

立法會
Legislative Council

LC Paper No. CB(4)818/14-15

(These minutes have been
seen by the Administration)

Ref : CB4/PL/EDEV

Panel on Economic Development

**Minutes of meeting
held on Monday, 16 February 2015, at 10:30 am
in Conference Room 1 of the Legislative Council Complex**

Members present : Hon Jeffrey LAM Kin-fung, GBS, JP (Chairman)
Hon CHUNG Kwok-pan (Deputy Chairman)
Hon CHAN Kam-lam, SBS, JP
Hon Andrew LEUNG Kwan-yuen, GBS, JP
Hon WONG Ting-kwong, SBS, JP
Dr Hon LAM Tai-fai, SBS, JP
Hon CHAN Kin-por, BBS, JP
Hon Albert CHAN Wai-yip
Hon Steven HO Chun-yin
Hon YIU Si-wing
Hon Charles Peter MOK, JP
Hon Kenneth LEUNG
Hon Christopher CHEUNG Wah-fung, SBS, JP
Dr Hon Fernando CHEUNG Chiu-hung
Hon SIN Chung-kai, SBS, JP
Dr Hon Elizabeth QUAT, JP
Hon TANG Ka-piu, JP
Dr Hon CHIANG Lai-wan, JP

Members absent : Hon Ronny TONG Ka-wah, SC
Dr Hon LEUNG Ka-lau
Hon Paul TSE Wai-chun, JP
Hon James TIEN Pei-chun, GBS, JP
Hon Frankie YICK Chi-ming
Hon CHAN Han-pan, JP
Hon Dennis KWOK

Public Officers attending : Agenda items IV and V

Miss Cathy CHU, JP
Commissioner for Tourism

Miss Rosanna LAW, JP
Deputy Commissioner for Tourism

Agenda item VI

Mrs Alice CHEUNG, JP
Deputy Secretary for Commerce and Economic
Development (Commerce and Industry)

Ms Manda CHAN
Principal Assistant Secretary for Commerce and
Economic Development (Commerce and Industry)

Ms CHIK Shun-kwan
Principal Trade Controls Officer
Customs and Excise Department

Attendance by invitation : Agenda item IV

Hong Kong Tourism Board

Mr Anthony LAU
Executive Director

Ms Cynthia LEUNG
General Manager, Corporate Affairs

Ms Angela LIEW
Director, Strategic Planning and Insights

Agenda item V

Hong Kong Disneyland Management Limited

Mr Andrew KAM
Managing Director

Ms Linda CHOY
Vice President, Public Affairs

Clerk in attendance : Ms Debbie YAU
Chief Council Secretary (4)5

Staff in attendance : Ms Shirley TAM
Senior Council Secretary (4)5

Miss Mandy NG
Council Secretary (4)5

Ms Zoe TONG
Legislative Assistant (4)5

Action

I. Confirmation of minutes of meeting

(LC Paper No. CB(4)487/14-15 - Minutes of meeting held on 16 December 2014)

The minutes of the meeting held on 16 December 2014 were confirmed.

II. Information paper(s) issued since the last meeting

(LC Paper No. CB(4)470/14-15(01) - Administration's paper on Information and Consultation Agreement with The Hong Kong and China Gas Company Ltd.

LC Paper No. CB(4)476/14-15(01) - An email from the Consumer Council on its mobile application "Diesel Price Calculator")

2. Members noted the above papers issued since the meeting held on 2 February 2015.

III. Items for discussion at the next meeting

(LC Paper No. CB(4)480/14-15(01) - List of outstanding items for discussion)

LC Paper No. CB(4)480/14-15(02) - List of follow-up actions)

3. Members agreed to discuss the item on "Updates on the development of the Three-Runway System at Hong Kong International Airport" at the next regular meeting scheduled for Monday, 23 March 2015.

IV. Hong Kong Tourism Board Work Plan for 2015-2016

(LC Paper No. CB(4)480/14-15(03) - Administration's paper on Hong Kong Tourism Board Work Plan for 2015-16)

LC Paper No. CB(4)480/14-15(04) - Paper on the work plan of Hong Kong Tourism Board prepared by the Legislative Council Secretariat (background brief))

Presentation by the Administration and the Hong Kong Tourism Board

4. At the invitation of the Chairman, Commissioner for Tourism ("C for T") advised members that about 76% of the budget of Hong Kong Tourism Board ("HKTB") for visitor source markets in 2015-2016 would be allocated to the international markets and the remaining 24% would be invested in the Mainland market, the majority of which would go into the non-Guangdong areas for drawing overnight visitors. With the aid of multi-media, Mr Anthony LAU, Executive Director of HKTB briefed members on the details of HKTB's work plan in 2015-2016.

