

MESSAGE

Hong Kong suffered from a tourism downturn in mid-1997. Total visitor arrivals in 1998 were some 9.6 million, about 8% down over 1997 figures. There have been signs of recovery since the middle of 1998 when both visitor arrivals and hotel occupancy rate exceeded those of the same time last year. This growth continued in the first half of 1999. Hong Kong remains the most popular tourist destination in Asia after the Mainland of China. Tourism also continues to be one of our largest earners of foreign exchange and the industry directly or indirectly employs some 330 000 workers, representing about 10% of our total workforce.

It is important for the Government and the trade to continue to work together to maintain the momentum in the recovery of the tourism industry. To this end, the Bureau is committed to maintaining the competitiveness of the industry. In particular, we aim –

- to provide the necessary institutional framework and financial support to encourage the development of the tourism industry
- to provide the necessary infrastructure to cater for growth in tourism and to facilitate the entry of visitors into Hong Kong
- to enhance Hong Kong's attractiveness through encouraging the development of new tourist attractions and improving existing ones
- to provide appropriate support to the Hong Kong Tourist Association (HKTA) in delivering its duties

To spearhead the development of tourism in Hong Kong, Government appointed a Commissioner for Tourism in May 1999 and set up the Tourism Commission under this Bureau. One of the Commission's main tasks is to map out the strategy for developing tourism in future. The Government has embarked on a major public consultation exercise including a public forum and district consultation; the Government also formed a Tourism Strategy Group to provide a forum for discussing the macro issues concerning the development of tourism.

All the above underline the importance the Government attaches to tourism development. As the Policy Bureau responsible for in-bound tourism, we will work closely with the HKTA and the trade to ensure that the tourism industry continues to contribute significantly to the economic prosperity of Hong Kong.

A handwritten signature in black ink, appearing to read 'Stephen Ip', written in a cursive style.

(Stephen Ip)
Secretary for Economic Services

A KEY TOURIST DESTINATION

Our Policy Objective is to promote Hong Kong as a key tourist destination and facilitate the development of the tourism industry.

Our target this year in pursuing this Policy Objective is to maintain Hong Kong's position as the most popular tourist destination in Asia after the Mainland.

Progress Made

In 1998, we made good progress in respect of all the initiatives proposed last year. Hong Kong was the most popular tourist destination in Asia after the Mainland. Of the 29 initiatives proposed, action has been completed in respect of 15, 11 are progressing on schedule and three are under review. In particular, we have made good progress in enhancing the attractiveness of Hong Kong in the shorter term, such as the establishment of the Heritage Tourism Task Force and the repackaging of some existing attractions in Hong Kong. We are also progressing as planned on other longer term measures such as improving visitor signage, tourist facilities and attractions in tourist districts. We have also made good progress in enhancing the quality of service for tourists in Hong Kong through the launching of the "Be a Good Host" Campaign as well as producing tri-lingual taxi guides for free distribution to taxi drivers. As for the promotion efforts, we have rolled out the new "We are Hong Kong – City of Life" campaign. The Hong Kong Tourist Association is also stepping up its promotional efforts in and with the Mainland – our top source market and a key complementary destination in respect of tourism.

KEY RESULT AREAS (KRAs)

To ensure that this Policy Objective can be achieved, we must deliver results in a number of key areas, that is, we must –

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1

Develop and improve tourism infrastructure, facilities and products

To enhance Hong Kong's attractiveness as a tourist destination and to enrich visitors' experience in Hong Kong, we shall establish new tourist attractions and improve on existing ones. We shall also improve and develop tourist-related infrastructure and facilities to make Hong Kong more tourist-friendly. For example, a tourist district enhancement pilot scheme will be conducted in the Central and Western District with Government funding. Improvements have been and will continue to be made to visitors' entry arrangements to help to encourage more visitors to come to Hong Kong. There is also a need to provide for a wide range of events in Hong Kong. Our broader vision is to cultivate Hong Kong's image as the Asian Centre of arts and culture, and of entertainment and sporting events. We shall build on the popularity of regular international events and capture the imagination with more cultural and artistic presentations. To this end, a \$100 million International Events Fund has been set up in 1998 to support the staging of international events in Hong Kong.

