

立法會
Legislative Council

LC Paper No. CB(4)599/17-18(04)

Ref : CB4/PL/EDEV

Panel on Economic Development
Meeting on 26 February 2018

Updated background brief on
the work plan of the Hong Kong Tourism Board

Purpose

This paper provides background information on the establishment and funding arrangements for the Hong Kong Tourism Board ("HKTB"). It also summarizes the major views and concerns expressed by members of the Panel on Economic Development ("the Panel") on the work of HKTB and related matters in previous discussions.

Establishment of HKTB

2. HKTB is a statutory body established on 1 April 2001 under the Hong Kong Tourism Board Ordinance (Cap. 302) ("HKTBO"). According to HKTBO, the objectives of HKTB are to –

- (a) endeavour to increase the contribution of tourism to Hong Kong;
- (b) promote Hong Kong globally as a leading international city in Asia and a world-class tourist destination;
- (c) promote the improvement of facilities for visitors;
- (d) support the Government in promoting to the community the importance of tourism;
- (e) support, as appropriate, the activities of persons providing services for visitors to Hong Kong; and

- (f) make recommendations to and advise the Government on measures which may further any of the foregoing objectives.

3. The governing body of HKTB is the Board which consists of 20 members including the Commissioner for Tourism¹. The detailed plans and programmes of HKTB are implemented by various functional units in the Head Office in Hong Kong as well as HKTB's 21 Worldwide Offices².

Funding arrangements for HKTB

4. HKTB's activities are primarily funded by the Government having regard to the needs of HKTB as presented in its work plan and annual budget³. The subvention for HKTB forms part of the Appropriation Bill, the passage of which is subject to approval by the Legislative Council ("LegCo"). The Government may provide non-recurrent funding to support HKTB in implementing specific promotional activities.

5. HKTB may also collect fees for its services to achieve cost recovery as appropriate, solicit sponsorship for funding its events, activities and communication materials, and generate revenue by accepting advertisements in its publications and website, as well as in the venue of HKTB's mega events.

Monitoring mechanisms

6. HKTB has an established mechanism of financial monitoring and internal audit to ensure cost-effectiveness of its promotional activities. Its work plan, budget, programmes, financial procedures, guidelines and progress of marketing are required to be vetted and monitored by the relevant committees established under the Board.

¹ The Tourism Commission, a functional unit within the Commerce and Economic Development Bureau and led by the Commissioner for Tourism, works closely with HKTB and some other organizations to promote the development of tourism in Hong Kong. The Government has appointed the Commissioner as a member of the HKTB Board since its establishment and the Commissioner is also a member of all the five Committees under the Board.

² HKTB has a worldwide network of 15 offices (including Beijing, Shanghai, Guangzhou, Chengdu, Tokyo, Seoul, Singapore, Taipei, London, Paris, Frankfurt, Los Angeles, New York, Toronto and Sydney) and has representatives in 6 places (including New Delhi, Bangkok, Jakarta, the Philippines, Moscow and Dubai) which handle travel trade, media and consumer enquiries.

³ The HKTB's budgetary cycle dovetails with the Government's annual budgetary process. Under section 17B(1) of HKTBO, HKTB is required to forward a programme of its proposed activities and estimates for the next financial year to the Government before an appointed date.

7. Under section 18 of HKTBO, the annual financial statement of HKTB has to be audited by an external auditor appointed by the Government. A copy of the statement of the audited accounts together with the auditor's report on statement/accounts shall be laid before LegCo as soon as possible. Section 19 of HKTBO provides that HKTB has to submit an annual report of activities to the Chief Executive, and the Secretary for Commerce and Economic Development ("SCED") shall lay the report on the table of LegCo. In addition, HKTB is included in the list of "public bodies" under the Prevention of Bribery Ordinance, and is subject to the scrutiny of the Director of Audit.