(Post-meeting note: The power-point presentation material provided by HKTB was issued to members vide LC Paper No. CB(4)531/14-15(01) on 18 February 2015.)

5. Upon the enquiry of the Chairman, Mr Anthony LAU of HKTB advised members that the Chairman of HKTB could not attend the meeting as he was engaging in an overseas duty visit.

Matters relating to the Mainland visitors*Protests against Mainland parallel traders and visitors*

6. Members noted that in response to a call on the Internet's social media, some members of the public had gathered in Tuen Mun and Shatin recently to protest against Mainland parallel traders and visitors as well as the impact of their activities on people's daily lives. Mr TANG Ka-piu expressed distress over the agitation of some Hong Kong people and suspected that these incidents were stirred up by people intended to challenge the law and order of Hong Kong. He considered that those Mainland visitors confronted by the protesters in Shatin's New Town Plaza were not parallel traders but coming merely for shopping once a month. They were similar to the Hong Kong people who went shopping in Guangzhou in preparation for the Chinese New Year ("CNY") or for operating CNY fair stalls.

7. Mr YIU Si-wing condemned that the charging acts of protesters tarnished Hong Kong's hospitality image and undermined the sentiments of international tourists who used to be fond of Hong Kong. Dr CHIANG Lai-wan noted that the scenes of Mainland visitors cornered by protesters had been covered by Hong Kong and overseas press and was worried that these reports would harm Hong Kong's reputation as the "Shoppers' Paradise". Mr CHAN Kam-lam commented that the incidents had defeated the Government and HKTB's efforts on tourism promotion. Dr Elizabeth QUAT and Mr Christopher CHEUNG also shared a similar view. These members expressed grave concern about the impact on Hong Kong's image and urged the Administration to step up enforcement actions against any illegal behaviour and devise measures to remedy tourists' perceptions on Hong Kong.

8. C for T stressed that the Administration condemned any unlawful behaviours and the Police would strictly enforce the law and order as appropriate. She also said that the Administration was very concerned about the nuisance of parallel trading activities caused to the daily lives of the residents in the affected districts. To this end, the Chief Secretary for Administration had chaired an inter-departmental meeting to review the work of various departments, in particular the law enforcement agencies, in combating parallel trading activities. The law enforcement agencies arranged a series of joint enforcement actions from 2 to 8 February 2015 in the North District and arrested about 55 Mainland residents who were suspected of contravening conditions of stay by being involved in parallel trading activities. As regards the transport services, the Administration was also concerned about the recent influx of passengers to the bus routes serving the boundary control points. The Administration urged the bus companies to reserve sufficient buses and strengthen bus services to cope

with the increasing demand and to deploy additional staff to provide assistance to boarding passengers, separate passengers with oversized luggage and improve the queuing arrangements.

9. Mr WONG Ting-kwong expressed concern that some Mainland visitors shopping in the malls should not be regarded as parallel traders. In his opinion, it was a common practice for people to travel to various destinations for buying different commodities some of whom, for example, flew to Italy and Switzerland frequently for sourcing fashions and watches. Echoing Mr WONG's view, Mr CHAN Kam-lam was worried that although the protests were mainly staged against parallel trading activities, they would give tourists around the world a bad impression about Hong Kong and undermine their incentives to visit the city.

10. Mr Anthony LAU of HKTB said that HKTB had been paying continuous efforts on promoting Hong Kong's hospitality image to overseas source markets, including the recent overseas visits paid by HKTB's Chairman. He concurred that the recent protests against Mainland visitors had deeply undermined their efforts and affected the tourists' perceptions of Hong Kong. C for T remarked that the Administration would strive to enhance the hospitality culture and image of Hong Kong. The enforcement agencies would also take appropriate actions against any illegal behaviours, including those involved in violent protests and suspected parallel trading activities.

11. Dr Fernando CHEUNG commented that under the Government policy support, the number of Mainland visitors coming to Hong Kong had been moving up remarkably with about 16% year-on-year increase to over 47 million in 2014. Such growth had reached an extent affecting the daily lives of local people in terms of, for example, the provision of daily necessities as well as the handling capacity of public transport and other shopping facilities. He highlighted that such impact was not only found in Sheung Shui, Shatin and Tuen Mun but many areas in Hong Kong, including Ap Lei Chau's South Horizons where he lived. In his opinion, although he did not support the recent protests, they were in fact driven by the overall impact arising from the increasing Mainland visitors whose activities were driving down the living standard of the Hong Kong people to which the Administration should give a careful consideration in planning the tourism promotion strategy. In this regard, he enquired whether the Tourism Commission had consulted other departments on Hong Kong's capacity to receive tourists, for example, the capacity of public transport network before drawing up visitor arrivals projections in the next year.

