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Ms Debbie YAU
Clerk to Panel on Economic Development
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Ms YAU,

Panel on Economic Development

Letter from Hon TANG Ka-piu on issues relating to inbound Mainland tourists joining zero/negative fare tour packages

I refer to your letter of 26 October 2015 to the Secretary for Commerce and Economic Development on the above. Our written response to the issues raised in the letter of Hon TANG Ka-piu is as follows.

The Government attaches great importance to the unfortunate incident involving the death of a tourist last month. After the incident, the Police has swiftly conducted investigation and arrested several persons involved in the case. The investigation work is still underway. At the same time, the Tourism Commission (TC) has also requested the Travel Industry Council of Hong Kong (TIC) to investigate whether the incident involved any breach of the TIC's rules.

The Government and the TIC all along attach great importance to the regulation of Mainland inbound tour groups. In fact, the TIC has been working hard in implementing the ten measures for strengthening the regulation of the operation of Mainland inbound tour groups. In the past few years, it has penalised a number of travel agents which have been found violating the rules. Apart from imposing fines, the punishment includes suspension or revocation of the membership of the travel agents concerned. In response to this incident, the Government announced early this month various measures to strengthen the regulation of Mainland inbound tour groups with a view to minimising the problems arising from zero/negative tour fares and coerced shopping through a multi-pronged approach. These measures include —

- (1) step up law enforcement and inspection at the designated shops;
- (2) conduct random check of the name lists (including that of tour escort) of Mainland inbound tour groups by TIC, with a view to combating the "shadow tour group members";
- (3) conduct random check of the contracts between the receiving agents in Hong Kong and the organising agents in the Mainland by TIC, with a view to combating the trade's receiving of Mainland inbound tour groups at fees below the service costs;
- (4) provide information of the service costs for receiving Mainland inbound tour groups so as to enhance the market transparency;
- (5) strengthen the cooperation with the Mainland tourism authorities; and
- (6) establish a scheme concerning honest shopping for the prevention of unfair trade practices.

The Commerce and Economic Development Bureau, joined by the TIC, also had a meeting with the China National Tourism Administration (CNTA) in Beijing on 11 November 2015, and informed the CNTA of the above measures. The CNTA highly recognised the swift implementation of these measures by the HKSAR Government, and supported the relevant work.

In addition, after the incident, the Hong Kong Tourism Board (HKTB) immediately issued positive messages through influential media in the Mainland (including on-line and social media such as WeChat, Weibo, etc) to restore Mainland travellers' confidence in Hong Kong. The Government has also just announced the provision of an additional funding of \$5 million to HKTB for enhancing promotion on quality and honest tourism, guiding Mainland consumers on selection of Quality and Honest Hong Kong Tours products, so as to enable the Mainland travellers to have good experience in Hong Kong as a hospitable city, instead of those unpleasant experience brought about by the zero/negative fare tours.

On regulation of the operation of the tourism sector, the Government has announced that the Travel Industry Authority (TIA) would be established to take over the licensing and regulatory functions of the Travel Agents Registry and the TIC. The targets of regulation will include travel agents, tour escorts and tourist guides. In the past two years, the Government continued to have active discussion with the trade concerning the proposals of detailed arrangements under the legislation and the future role of the TIC. During the

process, we had to make necessary amendments to the original proposals having regard to the trade's views. Besides, the new legislation will replace the existing Travel Agents Ordinance (Cap. 218) (TAO) which will also require much complicated drafting work. Hence, the time required for drafting the new legislation is longer than originally estimated. The Government is pressing ahead with the drafting work of the new legislation for the establishment of the TIA and implementation of a new regulatory framework, and will continue to drive for early completion of the drafting work of the legislation and introduction of the bill into the Legislative Council thereafter.

Yours sincerely,

(Aaron Liu)

for Commissioner for Tourism