This subject paper is intended to be a research paper delving into different views and analyses from various sources. The views and analyses as contained in this paper are intended to stimulate public discussion and input to the planning process of the “HK2030 Study” and do not necessarily represent the views of the HKSARG.

WORKING PAPER NO. 2
TOURISM PLANNING

Purpose

1. This paper aims to:
   a. identify the trend for long-term tourism development in Hong Kong;
   b. highlight the strategic planning implications and possible scope for long term tourism development; and
   c. outline a tourism-planning framework for Hong Kong.

Background

2. Tourism plays a vital role in the Hong Kong economy. In 2000, the industry generated about $62 billion of revenue, accounting for over 5% of the GDP. Over 11.3 million visitors came to Hong Kong in 1999, among them about 30% were business travellers. Hong Kong holds the title as the most popular single city destination in Asia. Also, the tourism industry has employed directly and indirectly around 10% of our workforce. Given its significance, there is a need to examine what can be done to further enhance and develop tourism from a land use planning perspective.

3. The Commission on Strategic Development has also stressed the importance of the tourism industry in Hong Kong's long term development. In a document published in 2000, the Commission states that further development of the tourism industry is required to establish Hong Kong as Asia's World City. In particular, Hong Kong needs to:
   a. Expand its range of tourist attractions, services and products;
   b. Focus on the longer term opportunities for collaboration with the Mainland and other regional destinations;
   c. Promote indigenous arts and culture as well as Hong Kong's natural scenic beauty; and
   d. Assess and respond to the likely implications of a very substantial increase in the number of Mainland tourists to Hong Kong over the next 30 years.

4. Furthermore, to strengthen the tourism sector, the Tourism Commission was established in 1999 to spearhead the development of tourism in Hong Kong. A Tourism Strategy Group has also been set up to provide a forum for discussing the macro issues concerning the development of tourism. It has launched an action programme called "Hong Kong Tourism: Expanding the Horizons", with a vision "to establish and promote Hong Kong as Asia's premier international city, a world-class destination for leisure and business visitors." The details of the proposals are at Annex A.

Trend for Long-term Tourism Development

5. In the past five years, tourism industry had obtained rapid development in Guangdong Province. In 1999, the total income obtained from the tourist industry was about 96 billion Renminbi amounting to 1/4 of the total national income. The total overseas tourist arrivals to Guangdong was about 6 million persons/trips, about 80% of the national total. Within the Guangdong Province, Guangzhou and Shenzhen are two of the most important tourist cities, the total income derived from tourist industry from Guangzhou and Shenzhen amounted to 37% and 22% respectively of the provincial total.

6. According to the World Tourism Organisation, China could be the most popular tourist destination in the world by 2020, attracting some 130 million foreign visitors in that year. On the other hand, owing to the improvement in living standards and the open door policy, Mainland Chinese will make outbound visit and domestic travels more frequently. In 1999, Mainland visitors were Hong Kong's largest source market with arrivals reaching 3.08 million. It is estimated that when Disneyland opens in 2004/5, 1.4 visitors from Mainland would visit the facilities and rising to 2.9 million per year in 15 years' time. Also, Guangdong Tourism Bureau recently began to promote "Guangdong people touring Guangdong" and "Chinese people touring Guangdong" activities, aiming to increase the number of domestic visitors touring Guangdong's tourist facilities. So it is important that focus should be placed on infrastructural improvement, and hotel development so that the Guangdong-Hong Kong-Macau Tourism District will become a world known tourist destination in future.
Similarly, the prospect of the tourist industry of Hong Kong looks optimistic. According to the World Tourism Organisation, the annual growth rate of tourist arrivals to Hong Kong could be in the region of 7% during the period and the number of visitors could reach to about 60 million by 2020. If that materialise, Hong Kong could be ranked fifth among the top ten destinations of the world in 2020. It would also be the second most popular destination in the East Asia/Pacific Region.