12. Mr WONG Ting-kwong said that Hong Kong was a densely-populated city with limited living space. In this regard, he urged the Administration to devise measures to increase Hong Kong's capacity to receive tourists, such as

developing more tourist attractions and shopping points. Mr Christopher CHEUNG shared a similar view, and asked about measures to reduce the impacts of parallel trading activities on local people's daily lives.

13. C for T advised that the Mainland was a huge visitor source market which had been boosting a strong growth of tourist arrivals in recent years around the world, particularly in Japan, South Korea and Southeast Asia countries. In fact, the increase of Mainland visitors was a global trend. Nevertheless, she remarked that the Administration would strike a balance between sustaining the momentum of the tourism industry and alleviating the impacts of tourists increase on the community.

Individual Visit Scheme and multiple-entry Individual Visit Endorsements

14. Mr Albert CHAN criticized that the Individual Visit Scheme ("IVS") as well as the multiple-entry Individual Visit Endorsements ("IVE") had contributed to the huge growth of overall visitor arrivals from 10 million in 1999 to 60.8 million in 2014, and the influx of the Mainland visitors had brought about many social problems, such as overloading of public transport and arousing grave discontent among local people. He also commented that many tourists coming to Hong Kong under the multiple-entry IVE were merely engaged in parallel trading or begging activities. He urged HKTB to stop the promotion in the Mainland cities and focus the resources on overseas markets with a view to bringing more overseas visitors and enhance Hong Kong's image as an international city.

15. Dr LAM Tai-fai disagreed with Mr Albert CHAN's views and opined that IVS had brought tremendous economic benefits to Hong Kong in terms of promoting retail and service sectors as well as creating job opportunities. He considered that the issue at stake was caused by various social and political problems, which had driven the public's discontent against Mainland visitors. He criticized the Administration for not taking timely actions to review and fine-tune IVS as well as the multiple-entry IVE after years of implementation, giving rise to the recent charging acts led by the public groups against the Mainland visitors. He cautioned that these charging acts against Mainland tourists might spread to all 18 districts of Hong Kong and ultimately these tourists would be driven away. As such, he urged the Administration to make publicly its stance in response to the requests for abolishing multiple-entry IVE and for any proposed measures to resolve the problem, such as capping the number of times of visits under the multiple-entry IVE.

16. Mr SIN Chung-kai remarked that under the multiple-entry IVE, tourists from neighbouring cities such as Shenzhen might come to Hong Kong frequently

for buying daily necessities and hence lifting up the number of tourist arrivals. However, the economic benefits brought by these "tourists" to Hong Kong were insignificant as compared to the nuisance caused to the people's lives. He urged the Administration to curb the number of Mainland visitors coming to Hong Kong via the multiple-entry IVE, say, capping the number of entrances of each Mainland visitor to 20 or 30 times per annum, with discretions granted to those coming for legitimate business purpose. This could enable Hong Kong to receive more high-yield tourists from overseas with existing tourism facilities and capacity. The Deputy Chairman echoed Mr SIN's views.

17. Noting that about 60% or 28 million Mainland visitors out of the total 47 million came to Hong Kong in 2014 were same-day visitors not staying overnight, Mr TANG Ka-piu enquired if the Administration would treat the same-day visitors as "tourists". C for T replied that all visitor arrivals to Hong Kong were considered as tourists. Mr TANG enquired further if there was any study on the composition of same-day visitors from the Mainland and how many of them were coming for engaging in parallel trading activities.

18. Mr Anthony LAU of HKTB explained that according to the survey conducted, the majority of the same-day visitors from the Mainland were for shopping. However, in recent years, more and more same-day Mainland visitors also engaged in other activities, such as watching movies or concerts, and participating in the Hong Kong Book Fair. Mr TANG expressed doubts on reaching a quick conclusion that the multiple-entry IVE should be abolished.

Admin 19. Mr CHAN Kam-lam requested the Administration to provide relevant statistics of Mainland visitors coming to Hong Kong via the multiple-entry IVE to show that their visiting purposes were/were not for parallel trading of daily commodities. He suggested that the improved transportation and customs efficiency might also attract more same-day visitors coming for business purposes without staying overnight.

(*Post-meeting note:* The Administration's written response was issued to members vide LC Paper No. CB(4)666/14-15(01) on 18 March 2015.)

