

Consumer Council
Submission to the LegCo Panel on Economic Development on
Operation of the Trade Industry Council of Hong Kong
(16 July 2009)

1. Protecting the interest of travelling consumers forms an integral part of the work of the Consumer Council (CC).

2. CC has been working closely with the relevant government bodies and trade association, through a multi-pronged approach, to protect travelling consumers. Measures in place include consumer education, licensing requirement for travel agents, and the travel industry's self-regulatory regime. The Tourism Commission, the Trade Industry Council of Hong Kong (TIC) and CC all have a part to play.

CC's works on travel protection

3. CC's works on protecting travelling consumers fall into 3 major areas:

- (1) To disseminate information to visitors concerning goods and services (e.g. the launch of CC's "Shopsmart Website" to facilitate easy access by mainland visitors to comprehensive information and advice on shopping in Hong Kong and related matters);
- (2) To give views on policy matters related to interests of travelling consumers (e.g. recently responded to the consultation paper on the Travel Industry Compensation Fund);
- (3) To handle complaints from travelling consumers (e.g. Memoranda of Cooperation have been signed with consumer associations in major cities/provinces in the Mainland, for exchange of information and referral of complaints).

Working with TIC

4. CC and the TIC have been working together in the areas of handling tourist complaints against travel agents and formulating policies which can enhance protection for tourists.

5. In 2008, CC received a total of 2,065 tourist complaints, a drop of 27% as compared to the previous year. The drop in tourist complaints could be attributed to a number of measures introduced over the past few years. The measures included the setting up of a tripartite complaint handling mechanism between the Customs and Excise Department, the Police and CC, and the TIC's refund protection scheme (6-month refund guarantee for mainland group travellers taken to designated shopping outlets).

6. There is also a cooperation arrangement between the TIC and CC whereby CC will refer complaints against travel agents for handling by the TIC. In 2008, CC has referred a total of 623 tourist complaints to the TIC for follow-up action. Of these complaints, about 50% were related to complaints against travel agents and tours. The remaining complaints were about dissatisfaction over being taken to designated shopping outlets by local tour guides and request for refund.

Self-regulatory regime

7. The Government has entrusted the TIC with the function of enforcing self-regulation in the travel industry. The TIC therefore has the task of regulating the industry in such a way as to protect public interest and uplift the service quality of the travelling business in Hong Kong.

8. CC considers that the following 3 principles should be incorporated in the regime:

- (1) the regulatory objective must be in public interest;
- (2) its operations should be effective; and

- (3) its regulatory rules should be sufficiently flexible to cater for rapid changes in the business environment and in consumer behaviour. The rules should also reflect on problems with industry practices and give guidelines on how to address such problems.

9. At present, all inbound and outbound travel agents are subject to the regulation of the TIC. It is imperative for the TIC to act not only as a general trade association but also as a transparent and highly accountable administration of the self-regulatory scheme tasked with safeguarding public interest. This is an opportune time for the Government to conduct study and review such important issue with the self-regulatory structure.

10. With protecting the rights of travelling consumer being an inseparable component of promoting Hong Kong as a leading international city and a world-class tourist destination, efforts should be given to this effect to ensure that the name of Hong Kong will not be tainted.

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