Opportunities and Weaknesses

With regard to the predictions of the World Tourism Organisation, the major advantages of Hong Kong in capturing the potential opportunities are as follows:

a. The potential for the Mainland to be the top visitor destination by 2020 and, at the same time, rank fourth among outbound travellers globally would play a critical role in influencing the world tourism trend. Taking advantage of its geographical location, Hong Kong can act as a transportation hub and capture both outbound travellers from the Mainland and en-route inbound visitors to the Mainland.

b. Among the top 10 countries in the world for outbound travel in 2020, Japan, the US and the Mainland would be ranked second, third and fourth, respectively, after Germany. It should be noted that these three countries have historically been, and are currently, three of the top four source markets for Hong Kong (Taiwan being the other one). With its accumulated experiences, Hong Kong is well positioned to continue to attract visitors from these three top outbound markets in the next 20 years. (Yip, p.12)

Nevertheless, the development of the tourist industry is considerably vulnerable. It has been recognised that Hong Kong is losing its competitive edge as a shopping and dining paradise as the price level in Hong Kong escalated before 1997. In this regard, Hong Kong is facing challenges on two fronts: the price competitive of Hong Kong compared to long haul markets is gradually disappearing. On the other hand, Hong Kong is also losing her price advantage over other cities in Asia. Although the prices in Hong Kong have dropped after the Asian Financial Crisis in 1997, the price differential still exists as many Asian countries devaluated their currencies substantially after the Crisis. This is a major concern in view of the anticipated growth in shorter, infra-regional travel within the East Asia/Pacific Region.

Besides the price concern, it is also noted that inadequate investment in the tourist industry, shortage of quality manpower and deterioration of environmental quality are also constraints on the further development of the tourist industry of Hong Kong.

As such, Hong Kong can no longer solely rely on its traditional strengths in shopping and dining. Enhancement of transport links with Mainland, provision of hotels to accommodate various target groups, creation of new attractions and diversification of the tourist interests have become vital in coping with the future growth of the tourist industry in Hong Kong.

Strategic Planning Implications

Transport Infrastructure

As mentioned in paragraph 8 above, if Hong Kong is to retain its role as the gateway to China, the transport linkages with other Mainland cities such as those in Guangdong and Shenzhen are particularly important.

In this regard, two cross boundary projects, namely, the Shenzhen Western Corridor across the Deep Bay and the Lok Ma Chau Spur Line to Lok Ma Chau /Huangguan, are already under study. Nevertheless, in view of the rapid development of Shenzhen, it may be necessary to further explore potential for other connections, such as Shenzhen’s proposal for a boundary crossing at Lin Tang and RDS-2's indicative concept for a regional railway to the Mainland. All these proposals would be further examined in the HK 2030 Study.

In addition to land crossings, there are proposals for additional cross-boundary ferry pier at Chek Lap Kok, Tuen Mun and Northshore Lantau. The provision of cruise terminals, which is also important as sea port facilities to capture the growing tourism market, has been the subject of separate studies. The requirement for such provision will be further examined in the HK 2030 Study.

Besides, as the usage of the Hong Kong International Airport has grown substantially, the long-term capacity of the airport could also be an issue. We will consult the Airport Authority regarding the need for expansion and, if any, its land use implications.

Boundary Control and Terminal Facilities

With the growth of the cross-boundary travel, the HKSAR Government and the China National Tourism Administration has held regular reviews on the yearly quota and daily targets. Recently, both sides agreed to increase the yearly quota
form 547,500 to 730,000. (In other words, the average daily targets will be increased from 1,500 to 2,000 and the target may be exceeded as necessary during peak periods). The Immigration Department will streamline the entry procedures for mainland visitors coming to Hong Kong under the Hong Kong Group Tour Scheme.

17. In line with the promotion of tourism development in the Pearl River Delta Region, the Mainland Authority has approved new arrangement policy for overseas tourists in tour groups to visit 10 selected cities via Hong Kong and Macau for not more than 6 days (144 hours).

18. We will work with the concerned bureaux and departments to identify whether there are any implications on land use requirements for enhancing cross-boundary arrangements and expansion of terminal facilities.

Provision of Hotels in Hong Kong

19. Apart from the implications on the above-mentioned strategic infrastructures, hotel provision is also a key tourism infrastructure which requires close monitoring. According to the latest review of hotel zoning policy undertaken by the Tourism Commission and Planning Department, the assessment of the demand and supply of hotels in 2000-2009 has concluded that the overall supply should, in general, be able to meet the demand over the next ten years. However, certain years would experience high occupancy rates, which would require regular monitoring. In view of the possible loss of high-grade hotels in the central business areas over the years, possible spatial mismatch in supply, and the need to support tourism, specific "hotel" zoning should be retained where necessary. If appropriate, the hotel zoning should be applied to new, suitable sites at existing and extended central business/commercial areas and at new designated locations related to key tourism development projects.