Progress Made

In 1998, we proposed to measure progress in this area with our success in developing and improving infrastructure, facilities, products, and entry arrangements against plan. So far, we are generally achieving good progress. Out of the 13 initiatives under this KRA, six have been completed as planned. Of the remaining seven, five are proceeding as scheduled and two are under review. In particular, we have made good progress in respect of developing heritage tourism and repackaging existing attractions. These efforts serve to enhance Hong Kong's attractiveness in the short term. We are working on other initiatives to enhance the attractiveness of Hong Kong in the longer term, such as the pilot scheme to improve selected tourist facilities and attractions in tourist districts as well as signage in selected areas in Hong Kong. We shall also continue to explore if we can further facilitate entry by visitors from the Mainland and Taiwan.

To achieve results in this area, various initiatives have been undertaken in the past years. Details are set out below –

Initiative *	Target #	Present Position +
To set up a Heritage Tourism Task Force to promote heritage tourism in Hong Kong <i>(Hong Kong Tourist Association (HKTA))</i>	To set up the Task Force in 1998 <i>(1998)</i>	Task Force was set up in November 1998. <i>(Action Completed)</i>
To re-package specific areas in Shelly Street, Central and Kowloon City as “Theme dining districts” <i>(HKTA)</i>	To complete the project in 1999 <i>(1998)</i>	The information on the new products has been widely distributed to overseas trades and incorporated into marketing materials of HKTA. Media familiarizations have been carried out. The product is now regularly featured in HKTA promotions. <i>(Action Completed)</i>
To launch the “Bird-Fish-Flower Leisure Experience” to promote self-help tours at the flower and bird markets in Kowloon <i>(HKTA)</i>	To complete the project in 1999 <i>(1998)</i>	The information on the new products has been widely distributed to overseas trades and incorporated into marketing materials of HKTA. Media familiarizations have been carried out. The product is now regularly featured in HKTA promotions. <i>(Action Completed)</i>
To launch the second and third phases of the Architectural Walking Tour in Kowloon and the New Territories respectively <i>(HKTA)</i>	To launch the second phase by end-1998 and the third phase by mid-1999 <i>(1998)</i>	Heritage and Architectural Walks Phase 2 – Kowloon version was launched in December 1998, and Phase 3 – New Territories version was launched in September 1999. <i>(Action Completed)</i>

* the bracketed information denotes the agency with lead responsibility for the initiative

the bracketed information denotes the year in which the target was set

+ the bracketed information denotes the status of the target

Initiative	Target	Present Position
To install interactive telephone kiosk systems at locations frequented by visitors (HKTA)	To complete the installation of 100 "Touristinfo Powerphones" by end of 1998 (1998)	All 100 Powerphones have been installed by the end of 1998. <i>(Action Completed)</i>
To establish a computer database to improve the flow of market information within HKTA and among HKTA members, service providers and potential visitors (HKTA)	To establish the Tourism Data Bank in phases by the end of 2000 (1998)	An internal database system has been set up within HKTA. Development is in progress for a tourist enquiry information database. <i>(Action in Progress: On Schedule)</i>
To upgrade and improve tourist facilities and attractions, including streetscape improvements and special lighting in selected areas in tourist districts (HKTA)	To start the first pilot project in 1999 for the Central and Western District (1998)	The planning concept study has been completed. Architectural Services Department is leading the implementation and is appointing a consultant to do detailed design and manage the project. <i>(Action in Progress: On Schedule)</i>
To implement visitor signage improvements at tourist districts (HKTA)	To start the pilot project in 1999 at Stanley Market (1998)	HKTA is preparing design/project management tender document. <i>(Action in Progress: On Schedule)</i>
To prepare a Green Guide to Hong Kong covering all natural heritage resources of Hong Kong (HKTA)	To complete the Guide in 1999 (1998)	Guide book produced in August 1999 and launched in October 1999. <i>(Action Completed)</i>

