

LegCo Motion Debate
on “Combating Unscrupulous Shops”
on 9 May 2007
Progress Report

Purpose

The Legislative Council passed on 9 May the motion on “Combating Unscrupulous Shops”, urging the Government to adopt active measures to rigorously combat unscrupulous shops ripping off customers and to strengthen the regulation of the tourism industry, in order to restore the confidence of tourists coming to Hong Kong for shopping. This paper briefly outlines updated progress of various measures taken by the Government and related organizations to enhance the protection of consumer rights of Mainland visitors in Hong Kong and to combat sales malpractices such as compulsory purchases.

Enforcement

2. To combat illegal acts, the Customs continued to conduct blitz operations at retail shops targeting at Mainland tour group visitors. Since 9 May, the Customs have conducted 85 blitz operations against these shops. The jewellery shop and its sole director prosecuted in April by the Customs for infringing the Trade Descriptions Ordinance were found guilty by the Court with a fine of HKD\$100,000. The director was sentenced to a 6-month imprisonment with probation of 3 years. The gold-plated jewellery involved was all condemned. The law enforcement departments are actively following up on other suspected cases of illegal acts. The investigation work is about to be

completed and legal advice is being sought from the Department of Justice regarding the prosecution of the companies and persons involved. The law enforcement departments will continue to take vigorous law enforcement actions to combat illegal acts.

Legislative review

3. To enhance the consumer protection legislative regime, we have commenced the first stage of the exercise to study misleading and deceptive trade representations. We have drawn up proposal on a number of legislative amendments with a view to ensure the effective enforcement actions by departments concerned and hence enhance the protection of consumer rights. We consulted the Panel on Economic Services of the Legislative Council on the legislative amendment proposals on 25 June. The proposals were supported in general. We will conduct consultation on the concrete proposals shortly. At the same time, we have commenced the second stage of the exercise to conduct a comprehensive review on the existing measures for protection of consumer rights.

Regulation by the industry

4. Regarding regulation by the industry, the Travel Industry Council of Hong Kong (TIC) has implemented the following measures -

- (a) In response to appeals from tourist guides and to help them not to rely on a high rate of shopping commissions as their major source of income, TIC issued directives on 11 May stipulating that travel agents should neither require tourist guides receiving Mainland's inbound tour groups

to advance unreasonably large amount of payment nor unreasonably delay the reimbursement of payment reasonably advanced by such tourists guides; and that travel agents should make payment of remuneration to the tourists guides receiving Mainland's tour groups;

- (b) TIC has issued a directive on 18 May on the extension of the time limit for the shopping refund guarantee for Mainland's inbound tour groups from 14 days to six months, which took effect on 15 June. To arrange for Mainland group visitors to patronise any shops, receiving agents should register such shops in advance. These shops will have to sign the "Warranty for Registered Shops". This warranty includes increasing the number of demerits for breaching of pledges and the standard trade descriptions requirements in order to further protect the consumer rights of Mainland visitors shopping at designated shops. As of 18 July, there are 42 registered shops. TIC will review the situation three months after the implementation of the measures;
- (c) TIC has tightened the demerit system by accumulation of records. Registered shops which frequently breach their pledges and have reached the maximum of demerits, its registration will be revoked. Travel agents will not be allowed to arrange visitors to patronise these shops. In parallel with the new consumer protection scheme, TIC will step up blitz operations on registered shops to prevent unscrupulous shops from deceiving visitors;
- (d) TIC will post on its website the information and details of the demerits of the registered shops and the relevant agents, to facilitate visitors to make rational and smart choices; and

(e) TIC requires all receiving agents to register with the TIC the “tour confirmation agreement” of each Mainland inbound tour they receive prior to its arrival in Hong Kong. This helps not only the inbound travel agents and the Mainland designated agents to monitor the relationship between the inbound travel agents and the Mainland designated agents, but also avoid any misunderstanding on the reception arrangements between Mainland visitors and the receiving agents. The relevant measures will be effective on 1 August.

5. The TIC will monitor closely the implementation of the above measures and conduct review where appropriate.

Publicity and consumer education

6. For publicity and consumer education, we continue with the display of banners and distribution of publicity items promoting smart consumption and advising on complain channels to Mainland visitors at border control points and shopping areas, so as to enhance promotion of consumer rights to Mainland visitors.

7. The Consumer Council continues to work with the China Consumers' Association to step up education on consumer right to Mainland citizens, to encourage smart consumption and to promote the relevant protection measures through the network in Mainland.

Provision of quality choices

8. With regard to the provision of quality choices, the Hong Kong Tourism Board's "Honest and Quality Hong Kong Tours Counter" located in Shenyang and Dalian started operation on 23 July, providing local residents with information and advisory services on "Honest and Quality Hong Kong Tour". The scheme emphasizes honest and high quality itineraries featuring "free shopping" in Hong Kong. There will be no compulsory purchases, surcharges or self-paid activities.

9. TIC and HKTB have also co-organized a briefing on "Mainland Market and Honest and Quality Hong Kong Tours". Such introduction and promotion of "Honest and Quality Tourism" to the Hong Kong travel agents facilitate the development of high quality reception services of Mainland inbound tours in the long run.

Training for tourist guides

10. To enhance the tourist guides' recognition of professional ethics, in particular the importance of "Honest and Quality Tourism", the TIC rolled out the "Continuing Professional Development Scheme for Tourist Guides" (the CPD Scheme) in July 2007. Tourist guides must complete the CPD Scheme before they are eligible to renew their Tourist Guide Passes. This scheme requires the tourist guides to participate in seminars and workshops on "Honest and Quality Tourism" and to complete an assigned number of hours of training courses. To complement its implementation, the Government is planning a series of thematic courses under the "Skill Upgrading Scheme" for tourist guides to pursue.

Cooperation with the China National Tourism Administration (CNTA)

11. Following the working meeting with the CNTA in Beijing in April this year, we have held a follow-up meeting with the CNTA in Hong Kong on 14 June to exchange and discuss progress update on law enforcements, legislative reviews, regulation by the industry (including regulations on travel agents, shops and tourist guides), consumer education as well as promotion of “Honest and Quality Tourism”.

Continuous efforts

12. We take Hong Kong’s reputation as the “Shopping Paradise” seriously and are determined to protect Hong Kong’s status as a premier tourist destination. We will not tolerate any market malpractices that jeopardise Hong Kong’s quality brand name and will continue to join forces with relevant organisations and the industry in protecting the consumer rights of tourists. We are confident of the effectiveness of recently introduced measures, and are committed to continually reviewing the situation and making improvement, as well as stepping up our co-operation with various sectors of the community in order to boost the confidence of tourists in consumption.

Tourism Commission

Commerce and Economic Development Bureau

July 2007