8. To track the effectiveness of the promotional programmes and activities, HKTB has established four objective Key Performance Indicators (viz. visitor arrivals, length of stay, visitor satisfaction and spending of visitors) and brought in a second tier of corporate performance indicators to measure the effectiveness and performance of HKTB's marketing programmes and activities by strategic focuses.

Work plans of HKTB

9. Under section 17B of HKTBO, HKTB has to submit its annual work plans to SCED for approval. In drawing up the work plans, HKTB conducts extensive consultation with various tourism stakeholders, including travel agents, airlines, hotels, retailers, restaurants, attractions, as well as the academia.

Initiatives under the 2017 Policy Address relating to tourism

10. In connection with the 2017 Policy Address, SCED briefed the Panel at its meeting held on 30 October 2017 on the initiatives to be undertaken by the Administration to support the work of HKTB. The Administration advised that the current-term Government had set a clear vision and mission to press ahead with the development of Hong Kong into a world-class premier tourism destination with a view to ensuring the balanced, healthy and sustainable development of the industry. Accordingly, the following four development strategies had been mapped out as the backbone of the development blueprint for tourism industry:

- (a) to develop a diversified portfolio of visitor source markets for Hong Kong, with an emphasis on attracting high-yield overnight visitors;
- (b) to develop and explore tourism products and projects with local and international characteristics, including cultural tourism, heritage

tourism, green tourism and creative tourism, and consolidate and enhance Hong Kong's status as a travel destination for meetings, incentive travels, conventions and exhibitions tourism, a regional cruise hub and an Events Capital of Asia;

- (c) to promote smart tourism by making use of smart technology to enhance visitors' travel experience, provide better tourist services, and encourage the industry to make good use of innovative technology to enhance their competitiveness; and
- (d) to upgrade the service quality of tourism industry and seek LegCo's early approval of the Travel Industry Bill to safeguard the rights of tourists, and to promote good business practices in the industry to maintain Hong Kong's image as a tourist destination.

11. Based on these four development strategies, the Administration had enacted 13 implementation goals, in accordance with which the Administration would formulate and implement various short-, medium- to long-term tourism initiatives and measures in a holistic and orderly manner. Brief descriptions of the four development strategies and implementation goals are set out in the Administration's paper (LC Paper No. CB(4)20/17-18(01)).

Panel members' views and concerns

12. The Panel discussed HKTB's work plan for 2017-2018 at the meeting held on 27 February 2017. The Panel was also briefed on the policy initiatives to be undertaken by the Commerce and Economic Development Bureau in 2017 relating to tourism at the meeting on 30 October 2017. Members' major views and concerns are summarized in the ensuing paragraphs.

13. The Panel noted with concern that visitor arrivals to Hong Kong in 2016 decreased 4.5% over 2015 to 56.65 million, mainly due to a drop of visitor arrivals from the Mainland. Members were generally of the view that instead of aiming at visitor growth, the Administration and HKTB should pay more efforts on drawing high-spending overnight visitors to maximize the economic benefits brought by tourism. To map out effective measures towards this target, members urged the Administration and HKTB to conduct studies on the visiting purposes and spending patterns of Mainland visitors so as to stimulate their spending in Hong Kong.

14. Some members suggested that the Administration should discuss with the relevant Mainland authorities to explore the possibility of reviewing the Individual Visit Scheme policy in light of Hong Kong's economic and social situations, and extending the time of stay for the tourists under the "144-hour Convenient Visa to Guangdong Province" so as to encourage more overseas visitors to visit Guangdong cities via Hong Kong under multi-destination itineraries.

15. In view that Hong Kong lacked new tourist attractions, members welcomed the Administration's proposal of providing an additional funding of \$12 million and \$5 million in 2017-2018 for HKTB to launch pilot schemes to promote tourism projects with local characteristics and in-depth green tourism respectively. Members urged HKTB to collaborate with the trade to develop new tour products with different themes.