Initiative	Target	Present Position
<p>To review the Group Tour Scheme for Mainland travellers <i>(Immigration Department (Imm D))</i></p>	<ul style="list-style-type: none"> ● To allow persons from other provinces/ municipalities who are residents in Shenzhen and Zhuhai to join Hong Kong Group Tours, provided they fulfil certain criteria <i>(1998)</i> ● To review the Scheme in 1999 <i>(1998)</i> 	<ul style="list-style-type: none"> ● Proposals forwarded to the Mainland authorities for consideration. <i>(Action in Progress: Under Review)</i> ● A meeting to review the Scheme was held with the Mainland authorities in December 1998. Following the meeting, Mainland residents who wish to visit both Hong Kong and Macau are allowed to join Hong Kong-Macau Group Tours (subsumed under the Group Tour Scheme) as from March 1999. The next review meeting is expected to be held later this year. <i>(Action in Progress: On Schedule)</i>
<p>To simplify and improve entry arrangements for Taiwan residents <i>(Imm D)</i></p>	<p>To review in 1999 the feasibility of further improvements to existing arrangements <i>(1998)</i></p>	<p>Consideration is being given to conducting feasibility study on the issue of electronic visit permits to Taiwan visitors. Our target is to complete the study by end of 2000. <i>(Action in Progress: Under Review)</i></p>
<p>To further develop proposal for a multi-media theme park <i>(Economic Services Bureau)</i></p>	<p>To strive to reach a mutually acceptable agreement with a major international theme park operator by end 1999 <i>(1998)</i></p>	<p>Negotiation with Disney on a theme park project in Hong Kong is in progress. <i>(Action in Progress: On Schedule)</i></p>

Looking Forward

In the next 12 months, we will assess our performance in respect of this KRA against the following indicators –

Indicator	1999 Target
Percentage of studies completed against plan	To complete 80% of the studies against plan
Percentage of projects for developing and improving infrastructure, facilities and products completed against plan	To complete 80% of the projects against plan

We will undertake the following initiatives to deliver results in this area –

Initiative	1999 Target
To undertake a Study on the improvement of the Peak as a Visitor Attraction (HKTA)	To complete the study in 2000
To conduct a series of international market research studies to survey the consumer attitudes and decisions to travel in relation to Hong Kong (HKTA)	To complete the studies in 2000
To conduct the Price Competitiveness Survey (Phase 2) (HKTA)	To complete the survey in 2000
To produce new publicity collaterals such as Festival Calendar, special leaflets and multi-media materials for promoting Heritage Tourism (HKTA)	To produce new publicity collaterals in 2000

Initiative	1999 Target
<p>To set up a Hotel Development Information System to facilitate access to updated information by the industry (HKTA)</p>	<p>To set up the system in 2000</p>
<p>To implement a pilot visitor signage improvement project at the Star Ferry area (HKTA)</p>	<p>To start the project in 2000</p>
<p>To construct an International Wetland Park at northern Tin Shui Wai (Agriculture and Fisheries Department)</p>	<p>To seek funding support from the Legislative Council in 1999 and commence construction in 2000</p>
<p>To draw up a Charter for the tourism industry to pledge their support for implementing an environmentally sustainable development strategy (HKTA)</p>	<p>To draw up the Charter in 1999</p>

2

Improve the quality of service of the industry

In respect of the quality of service of Hong Kong, our hotels have always been featured in the top ten of the best service hotels in the world and this speaks for itself. Nevertheless, we are aware of the need to continue to enhance the attractiveness of Hong Kong as a tourist destination by providing good services to visitors. This will not only help to enhance the travelling experience of these visitors but when they return home, their word-of-mouth endorsement will become the most powerful publicity promoting Hong Kong.

To promote quality service in Hong Kong, the Hong Kong Tourist Association has launched a “Be a Good Host” campaign in 1998 to enhance public awareness of the need to extend good service to visitors to Hong Kong as well as to promote good service among tourist sector employees. It is also working on a Quality Tourism Services Scheme to ensure the standards of service throughout the industry, beginning with restaurants and retail outfits.

