

立法會
Legislative Council

LC Paper No. CB(4)1054/20-21

(These minutes have been
seen by the Administration)

Ref : CB4/PL/EDEV

Panel on Economic Development

Minutes of meeting
held on Monday, 22 March 2021, at 10:45 am
in Conference Room 1 of the Legislative Council Complex

Members present : Hon Christopher CHEUNG Wah-fung, SBS, JP
(Chairman)
Hon Starry LEE Wai-king, SBS, JP
(Deputy Chairman)
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon Mrs Regina IP LAU Suk-ye, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon Steven HO Chun-yin, BBS
Hon Frankie YICK Chi-ming, SBS, JP
Hon YIU Si-wing, BBS
Hon Elizabeth QUAT, BBS, JP
Ir Dr Hon LO Wai-ki, SBS, MH, JP
Hon CHUNG Kwok-pan
Hon Jimmy NG Wing-ka, BBS, JP
Hon Holden CHOW Ho-ding
Hon SHIU Ka-fai, JP
Hon LUK Chung-hung, JP
Dr Hon CHENG Chung-tai
Hon Tony TSE Wai-chuen, BBS, JP

Member attending : Dr Hon CHIANG Lai-wan, SBS, JP

**Public Officers
attending** : Agenda item III

Commerce and Economic Development Bureau

Dr Bernard CHAN, JP
Under Secretary for Commerce and Economic
Development

Ms Betty HO, JP
Deputy Secretary for Commerce and Economic
Development (Commerce and Industry)³

Hongkong Post

Miss Cathy CHU, JP
Postmaster General

Ms Teresa AU
Deputy Postmaster General

Ms Vivien LEE
Assistant Postmaster General (Corporate
Development)

Ms Lisa CHAN
Director (Finance)
Post Office

Agenda item IV

Commerce and Economic Development Bureau

Mr Edward YAU, GBS, JP
Secretary for Commerce and Economic
Development

Mr Joe WONG, JP
Commissioner for Tourism

Miss Wendy CHUNG
Deputy Commissioner for Tourism

Related organization : Agenda item IV
Hong Kong Tourism Board

Mr Dane CHENG
Executive Director

Ms Cynthia LEUNG
General Manager, Corporate Affairs

Ms Lucy TSUI
Director, Strategic Planning and Insights

Clerk in attendance : Ms Shirley CHAN
Chief Council Secretary (4)5

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

Ms Carol WONG
Council Secretary (4)5

Ms Zoe TONG
Legislative Assistant (4)5

Miss Mandy LUI
Clerical Assistant (4)5

Action

I. Information papers issued since the last regular meeting

(LC Paper Nos. —	Letter from Hon Tony TSE
CB(4)555/20-21(01)	and Wai-chuen dated 22
CB(4)644/20-21(01)	February 2021 concerning
	the proposed way forward
	of Ocean Park (Chinese
	version only) and the
	Administration's response
LC Paper No. CB(4)559/20-21(01)	— Administration's response
	to the submission from a
	member of the public

concerning the proposed way forward of Ocean Park as set out in LC Paper No. CB(4)512/20-21(01)

LC Paper No. CB(4)571/20-21(01) — Tables and graphs showing the import and retail prices of major oil products from February 2019 to January 2021 provided by the Administration)

Members noted the above papers issued since the last regular meeting.

II. Items for discussion at the next meeting

(LC Paper No. CB(4)646/20-21(01) — List of outstanding items for discussion

LC Paper No. CB(4)646/20-21(02) — List of follow-up actions)

2. Members agreed to discuss the following items at the next regular meeting scheduled for Monday, 26 April 2021 at 10:45 am –

- (a) Update on the development of the three-runway system at Hong Kong International Airport; and
- (b) Replacement of long-range light detection and ranging systems and procurement of wake turbulence detection equipment for the existing North and South runways of Hong Kong International Airport.

(Post-meeting note: Members were informed via LC Paper No. CB(4)697/20-21 on 30 March 2021 that at the request of the Administration and with the concurrence of the Chairman, an item on "Upgrading of facilities of the Hong Kong Wetland Park" was added to the agenda of the captioned meeting.)

3. Mr Steven HO requested for an early discussion of the item on "Management of typhoon shelters and sheltered anchorages" which was already included in the Panel's list of outstanding items for discussion. The Chairman instructed the Clerk to convey Mr HO's request to the Administration and seek its confirmation on the timing of discussion of the subject.

