

立法會
Legislative Council

LC Paper No. CB(1)1209/07-08
(These minutes have been seen
by the Administration)

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Panel on Commerce and Industry

Minutes of meeting
held on Tuesday, 18 March 2008, at 2:30 pm
in Conference Room A of the Legislative Council Building

- Members present** : Hon Vincent FANG Kang, JP (Chairman)
Hon WONG Ting-kwong, BBS (Deputy Chairman)
Hon Jeffrey LAM Kin-fung, SBS, JP
Hon Andrew LEUNG Kwan-yuen, SBS, JP
Hon CHIM Pui-chung
- Members attending** : Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP
Hon Howard YOUNG, SBS, JP
- Members absent** : Dr Hon LUI Ming-wah, SBS, JP
Hon CHAN Kam-lam, SBS, JP
Hon Mrs Sophie LEUNG LAU Yau-fun, GBS, JP
Hon SIN Chung-kai, SBS, JP
Hon Timothy FOK Tsun-ting, GBS, JP
Hon Ronny TONG Ka-wah, SC
- Public officers attending** : Agenda Item IV
Commerce and Economic Development Bureau
Miss Yvonne CHOI Ying-pik, JP
Permanent Secretary for Commerce and Economic
Development (Commerce, Industry and Tourism)

Ms Linda LAI Wai-ming
Deputy Secretary for Commerce and Economic
Development (Commerce and Industry)¹

Ms Joey LAM Kam-ping
Deputy Commissioner for Tourism

Attendance by invitation : Agenda Item IV
Hong Kong Tourism Board

Mr Anthony LAU
Executive Director

Mr Patrick KWOK
General Manager (Tourism Marketing)

Clerk in attendance : Ms YUE Tin-po
Chief Council Secretary (1)³

Staff in attendance : Ms Guy YIP
Senior Council Secretary (1)⁵

Mr Simon CHEUNG
Council Secretary (1)¹

Ms May LEUNG
Legislative Assistant (1)⁶

Action

I. Confirmation of minutes of meetings

(LC Paper No. CB(1)919/07-08 -- Minutes of meeting held on
15 January 2008

LC Paper No. CB(1)1016/07-08 -- Minutes of meeting held on
19 February 2008)

The minutes of the meetings held on 15 January and 19 February 2008
were confirmed.

II. Information paper issued since last meeting

(LC Paper No. CB(1)886/07-08(01) -- Guidance notes and application form for an export compulsory licence of pharmaceutical products under the Patents Ordinance)

2. Members noted that the above paper had been issued for the Panel's information.

III. Date of next meeting and items for discussion

(LC Paper No. CB(1)1017/07-08(01) -- List of outstanding items for discussion

LC Paper No. CB(1)1017/07-08(02) -- List of follow-up actions)

3. Members agreed that the Panel would discuss the following items at the next regular meeting to be held on 15 April 2008 –

- (a) Copyright protection in the digital environment;
- (b) Progress report on Hong Kong Design Centre; and
- (c) Hong Kong Special Administrative Region's participation in the World Exposition 2010 Shanghai China

IV. Progress in relation to the development of the convention and exhibition industry

(LC Paper No. CB(1)539/07-08 -- "Report on the Study of the Development of Convention and Exhibition Facilities in Hong Kong" prepared by the Legislative Council Secretariat

LC Paper No. CB(1)1017/07-08(03) -- Paper provided by the Administration

LC Paper No. CB(1)1106/07-08 -- Hong Kong Tourism Board's paper on MICE Promotion Work Plan 2008-2009 (power-point presentation materials))
(Chinese version only)
(*tabled at the meeting and subsequently issued via email on 19 March 2008*)

4. The Chairman declared that he was a member of the Board of the Hong Kong Tourism Board (HKTB) and the Chairman of HKTB's Marketing and

Business Development Committee. As a proposal from HKTB might be discussed, he invited Mr WONG Ting-kwong, the Deputy Chairman, to preside over the discussion on the item. Nevertheless, members were of the view that the Chairman had already declared his HKTB appointments and there was no conflict of interest or conflict of roles in his chairing of the discussion of the item. The Chairman noted members' views and continued to preside over the meeting.

