

**立法會**  
**Legislative Council**

LC Paper No. CB(1)891/00-01  
(These minutes have been  
seen by the Administration)

Ref: CB1/BC/7/00/2

**Bills Committee on  
Hong Kong Tourist Association (Amendment) Bill 2001**

**Meeting on  
Monday, 12 February 2001, at 10:45 am  
in the Chamber of the Legislative Council Building**

**Members present** : Hon Howard YOUNG, JP (Chairman)  
Hon Cyd HO Sau-lan  
Hon NG Leung-sing  
Hon Mrs Selina CHOW LIANG Shuk-ye, JP  
Hon CHEUNG Man-kwong  
Hon CHAN Kam-lam  
Dr Hon YEUNG Sum  
Hon CHOY So-yuk  
Hon Abraham SHEK Lai-him, JP  
Hon Tommy CHEUNG Yu-yan, JP  
Hon LEUNG Fu-wah, MH, JP

**Non-Bills Committee:  
member attending** : Hon Audrey EU Yuet-mee, SC, JP

**Member absent** : Hon CHAN Kwok-keung

**Public officers  
attending** : Economic Services Bureau

Mr WU Kam-yin  
Assistant Commissioner for Tourism

Miss Karyn CHAN  
Assistant Secretary for Economic Services (Tourism)

Department of Justice

Mr Allen LAI  
Senior Government Counsel

**Attendance by invitation** : Hong Kong Tourist Association

Mrs Grace LEE  
Acting Executive Director

**Clerk in attendance** : Mr Andy LAU  
Chief Assistant Secretary (1)2

**Staff in attendance** : Miss Anita HO  
Assistant Legal Adviser 2

Ms Erin TSANG  
Senior Assistant Secretary (1)3 (Designate)

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**I Election of Chairman**

Mr Howard YOUNG was elected Chairman of the Bills Committee.

**II Meeting with the Administration**

2. Mrs Selina CHOW declared interest that she was the Chairman of the Board of Management of the Hong Kong Tourist Association (HKTA).

3. Prior to discussion, members agreed that the next meeting should be held at 8:30 a.m. on 26 February 2001 to meet with deputations.

4. At the invitation of the Chairman, the Assistant Commissioner for Tourism (ACT) briefed members on the Hong Kong Tourist Association (Amendment) Bill 2001 (the Bill). He said that HKTA was set up as a membership organization under the Hong Kong Tourist Association Ordinance in 1957. Since then, the tourism industry in Hong Kong had experienced many challenges, including keen competition from other regional destinations. In mid-1997, the Board of Management of HKTA decided to commission a consultancy to undertake the Strategic Organization Review (SOR) to better define the role of HKTA so as to draw up long term development strategies to meet the challenges. The SOR aimed to identify the HKTA's corporate objectives and review its organization structure including its governance and the

membership system. The Bill sought to implement the recommendations of the SOR, including the establishment of a new body known as the Hong Kong Tourism Board (HKTB) to replace HKTA.

Constitution and membership of Board

5. Members noted that the future Board should consist of 20 members who were natural persons to be appointed by the Chief Executive. Of the 20 members -

- (a) 2 should be passenger carriers;
- (b) 2 should be hotel operators;
- (c) 2 should fall within any of the following combinations-
  - (i) 1 licensed travel agent and 1 tour operator;
  - (ii) 2 licensed travel agents or 2 tour operators; and
- (d) 2 should fall within any of the following combinations-
  - (i) 1 retailer and 1 restaurant operator;
  - (ii) 2 retailers or 2 restaurant operators.

6. Mr CHEUNG Yu-yan pointed out that in view of the nature of the retail and catering industries where substantial numbers of small and medium enterprises co-existed with the large chain stores and restaurants, two additional seats should be allocated to the retail and restaurant businesses so as to reflect the diverging views of the industries. He also pointed out that the Bill should clearly set out the number of candidates returned from each sector rather than allowing flexibility as currently provided for in the new sections 9(2)(c)(ii) and 9(2)(d)(ii).