20. It is also noted in the review that since 1996 nearly all of the new hotels are erected on secondary or peripheral locations which are targeted at specific sectors of the tourist markets i.e. group tourists, in particular those from the Mainland and South-East Asia. In terms of property development, it appears that hotels are more advantageous in secondary and peripheral locations where commercial offices are less desirable and residential developments would achieve a much less plot ratio. It is likely that the provision for lower grade hotels at less central location could be taken up by the market mechanism. Since the long term supply of hotels may be less certain at present, we propose to monitor the hotel demand and supply situation on an annual basis so that potential shortfall could be readily identified and appropriate action taken on a timely fashion.

21. To optimise the growth opportunities of an expanding tourism and to generate businesses for Hong Kong, we need to encourage the development of tourist attractions and related facilities. There is also a need to widen the range of tourists' experience and diversify Hong Kong's visitor attractions for business and leisure visitors. New themes and possible scope for long-term tourism developments are highlighted in the following paragraphs.

Possible Scope for Long-term Tourism Development

22. Apart from the enhancement works proposed for tourist's nodes over the next five years, there are other projects under study, such as the tourism developments in South East Kowloon, which may be considered for long-term development. The Government has also received new development proposals from the private sector that may provide innovative ideas for developing new attractions for the coming decades.

23. There are new elements and new attractions which offer scopes for exploration, ranging from theme parks, cultural and heritage interests (e.g. Wun Yiu Pottery Kiln) to natural interests (e.g. international wetland park). These new possibilities, which largely match with the world tourism trend regarding the emergence of eco-tourism, cultural and heritage tourism, sustainable tourism may not only attract new visitors to Hong Kong, but also lengthen the stay of visitors.

Countryside Tourism

24. Eco-tourism can be broadened as "countryside tourism" in Hong Kong. The proposals of the Commissioner for Tourism, including the wetland park, promotion of hiking in country parks, etc, would provide visitors with an alternative experience of Hong Kong through appreciation of its wildlife, plants, bio-diversity, etc. Although Hong Kong is only a very small city, it has a rich and diverse ecology and wetland of global importance. In addition, visitors can complete pleasant walks in scenic countryside in a day without difficulties. As such, with provision of appropriate facilities, countryside tourism is likely attractive to potential visitors.

Heritage Tourism

25. To cater for international visitors' interest on the indigenous and oriental culture, special emphasis on cultural attractions and heritage preservation projects could also be considered for longer-term attractions. Besides Chinese cultural heritage (e.g. Wun Yiu), attention has also been drawn to the preservation of historical buildings under western influence, such as the Former Marine Police Headquarters. This will help create a contrasting sense of culture in the
city. However, it should be noted that the historical preservation in Hong Kong is relatively piecemeal in nature, and hence, may be less attractive to visitors. In this regard, the clustering concept could serve to link attractions physically through transport links, complementary design and land use. To take forward this approach, we will work closely with the concerned Bureaux, Departments and Authorities such as the Home Affairs Bureau, the Urban Renewal Authority, the Antiquities and Monuments Office to identify possible special area for promoting heritage tourism.

Creating New Tourism Space-Enhancement of Local Character and Urban Renewal

27. Generally speaking, tourists are more interested in cities of rich local characters, such as New York, which has different ethnic districts. It would thus be beneficial to the tourist industry of Hong Kong in the long run if enhancement works for local districts can be undertaken to regenerate their characters and provide interesting local attractions for tourists.

28. In this connection, we will liaise with Tourism Commission and the HK Tourist Association to revisit the character of different districts and identify possible improvement projects with a view to strengthening the character of these districts to capture the tourism elements. Such improvement projects should maintain or even enhance the vibrancy of streets, together with the amenity and open spaces in project areas.

29. In selected old built-up areas, we will work with the forthcoming Urban Renewal Authority to undertake urban renewal with a view to bringing a general facelift of these areas. However, past experiences indicated that planning for urban renewal must be very careful as it may damage the original characters of these areas. This is particularly important when historical buildings or structures are involved. We will work closely together with the new Urban Renewal Authority, the Tourism Commission, the Home Affairs Bureau and the Antiquities Monuments Office to carry out this task.

Improvement in the Street Environment

30. While pleasant street environment is a key element in attracting tourists, the Government has endeavoured to improve the street environment of Hong Kong in recent years. Major attempts include pedestrianisation of streets in busy areas, such as Causeway Bay, Mong Kok, Tsim Sha Tsui and Sai Kung. By designating pedestrian areas and action plans to improve the street landscape, it is likely that more leisure activities and informal performance on streets can be promoted. As such, more interesting street performances and pleasant pedestrian environment will be provided to visitors. In addition, Planning Department is undertaking a Study on Planning for Pedestrians with the aim to formulate a broad planning and development framework for more comprehensive planning for pedestrians, including the integration with land use, urban design, tourism and heritage conservation for more efficient use of pedestrian activity space as well as enhancing the social, economic and cultural vibrancy and vitality for the pedestrian areas and their surroundings.