Briefing by the Administration

5. At the invitation of the Chairman, the Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (PSCIT) thanked Members for conducting a duty visit in August 2007 to study the development of the convention and exhibition (C&E) facilities in overseas countries and the Panel's observations and recommendations made in its Report on the Study of the Development of Convention and Exhibition Facilities in Hong Kong (Study Report) (LC Paper No. CB(1)539/07-08). The Administration noted from the Study Report that five recommendations were made, namely establishing a dedicated body, strengthening physical infrastructure, stepping up marketing efforts and enhancing attractions, nurturing and retaining talents, and collaborating with neighbouring cities. She said that the Administration's response to these five recommendations was set out in the Administration's paper (LC Paper No. CB(1)1017/07-08(03)). As announced by the Financial Secretary (FS) in his Budget Speech delivered on 27 February 2008, an additional \$150 million had been earmarked to step up efforts in marketing and enhancing attractions of MICE (Meetings, Incentives, Conventions and Exhibitions) in the next five years. Subsequent to the Budget speech, the Administration had invited HKTB to draw up a MICE Promotion Work Plan for 2008-2009, an outline of which had been considered by the Steering Committee on MICE, led by FS and the Secretary for Commerce and Economic Development, at its meeting on 11 March 2008.

6. With the aid of power-point presentation, the Executive Director of HKTB (ED/HKTB) took members through the salient points of HKTB's MICE Promotion Work Plan for 2008-2009.

Discussion

Leveraging on the strategic alliance of agencies in MICE promotion

7. Noting that the airlines were not represented in the Steering Committee on MICE, Mr Howard YOUNG reminded the Administration to attach importance to building up strategic partnership with the aviation sector so as to leverage on their strength in promoting Hong Kong to overseas countries.

8. PSCIT replied that the Steering Committee on MICE would invite representatives from different sectors to attend its meetings on a need basis. The Administration would also engage the aviation sector to solicit their views on and assistance in the promotion of MICE to overseas countries.

9. The Chairman suggested that if itinerary permitted, senior Government officials should be invited to help promote MICE in their overseas visits. PSCIT thanked the Chairman for his suggestion. She remarked that principal officials had been taking part in renowned events hosted in overseas countries to promote Hong Kong.

Strengthening physical infrastructure

10. Mr Howard YOUNG pointed out that due to the lack of exhibition space and hotel rooms in Los Angeles, a major trade show was relocated to Las Vegas where it was further developed to become the largest and most comprehensive fashion and accessory trade event in the United States, i.e. the MAGIC Marketplace. He welcomed the Chief Executive's initiative, as announced in his Policy Address delivered on 10 October 2007, to gauge the need for land supply for hotel development in a bid to enhance the appeal of Hong Kong as an international convention, exhibition and tourism capital. In this connection, he asked the Administration about the feedback of the hotel industry.

11. In reply, PSCIT advised that some industry players had expressed views on the need to increase the provision of hotel facilities in Hong Kong. To address the industry's concern, a survey had been conducted by the Administration which concluded that Hong Kong's hotel capacity, in terms of rooms and occupancy rate, was approaching saturation. In this connection, FS announced in his recent Budget Speech that 10 "hotel only" sites would be included in the 2008-09 Application List (AL) for the provision of different types of hotels.

12. Mrs Selina CHOW said that Hong Kong had long been a MICE capital in the region. She doubted however that the relatively high rental fees charged by the operators of the local C&E facilities would undermine the competitive edge Hong Kong had over other competitors, such as Singapore, in the long run. While agreeing to the Government's policy that commercial or for-profit activities would not be subsidized, she was keen to ensure that appropriate strategies would be adopted by the Administration to enhance Hong Kong's competitiveness in the international C&E arena.

13. PSCIT responded that the operators of the two major C&E facilities in Hong Kong, i.e. the Hong Kong Convention and Exhibition Centre (HKCEC) and Asia World-Expo (AWE), operated under prudent commercial principles, and adopted suitable marketing and pricing strategies to attract and retain clients. For instance, discounts might be offered to events held during non-peak seasons and those held in Hong Kong for the first time. Efforts would also be made by the Administration to sustain Hong Kong's global competitiveness through collecting information about events in other economies, providing additional resources and lobbying event organizers to relocate their events from overseas to Hong Kong, etc.

14. Mr Jeffrey LAM expressed appreciation about the Government's efforts in boosting tourism and C&E activities in Hong Kong. However, he noted that the hotel and C&E facilities in Hong Kong were approaching saturation. In this connection, he welcomed the announcement made by FS for the inclusion of 10 "hotel only" sites in the 2008-09 AL and, as reported at the Panel on Economic Development on 17 March 2008, the decision of the Ocean Park Corporation to develop three hotel-cum-C&E facilities in the Ocean Park. Pointing out that it would take time for these facilities to be completed, he was keen to ensure that appropriate measures would be taken by the Administration to enhance co-operation between HKCEC and AWE with a view to making fuller use of the latter's facilities to meet service needs of the burgeoning MICE business.

15. PSCIT responded that of the two venues, HKCEC in particular was already fully occupied during the two C&E peak periods which straddled from March to April and September to November respectively. To accommodate new events, HKTDC had strived to re-schedule some trade shows from the peak to non-peak seasons. She assured members that on-going efforts had been made by the Administration to strengthen co-operation between HKCEC and AWE. For instance, the Administration was working closely with HKCEC and AWE and relevant agencies to improve transportation and other arrangements to facilitate visitors attending shows held at the two venues.

