau Island as a MICE destination. The Government will continue to support the operation of the MEHK and work closely with the MICE trade to reinforce Hong Kong’s position as an international convention, exhibition and tourism capital.

***Initiative: Supporting HKTB’s co-operation with tourism organisations and travel trade in the Mainland and around the region in developing “multi-destination” itineraries.***

14. Promoting “multi-destination” itineraries is an integral part of HKTB’s promotional strategy. Hong Kong’s geographical location and connectivity, coupled with the unique cultural characteristics of the Mainland and other regional travel destinations greatly facilitates the development of “multi-destination” itineraries and tourism products. These itineraries provide more diverse travel experiences to tourists, and help attract more visitors to Hong Kong. We will continue to provide support to the HKTB in the development and promotion of “multi-destination” itineraries with tourism authorities in the Mainland.

15. This year the HKTB partnered with tourism administrations of Macao, Guangdong, Yunnan, Hainan, Guangzhou, Shenzhen and Zhongshan to participate in tourism exhibitions and to stage roadshows in Germany, Russia, Australia, Japan, South Korea and Southeast Asia to promote “multi-destination” itineraries featuring Hong Kong. The HKTB will launch promotional activities with Shenzhen in Thailand and Vietnam at the end of this year. The HKTB together with Guangdong Provincial Tourism Administration and Macao Government Tourism Office have also jointly invited a renowned travel adventurer to film a television programme featuring the three places. The programme is scheduled to be broadcast on US network television in early 2012.

***Initiative: Continuing the development of the new cruise terminal at Kai Tak as well as supporting HKTB’s overseas promotion on cruise tourism; and continuing to work closely with the Advisory Committee on Cruise Industry to develop Hong Kong into a leading cruise hub in the region.***

16. Construction of the new cruise terminal is moving ahead in full swing. The overall progress is satisfactory. It remains our objective to commission the terminal building and the first berth in mid-2013. We are also assessing the tender proposals for operating and managing the new terminal in accordance with the established procedures.

17. Besides, Vice-Premier Mr Li Keqiang announced during his visit to Hong Kong that increased efforts would be put in to support the development of Hong Kong as a homeport for cruise tourism. This ties in well with the commissioning of the new cruise terminal in mid-2013 and will further boost the development of our cruise tourism. In this regard, we will allocate more resources to the HKTB to enhance Hong Kong's appeal to cruise lines and tourists. We also aim to lengthen the stay of cruise lines and tourists in Hong Kong through collaborative efforts with the travel trade in developing more diversified shore excursion programmes. We will continue to strengthen our co-operation with nearby ports in the Mainland and other parts of the region in order to create the synergy that will raise Hong Kong's attractiveness as a homeport for cruise tourism as well as enhancing the market potential of the whole region.

***Initiative: Co-ordinating efforts of Government and the tourism industry to facilitate the operation and development of major tourism infrastructure facilities, including –***

***(a) overseeing the implementation of the Aberdeen Tourism Project, the construction works of which is planned for commencement in end 2011.***

18. Under the Aberdeen Tourism Project, the promenade on both sides of the Aberdeen Harbour as well as the Ap Lei Chau Main Street and adjacent streets will be beautified under the theme of a traditional fishermen's village. The construction works is expected to commence in late 2011 for phased completion between 2012 and 2014.

***(b) the planning and co-ordination of enhancement projects at the Lei Yue Mun waterfront and Tsim Sha Tsui.***

19. The Government has been pursuing improvement projects on tourism facilities in different districts, and will continue to liaise closely with the travel industry and the local community to ensure that these projects meet the expectations of residents, while also satisfy the needs of visitors and enrich their visiting experience.



20. Lei Yue Mun (LYM) is renowned for its pleasant waterfront ambience and excellent seafood. The LYM Waterfront Enhancement Project aims to leverage on the strengths of LYM and enhance its attractiveness. The statutory procedures for handling objections in relation to the project are still underway. We hope to complete the statutory procedures as soon as possible, and firm up the detailed design and estimated cost of the project before seeking funding approval from the Finance Committee of LegCo next year. Works are expected to commence the earliest in 2012 for phased completion from end 2013 onwards.

