

# 立法會

## *Legislative Council*

LC Paper No. CB(4)541/17-18

(These minutes have been seen  
by the Administration)

Ref: CB4/BC/5/16

### **Bills Committee on Travel Industry Bill**

#### **Minutes of the sixth meeting held on Friday, 24 November 2017, at 10:45 am in Conference Room 2 of the Legislative Council Complex**

**Members present** : Hon YIU Si-wing, BBS (Chairman)  
Hon LUK Chung-hung (Deputy Chairman)  
Hon WONG Ting-kwong, GBS, JP  
Hon Starry LEE Wai-king, SBS, JP  
Hon Mrs Regina IP LAU Suk-ye, GBS, JP  
Hon Paul TSE Wai-chun, JP  
Hon WU Chi-wai, MH  
Hon MA Fung-kwok, SBS, JP  
Hon Charles Peter MOK, JP  
Hon CHAN Chi-chuen  
Hon Martin LIAO Cheung-kong, SBS, JP  
Hon POON Siu-ping, BBS, MH  
Dr Hon CHIANG Lai-wan, JP  
Hon Alvin YEUNG  
Hon HO Kai-ming  
Hon Holden CHOW Ho-ding  
Hon SHIU Ka-fai  
Hon LAU Kwok-fan, MH

**Member absent** : Dr Hon Junius HO Kwan-yiu, JP

**Public Officers  
attending** : Agenda item I

Commerce and Economic Development Bureau

Mr Aaron LIU  
Deputy Commissioner for Tourism

Mr Nicky NG  
Assistant Commissioner for Tourism 1 (Acting)

Mr Brendan AU  
Registrar of Travel Agents

Department of Justice

Mr Michael LAM  
Senior Assistant Law Draftsman

Mr Jonathan LUK  
Senior Government Counsel (Acting)

**Clerk in attendance :** Ms Shirley CHAN  
Chief Council Secretary (4)5

**Staff in attendance :** Ms Clara TAM  
Assistant Legal Adviser 9

Ms Shirley TAM  
Senior Council Secretary (4)5

Ms Lauren LI  
Council Secretary (4)5

Ms Zoe TONG  
Legislative Assistant (4)5

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**I. Meeting with the Administration**

[File Ref: TC CR T1 22/2/26/3, LC Paper Nos. LS48/16-17, CB(3)393/16-17, CB(4)792/16-17(01) to (02), CB(4)74/17-18(01), CB(4)246/17-18(01), CB(4)155/17-18(01), CB(4)257/17-18(01) to (02), CB(4)126/17-18(01) to (03), CB(4)145/17-18(01), CB(4)156/17-18(01) and CB(4)199/17-18(01)]

Declaration of interests

The Chairman declared that he was holding a remunerated post in a travel agent. He was also the unremunerated honorary chairmen/advisers of nine

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tourism related associations. Details were set out in the LC Paper No. CB(4)849/16-17(01).

Discussion

2. The Bills Committee deliberated (index of proceedings attached at **Annex**).

Follow-up action to be taken by the Administration

3. Regarding the proposed appointment of not more than three representatives from each of the outbound and inbound travel agent businesses and not more than four representatives who worked as a tourist guide or tourist escort to the Travel Industry Authority, the Administration was requested to specify and provide a breakdown of the nature of business that the appointees were engaged in so as to ensure a sufficient representation of different sectors in the travel trade.

*(Post-meeting note: The Administration's written response for the above item was issued to members vide LC Paper No. CB(4)346/17-18(02) on 11 December 2017.)*

**II. Any other business**

Date of next meeting

4. The Chairman advised that the next meeting of the Bills Committee would be held on Friday, 15 December 2017 at 9:00 am.