Public awareness of the socio-economic contributions of the tourism industry and the importance of hospitality to visitors are also keys to ensuring a good travelling experience for visitors. It is necessary to step up public education in this regard.

Progress Made

Last year, we proposed to measure progress in this area with the number of service improvements implemented against plan. So far, we have been able to stick to our planned implementation time-table. We have launched the “Be a Good Host” Campaign as well as produced tri-lingual taxi guides for free distribution to taxi drivers. We are also working on the Quality Tourism Services Scheme which is progressing on schedule. Overall, out of the three initiatives put up under this KRA last year, two have been completed and the remaining one is expected to be completed on schedule by the end of this year.

To achieve results in this area, various initiatives have been undertaken in the past years. Details are set out below –

Initiative	Target	Present Position
To introduce a “Quality Tourism Services” Scheme for appropriate tourism-related sectors <i>(Hong Kong Tourist Association (HKTA))</i>	To introduce the “Quality Tourism Services” Scheme in 1999 for all retail shops and restaurants <i>(1998)</i>	Design of the Scheme is completed. Publicity plan and logistics for the Scheme are being worked out. The Scheme is to be introduced by end-1999 and applications will be accepted starting April 2000. <i>(Action in Progress: On Schedule)</i>

Initiative	Target	Present Position
To step up the “Be a Good Host” Campaign (HKTA)	To produce celebrity endorsement videos and TV programmes, supplemented by other publicity materials in 1999 (1998)	Produced and broadcasted celebrity endorsement videos on TV. Other supporting publicity efforts included a Postcard Design Competition. (Action Completed)
To produce a “Trilingual (Chinese, English and Japanese) Taxi Guide” for taxi drivers (HKTA)	To complete the production of the Guide in 1998 and promote it to all taxi drivers in Hong Kong (1998)	30 000 copies of the “Trilingual Taxi Guide” were produced and promoted to taxi drivers through taxi associations in 1998. (Action Completed)

Looking Forward

In the next 12 months, we will assess our performance in respect of this KRA against the following indicators –

Indicator	1999 Target
Percentage of visitors who would recommend Hong Kong to their friends/family members or would consider returning to Hong Kong	43% of visitors recommending Hong Kong to their friends/family members or considering returning to Hong Kong
Ratio between the number of tourism-related complaints received as against the total visitor arrivals to Hong Kong	To maintain a ratio of 1:10 000 or smaller

We will undertake the following initiatives to deliver results in this area –

Initiative	1999 Target
To introduce Russian language training for tour guides <i>(HKTA)</i>	To introduce the training in 2000
To review the effectiveness of the current public education efforts in promoting a hospitality culture in the community with a view to drawing up a comprehensive public education programme <i>(Economic Services Bureau)</i>	To implement the review in 2000

3

Promote Hong Kong as an attractive tourist destination

In-bound tourism is a major contributor to Hong Kong's economy. To ensure that we can cope with the increasingly competitive international tourism scene, we need to have a strong institutional framework to support tourism development in Hong Kong. Hence, the new Tourism Commission headed by the Commissioner for Tourism was set up in May 1999 to spearhead the development of tourism. The Hong Kong Tourist Association (HKTA) is also undertaking a Strategic Organisation Review on its role, organisation and management so as to better equip itself to meet future challenges.

Effective promotion is also required to package Hong Kong as an attractive tourist destination and market new tourism products in order to stimulate potential visitors' interest in coming to Hong Kong. Marketing initiatives are principally the responsibility of the HKTA. Such efforts are being strengthened through the expansion of HKTA's representation in the Mainland as well as the launching of a new destination campaign. Particular emphasis is being placed on developing joint marketing efforts with the Mainland to promote multi-destination tourism, and to develop new markets. The Government will support the HKTA and the tourism industry to further these efforts.

In order to enhance our attractiveness, we need to improve on existing attractions and develop new ones. To this end, the Association will use the Tourism Development Fund to conduct a number of studies on possible new attractions with a view to identifying those which are most suitable for Hong Kong. The Tourism Commission is also co-ordinating Government's efforts in respect of improving policies which may impact on tourism as well as consideration and implementation of new tourist attractions.