III. Air Mail Centre redevelopment

(LC Paper No. CB(4)645/20-21(01) — Paper provided by the Administration)

Presentation by the Administration

4. At the invitation of the Chairman, Under Secretary for Commerce and Economic Development ("USCED") briefed members on a funding proposal of \$4,611.3 million for supporting Hongkong Post ("HKP") to redevelop the Air Mail Centre ("AMC") located at Hong Kong International Airport ("HKIA") through appropriation to the Post Office Trading Fund ("the Proposal"). The Proposal sought to enhance the capacity of AMC in order for Hong Kong to positively contribute to developing the Guangdong-Hong Kong-Macao Greater Bay Area ("GBA") as a postal and logistics hub for the country. Details of the briefing were set out in Administration's paper (LC Paper No. CB(4)645/20-21(01)).

Declaration of interests

5. Ir Dr LO Wai-kwok and Mr Frankie YICK declared that they were members of the Board of the Airport Authority Hong Kong. Mr YICK also declared that he was a director of the Hong Kong Air Cargo Terminals Limited.

Discussion

HKP's competitiveness

6. Mr Holden CHOW expressed support for the principle that Hong Kong had a role to play in the development of GBA as a postal and logistics hub for the country. However, pointing out the vibrancy of the logistics market and presence of strong competitors, he raised concern about the competitiveness of HKP if the redeveloped AMC would be operated by civil servants under the Government's mode of operation. He also enquired about the competitive edges of HKP over the competitors on e-commerce mail traffic and how the AMC project, which involved a large amount of public fund, could achieve cost-effectiveness. Mr CHOW requested the Administration to provide written response to his letter to elaborate the Proposal further.

(*Post-meeting note:* Mr Holden CHOW's letter was issued to members vide LC Paper No. CB(4)671/20-21(01) on 23 March 2021.)

7. Mr LUK Chung-hung considered that the Administration should be responsible for providing basic services to the public, including the postal services. Noting that HKP sought to expand the cross-border e-commerce ("CBEC") services through the Proposal, he asked about the market positioning of HKP and private logistics operators respectively and their collaboration opportunities, while the logistics services provided by the latter was highly competitive in terms of cost and efficiency.

8. USCED said that in contrast with private logistics operators that were generally profit-oriented, HKP focused on fulfilling the basic postal needs of the Hong Kong community through providing efficient and affordable postal services and serving last mile delivery even for very remote areas.

9. Postmaster General ("PMG") added that postal channel played a crucial role in CBEC business. As revealed by the Universal Postal Union, postal channel was currently the major channel used for CBEC business worldwide, with about 60% to 70% e-commerce business making use of postal channel for logistics. It was because the postal channel enjoyed the competitive advantages of wide geographic coverage, services provided at affordable prices and low customs taxes. This explained why nowadays postal administrations around the world increasingly placed focus on the delivery of the e-commerce packets and parcels. This also testified why it was stated in the "Implementation Opinions on the Promotion of the Development of Postal Industry of the Guangdong-Hong Kong-Macao Greater Bay Area" ("the Implementation Opinions") promulgated by our country last year that it aimed to develop a highly efficient postal network in GBA with one of the major directions to promote CBEC business. In fact, China Post and HKP had been cooperating in the handling of CBEC mails from time to time, while HKP had also launched its work in this area on its own since a few years back. The development of CBEC business would help boost trade activities across border, while the role of HKP in this area would also strengthen Hong Kong's position as an international hub of air freight.

10. Mr Tony TSE shared the concern about the competitiveness of HKP and cost-effectiveness of the Proposal. Referring to the Proposal which would increase the net operational floor area of AMC from 12 600m² to 46 000m², he asked for a breakdown of the projected increase of mail traffic volume by year of HKP and information on how HKP would collaborate with other postal administrations in GBA to strengthen the postal network for provision of e-commerce delivery service.

11. PMG said that the traffic volume under the existing AMC had already reached 85% of its maximum capacity of some 40 000 tonnes in

2018-2019. According to the forecast of the aviation sector, the air traffic would return to 2018 level by around 2022. Hence, it was necessary to expand the capacity of AMC to cope with the booming CBEC market by implementing the Proposal, benefitting the logistics workers and related sectors. With new business strategies in place, HKP envisaged that the mail traffic in AMC would grow at 4% per year to reach 60 000 tonnes in 2027. Relevant annual breakdown figures would be provided after the meeting.

