

Travel Agents (Amendment) Bill 2001

Submission from the **Hong Kong Tourism Board**
for consideration at Meeting of the Bills Committee,
Monday 7 January 2002

1 General Observations

- 1.1 The Hong Kong Tourism Board (HKTB) welcomes and fully supports the Government's proposal to put in place a licensing system to regulate inbound travel agents by enactment of the above Bill. We believe that closer regulation of this sector of the industry will help raise the overall standards of inbound travel agents, thereby ensuring that tour group visitors are given a better experience of their trip to Hong Kong.
- 1.2 The definition of 'inbound travel agents' as suggested in the Amendment Bill is appropriate given the range of services provided by the agents to visitors.
- 1.3 Specific benefits we foresee are:
 - It will curb instances of malpractice by a small number of inbound agents, in particular the offering of "zero cost" tours in which the operator derives revenue purely from the commissions offered by sales outlets to which the tour group participants are taken. Although these cases are relatively rare, the bad publicity and ill will generated can be disproportionately large, causing damage to the reputation of travel industry at large and to perceptions of Hong Kong by those visitors affected;
 - The establishment of a regulatory system will set benchmarks of standards and conduct that will raise the professionalism of the whole industry, to the benefit of visitors.
- 1.4 The licensing and self-regulation of outbound travel agents under previous legislation in 1985 and 1988 has achieved similar benefits in enhancing service and quality standards and improving public perceptions, without inhibiting the industry's natural growth and development. From our observations and discussions, we believe there is wide support within the tourism industry for extending the system to the inbound agency sector.

2 Method of Licensing

- 2.1 HKTB supports the proposal to grant a single licence to those agents that provide both inbound and outbound travel services. This will minimise the additional costs and logistics required for combined inbound/outbound agents, who comprise a significant proportion of the establishments that will be affected by the proposed legislation.

3 Regulatory Body

- 3.1 HKTB supports the proposal to implement an industry self-regulatory scheme for the licensed inbound travel agents. Such a system is more cost-efficient for both Government and the industry to administer than a purely legislation-led solution, and has already been shown to work effectively and in the public interest for the outbound agency sector.
- 3.2 HKTB also supports the proposal to make the Travel Industry Council (TIC) the regulatory body, notably because:
- It provides synergy, as it utilises the experience TIC has gained in regulating outbound agents for a number of years;
 - It is the most efficient solution for all parties concerned, as many agents provide both inbound and outbound travel services.
- 3.3 If the TIC is to be the regulatory body, it also makes sense, as proposed, for inbound agents to be required to become TIC members before they can apply for a licence.
- 3.4 To ensure that the regulatory system meets the objectives of the legislation and works effectively, however, HKTB would like to see the following measures in place:
- HKTB and Tourism Commission, being bodies who can provide an impartial and comprehensive view on the interest of visitors, to be represented on the TIC Board of Directors and Committees;
 - Other bodies who may provide specific input to look after the interest of visitors such as the Consumer Council, Retail Management Association (RMA), Association of Better Business & Tourism Services (BBTS) and Hong Kong Association of Tour Co-ordinators (HARTCO) should also be considered for representation on the TIC Board of Directors and Committees;
 - Sufficient representation of inbound tourism experts on the TIC Board of Directors and Committees;
 - Sufficient representation of independent members on TIC's various Committees, such as Compliance Committee, Consumer Relations

Committee and the Appeal Board, to ensure TIC members' code of conduct are sufficiently stringent to deter malpractices and the administration of TIC must be fair and transparent;

- A close monitoring system should be in place to ensure that TIC members observe the code of conduct.

3.5 The HKTB already works closely with the TIC and will be happy to provide all necessary assistance and advice to them in drawing up codes of conduct for inbound travel agents that will meet the expectations of visitors.

4 Tour Co-ordinators

4.1 Although the proposed legislation does not cover tour co-ordinators, HKTB understands that the Government is reviewing the operation of this sector of the industry with a view to encourage some form of self-regulation. We support such measures, as the quality and service provided by tour guides, in the same way as inbound travel operators, has a significant impact on visitor satisfaction and perceptions of Hong Kong.

4.2 We understand that the TIC is making good progress on developing a system of certification for tour guides and would like to see this system introduced as soon as possible.

4.3 For its part, the HKTB has established a Working Group to make recommendations on the training of tour guides, in conjunction with the TIC, the Hong Kong Association of Registered Tour Co-ordinators (HARTCO) and other interested parties.

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