Progress Made

Last year, we proposed to measure progress in this area with the completion of research and feasibility studies against plan, the extent to which we conduct marketing campaigns against plan as well as growth in tourist arrivals in Hong Kong. So far, progress has been satisfactory. In particular, we have rolled out the new "We are Hong Kong – City of Life" campaign. HKTA is also stepping up its promotional efforts in and with the Mainland. These include conducting joint promotion with the Mainland authorities as well as the expansion of HKTA's Beijing office. In addition, special efforts were made to develop potential new or secondary markets. Underlining Government's emphasis on tourism development, a new Commissioner for Tourism was appointed in May 1999. Overall, out of the 13 initiatives put up for this KRA, seven have been completed, five are proceeding as scheduled, and the remaining one is under review. While tourist arrivals last year were down by 8% overall, the number started to gradually pick up in mid-1998. Visitor arrivals for the second half of 1998 were 7.5% higher than the same period of 1997.

To achieve results in this area, various initiatives have been undertaken in the past years. Details are set out below –

Initiative	Target	Present Position
<p>To conduct a consultancy study of the role, organisation and management of the Hong Kong Tourist Association</p> <p><i>(Hong Kong Tourist Association (HKTA))</i></p>	<p>To complete the study in 1999</p> <p><i>(1998)</i></p>	<p>The final report will be submitted by the consultants shortly.</p> <p><i>(Action in Progress: On Schedule)</i></p>
<p>To commission, using the Tourism Development Fund set up in 1996, feasibility studies on new attractions as recommended in the Visitor and Tourism Strategy Report –</p> <ul style="list-style-type: none"> ● Study on a proposed aquatic centre for Hong Kong <i>(HKTA)</i> ● Assessment of resort hotel development markets in Hong Kong <i>(HKTA)</i> ● Study on Hong Kong international wetland park and visitor centre <i>(HKTA)</i> 	<ul style="list-style-type: none"> ● To complete the study in 1999 ● To complete the assessment in 1999 ● To complete the study in 1999 	<p>The following feasibility studies have been completed: Study on the Hong Kong Exposition; Study on Tsing Yi/Ma Wan Film City Theme Park; Study on Cruise Market in Hong Kong; Study on proposed aquatic centre for Hong Kong (Stage I) and; Study on hotel supply and demand in Hong Kong.</p> <ul style="list-style-type: none"> ● Stage II of the study is in progress and is expected to be completed by December 1999. <i>(Action in Progress: On Schedule)</i> ● The draft Final Report has been completed. <i>(Action in Progress: On Schedule)</i> ● The study has been completed. <i>(Action Completed)</i>

Initiative	Target	Present Position
<ul style="list-style-type: none"> ● Feasibility study on a science centre with focus on the applications of information technology to ecology, society and the economy <i>(HKTA)</i> 	<ul style="list-style-type: none"> ● To complete the study in 2000 <i>(1998)</i> 	<ul style="list-style-type: none"> ● The same project objectives of this initiative have been incorporated into the proposed planning and design concept for the International Wetland Park (IWP) as recommended by the consultant of the IWP Study. The latter is proceeding to the implementation phase. Consideration is being given to redeploy the original resources earmarked for this initiative for other purposes. <i>(Action Completed)</i>
<p>To intensify promotion and publicity activities overseas <i>(HKTA)</i></p>	<p>To launch a new world-wide campaign to stimulate potential visitors' interest in Hong Kong in 1998-1999 <i>(1998)</i></p>	<p>The 'We are Hong Kong - City of Life' world-wide campaign was launched in 1998. Consumer feedback was positive. For instance, the percentage of respondents selecting Hong Kong as the preferred destination increased from 40% to 62% in Japan, from 24% to 33% in Singapore, and from 8% to 19% in Taiwan. <i>(Action Completed)</i></p>
<p>To organise new promotional and publicity activities to develop potential new or secondary markets <i>(HKTA)</i></p>	<p>To participate in travel trade shows in Russia, and the Middle East, and organise promotions in India and secondary cities in Japan such as Hiroshima and Sendai <i>(1998)</i></p>	<p>HKTA participated in a number of trade shows in Russia and the Middle East. It also organised travel missions to India as well as Hiroshima and Sendai in Japan. <i>(Action Completed)</i></p>