12. On collaboration with other postal administrations, PMG advised that under the Implementation Opinions, postal administrations of the Mainland, Hong Kong (i.e. HKP) and Macao would work closely together for measures that further strengthen mutual collaboration. Specifically, China Post had accepted HKP's proposal to explore implementing "single-window customs clearance" that would facilitate customs clearance and payment of customs duty online for inward mail from Hong Kong and Macao.

13. Ir Dr LO Wai-kwok supported in principle the Proposal given the enormous potential of the logistics market. He considered that the logistics service had become essential to the public, thus the air freight cargo volume was less affected by the outbreak of the Coronavirus Disease 2019 ("COVID-19") pandemic as compared to the air passenger volume. To justify the Proposal and address some members' concern about the competitiveness of HKP in providing postal and logistics services over private logistics operators, he sought further written information on market analysis and positioning of HKP and private logistics operators in the market.

14. PMG responded that aside from the explanations just given, many leading logistics operators had expressed interest in collaborating with HKP to provide cold chain and temporary warehousing services in the redeveloped AMC and HKP would explore such opportunities. PMG said that further information on the Proposal would be provided after the meeting.

15. Mr YIU Si-wing pointed out that although the e-commerce traffic was booming leading to a huge potential growth of the logistics market, HKP had recorded a decreased mail volume as well as an increase of operation loss. He wondered if such poor performance of HKP was due to the operation by civil servants which lacked the incentives to drive business growth as seen in the private sector. In this connection, he requested the Administration to set out in detail the services to be provided by HKP alone and jointly with private logistics operators in future operation of the redeveloped AMC, and whether the business strategies adopted by HKP for

its own business would be competitive to that of the private sector. Mr YIU also enquired about the division of work between the redeveloped AMC and the Central Mail Centre in Kowloon Bay.

16. PMG advised that on marketing strategies, HKP would adjust its strategies for e-commerce packets and parcels to strive for an annual growth of at least 4%, and the redeveloped AMC would be able to accommodate the increased mail traffic volume at the commencement of its operation in the future. There was a clear division of work between the Central Mail Centre in Kowloon Bay and AMC. AMC, responsible for the receipt of incoming and outgoing mails, would be turned into a strategic infrastructure for postal and high value-added logistics services, such as the areas of cold chain as well as high value and fast-moving goods. In this regard, within these two service areas, HKP would collaborate with the private sector as they were experienced and had extensive supply of goods.

17. Dr CHIANG Lai-wan cast doubt on the rationale for HKP seeking a large amount of funding from the Government while it was responsible to finance its own expenses as other trading funds. She expressed concern whether the Proposal would be financially viable as HKP currently only took up 1% of the e-commerce mail traffic in the market and far lagged behind the rapid growing competitors. Instead of relying on public funds, Dr CHIANG suggested HKP refurbish the existing AMC with its own finance, or obtain financing from the market after amending the relevant law. To facilitate Members' consideration of the Proposal, she requested the Administration/HKP to provide information on the postal and logistics services which could only be provided by HKP but not private logistics operators. She suggested the Administration refrain from seeking the Finance Committee's approval for the Proposal before ascertaining the financial viability of the AMC project.

18. PMG stressed that the Proposal was projected to bring about, including direct, indirect and induced impacts, \$1,600 million to \$1,800 million of gross value-added in 2027-2028 when the redeveloped AMC came into operation. It was also envisaged that a net profit of \$500 million would be generated annually by the AMC operation from 2027 onwards, which was higher than the Government's requirement of 5% rate of return for public projects. The funding of \$4.6 billion under the Proposal was considered reasonable as it was estimated on par with the basic industrial building project and had been vetted by the Development Bureau.

19. On the suggestion of seeking private loans, PMG explained that the operation of HKP was governed by the Trading Funds Ordinance (Cap. 430) under which HKP was not allowed to borrow funds for its operation.

While the Financial Secretary had reserved \$5 billion for this project in the 2018-2019 Budget, it was in fact considered not in the public interest to finance the project through loan borrowing as repayment of loan principal and interest expense would increase HKP's operation cost and drive up the postages to recoup the costs.

20. While supporting the Proposal, Mr Frankie YICK considered it suitable for Hong Kong to develop a postcode system so as to align with the Government's promotion of smart city development. He pointed out that the system could facilitate logistics operations across the sector by minimizing manual errors and wrong delivery, and thus it was worthy of implementation.