20. C for T added that Hong Kong aimed to attract tourists from diversified source markets having regard to its capacity to receive tourists. The Chief Executive had already indicated that the Government was looking into ways to adjust the number of Mainland visitor arrivals and their composition, and would announce the outcome as soon as possible upon discussion with the Central Government and relevant Mainland authorities. The Hong Kong Special Administrative Region Government met with Hong Kong and Macao Affairs Office of the State Council in June 2014 and relayed different views of the Hong

Kong community on IVS to the Central Government. She stressed that in devising the adjustment measures, considerations would also be given to the latest trends, the community's concern, the impact on the tourism trade, the needs of Mainland visitors and exchanges of people in the two places.

21. The Chairman considered that as an international city, restricting the number of Mainland visitors coming to Hong Kong did not tie in with the hospitality culture of Hong Kong. In fact, the issue at stake was related to, apart from the shopping preferences of the Mainland visitors, the strategies adopted by the business sector. To capture the spending power of the Mainland visitors and tap the business opportunities, he urged the Administration to take forward the repeatedly raised proposal of developing a shopping centre near the boundary to cater for the needs of the Mainland visitors and to alleviate the impacts of parallel trading activities on local people's daily lives. Dr CHIANG Lai-wan shared a similar view, and suggested the Administration to study the feasibility for developing dedicated shopping streets on temporary basis to draw the tourists away from the congested areas.

22. C for T replied that the Administration supported setting up shopping centre(s) near the boundary which would help divert visitors from congested areas. The Administration was currently reviewing a proposal to develop a shopping centre in Lok Ma Chau. The Tourism Commission was coordinating with the bureaux and departments concerned to provide the project proponent with relevant information in respect of the planning and lands requirements. She hoped that such centre would be set up as soon as possible to meet the needs of Mainland visitors and local residents.

23. C for T added that, in the light of the impending completion of the Hong Kong-Zhuhai-Macao Bridge ("HZMB"), the Administration had commenced the feasibility study for topside development at HZMB's Hong Kong Boundary Crossing Facilities Island. It would give consideration to the potential commercial and retail uses of the development to cater for different needs of visitors in Hong Kong. In addition, in studying the land use of the North District, the Administration would also bear in mind the feasibility for allocating suitable land for the purpose of diverting tourists from congested shopping areas. The Chairman urged the Administration to expedite relevant studies to address the public concerns as early as possible.

24. Mr Kenneth LEUNG noted that the Chairman of HKTB had recently proposed to the Central Government to increase the number of IVS cities to boost the number of overnight tourists. He relayed that Members belonging to the Professional Commons would support the said proposal on conditions that parallel trading activities had been largely curbed and the multiple-entry IVE

should be abolished so that tourists from all regions of the Mainland would be subject to the same entrance requirements for travelling to Hong Kong.

25. The Deputy Chairman supported that, if the number of Mainland visitors coming via the multiple-entry IVE was curbed, IVS should be opened up for more Mainland cities the tourists of which would stay overnight and bring more benefits to Hong Kong to enhance a healthy development of its tourism trade.

26. In response, C for T said that the existing tourism policy aimed to maintain a diverse visitor portfolio, including the overseas long-haul, short-haul and new markets, and the Mainland. The Administration noticed that there were diverse public opinions on exploring more cities under IVS some of which stressed the importance of enabling a stable and orderly development of the tourism industry, while the others were concerned about the impact of the continuous growth in visitor arrivals. She stressed that the Administration would strike a balance between the impact of the tourism industry on Hong Kong's economy and the livelihood of the community through more analysis and observations. The Deputy Chairman urged the Administration to expedite the process as the relevant impacts of the multiple-entry IVE on the community were already observable. C for T reiterated that the Administration would announce the outcome as soon as possible upon discussion with the Central Government and relevant Mainland authorities.

HKTB's marketing strategy

Visitor source markets

27. Mr CHAN Kam-lam appreciated HKTB's efforts on promoting Hong Kong as a world-class tourist destination in 2014 during which the number of tourist arrivals had made a significant increase of 12% over the previous year. Mr YIU Si-wing noted that there was no change in the number of visitor arrivals from short-haul and long-haul markets in 2014 compared to 2013, whereas the projected arrivals from the long-haul markets in 2015 would be slightly reduced by 0.6%. He expressed concern that although HKTB had allocated a major portion of its budget on visitor source markets to the international markets, the resulting tourism performance was unsatisfactory.

28. Mr Anthony LAU of HKTB explained that in the first nine months of 2014, visitor arrivals from both short-haul and long-haul markets recorded growths. However, since the outbreak of the "Occupy Movement" in late September 2014, both long-haul and short-haul arrivals declined for three consecutive months from October to December 2014. To rebuild Hong Kong's image as a travel destination, HKTB would increase its marketing investment in

short-haul markets in 2015-2016. He added that the performance of the short-haul region in 2014 was similar to that in 2013 because of the diversion of visitor traffic to Japan owing to the sharp depreciation of the yen.