*(Post-meeting note: The meeting on 15 December 2017 was subsequently rescheduled to 21 December 2017.)*

5. There being no other business, the meeting ended at 12:45 pm.

Council Business Division 4  
Legislative Council Secretariat  
29 January 2018

**Proceedings of the sixth meeting of  
the Bills Committee on Travel Industry Bill  
on Friday, 24 November 2017, at 10:45 am  
in Conference Room 2 of the Legislative Council Complex**

Time marker	Speaker	Subject(s)	Action required
<b>Agenda item I – Meeting with the Administration</b>			
000541 – 000557	Chairman	Opening remarks	
000558 – 000640	Chairman	Declaration of interests [LC Paper No. CB(4)849/16-17(01)]	
000641 – 003852	Chairman Administration	Administration's consolidated response to issues arising from the last meeting, Hon WU Chi-wai's letter dated 1 November 2017, and submissions from the travel trade dated 26 October, 30 October and 1 November 2017 [LC Paper No. CB(4)257/17-18(02)]	
003853 – 004425	Chairman Dr CHIANG Lai-wan Administration	<p>Mentioning a complaint case, Dr CHIANG Lai-wan raised concern about the sales practice adopted by travel agents, in particular whether sufficient information would be conveyed to customers before entering into service agreements and how far outbound travellers were protected under the Bill. She also raised concern about the pricing of cruise products.</p> <p>The Administration advised that in general, travel agents were reminded to provide clear and sufficient information to consumers about the requirements and arrangements of outbound tours. The Travel Industry Authority ("TIA") would issue suitable guidelines and directives having regard to the Travel Industry Council of Hong Kong ("TICHK")'s experiences and precedent cases. The pricing of cruise products was subject to market conditions and outside the scope of the Bill. TIA would devise measures to facilitate the public choosing travel products.</p>	
004426 – 004746	Chairman Mrs Regina IP Administration	<p>Mrs Regina IP enquired if the websites providing information on the rating of restaurants or tourism products, or providing tourism packages overseas, were subject to regulation under the Bill. She also suggested that the Government might consider leasing its premises to TIA if rental expenses could be saved.</p> <p>The Administration explained that if a person obtained for another person carriage on a journey that was to commence in Hong Kong and then take place mainly outside Hong Kong, or accommodation at a place outside Hong Kong, through an on-line platform, the person might be considered carrying on travel agent business under the Bill. If a person only provided</p>	

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		<p>on-line information comparing travel services obtained by different travel agents, that person would not be considered carrying on travel agent business under the Bill.</p> <p>The Administration also said that the rental expenses of TIA were estimated based on the general rent level of non-core business districts. Since it was the Government's policy to lease its premises according to the market rate, TIA might not achieve savings by renting Government premises.</p>	
004747 – 005300	Chairman Administration	<p>Discussion on the definition of "carrying on travel agent business" and the enforcement of the new ordinance by TIA</p> <p>The Chairman requested TIA to issue clear guidelines to educate the public on the definition of "carrying on travel agent business" so as to avoid misunderstanding or manipulation. He also urged TIA to step up enforcement against unlicensed travel agents launching promotion at wedding expositions or similar events.</p>	
005301 – 005823	Chairman Mr WU Chi-wai Administration	<p>Noting that not more than three representatives would be appointed from TICHK to TIA, Mr WU Chi-wai suggested that the Bill should specify the exact number of representatives from each sector to prevent manipulation and domination. He also considered that these representatives should be selected through a proper nomination process instead of direct appointment by the Chief Executive.</p> <p>The Administration replied that it would set out in the Bill the detailed composition of TIA. To provide for flexibility, only the maximum number of representatives from related trade sectors would be specified. A majority of appointed members of TIA would be non-trade members to ensure TIA's independence.</p>	
005824 – 010613	Chairman Ms Starry LEE Administration	Discussion on TIA's mechanism of tackling the impact brought about by the operation of inbound tour group business on the local neighbourhood	
010614 – 011140	Chairman Mr POON Siu-ping Administration	Mr POON Siu-ping enquired about the rationale and basis for the proposed trade representation ratio in TIA. Noting that the Government would appoint not more than four tourist guides or tour escorts and not more than three representatives of TICHK to TIA, he considered that the number of TICHK's representatives could be reduced so as to increase the number of tourist guides and tour escorts in TIA. He also asked about the breakdown of representatives from tourist guides and tour escorts.	

