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**Paper for the House Committee meeting
on 2 March 2001**

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

Purpose

This paper reports on the deliberations of the Bills Committee on Hong Kong Tourist Association (Amendment) Bill 2001 (the Bill).

Background

2. The Hong Kong Tourist Association (the HKTA) was set up as a membership organization under the Hong Kong Tourist Association Ordinance (Cap. 302) (the HKTA Ordinance) in 1957. Since then, the tourism industry in Hong Kong has experienced many challenges, including keen competition from other regional destinations. In mid-1997, the Board of Management of the HKTA decided to commission a consultancy to undertake the Strategic Organization Review (the SOR) to better define the role of the HKTA so as to draw up long term development strategies to meet the challenges. The SOR aimed at identifying the HKTA's corporate objectives and reviewing its organization structure, including its governance and the membership system.

3. As part of the SOR, the HKTA has undertaken thorough consultation with the travel and tourism industry. The SOR concluded and the HKTA Board endorsed that the main role of the HKTA should be to promote Hong Kong as a tourist destination, to enrich visitors' travel experience and to enhance Hong Kong's attractiveness through improving and developing new tourism itineraries in collaboration with the travel and tourism industry.

The Bill

4. The purpose of the Bill is to implement the recommendations of the SOR by amending the HKTA Ordinance so as to -

- (a) replace the HKTA and its Board of Management by a new body corporate known as the Hong Kong Tourism Board (the HKTB);
- (b) update some of the objects to be achieved by the HKTB;
- (c) abolish the membership system of the HKTA that consists of travel industry members and ordinary members; and
- (d) appoint up to 20 members to join the HKTB.

The Bills Committee

5. The House Committee agreed at its meeting on 19 January 2001 to form a Bills Committee to study the Bill. Chaired by Hon Howard YOUNG, the Bills Committee held a total of two meetings with the Administration and received 24 written submissions from the travel and tourism industry. The membership list of the Bills Committee is in **Appendix I**. A list of the organizations which have submitted views to the Bills Committee is in **Appendix II**.

Deliberations of the Bills Committee

6. Members of the Bills Committee and the travel and tourism industry are generally in support of the proposal to abolish the HKTA's membership system and to enlarge the size of the Board of Management from 11 to 20 upon the establishment of the HKTB. The Bills Committee also endorses the amended objects of the HKTB as provided for in Clause 6 of the Bill, as follows:

- (a) to endeavour to increase the contribution of tourism to Hong Kong;
- (b) to promote Hong Kong globally as a leading international city in Asia and a world class tourist destination;
- (c) to promote the improvement of facilities for visitors;
- (d) to support the Government in promoting to the community the importance of tourism;
- (e) to support, as appropriate, the activities of persons providing services for visitors to Hong Kong; and
- (f) to make recommendations to and advise the Chief Executive in relation to any measures which may be taken to further any of the foregoing matters.

The deliberations of the Bills Committee are summarized below.

Constitution and membership of the HKTB

7. The most contentious issue considered by the Bills Committee lies with the constitution and membership of the proposed HKTB. The Bills Committee notices that under clause 11 of the Bill, the HKTB shall consist of 20 members who are natural persons to be appointed by the Chief Executive. Of the 20 members, eight are specified, as follows:

- (a) two shall be passenger carriers;
- (b) two shall be hotel operators;
- (c) two shall be either
 - (i) one licensed travel agent and one tour operator, or
 - (ii) two licensed travel agents or two tour operators; and
- (d) two shall be either
 - (i) one retailer and one restaurant operator, or
 - (ii) two retailers or two restaurant operators.

The other 12 members are not specified.

8. A lot of views have been expressed by members of the Bills Committee as well as the industries on the membership of the future Board. The suggestions include the appointment of a representative of consumers and a representative of the frontline workers of the travel and tourism industry, increasing the number of seats for retailers and restaurant operators to four, increasing the representation of hostel and guesthouse operators and inbound tour operators on the Board, etc. To address the concerns of members and those of the industries, the Bills Committee has examined the overall policy governing the mechanism and criteria for appointment to the proposed HKTB. The Bills Committee notes that the Administration will maintain a balanced composition with adequate trade representatives and other professionals so as to enhance the representativeness of the HKTB and to pool together more expertise from different fields for advice on furthering tourism development. The policy consideration is to ensure that the best available persons are appointed in accordance with the functions and operational requirements of the HKTB, taking into account the prospective appointees' abilities, expertise, experience, integrity and commitment to public service.