29. Mr YIU Si-wing considered that international tourists would hardly spend a long period, say seven days, in Hong Kong without travelling to its neighbouring cities in the Pearl River Delta ("PRD") region. In this regard, he enquired the latest progress of the collaboration among Hong Kong, the Mainland and Macao on the multiple-destination travel arrangement.

30. Mr Anthony LAU of HKTB said that HKTB had been working closely with its counterparts in PRD to promote multi-destination itineraries and the number of tourists taking such itineraries was on an increase with 34% of the overnight visitor arrivals in 2014 travelling to neighbouring cities after visiting Hong Kong. In 2015, HKTB would enhance its collaboration with the Macau Government Tourist Office, the Shenzhen Municipal Bureau of Culture, Sports and Tourism and the Zhuhai Municipal Bureau of Culture, Sports and Tourism to, for example, step up the joint promotions in new markets including India and Russia. Noting that HKTB's marketing budget in 2015-2016 would be lower than that in preceding year, Mr YIU Si-wing urged HKTB to focus the resources on multiple-destination travel arrangement to enhance the effectiveness on its promotional strategies.

31. C for T advised that HKTB would concentrate resources on driving overnight arrivals and long-haul visitors, including MICE (i.e., meetings, incentive travels, conventions and exhibitions) visitors whose average per capita spending was around \$10,000 per night in 2013. In addition, the Government allocated an additional annual provision of \$15 million for three years from 2014-2015 onwards to HKTB to attract high-spending visitors through tailored strategies for various MICE segments and customized support and offers for MICE event organizers and visitors. HKTB would also spend more efforts on the cruise sector which emerged to be an attractive tourism product for long-haul visitors whilst the operator of the Kai Tak Cruise Terminal ("KTCT") was also stepping up its promotion to attract more ships calling Hong Kong. Mr Anthony LAU of HKTB added that HKTB would increase the use of multi-media in its overseas promotion, such as launching the "My Time for Hong Kong" branding campaign in global source markets.

32. Mr Kenneth LEUNG commented that the year-on-year increase of the number of same-day visitors at 15.5% in 2014 was not proportional to the growth of the total expenditure associated with inbound tourism ("TEAIT") at 5.5% in 2014 over 2013. He cautioned HKTB that TEAIT should be of paramount importance instead of visitor headcount in considering the tourism

performance. Hence, he urged the Administration to concentrate resources on drawing high-yield overnight visitors to Hong Kong through strengthening convention and exhibition facilities and the hosting of cultural events, including classical or pop music concerts, in Hong Kong. He objected to spending resources on attracting same-day visitors some of whom only aimed for buying daily necessities.

33. Dr Elizabeth QUAT also considered that most of the visitor arrivals were same-day visitors from the Mainland whose average spending power in Hong Kong was comparatively lower than that of overnight visitors. She enquired the strategies to boost the number of overnight visitors.

34. The Chairman concurred that HKTB should allocate more marketing resources to draw overseas and high-yield tourists as well as those coming for business and MICE purposes. However, given that the tourism industry was a main economic pillar of Hong Kong employing several hundred thousand local workforces, he expressed concern on the competition posed by the overseas places, such as Japan, Taiwan and even Europe and the United State, which had been relaxing immigration policy for Mainland visitors. He suggested the Administration to review the development and capacity of tourist attractions and hotels and handling capacity of boundary control points to enable tourists to have a memorable experience in Hong Kong.

35. Mr Christopher CHEUNG expressed concern that Hong Kong tourism's dependence on the Mainland source market would increase given the strengthening of the United States Dollar against the declining value of foreign currencies which would lead to a lowering incentive for overseas tourists coming to Hong Kong. He urged the Administration to step up its promotion targeting overnight visitors from the Mainland.

36. C for T responded that whilst Hong Kong's hospitality culture made the city appeal to all tourists around the world, the Administration would devise measures to attract more overnight and high-spending tourists to Hong Kong. She added that with a view to drawing more visitors who attached great importance to the local delicacies of travelling destinations, the Administration would increase the promotion on Hong Kong's wine-and-dine offerings. It would also step up the promotion of Hong Kong's heritage and cultural elements which were also attractive to tourists. Mr Anthony LAU of HKTB supplemented that HKTB would make use of its mobile applications to enable potential overseas visitors to learn about Hong Kong's unique culture.