16. Mr Jeffrey LAM pointed out that flexibility in terms of event schedule and venue should be allowed to help bring new events to Hong Kong. For example, following the waiving of duties on wine, beer and all other alcoholic beverages except spirits with immediate effect, new events such as the auction of table wine could be organized in Hong Kong. As some new events might prefer the central business district location, the Administration should consider relocating some existing events from HKCEC to AWE. Mrs Selina CHOW expressed similar concern and commented that flexible marketing terms in respect of the scheduling of events, etc., should be offered to help attract new events to Hong Kong.

17. PSCIT stressed that continued efforts would be made by the Administration to strengthen co-operation between HKCEC and AWE with a view to providing flexibility to event organizers and attracting them to bring new events to Hong Kong. Moreover, the Administration was aware of a strong demand for C&E facilities located in the central business district. In this respect, the Administration had previously accepted HKTDC's application for using the Tamar Site for temporary exhibition use and advised that the Administration would continue to explore similar arrangements at temporary sites if necessary.

18. The Chairman pointed out that the schedule of a trade show was a major consideration of the organizers and participants. Due care should therefore be taken in slotting new trade shows and retaining existing ones. For example, when staging new trade shows in Hong Kong, care should be taken to avoid clashing with the mega shows of the same kind organized in overseas C&E venues. When considering whether it was feasible to relocate an existing trade show from

HKCEC to AWE, views of the relevant event organizers and participants should also be considered in order not to lose Hong Kong's well-established trade shows to its competitors.

19. PSCIT said that the Administration would strive to retain existing clients by paying heed to their needs and expectation. An Alliance Group (AG) would be set up to, inter alia, provide a platform for relevant Government and public bodies to discuss and exchange views on how best MICE should be promoted in Hong Kong. AG would first draw up a 'bid' list of mega events in the coming few years. When bidding for these events, AG would exercise prudence in aspects such as event scheduling and logistical support, etc.

20. Mr WONG Ting-kwong opined that the provision of adequate hotel and C&E facilities was crucial to the healthy development of the C&E industry in Hong Kong. He had participated in the Panel's duty visit to the C&E facilities in Frankfurt and Las Vegas in August 2007, and noted the strong request from many Hong Kong exhibitors for the development of more C&E facilities in Hong Kong so that they could showcase their products in Hong Kong instead of going overseas. Despite the completion of the Atrium Link extension of HKCEC in early 2009, he considered it necessary to pursue the Phase 3 development of HKCEC without further delay. In this connection, he referred to his previous suggestion that the Administration should consider relocating Wanchai Sports Ground so that a larger site would be available for the Phase 3 development of HKCEC, or expanding HKCEC above the nearby bus terminal.

21. PSCIT replied that the Administration had all along attached importance to the development of hotel and C&E facilities in Hong Kong, both in terms of software and hardware. On software, she said that one-stop MICE services would be provided by a dedicated office, namely "Meetings and Exhibitions Hong Kong (MEHK)", within HKTB. On hardware, she advised that the Administration was considering with HKTDC the development of HKCEC Phase 3 in Wanchai. Moreover, it was exploring with AWE the possibility of an early commencement of the AWE Phase 2 expansion project. For the former project, she advised further that relevant Government bureaux and departments were working closely with HKTDC to examine technical issues related to transport and public facilities, etc.

22. Noting that there was significant disparity between HKCEC and AWE in respect of their occupancy rate and rental fees, the Chairman opined that the Government, being the biggest shareholder of AWE and a Board Member of the HKTDC, should play an active role in ensuring a level playing field.

23. PSCIT replied that the Administration was mindful of the importance to encourage co-operation between HKCEC and AWE. She said that while new C&E facilities, including the additional exhibition space to be made available through the Atrium Link extension of HKCEC, would take time to complete, the Administration noted that the capacity of AWE had yet to approach saturation. Efforts would therefore be made to boost the number of events to be held there.

Stepping up marketing efforts and enhancing attractions

24. On the Administration's proposal that as a matter of principle, new resources would not be used to provide direct cash subsidies for commercial or profit-making events, Mr Howard YOUNG pointed out that as affiliate members of international organizations would go overseas on a voluntary basis to bid for their organizations' international conferences, consideration should be given to subsidizing the volunteers' trips as an incentive to encourage them to bring international events to Hong Kong.