31. Also, it is noted that rail transit is more environmental and user-friendly to tourists than bus and mini-bus services. Therefore, attention should be paid to extension of railway services to tourist areas. If railway connection is considered infeasible, convenient and pleasant linkages between railway services and tourist attractions should be provided. For example, the construction of Central - Mid-Levels Escalator and Walkway System has not only led to the emergence of the above mentioned area as a tourist spot and a new theme dining area, but also facilitated visitors to visit major points on the Sun Yat Sen Trail.

32. The improvements in the street environment will be particularly attractive to senior visitors as they are more vulnerable to pollution and stress in relation to the street environment. As mentioned above, senior tourism is an emerging trend of tourism. There are large potential markets from Canada and US. The senior has a high propensity for international travel and high purchasing power. In this regard, the improvements can be useful to capture the market.

Tourism Planning Framework

33. While tourism-related planning studies and programmes have provided a basic framework of how the tourism industry in Hong Kong is to be further developed, little have been discussed as to how these studies are related to the long-term Territorial Development Strategy. Essentially, at the strategic level, the proposed tourism planning framework, would integrate the opportunities available in the Pearl River Delta region and provide an overall guidance on planning for the tourism industry. Key elements of a tourism planning framework should include the objectives, the key planning principles and planning criteria for assessing tourism projects.

Key Objectives

34. The key objectives of the tourism-planning framework are as follows :-

a. To consolidate the experience and recommendations of the studies and projects completed by HKTA and the Government to formulate a comprehensive planning framework;
b. To provide a comprehensive planning strategy for tourism planning; and

c. To consider the tourism-planning framework under HK 2030 Study which would form the basis for implementing the tourism strategy.

**Key Planning Principles**

35. The following guidelines are proposed to serve as key planning principles for tourism planning:

a. Integration of planning at all levels is needed. The tourism development plans/proposals should be integrated with the long-term vision and overall strategic framework as set out by the Tourism Strategy Group and the Tourism Commission. They should also be in accordance with the objectives and functions of the territorial, sub-regional and district planning;

b. The basic land use strategy is the clustering of tourist attractions which allows more efficient use of resources where major services of accommodations, food services, shopping areas, and traveller services are concentrated. It can also minimize disruptions to the daily lives of local residents. One such cluster can be formed in the urban core/harbour triangle as described in the VISTOUR Study. Another major cluster can be formed in the new tourist nodes of Lantau and Tsing Ma, with the international theme park as its focal point. A minor cluster can also be developed in the new tourist node of South East Kowloon.

c. Individual projects can be prioritized and assessed according to their location with respect to the major clusters and the capacity of associated infrastructure, accommodation, tourist facilities and services. Analysis of the present and future international and domestic tourist markets should also be carried out to help assess and prioritize project proposals in relation to the demand and preferences of tourists.

d. Sustainable tourism development should be encouraged. All development should aim at increasing opportunities for businesses and improving the local well-being while ensuring that all development decisions reflect the full value of the natural and cultural environment. Every development should not only satisfy the visitors, but should also enhance the quality of life of local residents in economic, social and environmental terms.

e. Adoption of an integrated approach to establish the general tourist carrying capacity and the updating of the major opportunities and constraints for tourism development for short-, medium-, and long-term periods. Factors affecting the carrying capacity include the number of hotel rooms (more than 35,000 as of 1999), the capacity of the airport and the railway system, the customs facilities, and the capacity of infrastructure associated with the attractions, for example, the Peak Tram.