Others

37. Mr WONG Ting-kwong supported the annual Hong Kong Wine and Dine Festival ("the Festival") and noted that the Festival in 2014 was re-sited from the New Central Harbourfront to the open space outside KTCT due to the "Occupy Movement". In this connection, he enquired about the number of visitors joining the Festival in 2014 vis-à-vis previous years. He also relayed the comments that although the KTCT venue appeared to be more spacious, the provision of ancillary transport facility accessing the venue was inadequate.

38. Mr Anthony LAU of HKTB concurred that the transport arrangement for holding events at KTCT was indeed a big challenge. To this end, over 200 shuttle buses and double-decker buses had been arranged to provide transport services to-and-from the venue to cater for the demand during the four-day event. He tendered his apology for the traffic hiccups as a result of the unexpected roads overloading in the vicinity. Nevertheless, he said that the 2014 Festival, with the entrance fee waived, attracted a record-breaking attendance of 180 000 visitors, which was higher than the 140 000 visitors who paid an entrance fee in 2013. He supplemented that the Festival in 2015 would be held in New Central Harbourfront which was similar in size to the KTCT open space and more accessible.

Conclusion

39. The Chairman concluded that members in general acknowledged the contributions brought about by IVS. As regards opening up more IVS cities, the Administration was requested to strike a balance between alleviating the impact of parallel trading activities and increased number of Mainland visitors on the community, and yielding the economic benefits and job opportunities brought by the policy. Members hoped that the Administration could conclude the discussion with the Central Government as early as possible. He said that the Administration should also take enforcement actions against protests similar to the recent ones which had tarnished Hong Kong's image as a preferred travelling destination.

V. Update on Hong Kong Disneyland

(LC Paper No. CB(4)480/14-15(05) - Administration's paper on update on Hong Kong Disneyland

LC Paper No. CB(4)480/14-15(06) - Paper on Hong Kong

Disneyland prepared by the Legislative Council Secretariat (background brief))

Presentation by the Administration and Hong Kong Disneyland

40. At the invitation of the Chairman, C for T remarked that the performance of Hong Kong Disneyland ("HKD") continued to improve in Fiscal Year ("FY") 2014, with record attendance, revenue and net profit. In view of the intensifying competition in the region, HKD would continue to seek to enhance its competitiveness and appeal to visitors.

41. At the invitation of the Chairman and with the aid of multi-media, Mr Andrew KAM, Managing Director of Hong Kong Disneyland Management Limited ("HKDML") briefed members on the annual business review of HKD for FY 2014 as set out in the Annex to LC Paper No. CB(4)480/14-15(05).

(*Post-meeting note:* The power-point presentation material provided by HKDML was issued to members vide LC Paper No. CB(4)534/14-15(02) on 18 February 2015.)

Discussion

Phase 2 development of HKD

42. Highlighting the contribution of HKD to the local economy and tourism, Mr YIU Si-wing said that the continuous rise of its net profit for the past three consecutive years would form a solid foundation for investment on future expansions, such as the phase 2 development mentioned in the 2015 Policy Address. Mr YIU enquired about the timeline for the project. In reply, Mr KAM of HKDML said he understood that the Government and The Walt Disney Company ("WD") had commenced discussion on the phase 2 development of HKD Resort. He did not have further details to report at this stage.

43. Mr SIN Chung-kai noted that the recent expansion projects of HKD, such as the new themed areas and the third hotel, had almost fully utilized the phase 1 site of the land in Penny's Bay. He recalled that the joint venture company, the Hongkong International Theme Parks Limited ("HKITP") was given the option, valid for 20 years from entering into the relevant agreement, to take a land grant of the phase 2 site (immediately to the east of phase 1). Mr SIN expressed grave concern that HKD had come into operation for almost a decade but there was still no timeline for its phase 2 development. He urged the Administration

and HKDML to expedite the phase 2 development of HKD with tailor-made attractions.

44. In response, C for T advised that, the Administration had commenced the discussion of phase 2 development of HKD with WD covering design concept, financial arrangements and transportation support facilities. When both sides agreed on a suitable development option, the Administration would proceed with the phase 2 development of HKD expeditiously.

45. Dr Fernando CHEUNG pointed out that as the large piece of land adjacent to HKD earmarked for its phase 2 development had been left vacant for a long time, and suggested that it should be released for development by a different party if HKD did not make use of that parcel. Both Dr CHEUNG and Mr TANG Ka-piu expressed doubt on the cost-effectiveness of the Government's further investment on the phase 2 development of HKD. Mr TANG hoped that the Government could set out in the form of a checklist the cost so far incurred in the development of HKD, including land resources and infrastructure support, and the economic benefits it had brought, in terms of investment returns and employment opportunities to facilitate public discussion. Mr TANG also expressed concern on the strategies to be adopted by the Administration in negotiating with WD given the Shanghai Disneyland would be opening soon coupled with the possible delay in commissioning of HZMB.

