

LCQ7: Impacts of social events on tourism industry

Following is a question by the Hon Wong Ting-kwong and a written reply by the Acting Secretary for Commerce and Economic Development, Dr Bernard Chan, in the Legislative Council today (November 27):

Question:

Some members of the tourism industry have relayed that the disturbances arising from the opposition to the proposed legislative amendments, which erupted in June this year and have not yet subsided, have dealt a heavy blow to Hong Kong's tourism industry and affected the livelihood of the practitioners of the tourism industry. In this connection, will the Government inform this Council:

- (1) whether it has estimated the economic losses caused to the tourism industry by the social disturbances since June this year; if so, of the amount of money;
- (2) given that so far 40 countries/regions have issued alerts/advice on travelling to Hong Kong, whether it knows if the Hong Kong Tourism Board (HKTB) has, in response to such situation, (i) made adjustments, (ii) rolled out new measures, and (iii) increased the budgeted expenditure, in respect of the publicity and promotion work targeting at the various visitor source markets; if HKTB has, of the details; if not, the reasons for that;
- (3) given that HKTB has cancelled this year's Hong Kong Wine & Dine Festival and Hong Kong Cyclothon originally scheduled to be held last month, whether it knows (i) if HKTB has estimated the resultant impacts on and the economic losses so suffered by the tourism industry, and (ii) how HKTB will deal with the unspent funds earmarked for holding those two events;
- (4) whether it knows if HKTB is considering the cancellation of the large-scale tourism promotion events to be held in the coming six months, and the factors being considered by HKTB;
- (5) whether it knows the specific contents of and the budgeted expenditure for the promotional programme "Hong Kong Takes Off Again" to be rolled out by HKTB; and
- (6) given that starting from September this year, Hong Kong tourist guides and tour escorts may apply to the Mainland authorities for working in Hengqin New Area, Zhuhai, whether it knows the respective numbers of applications received, approved and rejected by the Mainland authorities so far?

Reply:

President,

The tourism industry is one of the sectors that is hard hit by the continuous social events recently. The Government has been closely monitoring the development of the situation and maintaining close communication with the Hong Kong Tourism Board (HKTB), the Travel Industry Council of Hong Kong and the tourism sector. In view of the impact of social events on the tourism trade, the Government has also rolled out several rounds of support measures to alleviate the operating pressure of the industry.

Our reply to the questions raised by the Hon Wong is set out below:

(1) Tourism is a key sector of the Hong Kong economy. In 2017, tourism employed over 250 000 persons and accounted for 6.7 per cent of total employment. It also generated value added of HK\$114.2 billion, accounting for 4.5 per cent of Gross Domestic Product.

Due to factors such as the persisting trade conflict between China and the US as well as recent social events, inbound tourism had suffered severely. While visitor arrivals recorded growth in the first six months of 2019, the trend reversed in July. Overall visitor arrivals in the third quarter of 2019 plunged by 26 per cent from a year earlier to 11.9 million, the sharpest year-on-year fall since the second quarter of 2003. The fall in visitor arrivals reached about 40 per cent in October 2019. There is also a drop of over 50 per cent in the provisional figures of the first half of November 2019.

The hotel sector also suffered a setback. The average hotel room occupancy rate fell distinctly from 91 per cent a year earlier to 72 per cent in the third quarter of 2019. The average achieved hotel room rate likewise dropped by 16.2 per cent from a year earlier.

As inbound tourism was hard hit, the unemployment rate of the consumption- and tourism-related segment (viz. retail, accommodation and food services sectors) increased from 3.9 per cent in the second quarter to 5.0 per cent in August to October, the highest level since the beginning of 2017. Within this segment, the unemployment rate of the food and beverage services sector rose sharply from 4.3 per cent in the second quarter to 6.1 per cent in August to October, the highest in more than six years. The year-on-year decline in employment of the segment as a whole also enlarged noticeably from 0.8 per cent in the second quarter to 7.2 per cent in August to October. Compared with the second quarter, the number of employees in the segment decreased by around 47 000.

(2) to (5) HKTB has adjusted the approach of promotion campaigns in the source markets in view of the travel advisories issued by various countries and regions. Currently, HKTB has been communicating closely with the travel trade and visitors to keep them updated about the latest situation in Hong Kong via various channels, including website and LINE Chat, so that visitors can better grasp the latest situation and adjust their itineraries as

necessary. Moreover, HKTB has also extended the service hours of visitor services to provide enhanced support to visitors.

Besides, HKTB has rolled out a series of relief and incentive measures to support the travel trade, including:

- Starting from October 1, 2019 to March 31, 2020, HKTB has been waiving the participation fees of the travel trade for joining trade fairs and travel missions organised by HKTB in the Mainland and overseas;
- Starting from October 1, 2019 to September 30, 2020, all merchants (over 8 000 outlets) accredited under HKTB's Quality Tourism Services Scheme can have full renewal fees waived for one year while new applications to the Scheme can enjoy a 50 per cent reduction on the application fee; and
- Support the Government to roll out the Travel Agents Incentive Scheme to encourage travel agents to attract more overnight visitors to Hong Kong so as to boost local consumption for the benefits of the hotel, retail, catering and transportation sectors.

The recent social events have seriously damaged Hong Kong's destination image, resulting in the decline of visitor arrivals which have affected various sectors. To address the situation, HKTB has been working on both short-term and long-term promotion plans which will be rolled out gradually at opportune time. HKTB has been closely monitoring the development and will make corresponding arrangements. Details will be announced later.

Regarding the Hong Kong Cyclothon and the Hong Kong Wine & Dine Festival that have been cancelled, it is difficult to forecast the participation and the respective contribution to tourism. With reference to the record of 2018, there were about 70 000 and 168 000 participants for these two events respectively. HKTB will make the best use of the remaining budget of these two events after deducting necessary expenses incurred for the preparatory work. For example, part of the Hong Kong Wine & Dine Festival budget has been re-allocated to enhance the Hong Kong Great November Feast and the rest will be used for other large-scale promotions.

(6) The Human Resources and Social Security Department of Guangdong Province and the Department of Culture and Tourism of Guangdong Province published the pilot implementation plan regarding Hong Kong, Macao tourist guides and tour escorts to practise in Zhuhai Hengqin New Area (Hengqin) on September 5, 2019. According to the plan, Hong Kong and Macao tourist guides and tour escorts are eligible to apply for Hengqin tourist guide certificate (certificate) and work in Hengqin after completing the training and passing the examination organised by Hengqin's tourism authority.

According to the information of the authorities of Hengqin, as at October 31, 2019, 669 Hong Kong tourist guides and tour escorts have applied for the training. Due to overwhelming response, 53 Hong Kong tourist guides and tour escorts have been admitted to the training through balloting, among them 52 passed the examination and have applied or are going to apply for the certificate. For those who have applied for the training but yet to be

admitted, they will be admitted to subsequent trainings through balloting.