Initiative	Target	Present Position
<p>To undertake joint promotional efforts with the Mainland authorities to promote multi-destination tourism (HKTA)</p>	<ul style="list-style-type: none"> ● From 1997, to work with major Mainland cities (Beijing, Shanghai, Xian, Guilin, Kunming) to promote travel to the Mainland with visits to Hong Kong in longhaul markets such as North America and Europe (1998) ● To continue to work with the Guangdong Province and Macau to promote Pearl River Delta tours overseas especially in shorthaul markets such as Japan, Taiwan, Southeast Asia and Korea (1998) 	<ul style="list-style-type: none"> ● Organised roadshow to six cities in North America with Beijing, Shanghai, Xian and Guilin in November of 1997. ● Organised roadshow to six cities in Europe with Beijing, Shanghai, Xian, Guilin and Kunming in June 1998. ● Organised visit by major overseas tour wholesalers to Kunming and Chengdu in July 1999. <i>(Action Completed)</i> ● Launched special interest tours including historical and cultural, gourmet and golf for summer of 1999. ● Pearl River Delta Brochures revamped in June 1999. ● Data collection for the product inventory for the region already completed. Website still under development. <i>(Action in Progress: On Schedule)</i>
<p>To further co-operate with the Mainland authorities in extending the application of the 72-hour visa-free arrangements for overseas visitors' group tours visiting Shenzhen from Hong Kong (Economic Services Bureau (ESB))</p>	<p>In 1998-1999, to extend the arrangements to Zhuhai, and to increase the number of travel agencies designated to organise such visa-free tours (1998)</p>	<p>Proposal forwarded to the Mainland authorities for their consideration. <i>(Action in Progress: Under Review)</i></p>
<p>HKTA to expand its Beijing office (HKTA)</p>	<p>To expand the office in 1999 (1998)</p>	<p>Beijing Office relocated to a larger premises in late 1998 and increased the staff complement from five to eight. <i>(Action Completed)</i></p>

Initiative	Target	Present Position
HKTA to establish its second office in the Mainland in Shanghai (HKTA)	To set up the office before April 2000 (1998)	Office due to open in latter part of 1999. <i>(Action in Progress: On Schedule)</i>
To appoint a Commissioner for Tourism to promote the development of the industry (ESB)	To appoint the Commissioner of Tourism by 1999 (1998)	Commissioner appointed in May 1999. <i>(Action Completed)</i>

Looking Forward

In the next 12 months, we will assess our performance in respect of this KRA against the following indicators –

Indicator	1999 Target
Number of visitor arrivals	<ul style="list-style-type: none"> ● To achieve 9.9 million visitor arrivals by end-1999 ● To achieve 10.2 million visitor arrivals by end-2000
Average tourism receipts per capita	<ul style="list-style-type: none"> ● To achieve an average of \$5,200 per capita tourism receipts in 1999 ● To achieve an average of \$5,400 per capita tourism receipts in 2000
Percentage of first time visitors surveyed who are aware of any advertising campaigns or efforts organised by the HKTA	50% of first time visitors surveyed are aware of any advertising campaigns or efforts organised by the HKTA
Percentage of non-first time visitors surveyed who are aware of any advertising campaigns or efforts organised by the HKTA	60% of non-first time visitors surveyed are aware of any advertising campaigns or efforts organised by the HKTA

We will undertake the following initiatives to deliver results in this area –

Initiative	1999 Target
To develop a network of automated ticketing system for overseas visitors to book events in Hong Kong direct from homes <i>(HKTA)</i>	To examine the feasibility of the project in 2000
Enhance media profile in Europe by strengthening advertising in targeted pan-European Satellite channels, e.g. National Geographic, Discovery and Eurosports <i>(HKTA)</i>	To strengthen advertising in targeted pan-European Satellite channels in 2000