

**Written Submission to Panel on Economic Development
Regarding
Collection of Air Passenger Departure Tax and Fuel Surcharge by Travel Agents
For the Meeting on 23 February 2009**

Introduction

This document summarizes the views from the Board of Airline Representatives in Hong Kong (BARHK) on the discussion item “Collection of Air Passenger Departure Tax and Fuel Surcharge by Travel Agents” for the meeting held by Panel on Economic Development, Legislative Council on 23 February 2009.

1. Air Passenger Departure Tax (APDT)

Under the Air Passenger Departure Tax Ordinance (Cap. 140), airlines are responsible for collecting APDT on behalf of the Government. To recover the costs incurred by airlines arising from carrying out this statutory obligation, the Government currently pays airlines an administration fee of 2.322% of the APDT collected (the Administration Fee). The airlines consider that the current mechanism for the APDT collection has benefited the travelling public and provides a cost effective service to the Government. The Administrative Fee agreed to be paid to the airlines by the Government is purely based on the current cost assessed to be incurred by the airlines in the current process and related activities for the collection and payment of APDT for the Government. As the fee is based entirely on cost recovery principle, the airlines consider that it is not remuneration. The airlines do not have particular view regarding remuneration that Government may wish to consider to be paid to any person. The airlines consider that it is entirely a matter of the Government to determine if any remuneration should be paid to an agent or any other person. The airlines wish to point out however that if any current collection process and related activities are to be changed and required to be undertaken by the airlines, it may become necessary to revise the corresponding cost to be incurred and the amount of Administrative Fee accordingly.

2. Fuel Surcharge

With fuel surcharge being a commercial and competitively sensitive matter, it is not proper, and possibly unlawful, for airlines to be participated in any discussion of the collection of fuel surcharge and its related remuneration to agent. In any event, BARHK is under advice that remuneration or any other rewards given to an agent by an airline for its services rendered to the airline is entirely a commercial and private and confidential matter between the individual agent and that airline.

Therefore, BARHK is not in a position to discuss or express views on this matter.

The Board of Airline Representatives in Hong Kong

February 2009