7. ACT advised that upon the licensing of inbound travel agents in future, there might be a need to consider whether all tour operators would turn into licensed travel agents. As such, the proposed category for tour operator might need to be reviewed. Regarding the flexibility provided for the appointment of two Board members from either the retail or restaurant business, or one from each business, he said that the present arrangement was drawn up on the basis of the SOR. The Administration would ensure that in future appointment, both the retail and restaurant businesses would be represented.

8. Mr CHEUNG Yu-yan could not accept the Administration's explanation that it might not be able to identify suitable bodies in the respective businesses for nomination purposes and hence, a flexibility should be provided. He asked the

Admin Administration to reconsider his request.

9. Dr YEUNG-sum opined that representatives of consumers should be represented on the future Board. He said that consumer protection was a key to preserving and further promoting Hong Kong's position as a popular visitor destination.

10. ACT responded that at present, HKTA would conduct opinion surveys to gauge tourists' views on tourism-related services and facilities in Hong Kong. The Administration and HKTA would follow up on views and recommendations raised by tourists. HKTA had also set up a task force to consider improvements to the existing

complaints handling mechanism. Representative of the Consumer Council was also represented on the task force.

11. Dr YEUNG Sum remarked that consumer protection should be addressed at the policy level. Whilst a proper mechanism should have been established to handle complaints lodged by tourists, it was more important to appoint a Board member who could represent the wider interest of consumers with a view to formulating suitable policy to address the root of the problems. Mr CHEUNG Yu-yan, Miss Cyd HO and Ms Audrey EU echoed the view of Dr YEUNG sum.

12. Mrs Selina CHOW also supported that representative from consumers should be represented on the future Board. She said that HKTA was working hand-in-hand with the Consumer Council on a number of initiatives to enhance consumer protection. The Economic Services Bureau had also taken up policy responsibility for consumer protection with effect from 1 July 2000. This would certainly facilitate the implementation of the policy objective for greater consumer protection. She opined that the Administration should seriously consider the members' request to include a representative of consumers in the future Board.

13. Mr LEUNG Fu-wah opined that a front line staff with trade union background should be represented on the Board. ACT explained that the allocation of eight seats of the HKTB Board to the aforesaid tourism related sectors was a recommendation made in the SOR commissioned by the HKTA Board. In considering the remaining 12 seats to be appointed by the Chief Executive, the Administration would adopt an open and flexible approach taking into account members' suggestions.

14. Mrs Selina CHOW remarked that in considering the appointment of Board members, due consideration should be given as to whether the appointees would be able to render the necessary support and advice to HKTB with an ultimate objective to promote Hong Kong as a tourist destination globally, and to assist in enriching visitors' travel experience. Whilst she agreed that front-line staff of the travel industry should be represented on the future Board, it was questionable whether a particular trade union member in the travel industry should be appointed without due consideration of the relevant criteria.

15. Mr LEUNG Fu-wah clarified that the labour sector was very concerned about the tourism development in Hong Kong as it would help generate a substantial number of employment opportunities. Given that front-line staff in the travel industry maintained regular contacts with tourists, it would be helpful if their views could be reflected in the Board.

16. Ms Audrey EU opined that the appointment of Board members should be considered, taking into account the wider corporate objectives of HKTB. The appointment of Board members should aim at enhancing the representativeness of the Board so that it could gather more expertise from different fields for advice to enhance tourism development. She requested the Administration to set out the appointment criteria in writing.

17. Regarding the composition of the passenger carrier business, ACT confirmed that it covered both the local, international or cross-border passenger carriers.

18. The Chairman said that apart from hotel operators, the guesthouse industry might also wish to be represented on the future Board.

#### Appointment mechanism and criteria for appointment

19. Miss Cyd HO expressed grave concern about the proposed mechanism for appointment of Board members by the Chief Executive. She opined that a proper election mechanism should be formulated to ensure openness.

20. ACT said that the existing HKTA's membership system did not cover all existing tourism-related businesses/agencies in Hong Kong though the HKTA currently had about 1,370 members. For example, of the 1,000 or more travel agents in Hong Kong, only a few hundreds were members of HKTA. Likewise, in the hotel industry, only hotel proprietors were members of HKTA. In future, the composition of the Board would have a better coverage and could be expanded to cover the representatives of senior executives of the hotel industry as well. To enhance the representativeness of the future Board and to gather more expertise from different fields for advice to enhance tourism development, the Administration planned to consult the major organizations which were deemed to be representative in their own industries when considering appointment to the Board.