46. Deputy Commissioner for Tourism advised that the Administration was mindful of the scale of the phase 2 development of HKD and would, as always, put public interest at the first place by considering an array of factors on the way forward, namely potential economic returns, Hong Kong's tourist receiving capacity, tourism development direction and infrastructure support. She added that, while the two parties were discussing further development of HKD on phase 2 site, there should not be any pre-conditions or constraints which might affect the Government's position in the discussions. The Administration would report to Members when there was any conclusion in the discussions and if funding approval from Legislative Council ("LegCo") was required.

47. The Chairman said he was glad to note that the performance of HKD in FY 2014 was the best year since its operation. The Administration had outlined in its policy agenda to develop Lantau Island as "bridgehead economy" so as to dovetail with the commissioning of HZMB. Against this backdrop and given HKD was playing a pivotal role in the development of Lantau Island, the Chairman enquired whether HKD had any plans to seize the opportunities ahead to collaborate with other tourist spots on Lantau Island, in other parts of Hong Kong as well as in PRD region. He also enquired whether the Administration would provide more supporting facilities on Lantau Island.

48. In response, Mr KAM of HKDML welcomed the Administration's plan to develop Lantau Island and the commissioning of HZMB as both projects would bring positive impetus to Lantau development and the tourism sector of Hong Kong. He was of the view that the most critical factor for Lantau Island to realize its potential was enhancement of its transportation network. With improvement in accessibility, HKD could establish better links with other tourist attractions on Lantau Island and bring convenience to its visitors and staff. C for T advised that Lantau Island had potential to develop new tourist attractions and the Administration would aim to achieve synergy effect with HKD when devising future plans. She added that the Transport Department as well as other relevant departments were studying possible improvements to passenger and vehicle flows on Lantau Island.

Competition with the Shanghai Disneyland

49. Noting that year-on-year change for park attendance had dropped from 10% in 2013 to 1% in 2014, Mr YIU Si-wing expressed concern on the attractiveness of HKD. He enquired whether the Government had assessed the impact of Shanghai Disneyland, which was much larger and covered a wider audience base, on HKD and how HKD could enhance its uniqueness to distinguish itself from similar parks in the region. Mr KAM of HKDML said that it was a natural tendency for tourists to visit theme parks in their nearest proximity. HKD served the local market as well as tourists from the Southeast Asia and in the PRD region whilst the Shanghai Disneyland would serve mainly visitors from Yangtze River Delta region. He considered that there would not be major duplication of markets between HKD and the Shanghai Disneyland. Mr KAM of HKDML added that HKD would strive to maintain high quality programmes and guest experience to enhance its attractiveness.

50. In the light of Mr KAM's response, Mr YIU Si-wing stressed that, with the extensive coverage of the high-speed railway network in the Mainland, the geographical advantages of Hong Kong might fade out, and hence, it was essential for HKD to differentiate itself from other theme parks in the region. C for T remarked that the Mainland was a huge market with strong demand for outbound tourism, and agreed that HKD should have its own exclusive features and blend with local elements of the city to maintain its competitiveness and attractiveness.

51. Mr CHAN Kam-lam opined that, while competition was inevitable, HKD should collaborate with the Shanghai Disneyland to jointly tap the overseas markets. Both theme parks could have their own unique attractions and boost mutual attendance, for instance, by offering concessions to visitors who purchased admission tickets to both parks, or allowing visitors who held the

annual pass to one of the parks to gain free admission to the other park. By doing so, it could provide incentives for guests to visit both theme parks and encourage visits to the two places whenever there were new attractions. As local people took up around one-third of attendance of HKD, he suggested that extra discounts could be offered to visitors who purchased annual passes for consecutive years so as to retain local patrons as a steady source market. Mr KAM of HKDML took note of Mr CHAN's suggestions and would study their feasibility.

52. Dr LAM Tai-fai expressed appreciation of the performance of HKD in FY 2014. Referring to his exchanges with Mr KAM in previous occasions about the challenges faced by HKD, he hoped that HKD could maintain its competitive edge among other theme parks in the region, including the Ocean Park, the Shanghai Disneyland as well as the Chimelong Safari Park and Water Park in Guangdong, and take pre-cautionary measures against potential problems, such as the possible freeze of IVS and drop of Mainland visitors.

