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Panel on Economic Development
Meeting on 28 March 2022

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 Tourism.¹ 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 Worldwide Offices.

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 budget.² 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.

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 (Cap. 201), and is subject to the scrutiny of the Director of Audit.

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.

² The HKTB's budgetary cycle dovetails with the Government's annual budgetary process.

8. 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.

Major views and concerns expressed by the Panel

9. The Panel received an annual briefing by HKTB on its work plan for 2021-2022 as well as an overview of 2020 tourism performance at the meeting on 22 March 2021. Besides, the Panel was briefed on the policy initiatives relating to tourism in the Chief Executive's 2021 Policy Address at the policy briefings on 26 October 2021 and 14 February 2022.

10. On the work of HKTB, members understood the difficulties faced by HKTB in organizing promotional events under the haze of the Coronavirus Disease 2019 ("COVID-19") pandemic. Anticipating that cross-border travel would unlikely be fully resumed in the short future, members in general agreed that the focus of HKTB should be preparation for the reopening of markets and cheerleading domestic consumption to deliver a positive message to source markets. It was important for HKTB to improve Hong Kong's tourism image in becoming tourists' choice to visit when the pandemic subsided. Members also expressed grave concern about the unemployment situation of the tourism industry and urged the Administration to offer more support to the practitioners of the trade in riding out the storm.

11. The Administration advised that it had rolled out a series of measures to help the tourism industry tackle the difficult business environment, including providing six rounds of financial support through the Anti-epidemic Fund ("AEF") targeting different stakeholders in the trade. The financial support provided by the Government to the tourism industry amounted to a cumulative commitment of about \$3.42 billion in total. To relieve the unemployment situation owing to the epidemic, the Government had created time-limited jobs under AEF in 2020 and 2021. Under the second phase of the Job Creation Scheme, the Government had employed around 1 900 practitioners of the tourism industry to assist in operational and administrative support services at Community Vaccination Centres, vaccination centres at public hospital and Mobile Vaccination Stations set up by the Government. The Administration would consider using similar ways to assist practitioners of the trade.

12. The Administration also advised that it had been striving to create room for business for the tourism industry by striking a balance between pandemic

containment and resumption of economic activities. With the stabilization of the pandemic in early 2021, the Government allowed the reopening of the two theme parks in February 2021, with subsequent relaxation of the visitor capacity limit to 75%. Furthermore, since end-April 2021, the Government allowed the resumption of organizing local group tours of 30 participants or below with conditions, and since end-June, the restriction on the number of participants for group tours with two-thirds of the participants having received the first dose of COVID-19 vaccine had been relaxed to 100 persons. Moreover, “cruise-to-nowhere” itineraries had resumed since end-July 2021, with the passenger capacity of a cruise ship subsequently relaxed to a maximum of 75%. In view of the rapidly worsening local pandemic situation due to the Omicron variant in January 2022, the Government announced the tightening of social distancing measures with a view to containing the latest wave of the pandemic as early as possible. Some tourist facilities and activities had to be temporarily closed or suspended from service to safeguard public health and safety.

13. On members’ concern about resumption of cross-border travel, the Administration advised that the Government’s priority was to resume quarantine-free cross-boundary travel with the Mainland so as to bring the greatest benefits to the economy of Hong Kong. When the pandemic stabilized, Hong Kong would resume cross boundary travel with the Mainland and Macao as soon as possible, to be followed by the orderly resumption of cross-border travel with overseas economies. It was expected that with the gradual recovery of cross boundary, the mode of tourism around the globe would change. To compete with the rest of the world for tourist sources, Hong Kong should provide travel experiences that were richer in content, more in-depth and higher in quality. The Administration and HKTB would support the trade to seize the opportunities and get prepared for the future market, and relaunch tourism once the pandemic was receding.