**Planning Criteria**

35. For those tourism projects that are deemed suitable and could satisfy the demand of tourists, it is suggested that planning assessment should be undertaken to evaluate the individual project and determine whether their location, scale and impacts on the surroundings could meet the planning criteria set out below.

a. Integration and coherence with the objectives of the overall strategic policy, sub-regional plans and district strategy;

b. Optimum use of existing resources and providing agglomeration/chain of services whereby hotels and other accommodations are conveniently located with attractive, safe surroundings, and near to at least some attraction features, shopping, dining, and entertainment facility areas;

c. Provision of good public transportation that connects the various accommodation and facility areas and attractions;

d. Encouragement of good urban design and improvement of the Hong Kong's appearance by controlling appropriate height limits to maintain view planes and corridors, providing plazas and sitting areas with landscaping, preserving interesting architectural styles and so forth. Making good use of the natural heritage, for example, by taking advantage of waterfront areas by locating interesting types of shopping facilities, plazas, and walkways along the waterfront oriented to water views, or taking similar advantage of other interesting environmental features;

e. Conservation of historic buildings and districts, with complete preservation and small museum development of very important buildings and, for other buildings, exterior preservation with renovation of their interiors for modern functions, some of which are tourism-oriented. Total historic district preservation is preferable to individual building preservation in that the historic urban character is retained. However, new building development should also be allowed if it is compatible with the same historic style;

f. Improvement of tourist attractions where needed and control of visitor flows to prevent congestion or
environmental degradation of the attractions;
g. There should be an adequate provision of water supply, sewage, and solid waste disposal so that infrastructure systems are not overloaded which may create environmental nuisance to the local residents;
h. Provision of good information services to tourists about what to do and see, and of multi-lingual capabilities in tourism enterprises is essential. The provision of visitor information centres at conveniently located areas should also be considered; and
i. Pedestrianization, to the extent possible, of the tourism areas to allow for and encourage walking with a well-developed sidewalk system, walkways through parks, and pedestrianization of shopping areas by closing off streets and providing these areas with landscaping and street furniture.

Attachment

Annex A : Projects indicated in "Hong Kong Tourism: Expanding the Horizons"

Planning Department
March 2001

References

2. Commission on Strategic Development (2000), "Bringing the Vision to Life - Hong Kong's Long-Term Development Needs and Goals", Hong Kong.
5. Hong Kong Tourist Association (1998), "Study on Hotel Demand and Supply in Hong Kong", Hong Kong.
6. Hong Kong Tourist Association (1998), "Tourism in Hong Kong - Global Prospects, Regional Perspectives and Strategic Issues", Hong Kong.
ANNEX A

Projects mentioned in "Hong Kong Tourism: Expanding the Horizons" :-

Facilities

- A new cruise terminal in the harbour. A site adjacent to the former Kai Tak runway is currently under investigation in conjunction with the South East Kowloon Development Study;
- An additional full-scale convention and Exhibition Centre. Preliminary projections indicate that a second centre of 50,000 square metres is required to meet the future demand. The Airport Authority is presently studying the feasibility of such a facility at Chek Kap Kok;
- A major performing arts venue. An open competition is to be held for the design and development concept of an international performing arts centre on the West Kowloon reclamation;
- A multi-purpose stadium to seat up to 60,000 or more. This multi-purpose venue could be one of the options forming part of the open competition for the performing arts venue proposed for the West Kowloon reclamation. Southeast Kowloon is another potential location. The stadium would have sufficient seating for large-scale mass activities such as concerts (cultural, pop or rock, etc.), major sporting events, and other activities requiring a large stadium.

Attractions

- Hong Kong Disneyland: This will position Hong Kong as a world-class tourist destination;
- Fisherman's Wharf at Aberdeen: a feasibility study is nearing completion into developing the existing Aberdeen fish market and the adjacent area into a trendy fisherman's wharf;
- Cable car from Tung Chung - Ngong Ping: in addition to being a new attraction for visitors, the cable car ride would also provide an appealing interlude for transit passengers at the airport;
- International Wetland Park: aimed at capitalizing on Hong Kong's natural richness for conservation education;
- Permanent Circus: aimed at enhancing Hong Kong's appeal as a family destination;
- Cable Car from Aberdeen to the Peak: possibilities of adding new tourism features for the Peak area;
- Adventure Bay at Ocean Park: a redevelopment of the "lowlands" area of Ocean Park;

Heritage

- Wun Yiu Pottery Kiln: an archaeological site near Tai Po Market;
- Former Marine Police HQ: the fourth oldest surviving historical government building;
- Chi Lin Park: adjacent to Chi Lin Nunnery;
- Central Police Station/ Victoria Prison Complex: comprises some of the oldest buildings in Hong Kong;

Countryside

Areas and trails for hikers and for the family include :-

- The MacLehose Trail;
- Sai Kung Peninsula;
- South Lantau;
- Lantau Trail;
- Lamma Island;
- Pat Sin Range;
- The Wilson Trail.

( The above list will be updated as appropriate by the Tourism Commission. )