16. Members welcomed the Administration's introduction of the development blueprint, which served to be a good step towards enhancing the development of tourism in Hong Kong. In response to a member's enquiry about the Administration's plan to assist the trade to seize the business opportunities arising from the development of the Guangdong-Hong Kong-Macao Bay Area ("Bay Area"), the Administration advised that in August 2017, the Hong Kong Special Administrative Region Government and the China National Tourism Administration signed the "Agreement on Further Enhancement of Tourism Co-operation between the Mainland and Hong Kong" to further strengthen mutual collaboration. In the year ahead, the two sides would progressively take forward the Agreement, which included, among other things, promoting Bay Area cities to jointly develop "multi-destination" tourism products with Hong Kong, and conducting joint promotion of "multi-destination" itineraries and products in overseas markets.

17. Members noted that with additional funding allocated from the Government, HKTB launched "Hong Kong Transit Programme" and "Hong Kong Extended Stay Programme" in late September 2017, with an aim of encouraging visitors to extend their stay and increase spending in Hong Kong through providing visitors with various offers. The two programmes were well received by the travel trade. At members' request, the Administration provided further information about the two programmes vide LC Paper No. CB(4)540/17-18(01).

Council questions

18. At the Council meetings on 27 January, 4 May, 11 May, 18 May 2016, 17 May, 14 June, 21 June, 28 June, 22 November and 29 November 2017, Hon YIU Si-wing, Dr Hon LAM Tai-fai, Hon IP Kwok-him, Hon Michael TIEN, Hon Holden CHOW and Hon MA Fung-kwok raised questions relating to promoting tourism to overseas and Mainland visitors, measures to boost tourism and assist the tourism sector, and development of tourism projects and green tourism. Hyperlinks to the Council questions and the Administration's responses are provided in the **Appendix**.

Latest development

19. The Panel will discuss HKTB's work plan for 2018-2019, the overview of Hong Kong's tourism industry in 2017 and the outlook for 2018 at its meeting on 26 February 2018.

Relevant papers

20. A list of relevant papers which are available on the LegCo Website (<http://www.legco.gov.hk>) is in the **Appendix**.

Council Business Division 4
Legislative Council Secretariat
20 February 2018

List of relevant papers

Issued by	Meeting date/ Issue date	Paper
Panel on Economic Development	23 January 2017 (Item V)	Administration's paper Minutes
	27 February 2017 (Item IV)	Administration's paper Administration's supplementary information Administration's follow-up paper Background brief Minutes
	30 October 2017 (Item I)	Administration's paper Administration's paper on "Development Blueprint for Hong Kong's Tourism Industry" Administration's follow-up paper Minutes
Council Meeting	27 January 2016	Council question on "Tourism promotion projects and programmes" raised by Hon YIU Si-wing
	4 May 2016	Council question on "Measures to boost tourism and assist the tourism sector" raised by Dr Hon LAM Tai-fai
	11 May 2016	Council question on "Promoting tourism with the aid of television dramas and films" raised by Hon IP Kwok-him

Issued by	Meeting date/ Issue date	Paper
	18 May 2016	<u>Council question on "Measures to attract Mainland visitors to Hong Kong" raised by Hon Michael TIEN</u>
	17 May 2017	<u>Council question on "Encouraging producers of overseas movies and television programmes to conduct location filming in Hong Kong" raised by Hon YIU Si-wing</u>
	14 June 2017	<u>Council question on "Development of tourism projects with local characteristics" raised by Hon YIU Si-wing</u>
	21 June 2017	<u>Council question on "Opportunities for the tourism industry brought by the development of the cities in the Guangdong-Hong Kong-Macao Bay Area" raised by Hon YIU Si-wing</u>
	28 June 2017	<u>Council question on "Promotion of tourism" raised by Hon Holden CHOW</u>
	22 November 2017	<u>Council question on "New strategies to encourage the staging of events or activities in Hong Kong" raised by Hon MA Fung-kwok</u>
	29 November 2017	<u>Council question on "Development of green tourism" raised by Hon YIU Si-wing</u>