9. Regarding the eight travel and tourism-related seats on the HKTB, the Bills Committee notes that the Administration will consult the major organizations in the respective industries (as given in **Appendix III**) on the potential candidates and welcome nominations from the trade. It will also take into account the views expressed by the deputations and consult other relevant organizations depending on circumstances.

10. As for the remaining 12 members, the Bills Committee notes that they will be appointed from a cross section of persons whose experience and views may be valuable to the strategic development of the tourism industry. The Bills Committee welcomes the Administration's commitment to appoint one representative from the Consumer Council and one representing the frontline workers of the travel and tourism industry. It also notes that the Administration will consider appointing individuals from the marketing, legal and banking/finance sectors to the HKTB, and will review from time to time the composition of the HKTB to ensure representation of the relevant sectors on the one hand, and a balanced composition for useful exchange of views on the other.

11. In response to members' request, the Administration has agreed to move Committee Stage amendments (CSAs) to clause 11 of the Bill to the effect that the number of "licensed travel agent", "tour operator", "retailer" and "restaurant operator" to be appointed to the HKTB shall be one for each trade. This can ensure that a balanced composition is maintained in the course of appointment.

12. As regards the setting out of the nomination procedures in the legislation, the Bills Committee notes that the Administration considers it inappropriate as it would require all travel and tourism-related bodies to be listed in the legislation. Since the tourism industry is dynamic in nature, the present arrangement would allow for more flexibility and enable the Administration to seek nominations from the major organizations in the concerned sectors as appropriate.

Mode of operation

13. Some members are concerned whether the HKTB will be operated in accordance with commercial principles, and whether it will compete for profit with the private sector. Mrs Selina CHOW, in her capacity as the Chairman of the Board of Management of the HKTA, has informed the Bills Committee that the focus of the HKTA's work is on market promotion, and on co-ordination of all sectors in the travel and tourism industry with a view to improving tourism products and enhancing Hong Kong's attractiveness. It will be difficult to consider the commercial principles before taking forward any new initiatives. The Bills Committee also notes that in accordance with the recommendations of the SOR, the HKTA should steer away from activities such as event organization and tour operation. As such, it is unlikely that the proposed HKTB will compete for profit with the private sector. Rather, it will provide the necessary support to its counterparts in the private sector for organizing major events in Hong Kong.

14. With regard to the controlling mechanism in respect of the financing of the HKTB to ensure the proper use of public funds, the Bills Committee notes that the existing HKTA Ordinance has already provided for effective monitoring on how the HKTA finances its activities and the future HKTB will be subject to the same financial control as presently provided for in the HKTA Ordinance. Section 17B of the HKTA Ordinance requires the HKTA Board to forward to the Financial Secretary, for the approval of the Chief Executive, a programme of its proposed activities and estimates of its income and expenditure for every new financial year. Section 18 of the HKTA Ordinance further requires the HKTA Board 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 will also be laid on the table of the Legislative Council. Like other public bodies receiving Government subvention, the HKTB will be subject to the subvention policies laid down by the Government and be accountable to the public via the Economic Services Bureau. The Government will continue to ensure cost effectiveness of the HKTB through various established channels.

15. The Bills Committee notes that the appointment of the Executive Director and the Deputy Executive Director of the HKTB and the determination of their remuneration and other terms of appointment shall be subject to the approval of the Chief Executive. This can ensure that the Board can recruit outside talents at market rates after putting the case to the Chief Executive for consideration and approval. The proposed arrangement is also in line with the appointment of senior executives for other statutory bodies such as the Hong Kong Trade Development Council, the Airport Authority, and the Consumer Council. A member is however of the view that as a matter of principle, the Board should be empowered to determine the remuneration package of its senior executives.

16. The Bills Committee notes that the HKTA will launch a world-wide marketing campaign, the "City of Life" Campaign on 1 April 2001. As such, it is the plan of the HKTA and the Administration to commence the Bill on or before 1 April 2001.

Committee Stage Amendments

17. Apart from the amendments mentioned in paragraph 11, the Administration has also accepted a number of suggestions from members and agreed to move CSAs to improve the wordings of various provisions in the Bill. A full set of the Administration's proposed CSAs is in **Appendix IV**. The Bills Committee will not propose any CSAs, but Mr CHEUNG Yu-yan has indicated that he may consider moving a CSA to increase the representation of restaurant operators on the Board under clause 11 of the Bill.