21. Miss Cyd HO remarked that in order to ensure openness, the Administration should clearly set out the nomination procedures for appointment by the Chief Executive in the legislation. The composition of the respective bodies in the industries eligible for nomination and the nomination mechanism for each of the categories should be stipulated.

22. ACT remarked that the tourism industry was dynamic in nature. It would not be advisable to list out all tourism-related bodies in the legislation. The present arrangement allowed for flexibility and enabled the Administration to seek nominations from the major organizations in the concerned sectors as appropriate.

23. Miss Cyd HO did not accept the Administration's explanation. She said that even for the election of Legislative Council Members, the Administration was still able to list out the composition of the respective functional constituencies in the legislation. She could not see why the same could not be done in the present case.

Admin She asked the Administration to consider the issue further.

24. Mrs Selina CHOW remarked that the Administration should set out some objective criteria for appointment to ensure transparency and openness. These might include the overall representativeness of the composition of the Board, the need to absorb expertise from different fields, the personal network of contacts for individual Board members, the participation and mission of individual Board members and whether the nominations were made by representative organizations in their respective industries.

Prudent commercial principles

25. Some members asked whether the HKTB would be operated in accordance with commercial principles, Mr CHAN Kam-lam enquired the mechanism to ensure the proper use of public funds.

26. Mrs Selina CHOW remarked that the focus of HKTA's work was on market promotion, and on co-ordination of all sectors in the tourism industry with a view to improving tourism products and enhancing Hong Kong's attractiveness. It would be difficult to consider commercial principles before taking forward any new initiatives. Further, if self-financing and "User-Pays" principle were to be adopted by HKTB, serious concerns would be expressed by the trade.

27. Mr CHAN Kam-lam reiterated that some form of control must be in place to ensure that public funds were properly used as HKTB might purchase, sell or otherwise dispose of property of any description. He pointed out that the Hong Kong Trade Development Council (HKTDC), a statutory body established for the purpose of assisting the trade, was also operated in accordance with prudent commercial principles. He also pointed out that excessive subsidy to a particular industry should be avoided. For certain kinds of service, there might be a case for achieving full cost recovery.

28. The Chairman remarked that concern had been raised by the industry about HKTDC competing with the publication sector for profit. Similar concern had been raised by the travel industry about the launching of web-based related services by the HKTA.

29. ACT remarked that under the existing legislation, the HKTA or the future HKTB was required to keep proper accounts and prepare statements of accounts to be audited annually by an auditor appointed by the Chief Executive. The statements of accounts and auditor's reports would also be laid on the table of the Legislative Council. The annual budget of the HKTB would be vetted by the Administration. As HKTB would be engaged in market promotion, sufficient funds and flexibility should be provided to enable the Board to perform its functions.

30. The Chairman asked the Administration to provide further information about the controlling mechanism in respect of the financing of HKTB.

*(Post meeting note : The requested information was circulated to members vide LC Paper No CB(1)609/00-01).*

31. Miss CHOY So-yuk expressed concern that with time, HKTB might be evolved into a body which would compete with private organizations for profit. She asked whether monitoring measures would be in place to ensure that HKTB actually performed its prescribed functions.

32. ACT advised that the principal role of HKTA was to promote Hong Kong as a tourist destination and to increase the contribution of tourism to Hong Kong. He

could not think of any initiatives undertaken by HKTA which would compete with the private sector for profit.

33. Miss CHOY So-yuk said that HKTDC was established at the outset with the prescribed function to assist the industry. However, with time, it was gradually developed into a body which competed with the private sector for profit. Given that HKTA had been engaging in event organization business, she asked if there was proper control mechanism to prevent HKTDC from competing with the private sector for profit in future. Mrs Selina CHOW remarked that in accordance with SOR, HKTA should steer away from activities such as event organization. This policy direction was already endorsed by the Board. In future, HKTA would provide the necessary support to its counterparts in the private sector for organizing major events in Hong Kong. Since the trade had expressed concern about the provision of a system for overseas visitors to book events in Hong Kong via the web site of HKTA, the Chairman remarked that the issue of competing for profit with the private sector should warrant further examination by HKTA.