21. Mr Tony TSE asked about the reasons for HKP not putting in place a postcode system in Hong Kong, which could help Hong Kong integrate into the GBA development.

22. PMG replied that under the development of digital government, various government services, including the postal services, were delivered with the use of the QR code system which could identify the postal addresses in an efficient and effective manner. Hence the use of postal code was considered unnecessary.

23. Mr Frankie YICK called on the Administration to simplify the customs clearance mechanisms applied on private logistics operators, particularly for pharmaceutical products, so as to facilitate the development of Hong Kong into a high value-added logistics hub in GBA. Mr YICK also suggested HKP explore more initiatives in collaboration with the private sector to generate new revenue streams with its established postal network and resources.

24. PMG said that HKP had been converting its operation mode to provide greater flexibility for customers and meet the changing needs of e-commerce. Apart from rationalizing the service hours of a number of post offices, HKP had been extending the self-serviced iPostal Station network and planned to install self-service machines in the community to allow posting mails or packets around the clock. Meanwhile, HKP had been providing counter redemption service to e-commerce merchants at a reasonable price. It would continue to work with the private sector to optimize the use of existing resources.

Technologies and machines in the redeveloped AMC

25. Mr Jimmy NG welcomed the HKP's plan to collaborate with private logistics operators in providing services in the redeveloped AMC. Citing

the sophisticated sorting and conveyance systems being used by STO Express and JD.com as examples, Mr NG said that the current logistics operations were largely conducted through automation as driven by e-commerce development. He enquired if HKP had studied the advanced technologies used by leading logistics operators, especially those HKP might collaborate with, so as to adopt a suitable design for and reserve sufficient spaces in AMC for collaboration with the private sector.

26. Referring to the advanced equipment used by the logistics sector, Ir Dr LO Wai-kwok enquired about what latest technologies would be equipped in the redeveloped AMC.

27. Mr Frankie YICK said that Members would have more confidence in supporting the Proposal if the software and hardware technologies equipped in the redeveloped AMC would be comparable to that of the leading logistics operators.

28. PMG advised that the redeveloped AMC would be equipped with intelligent technologies, including cross-belt sorter and/or robotic solutions, to facilitate efficient processing of mail items and customs clearance. These intelligent technologies would enable automatic conveyance of mail items or bags to the appropriate floors and areas for handling. Sorting capacity would be increased by 20 times from the existing 1 000 pieces per hour to 20 000 pieces per hour. On considering the Proposal, HKP had engaged with the logistics industry, many leading logistics service providers and cargo terminal operators in HKIA.

29. The Chairman believed that the proposed redevelopment of AMC would bring benefits to Hong Kong in the long time. However, he expressed concern that allocating only \$1,232.4 million out of the total project fund of \$4,611.3 million for new equipment and technology might be inadequate for HKP to maintain its competitiveness with advanced technologies in the long run. He suggested HKP reconsider the funding allocation for technological equipment in the AMC project.

30. Mr LUK Chung-hung enquired about the use of Internet of Things technology in the redeveloped AMC taking into account the standard and application in as well as interface with the Mainland. Meanwhile, concerning that the increased use of technology in the redeveloped AMC might result in a manpower reduction of HKP, he enquired about the measures to safeguard the interests of the affected staff.

31. Mr YIU Si-wing was concerned if there would be any change in staff deployment resulting from the new business strategies and redevelopment of AMC.

32. PMG said that the AMC redevelopment would generate some 1 600 full time direct employment (in man-years) over the construction period until mid-2027. When the redeveloped AMC came into operation in 2027-2028, it was projected to bring about 2 400 to 2 500 full time jobs to a wide range of relevant industries. For the redeveloped AMC, while the increased use of technologies would have to reduce some jobs with heavy reliance on manual labour, such labour force would be reduced by natural wastage or redeployment to other positions within HKP. Relevant staff deployment in future would be determined according to the mail traffic volume and job nature of different posts. HKP had long adopted a flexible approach for manpower deployment. With the application of technology, the manpower required by the redeveloped AMC might not be as much as presently required, which now relied heavily on manual handling of segregation and conveying of mails. The actual figures would become clearer in the future.

The Decanting Building

33. Ir Dr LO Wai-kwok sought more information about the Decanting Building, including its location and measures to ensure that the postal service would not be interrupted during the decantation arrangement.