Recommendation

18. The Bills Committee recommends the resumption of the Second Reading debate on the Bill on 14 March 2001.

Advice sought

19. Members are requested to support the recommendation of the Bills Committee in paragraph 18 above.

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

Membership list

Chairman	Hon Howard YOUNG, JP
Members	Hon Cyd HO Sau-lan Hon NG Leung-sing Hon Mrs Selina CHOW LIANG Shuk-ye, JP Hon CHEUNG Man-kwong Hon CHAN Kwok-keung 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
	(Total : 12 Members)
Clerk	Mr Andy LAU
Legal Adviser	Miss Anita HO
Date	12 February 2001

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

List of organizations which have submitted views to the Bills Committee

1. Board of Airline Representatives of Hong Kong
2. Hong Kong Association of China Travel Organizers Limited
3. Hong Kong Association of Registered Tour Co-ordinators Ltd
4. Hong Kong Association of Travel Agents
5. Hong Kong Guesthouses Association Limited
6. Hong Kong Hotels Association
7. Hong Kong Inbound Tour Operators Association Limited
8. Hong Kong Japanese Tour Operators Association
9. Hong Kong Retail Management Association
10. Hong Kong Taiwan Tourist Operators Association
11. Hong Kong Tourist Industry Employees General Union (two submissions)
12. Hong Kong Travel Agents Owners Association Limited
13. International Chinese Tourist Association
14. Marine Excursion Association Limited
15. Maxim's Caterers Limited
16. The Association for Hong Kong Catering Services Management Limited
17. The Federation of Hong Kong Chinese Travel Agents Limited
18. The Federation of Hong Kong Hotel Owners Limited
19. The Joint Council of the Travel Industry of Hong Kong
20. The Pacific Asia Travel Association Hong Kong Chapter
21. The Tourist Guest Houses Federation of Hong Kong Limited
22. Travel Industry Council of Hong Kong
23. Yue Hwa Chinese Products Emporium Limited

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

Organisations to be Consulted on Prospective Members of HKTB

1. Joint Council of the Travel Industry of Hong Kong
2. Travel Industry Council of Hong Kong
3. Hong Kong Inbound Tour Operators Association Ltd
4. Hong Kong Association of Registered Tour Co-ordinators
5. Hong Kong Tourist Industry Employees' General Union
6. Hong Kong Hotel Association
7. Federation of Hong Kong Hotel Owners Ltd
8. Board of Airline Representatives
9. Association of Better Business & Tourism Services
10. Hong Kong Retail Management Association
11. The Association of Restaurant Managers Ltd
12. Federation of Hong Kong Restaurant Owners Ltd
13. The Association for the Hong Kong Catering Services Management Ltd
14. Hong Kong Catering Management Ltd

* Note : The above is not an exhaustive list.

HONG KONG TOURIST ASSOCIATION (AMENDMENT) BILL 2001

COMMITTEE STAGE

Amendments to be moved by the Secretary for Economic Services

<u>Clause</u>	<u>Amendment Proposed</u>
4(e)	In the proposed definition of "licensed travel agent", by deleting everything after "business of a travel agent" and substituting "licensed under section 11 of the Travel Agents Ordinance (Cap. 218), and "travel agent" (旅行代理商) has the same meaning as in that Ordinance;".
7	In the proposed section 5(2), by deleting "接納" and substituting "收取".
9	In the proposed section 7 - <ul style="list-style-type: none">(a) in paragraph (i), by deleting "執行" and substituting "履行";(b) in paragraph (j), by deleting "execute or";(c) by adding -<ul style="list-style-type: none">"(ka) establish and maintain offices both in and outside Hong Kong;"

(d) in paragraph (1), by deleting "執行" and substituting "履行".

- 11 (a) In the proposed section 9(2) -
- (i) by deleting paragraphs (c) and (d) and substituting -
- "(c) 1 shall be a licensed travel agent;
- (d) 1 shall be a tour operator;"
- (ii) by adding -
- "(e) 1 shall be a retailer; and
- (f) 1 shall be a restaurant operator."
- (b) In the proposed section 9(8), by deleting everything between but not including "因主席" and "而懸空" and substituting "根據第 10 條辭職或遭免任而懸空，或因其他理由".

12 In the proposed section 10(3)(c), by deleting "執行" and substituting "履行".

- 20(b) (a) By adding "執行其" before "職責".
- (b) By adding "履行其" before "責任".

21(c) In the proposed section 17(3), by deleting "執行" and substituting "履行".

26 By deleting paragraph (c) and substituting -

"(c) in paragraph (f) -

(i) by repealing "執行" and substituting "履行";

(ii) by repealing "職責" and substituting "責任";".

New By adding before the heading "**Hong Kong Tourist Association Rules**" -

"33A. Schedule amended

The Schedule is amended by repealing "[s. 24]" and substituting "[s. 26]".

40(b) By deleting "執行" and substituting "履行".