34. Members noted that upon the enactment of the Bill, the Hong Kong Tourist Association Ordinance would be renamed as the Hong Kong Tourism Board Ordinance.

35. Mr CHAN Kam-lam said that there was a need to extend the validity period of the provisions on protection of former badges or emblems and title of the HKTA. ACT responded that the Administration had consulted the HKTA which was content with the existing proposal of providing protection for former badges or emblems and titles of the HKTA until 31 December 2010. In any case, the new sections 26(4) and 27(3) empowered the Legislative Council to extend the expiry date if such a need arose.

36. Mr NG Leung-sing asked if the term "聘請" or any other word should be used to replace the word "委任", given that the appointment of the Executive Director and the Deputy Executive Director(s) would be remunerated. The Senior Government Counsel advised that it was appropriate to use "appoint" and its Chinese equivalent "委任" in the context of the new section 8. In Chinese, "委任"(appoint) someone to take up a position might carry with it certain terms of appointment, which might include remuneration. The term "委任" was also used as the Chinese equivalent of the term "appoint" in similar provisions in some other Ordinances and all the Executive Directors concerned might receive a remuneration. The Chairman asked the Administration to examine further on the issue by making reference to other legislation.

*(Post meeting note : The requested information was circulated to members vide LC Paper No CB(1)609/00-01).*

37. Mr Abraham SHEK opined that the HKTDC Board should be empowered to determine the remuneration package for its own Executive Director and Deputy Executive Director(s). He queried the proposed requirement for HKTDC to seek the approval of the Chief Executive in determining the remuneration package for its

management staff.

38. Mrs Selina CHOW remarked that in the past, the remuneration package for the Executive Director and Deputy Executive Director(s) were pegged with those of the civil service. However, in order to compete with the private sector for talents, there might be a need to fix the remuneration package for top management at market rates, where necessary, and this was also accepted by the Administration. Notwithstanding the above and taking into account the fact that HKTB was a statutory body, some form of control was considered necessary in order to ensure the proper use of public funds. The present arrangement aimed at striking a balance between the two. It enabled the future Board to recruit outside talents at market rates after putting the case to the Chief Executive for consideration and approval.

39. Mr SHEK maintained the view that the future Board should have the power to determine the remuneration package for its own staff. The Chairman asked the Administration to make reference to other statutory bodies and provide further information at the next meeting.

*(Post meeting note : The requested information was circulated to members vide LC Paper No CB(1)609/00-01).*

40. Members noted that a person who held office as a member or chairman of the old Board immediately before the appointed day should be taken to have been appointed to the office in the new Board by the Chief Executive under section 9 of the amended Ordinance. The composition of the new Board would be enlarged to include representatives from other relevant organizations/sections.

#### Legislative timetable

41. Members noted that it was the plan of the HKTA and the Administration to commence the Bill on or before 1 April 2001.

42. Mrs Selina CHOW proposed that an additional meeting should be scheduled before 26 February 2001 to examine the Bill clause by clause. She briefed members on the implications on HKTA if the Bill could not commence on or before 1 April 2001. She said that a world-wide marketing campaign, the "City of Life" Campaign, would be launched on 1 April 2001. Preparatory work was already under way. If the Bill could not commence before 1 April 2001, it would have significant implications on the planned world-wide marketing campaign.

43. In response to members, the Clerk advised that if the Administration wished to resume the Second Reading debate on the Bill on 14 March 2001, the Bills Committee would need to conclude its deliberation in late February/early March so that a verbal/written report could be made to the House Committee on 2 March 2001. Members also noted that ordinary Council business would not normally be transacted at the Council meetings on 28 and 29 March 2001 when the Second Reading debate on the Appropriation Bill 2001 would be resumed.

44. After deliberation, members agreed that another meeting should be scheduled for 15 February 2001 at 8:30 am to enable the Bills Committee to proceed with the clause-by-clause examination of the Bill.

**III. Any other business**

45. There being no other business, the meeting ended at 12:45 pm.

Legislative Council Secretariat  
26 March 2001