34. Mr Tony TSE wondered if the Decanting Building would be converted into a permanent structure for HKP's use in the long run.

35. PMG advised that to ensure that basic postal service would be maintained without interruption during AMC redevelopment, the Decanting Building would be constructed at the existing AMC site. It would be equipped with minimal structure to handle inbound and outbound handover functions with airline representatives and provide for the related customs inspection. The mail processing functions in the existing AMC would be temporarily relocated to General Post Office of HKP while the e-commerce mail processing would be carried out at other facilities, like the cargo terminal operators, at HKIA and the surrounding area. The total budget for the Decanting Building and decantation associated costs, including the rental for other facilities, was estimated to be \$780.4 million.

36. At the end of the discussion, the Chairman requested and PMG agreed to provide more information to address Members' concerns and facilitate their consideration of the Proposal after the meeting.

(Post-meeting note: The supplementary information note provided by the Administration was issued to members vide LC Paper No. CB(4)779/20-21(01) on 13 April 2021.)

IV. Hong Kong Tourism Board Work Plan for 2021-2022

(LC Paper No. CB(4)646/20-21(03) — Paper provided by the Administration

LC Paper No. CB(4)646/20-21(04) — Updated background brief prepared by the Legislative Council Secretariat)

Presentation by the Administration and the Hong Kong Tourism Board

37. At the invitation of the Chairman, Secretary for Commerce and Economic Development ("SCED") briefed members that although the tourism industry was hard hit by the COVID-19 pandemic, the Hong Kong Tourism Board ("HKTB") had been putting a lot of efforts into adjusting its work and operations in response to the pandemic in the past year. Given the evolving pandemic situation, which had created many uncertainties for future planning, the Government had collaborated with HKTB to formulate strategic directions to support the industry.

38. With the aid of powerpoint presentation materials, Mr Dane CHENG, Executive Director of HKTB briefed members on an overview of HKTB's key initiatives in 2020 and outlook for 2021. The Panel noted that visitor arrivals had recorded a drastic drop by 99.9% starting from April 2020, with less than 200 visitors each day on average. With the introduction of the promotion scheme "Holiday at Home" encouraging local residents to spend their holidays in hotels (i.e. Staycation), the hotel room occupancy rate gradually improved, reaching over 50%. He also introduced HKTB's short- and medium-to-long-term strategies to support the recovery of Hong Kong's source of visitors and re-establish Hong Kong's tourism image. Details of the briefing were set out in the papers provided by the Administration (LC Paper No. CB(4)646/20-21(03)) and the powerpoint presentation materials.

(Post-meeting note: The powerpoint presentation material provided by HKTB was issued to members vide LC Paper No. CB(4)672/20-21(01) on 22 March 2021.)

Discussion

Initiatives in driving tourism recovery

39. Acknowledging the unprecedented challenges to the travel industry brought by the COVID-19 pandemic, Mr YIU Si-wing appreciated the

efforts of HKTb in promoting local tourism and rebuilding Hong Kong's tourism image. Noting that HKTb had formulated new strategies to help recover visitor sources and business for the trade, he enquired whether such strategies would be implemented by phases flexibly according to the development of the COVID-19 pandemic.

40. The Deputy Chairman understood the difficulties faced by HKTb in organizing promotional events under the haze of the COVID-19 pandemic. She opined that the focus of HKTb should be the preparation for the reopening of markets and cheerleading domestic consumption. It was important for HKTb to improve Hong Kong's tourism image in becoming tourists' choice to visit when the outbreak subsided.

41. Mr Dane CHENG of HKTb anticipated that cross-border travel would not be fully resumed in the next three to six months. With a few markets that might be opened up by phases for travelling with restrictions imposed on visitors, HKTb would focus its promotion efforts on these markets. Meanwhile, HKTb would continue to launch the next phase of "Holiday at Home" to boost local tourism ambience. HKTb also planned to launch a travel promotion platform "Open House Hong Kong" to attract visitors with the anticipation of the gradual resumption of cross-border travel in the third and fourth quarters of 2021.

42. Recognizing the effectiveness of "Holiday at Home" with a Spend-to-Redeem Free Tour programme cheerleading local consumption which drove a gradual revival in related catering, retail and hotel industries, Mr YIU Si-wing asked when HKTb would launch the third phase of the programme.