25. PSCIT pointed out that it was Government's established policy that direct cash subsidies would not be provided. Instead, HKTB would provide multi-faceted services to encourage the hosting of international events in Hong Kong. ED/HKTB supplemented that HKTB would exercise discretion in encouraging event organizers to stage international events in Hong Kong. Incentive offers, such as sponsorship in kind, could be provided to the event organizers on a case-by-case basis. As usual, assistance would also be provided by HKTB to facilitate organizations to prepare for their bid materials.

26. Mrs Selina CHOW remarked that the staging of events by non-profit-making organizations would be conducive to strengthening Hong Kong's image as an international hub in various socio-economic aspects. As such, rather than applying the Government's financial principles rigidly, a fair mechanism should be devised to consider providing sponsorship to non-governmental organizations (NGOs), in cash or in kind, to support their staging of mega events in Hong Kong.

27. PSCIT replied that the Administration was mindful of the assistance required by NGOs for staging large-scale events in Hong Kong. Assistance would be provided by the Government or HKTB, where appropriate. She advised that in the new round of HKTB's promotion activities, efforts would be stepped up to help NGOs and professional bodies to bid for the right to host international conventions in Hong Kong.

28. Mr WONG Ting-kwong noted that in response to the Administration's invitation, HKTB had proposed to set up MEHK while an additional \$150 million had been earmarked in the 2008-09 Budget to promote MICE in the next five years. He enquired about the rationale for setting up a separate office such as MEHK.

29. PSCIT advised that at the policy level, the Government had set up a cross-sector Steering Committee on MICE to advise on the policies and measures to support the development of Hong Kong's MICE sector. To maximize the synergy of Hong Kong's overseas network for MICE promotion, AG, comprising the Tourism Commission, HKTB, HKTDC, Invest Hong Kong and the Economic and Trade Offices of Hong Kong Special Administrative Region, would be set up with a view to identifying MICE opportunities and promoting concerted marketing

efforts. At the working level, the Administration had invited HKTB to pursue the Budget initiative of promoting MICE. ED/HKTB supplemented that MEHK would be set up as a dedicated office to provide one-stop services to promote conventions, exhibitions and incentive travels in Hong Kong. On resources allocation, he advised that at present, 13 HKTB staff were deployed to the headquarters and overseas offices of HKTB for MICE promotion. In future, these staff would be re-deployed to MEHK to pool together resources to strengthen the provision of support services for MICE promotion.

30. The Chairman noted that while the Steering Committee on MICE would advise on MICE promotion at the policy level, AG and MEHK would also be set up to promote MICE. He sought information from the Administration on the division of responsibilities between AG and MEHK.

31. PSCIT responded that AG, led by the Commissioner for Tourism (CT), would co-ordinate efforts by relevant bodies with a view to maximizing the synergy of their overseas network for MICE promotion. Prospective MICE clients identified by AG would be referred to MEHK, the dedicated office for one-stop MICE services and logistics arrangements.

32. The Chairman pointed out that in Dubai, MICE promotion was under the direct leadership of the ruler of Dubai, thus giving impetus to the successful promotion of MICE in Dubai. He was keen to ensure that the institutional arrangement for MICE promotion in Hong Kong would help achieve the advocated mission. In this connection, he sought clarification on whether MICE promotion would be spearheaded by CT. He also enquired about the appropriate channel for dealing with special needs of event organizers, such as the request for dedicated immigration kiosks to facilitate event participants entering Hong Kong.

33. PSCIT clarified that AG aimed to promote concerted efforts in MICE promotion and help avoid duplication of efforts. All AG members as well as HKTB had the mandate to promote Hong Kong. For example, the return of the Asian Aerospace to Hong Kong in 2009 was the result of the concerted efforts made by these agencies mandated to promote Hong Kong. On the Chairman's enquiry about special arrangements for immigration controls, she advised that MEHK, as the one-stop services provider, could refer such requests to the Tourism Commission, which would follow up requests which involved Government policies and measures.

34. Mr Jeffrey LAM said that he supported the proposal to set up AG which would be conducive to maximizing the synergy of Hong Kong's network for MICE promotion. On the composition of AG, Mrs Selina CHOW opined that while HKTDC (the operator of HKCEC) was a member of AG, the operator of AWE should also be invited to join AG for concerted efforts of MICE promotion. The Administration noted Mrs CHOW's comment.

35. In summing up the discussion, the Chairman expressed appreciation that the Administration had taken forward the Panel's recommendations made in its Study Report and had proposed a host of measures which included providing 10 pieces of land dedicated for the development of hotel, setting aside \$150 million to carry out MICE activities in the next five years and establishing a dedicated office of MEHK to provide one-stop MICE services. He concluded that members were in general supportive of the Administration's present proposals to enhance MICE promotion.

V. Any other business

36. There being no other business, the meeting ended at 3:50 pm.

Council Business Division 1
Legislative Council Secretariat
14 April 2008