14. Regarding long term tourism development, the Administration informed that the Development Blueprint for Hong Kong’s Tourism Industry (“the Blueprint”) promulgated in 2017 set out directions for the long term development strategies of Hong Kong’s tourism, including upgrading the service quality of tourism industry, developing a diversified portfolio of visitor source markets, nurturing and developing tourism products and initiatives with local and international characteristics, as well as promoting the development of smart tourism, with a view to consolidating and enhancing Hong Kong’s status as Events Capital of Asia and a premier tourism destination for MICE (i.e. Meetings, Incentive travels, Conventions and Exhibitions). During the past years, the Administration had formulated and implemented various measures and initiatives according to the Blueprint. Meanwhile, HKTB was actively reviewing Hong Kong’s tourism positioning and establishing tourism brand of the Guangdong-Hong Kong-Macao Greater Bay Area. It was also planning to launch a rebranding

project after the gradual resumption of tourism. In addition, to foster the healthy and long-term development of the tourism industry, the Government established the Travel Industry Authority (“TIA”) in end-2019 to enhance the professionalism and service quality of the travel trade through a statutory licensing and regulatory system. The Government would support TIA in preparing for the formulation of the new regulatory regime for the tourism industry, which was expected to be implemented in full within this year.

Council questions

15. At the Council meetings of 6 May, 3 June, 8 July, 2 December, 16 December 2020, 3 February, 5 May, 7 July, 14 July, 8 September, 20 October 2021, 19 January and 26 January 2022, Hon Holden CHOW, Hon YIU Si-wing, Hon Elizabeth QUAT, Hon Vincent CHENG, Hon KWOK Wai-keung, Hon CHAN Han-pan and Hon YIU Pak-leung raised questions covering HKTB’s tourism projects, and measures for supporting the industry. Hyperlinks to the Council questions and the Administration’s responses are provided in the **Appendix**.

Latest development

16. On 23 February 2022, the Financial Secretary announced in the 2022-2023 Budget that the Government would earmark \$1.26 billion to develop and launch tourism products, sponsor the training of practitioners, and support the work of HKTB to revive the tourism industry.

17. At the Panel meeting on 28 March 2022, HKTB will present its work plan for 2022-2023, and brief the Panel on the overview of Hong Kong tourism industry in 2021 and the outlook of 2022.

Relevant papers

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

List of relevant papers

| Issued by | Meeting date/ Issue date | Paper |
|-------------------------------|-----------------------------|---|
| Panel on Economic Development | 22 March 2021 (Item IV) | Administration's paper Administration's supplementary information Background brief Minutes |
| | 26 October 2021 | Administration's paper Minutes |
| | 14 February 2022 | Administration's paper |
| Council Meeting | 6 May 2020 | Council question on "Relief measures under the Anti-epidemic Fund" raised by Hon Elizabeth QUAT |
| | 3 June 2020 | Council question on "Support for the hotel and guesthouse industry" raised by Hon Vincent CHENG |
| | 8 July 2020 | Council question on "Revitalizing the tourism industry" raised by Hon YIU Si-wing |
| | 8 July 2020 | Council question on "Measures to boost the economy" raised by Hon KWOK Wai-keung |
| | 2 December 2020 | Council question on "Measures for supporting the tourism industry" raised by Hon YIU Si-wing |
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| Issued by | Meeting date/ Issue date | Paper |
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| | 16 December 2020 | Council question on “Developing local tourism products” raised by Hon CHAN Han-pan |
| | 3 February 2021 | Council question on “Development of historical and heritage tourism” raised by Hon YIU Si-wing |
| | 5 May 2021 | Council question on “Development of heritage tourism” raised by Hon YIU Si-wing |
| | 2 June 2021 | Council question on “New norm of tourism industry” raised by Hon YIU Si-wing |
| | 7 July 2021 | Council question on “Travel Industry Authority” raised by Hon YIU Si-wing |
| | 14 July 2021 | Council question on “Supporting exhibition industry” raised by Hon YIU Si-wing |
| | 8 September 2021 | Council question on “Support for tourism industry” raised by Hon Holden CHOW |
| | 20 October 2021 | Council question on “Tourism development planning for Hong Kong” raised by Hon YIU Si-wing |
| | 19 January 2022 | Council questions on “Support for tourism industry” raised by Hon YIU Pak-leung |

| Issued by | Meeting date/ Issue date | Paper |
|------------------|-------------------------------------|---|
| | 26 January 2022 | <u>Council questions on “Supporting hotel industry” raised by Hon YIU Pak-leung</u> |