43. Mr Dane CHENG of HKTb responded that the second phase of the "Holiday at Home" promotion with a Spend-to-Redeem Free Tour programme was postponed from July to November 2020 due to the third wave of the local COVID-19 epidemic. Members of the public could redeem a quota for a free local tour up to \$500 net value upon spending HK\$800 at physical retail or dining outlets. Local travel agents could warm themselves up by organizing local tours. As this programme received an overwhelming response, HKTb would launch the next phase of the programme when the COVID-19 situation stabilized. HKTb would also launch a Spend-to-Redeem Staycation Delights programme where members of the public could enjoy a net value of HK\$500 discount on staycation packages at hotels upon a similar mechanism on spending HK\$800 or more at any physical retail or dining outlets.

44. Mr Steven HO noticed that although the "Holiday at Home" campaign launched by HKTb had improved the local ambience thus the

hotel occupancy rate, many retail shops closed down with the impacts of social events in the second half of 2019 and the outbreak of the COVID-19 pandemic. Citing the example that a chain operated hotel had suspended its business for renovation as a result of a severe reduction in the number of overseas visitors due to the pandemic, he suggested the Administration also taking this opportunity to enhance local tourism infrastructure with a view to drawing visitors when the pandemic subsided.

45. Mr Steven HO further said that he had been urging the Administration for a better development of typhoon shelters and sheltered anchorages taking into consideration of the recommendations from the fisheries industry. To benefit the tourism industry and help practitioners in the agriculture and fisheries industries to switch to other occupations, he requested the Commerce and Economic Development Bureau to coordinate with the Transport and Housing Bureau to develop leisure angling areas along coastlines (such as in Tuen Mun, Aberdeen, Cheung Chau, etc.) and new berthing facilities for pleasure and fishing vessels.

46. SCED agreed that green tourism could be one of the solutions to assist practitioners in the agriculture and fisheries industries in career transition. Under the Invigorating Island South initiative, the Administration would collaborate with fishermen in Aberdeen Typhoon Shelter to explore new marine tourism routes, enriching the district as a blend of authentic local cultures, history and communities. He would provide a written response to Mr Steven HO's request after the meeting.

(Post-meeting note: The Administration's response was issued to members vide LC Paper No. CB(4)839/20-21(01) on 22 April 2021.)

47. Mr Tony TSE concurred with HKTB's approach of phasing its strategies in tourism promotion as the tourism industry was close to freezing at the moment. He regarded that tourists would attach great importance to health, safety and hygiene when they decided where to go in the future in light of the new normal in global tourism resulting from the pandemic. In his opinion, Hong Kong had an edge over other markets in terms of health, safety and hygiene. On the other hand, he commented that as the development of local tours had not been emphasized in the past, it would be a suitable timing for HKTB to discover more attractions with cultural and historical value to prepare the city for a fierce competition in the region once cross-border travel resumed.

48. SCED emphasized that facilitating development of local historical and heritage, cultural and creative and green tourism was one of the implementation goals in the Development Blueprint for Hong Kong's

Tourism Industry formulated in 2018. Since then, the Administration had been attaching great importance to discovering new attractions, e.g. heritage trails, Dr Sun Yat-sen Historical Trail and district tours in Sham Shui Po and Wan Chai etc. He added that in view of the recent trend that tourists would put a premium on attractions with authentic local cultures, the Administration had stepped up its efforts in curating new attractions under that direction. For example, the Yim Tin Tsai Arts Festival, organized by the Tourism Commission in the village of Yim Tin Tsai in Sai Kung, brought to participants new experience integrating salt farming, arts, religion, culture, heritage and green elements.

49. Mr LUK Chung-hung appreciated the efforts of HKTb in online promotion campaigns, e.g. "360 Hong Kong Moments" and "100 Reasons to Miss Hong Kong". However, he opined that these online events could not directly benefit practitioners of the tourism industry. Noticing the virtual tours operated by the authority of Japan, he suggested HKTb supporting and subsidizing local tour guides in organizing similar virtual tours, enabling real-time interaction of tour guides and participants. Retail stores could collaborate with tour guides to promote their products during virtual tours, which would also benefit the retail industry. He believed that such virtual tours could bring positive word of mouth among tourists to drive their interest to visit Hong Kong in the future.

50. SCED agreed with Mr LUK Chung-hung's suggestion on organizing virtual tours with the direction of the "Online+Offline" hybrid model. HKTb had been organizing a series of virtual tours with a view to providing business opportunities for the industry.

