

(Translation)

**LEGCO QUESTION NO. 12**

(Written Reply)

Asked by: the Hon Howard YOUNG      Date of meeting: 2 March 2005

Replied by:      Secretary for Housing,  
Planning and Lands

Question

Owing to a shortage of hotel rooms, arrangements were made for some visitors to Hong Kong to stay in resort houses and hourly hotels during last year's peak inbound tourism season. In this connection, will the Government inform this Council:

- (a) of the numbers of hotels of various star ratings to be completed and opened in each of the next five years, and the number of rooms to be provided each year by the hotels of each star rating;
- (b) of the measures to encourage developers to build more five-star hotels for receiving business travellers, the number of which has been increasing as a result of the implementation of the Mainland and Hong Kong Closer Economic Partnership Arrangement;
- (c) whether it will consider switching the mode of sale of hotel sites on the List of Sites for Sale by Application to sale by tender or regular auctions; if not, of the reasons for that; and
- (d) whether it will consider adjusting downwards the premium on the land concerned to encourage developers to apply for changing the land use to hotel purposes?

Reply

President,

Concerning the report last year on the incident involving visitors staying in holiday camps, I wish to clarify at the outset that according to our understanding, the travel agent concerned had not arranged proper accommodation for tour groups before their arrivals. According to the directives of the Travel Industry Council (TIC), a travel agent must confirm booking of hotel rooms before receiving tour groups in Hong Kong. The TIC has already reminded travel agents to conform to the requirement.

My reply to the 4-part question is as follows:

- (a) According to the Hong Kong Tourism Board's (HKTB) "Hotel Supply Situation as at September 2004", the number of hotels (and rooms) to be completed in the coming five years is set out below –

<b>Year</b>	<b>Number of Hotels</b>	<b>Number of Hotel Rooms</b>
2005	20	8,697
2006	6	3,289
2007	7	2,533
2008	2	454
2009	cannot be estimated	cannot be estimated
<b>Total</b>	<b>35</b>	<b>14,973</b>

HKTB classifies the hotels in Hong Kong into “high tariff A”, “high tariff B” and “medium tariff” based on their facilities, location, staff to room ratio, achieved room rate and business mix. As these factors cannot be fully evaluated before a hotel comes into operation, HKTB cannot provide the rating of the uncompleted hotels. Nevertheless, based on the location, facilities and the number of rooms to be provided, we expect more than half of them will be medium tariff hotels.

- (b) The Government has been keeping a watch on the supply of hotel rooms. While we agree that the implementation of the Closer Economic Partnership Arrangement would bring more business travelers to Hong Kong, we believe that the supply of hotels should be a matter for the market. Individual operators and developers may have different views on how rapidly demand may increase and the future mix of different types of accommodation that will be required. Past experience indicates that the market has been able to respond to the tourism industry growth.

All along, the Government has been business-friendly to facilitate the development of the hotel industry –

- (a) In general, hotels are permissible use within “Commercial” and “Commercial/Residential” zone. In addition, planning

applications for hotel development in other zones may be processed;

(b) On lots for non-industrial purposes (excluding private residential but including hotel) or non-residential purposes (including hotel), the developer could decide on whether to build hotels or offices there.

(c) The Application List mechanism has worked well and is well-known to the business community. There are still several lots on the Application List which could accommodate hotel development, and the supply is adequate. Currently, we do not see a need to make any change.

(d) There are established procedures and practices for processing premium assessment, to protect public revenue and safeguard public interest. Leaving aside cases where specific policy approval has been granted, premium payable for all types of land disposal and lease modification must be assessed on full market value basis. Adjusting downwards the premium on the land concerned is not in line with the public interest, and this would not be considered.

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