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22 June 2012

Mr Derek LO
Clerk to Panel on Economic Development
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central

Dear Mr LO,

Panel on Economic Development

Follow-up to meeting on 22 November 2010

“Review of the operation of the Travel Industry Council of Hong Kong”

The Panel required the Travel Industry Council of Hong Kong at the captioned meeting to provide information on the existing tips arrangements for outbound package tours. We enclose the relevant information note for Members' reference.

Yours sincerely,



(Miss Ann CHAN)
for Commissioner for Tourism

c.c. (with enclosure)

Mr Joseph TUNG

Executive Director, Travel Industry Council of Hong Kong (Fax: 2510 9945)

Legislative Council Panel on Economic Development

Tips Arrangements for Outbound Package Tours

Purpose

At the meeting on 22 November 2010, some Members requested the Travel Industry Council of Hong Kong (TIC) to review the existing tips arrangements for outbound package tours. This paper briefs Members on the related arrangements.

Current Arrangements

2. At present, there is a TIC directive stipulating the maximum level of daily service fees that travel agents may suggest tour members to pay to the escorts, local guides and drivers of different itineraries of outbound package tours. To enhance the transparency of the tips arrangement, the TIC also requires travel agents to list out the suggested tips amount on the leaflets of tour itineraries.

Review of the Tips Sharing Arrangement

3. The Outbound Committee of the TIC had rounds of discussion on the tips sharing arrangement and examined whether the situation of travel agents taking a share of the tips would violate TIC's directive. According to the information provided by the TIC, the purpose of drawing up the relevant directive was to set a ceiling on the tips only. There was no intention to impose any restriction on the sharing arrangement of the tips. That said, the TIC has indicated that investigations and follow-up actions would be taken if there are complaints against travel agents collecting service fees for escorts, local guides and drivers while in practice sharing the tips with a fourth party; or travel agents collecting service fees for these three parties but in practice not arranging any escorts or local guides to provide service for tour members. Where necessary, the TIC would refer the cases to its Compliance Committee for further handling. In view of the changing mode of business and operation of travel agents, the Outbound Committee of the TIC has already embarked on a review on the existing directive of the maximum level of daily service fees this year.

Review of the Situation of Tour Escorts Pre-paying Fees to Travel Agents prior to Tour Departure

4. According to TIC's understanding from the trade, at present, travel agents would not seek any payment from tour escorts employed on permanent terms prior to tour departure. As for freelance tour escorts, since they may provide one-off service only for the travel agents and their job responsibility often covers the safe custody of tour members' travel documents and air tickets during the trip, some travel agents may require them to make "performance deposits" before tour departure to ensure that they would complete their work as required. To protect the rights of freelance tour escorts, the TIC will actively explore establishing a standardised arrangement for "performance deposits", including the deposit amount, lead time for collection and timing of refund of the deposits, etc.

5. As regards the situation of tour escorts having to pre-pay travel agents part of the tips prior to tour departure, the TIC expressly indicated at the meeting of the Legislative Council Panel on Economic Development on 22 November 2010 that such practice was entirely unacceptable, and the TIC would investigate and follow up if there are any concrete cases.

6. Members are invited to note the above.

**Commerce and Economic Development Bureau
Tourism Commission
June 2012**