51. Dr CHENG Chung-tai opined that HKTb had reached a dead end in its attempts to revive the tourism industry and nothing could be done to deal with the current situation. He asked about the expenditure of "Hong Kong New Year Countdown Celebrations" ("the Countdown") and "360 Hong Kong Moments". He felt revolted by the two-minute Countdown video with online fireworks display and light show produced by HKTb, as actually there was no such performance on that day in Hong Kong. He regarded the Countdown video as a fraud to foreign viewers.

52. SCED disagreed with Dr CHENG Chung-tai's opinion that HKTb could do nothing to help revive the tourism industry. He emphasized that HKTb had dedicated many efforts to maintaining Hong Kong's international exposure in preparation for the reopening of markets, and the Countdown video was one of the campaigns initiated by HKTb for that purpose.

53. Mr Dane CHENG, HKTb replied that during late December 2020 under the haze of the fourth wave of local COVID-19 pandemic,

large-scale celebration events were not possible due to social gathering restrictions. International media used to broadcast Hong Kong's Countdown and the Countdown had gained great reputation and much popularity in the past years. To maintain Hong Kong's international exposure, HKTb hired a globally renowned designer production house to create the Countdown video and contacted international media for broadcasting it. The total expenditure for the production of the Countdown video and related broadcasting expenses was around HK\$9 million.

54. Dr CHENG Chung-tai was shocked by the amount of expenditure spent on the Countdown video. Although he could understand HKTb's difficulty under the pandemic, the Countdown video was an eyesore to him among all the promotion campaigns of HKTb last year.

55. SCED said that the Administration and HKTb would not sit on the sidelines and do nothing. HKTb made use of various promotional campaigns to maintain Hong Kong's international exposure in the past year. With tightened social distancing measures during the end of 2020 as the fourth wave of the pandemic was hitting the city, HKTb made new arrangements for the year-end mega events, e.g. the Countdown video and "Online+Offline" event for Chinese New Year Celebrations. The Hong Kong Wine & Dine Festival 2020 was also held under the "Online+Offline" arrangement.

56. Mr Dane CHENG, HKTb added that a total of 110 media organizations reported on the Countdown video, bringing HK\$60 million publicity benefits with over five million views globally. He regarded this investment as very worthwhile.

Cost reduction and grants of HKTb

57. Mr YIU Si-wing sought information on HKTb's efforts in the past year and plan in the coming year in reducing staff and operational expenditure to ride out the present difficulties with the rest of the community.

58. Mr Dane CHENG of HKTb replied that HKTb had stopped hiring since the outbreak of the COVID-19 pandemic and 9% of positions were left vacant. The pay for all staff in HKTb was frozen in the current financial year, and the variable pay component of the remuneration packages for senior executives was also forfeited.

59. Noticing from paragraph 44 in the Administration's paper that most of the additional funding of more than HK\$700 million for 2020-2021 had

not been used because of the pandemic and that the remainder would be returned to the Administration, Mr LUK Chung-hung requested the Administration to consider releasing part of the remaining funding to practitioners of the tourism industry to help them ride out the storm.

60. SCED replied that HKTb could not use the unspent funding for other purposes and had to return it to the Government. He explained that the Government had been assisting practitioners in the tourism industry since October 2019 through providing subsidies to travel agents, tour guides/escorts and tour service coach drivers in four phases of the Tourism Industry Support Scheme, and the latest phase was launched in late 2020.

Support measures to the tourism industry

61. Noticing that the unemployment rate of the tourism industry released by the Labour and Welfare Bureau was around 10% only, Mr LUK Chung-hung was dissatisfied with its calculation method and opined that it did not reveal the actual situation. From his understanding, the majority of practitioners in the tourism industry were asked to take unpaid leave. Some were even laid off and forced to change their field of work. Mr Tony TSE and the Deputy Chairman also noticed the same situation and urged the Administration to offer more support to the practitioners of tourism industry in riding out the storm.

62. Apart from monetary support, the Deputy Chairman further asked whether the Administration/HKTb had regularly contacted members in the trade in order to get first-hand information, e.g. difficulties faced by the trade and statistics on the number of travel-related business closed down.

63. Dr CHENG Chung-tai asked the Administration/HKTb to provide statistics on the number of local travel agencies and hotels closed down in the previous year, and whether the owners of travel agencies and hotels would consider folding up their business in the coming year.