Corporate social responsibility

53. Dr LAM Tai-fai considered that HKD, as a sizable international enterprise rooted in Hong Kong, excelled in many aspects, such as administration and management, hospitality and catering. As such, if local students could conduct field visits to HKD as part of their learning experience, it would not only widen their horizons but also inspire them on their career aspiration. As a member of the Islands District Council, Mr TANG Ka-piu said that he appreciated HKD's linkage with the local community. Mr TANG hoped that HKD could engage more proactively in community activities and establish a liaison platform with local schools.

54. In response, Mr KAM of HKDML introduced the youth education programmes organized by HKD for secondary students whom could study science and physics, environment and other general studies. He added that HKD also developed a hospitality course last year in collaboration with a local higher education institution for grooming of local young talents in the hospitality sector.

55. In response to Dr Fernando CHEUNG's query, Mr KAM of HKDML clarified that HKD employed more than 100 individuals with disabilities in FY 2014, including those who were hired under the apprenticeship programme. He said that HKD would continue to expand its work in supporting persons with disabilities in future, for example, it would collaborate with Caritas Hong Kong to train up people with disabilities in the hospitality industry.

Conclusion

56. The Chairman concluded that it was encouraging to note the record performance of HKD in FY 2014. He called on HKD to grasp the opportunities in the future development of Lantau Island while upholding its corporate social responsibility to offer more job opportunities to persons with disabilities.

VI. Toys and Children's Products Safety Ordinance (Amendment of Schedules 1 and 2) Notice 2015

(File Ref: CITB CR 08/18/3

LC Paper No. CB(4)480/14-15(07)

- Legislative Council Brief on Toys and Children's Products Safety Ordinance (Amendment of Schedules 1 and 2) Notice 2015 provided by the Commerce and Economic Development Bureau
- Paper on Toys and Children's Products Safety Ordinance (Amendment of Schedules 1 and 2) Notice 2015 prepared by the Legislative Council Secretariat (background brief))

Presentation by the Administration

57. The Chairman informed members that as only two Members signified to join the Subcommittee on Toys and Children's Products Safety Ordinance (Amendment of Schedules 1 and 2) Notice 2015 ("the Subcommittee") by the deadline of calling membership, the above Subcommittee had not been formed. Since some members expressed concern on the Toys and Children's Products Safety Ordinance (Amendment of Schedules 1 and 2) Notice 2015 ("the Notice"), at the advice of the Chairman of the Panel, this item was added to the agenda of the Panel meeting.

58. Upon invitation, Deputy Secretary for Commerce and Economic Development (Commerce and Industry) ("DSCED(C&I)") briefed members on the Notice which was tabled at LegCo for negative vetting on 28 January 2015 and would come into operation on 1 October 2015. The details of the

Administration's introduction of the Notice were set out in the LegCo Brief (File ref.: CITB CR 08/18/3).

Discussion

59. The Chairman declared that he was the director of several toys companies. He noted that the Administration, as a regular exercise, applied up-to-date and operative versions of the international safety standards as specified in the Toys and Children's Products Safety Ordinance (Cap. 424) ("the Ordinance") to toys and children's products supplied in Hong Kong according to the updates and amendments to the standards. He also noted that the Administration had consulted, among others, the major trade associations on the subsidiary legislation to which no objection had been received. He hoped that the Administration would consider their views expressed during this exercise as well as in future consultations.

60. Dr Fernando CHEUNG appreciated the Administration on giving a briefing on the Notice before the meeting. In respect of the Notice, he expressed concern on the safety of toys and children's products which were bought via online shopping platforms outside the jurisdiction of the Ordinance.

61. DSCED(C&I) advised that the Ordinance applied to all physical as well as online shops located in Hong Kong. The Ordinance also applied to local sales of toys and children's products sourced from outside Hong Kong. The Chairman urged the Administration to be more vigilant in monitoring the sales and supply of toys and children's products sourced from online platforms outside Hong Kong.

62. In response to Dr Fernando CHEUNG's concern on possible dumping of non-compliant toys and children's products in Hong Kong or re-exporting them, DSCED(C&I) advised that the Customs and Excise Department would, apart from undertaking regular inspections, conduct ad-hoc inspections during special occasions, such as festivals, to combat any non-compliance with the Ordinance. DSCED(C&I) said that education and publicity also played an important role in enhancing public awareness of the safety of toys and children's products. In this respect, the Consumer Council from time to time published reports on the test results of the safety of individual toys and children's products, with a view to providing information and advice to consumers. Such efforts would continue. Dr Fernando CHEUNG requested the Customs and Excise Department to step up inspections on products which would likely be put into mouth by or have direct contact with children or babies.

VII. Any other business

63. There being no other business, the meeting ended at 12:40 pm.

Council Business Division 4
Legislative Council Secretariat
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