21. The Government plans to develop the existing public transport interchange adjacent to the Tsim Sha Tsui (TST) Star Ferry Pier into a piazza with a view to linking up the various tourist attractions in the vicinity, and providing a leisure space for public enjoyment. The construction of a new turnaround forms part of the piazza development. The relevant Government departments gazetted the works for construction of the turnaround in 2009 and 2010. Public views collected during the gazettal period showed that the major concerns were over the future arrangements for bus services and the possible impact of the piazza project on the traffic flow. Some also considered that the TST pier bus terminus should be conserved so as to preserve the collective memory of the Hong Kong community.

22. Taking into account the public views received, the Government has revisited the way forward for the piazza project, and proposes to adopt a new design concept that will integrate the piazza with the revitalisation of the TST pier, with an aim to developing the vicinity into a tourism node. Under the new design concept, we propose to expand the turnaround being planned to become a new public transport interchange, so as to enable all bus routes currently using the TST pier bus terminus to continue to call at the TST pier in future. This arrangement would facilitate passengers in using bus service and interchanging with Star Ferry services. It would address the strong requests of the public and District Councils for keeping the existing bus service arrangements, while improving the pedestrian environment outside the pier. The relevant departments already gazetted the works for the expansion of the turnaround in September. We plan to draw up a more concrete design for the tourism node, and will further consult relevant organisations and stakeholders on the project design.

*(c) liaising closely with the Ocean Park and relevant parties to facilitate the smooth implementation of the Park's redevelopment and hotel projects.*

23. Upon completion of its Master Redevelopment Plan (MRP) by 2012, the Ocean Park will become a world-class marine-themed park featuring more than 70 attractions. New attractions opened in the past few years include the "Skyfair Celebration", "Amazing Asian Animals" and "Ocean Express". This year, the "Aqua City" and "Rainforest" were opened in January and June respectively. Two other new attractions, the "Thrill Mountain" and "Polar Adventure", are expected to complete within the coming year. In addition, to further enhance its tourism appeal, the Ocean Park is planning to develop hotels inside the Park. We will continue to maintain close liaison with the Ocean Park to ensure the smooth implementation of the MRP and the proposed hotel development.

*(d) overseeing the implementation of the Hong Kong Disneyland's current expansion plan to ensure its timely completion.*

24. The current expansion plan of HKD is proceeding smoothly as planned. The first new themed area “Toy Story Land” will be opened in mid-November this year. The remaining two new themed areas are also scheduled to be completed in phases in 2012 and 2013 respectively. The expansion plan will bring the total number of attractions in HKD to over 100. We will continue to closely monitor the implementation of the expansion plan to ensure its timely completion.

### *Investing for a Caring Society*

#### **On-going Initiative**

##### **Consumer Protection**

***Initiative:** Preparing legislative amendments for the implementation of legislative proposals to enhance protection for consumers against unfair trade practices. We will continue publicity and education efforts.*

25. We consulted the public on the legislative proposals against unfair trade practices last year, and published a consultation report early this year. Generally speaking, our legislative proposals receive public support.

26. The legislative proposals could be broadly divided into two groups. The first group seeks to criminalise some commonly seen unfair trade practices (including false trade descriptions to service, misleading omissions, aggressive practices, bait advertising, bait-and-switch, and accepting payment without the intention or ability to provide goods or services contracted for) and enhance effectiveness in enforcement.

27. The second group relates to the mandatory imposition of a cooling-off period. In the light of the consultation feedback, we proposed that the scope of the cooling-off arrangements should be expanded to cover the following two types of consumer contracts -

- (a) consumer contracts involving goods and/or services with a contract duration of not less than six months; and
- (b) consumer transactions concluded during unsolicited visits to consumers' homes and places of work.

28. With the expansion in scope, the "cooling off" proposal would now affect a wide range of traders dealing in different goods and services. It would also affect business operation and the process in which consumers enter into contracts. We have met with different stakeholders and discussed detailed arrangements for implementing the proposal. Trade associations and others have expressed concerns about practical arrangements including the arrangements for consumers to exercise the right of cancellation, the refund arrangements and small-value transactions. We need more time to study how to address these concerns properly in the statute book.

29. To ensure that consumer protection could be enhanced as soon as possible, we propose to tackle unfair trade practices as our top priority. We are preparing in full steam legislative amendments aimed at criminalising commonly seen unfair trade practices and enhancing enforcement mechanism. Our target is to introduce the legislative amendments into this Council within the current legislative session.

30. In parallel with working on the legislative proposals, we will collaborate with the Consumer Council, the Police and other organisations (including major chambers of commerce, schools and the media) to enhance consumers' awareness and knowledge of various unfair trade practices through different channels.