64. SCED replied that the Government had all along been assisting the tourism industry which was adversely affected by the social unrest and then later on the COVID-19 epidemic through four phases of the Tourism Industry Support Scheme which amounted to HK\$2.6 billion and covered travel agents, tour guides/ escorts and tour service coach drivers. In addition, the Green Lifestyle Local Tour Incentive Scheme was introduced to provide travel agents with cash incentives to organize eligible green lifestyle local tours. Throughout the past months, the Government had been liaising with the trade, including frequent contact with different industry stakeholders, and the Government also assisted some hotels to change the land use to residential use. The Government did not see a

shakeout in travel agents and hotels from the number of licenses of travel agents and business registrations,

65. The Deputy Chairman believed that although the number of licenses of travel agents did not record a drastic drop, the majority of travel agents had scaled down by layoffs or requesting staff to take no paid leave due to the pandemic, so these travel agents might restart their business quickly when the pandemic stabilized.

66. Mr Tony TSE was worried that the manpower for the tourism industry might be inadequate once cross-border travel resumed. He asked about ways to attract talents into the trade again.

67. SCED agreed with the Deputy Chairman's comment that travel agents were hibernating at the moment. Noting the unemployment and underemployment situation of the tourism industry, four phases of the Tourism Industry Support Scheme were hence launched to assist the trade. He admitted that it was difficult to promote employment for the tourism industry for the time being as cross-boundary/border travel was still not possible. To strengthen support to the trade, the end dates of the Travel Agents Incentive Scheme and the Green Lifestyle Local Tour Incentive Scheme had been extended for one year to 31 March 2022. The funding commitment for the Travel Agents Incentive Scheme would be increased by HK\$50 million to about HK\$150 million.

68. Mr Tony TSE asked whether the Administration would allow local practitioners of the industry to extend their service scope to the Guangdong-Hong Kong-Macao Greater Bay Area ("Greater Bay Area").

69. SCED explained that "The Outline Plan for the Guangdong-Hong Kong-Macao Greater Bay Area" supported the development of Hong Kong into an international tourism hub and a core demonstration zone for multi-destination tourism. Given that the development of the Greater Bay Area had drawn much attention around the world, the Government had teamed up with neighbouring authorities in the Greater Bay Area, e.g. Department of Culture and Tourism of Guangdong Province, in developing multi-destination tourism. Among all types of travel, he expected that business-related travels between the Mainland and Hong Kong might resume earlier.

Anti-pandemic measures and resumption of cross-border travel

70. Ir Dr LO Wai-kwok was saddened by the drastic drop of visitor arrivals since the second half of 2019 due to the social events in 2019 followed by the outbreak of the COVID-19, bringing a devastating impact

to Hong Kong tourism. He wished the tourism industry to reinvigorate soon starting with local tours with the implementation of multi-pronged anti-pandemic measures. In his opinion, the more effective the anti-pandemic measures, the faster it would be for resumption of tourism activities. He was disappointed that the Administration did not take the advice from the Business and Professionals Alliance for Hong Kong for implementing the health code system and compulsory testing for the whole community. He also suggested the Administration strengthening law enforcement in mask-wearing as he spotted that some local tourists did not wear masks in the countryside.

71. The Chairman asked whether the Administration had any plan in reopening of borders taking reference with the implementation of "vaccine passports" in the European Union, in which visitors who had been vaccinated could be exempted from 14-day quarantine.

72. SCED replied that the Government had explored since 2020 the establishment of bilateral quarantine-free travel arrangements with overseas economies which had their epidemic situation relatively under control as in the case of Hong Kong. However, discussion and launching of such arrangements were deferred due to the fourth wave of epidemic in the fourth quarter of 2020.

73. SCED added the World Health Organization had yet to make public any views with scientific support on relaxation of travel restrictions for vaccinated travelers. The Government had been encouraging the public to receive vaccination for better protection for their own selves as well as the society as a whole. He believed that with more people getting vaccinated as well as enhanced access to electronic vaccination records, local economic activities and outbound travel could be resumed safely. A high vaccination rate could also provide additional protection for bilateral travel. The Government would include vaccination in future discussions on bilateral travel agreements. He encouraged the general public to get vaccinated with a view to driving an early recovery of the economy.

V. Any other business

74. There being no other business, the meeting ended at 12:50 pm.