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		<p>The Administration replied that it had strived to ensure balanced representation in the composition to cover travel agents of different businesses and sizes as well as the trade's frontline practitioners. As TICHK was a trade association experienced in trade regulation, the Government considered it appropriate to appoint not more than three representatives from it to make contribution on various fronts and act as a key bridge of communication between TIA and the trade. The proposed composition was already an improvement as tourist guides and tour escorts were currently not represented in TICHK's Board of Directors.</p> <p>Mr POON Siu-ping asked further about the circumstances under which disciplinary orders would be made to tackle the impact brought about by the operation of inbound tour group business, as well as the delineation of responsibilities between travel agents and frontline practitioners.</p> <p>In response, the Administration said that TIA would work out these matters having regard to TICHK's current practice and consult the travel trade as appropriate.</p>	
011141 – 011650	Chairman Deputy Chairman Administration	<p>Discussion on the insurance protection for tourist guides and tour escorts</p> <p>The Deputy Chairman was concerned about the representation of tourist guides and tour escorts in TIA. He proposed reducing the representation of TICHK to one member so as to increase the number of tourist guides and tour escorts to a total of six.</p> <p>The Administration pointed out that the proposed composition was considered suitable having regard to the functions and nature of business of TIA as well as the statutory provisions of the new ordinance.</p>	
011651 – 012328	Chairman Mr CHAN Chi-chuen Administration	<p>Mr CHAN Chi-chuen noted that under the new regulatory regime, a travel agent would be required to pay a levy in respect of the outbound travel services and arrangements relating to the same tour that were bought at different times by a customer. To resolve the implementation problems, the Administration proposed that customers be required to inform the travel agent if they had bought an outbound travel service or arrangement relating to the same tour from the same travel agent. He enquired about the impact posed on customers and detailed mechanism of this measure.</p> <p>The Administration said that this measure was a reasonable arrangement which had struck a balance in</p>	

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		<p>addressing the interests of consumers and the travel trade. As long as the consumers concerned informed the travel agent that they had bought an outbound travel service or arrangement relating to the same tour from the same travel agent and presented the relevant proof to travel agents, the related outbound travel service or arrangement bought would be taken into account in constituting an "outbound package" for which a levy was payable by the travel agent. TIA would step up consumer education on this measure .</p>	
012329 – 013007	Chairman Mr WU Chi-wai Administration	<p>Mr WU Chi-wai requested the Administration to set out the selection criteria and mechanism to ensure that TIA would have sufficient representation of different sectors of the travel trade. He also asked whether the association members of TICHK would be represented in TIA.</p> <p>The Administration explained that the proposed composition had reflected balanced representation of trade and non-trade members. The Chief Executive would appoint suitable individuals to TIA on the basis of the merit of the individuals concerned. Since TICHK was a trade association, the composition of its Board of Directors was irrelevant to TIA as a statutory regulatory body.</p> <p>In response to Mr WU Chi-wai's enquiry about the implementation and maintenance of the e-levy system, the Administration advised that the system development had been completed and a pilot run was scheduled for launch in 2018. Upon the full implementation of the system, the trade could choose to use either or both of the franking machine and e-levy system. Under the new regulatory regime, TIA would be responsible for the implementing the e-levy system and the relevant expenses had been included in TIA's budget.</p>	
013008 – 013713	Chairman Administration	<p>The Chairman raised concern about the appointment of trade members to TIA by the Chief Executive. He suggested that the Administration should set out a mechanism to select appointees to ensure the proper representation of the travel trade in TIA.</p> <p>The Administration advised that all along, the Government made appointments of non-official members to statutory bodies (including trade-related statutory regulatory bodies) on the basis of the merit of the individuals concerned. The same arrangement would apply to appointing trade members to serve on TIA.</p>	

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		<p>Regarding the proposed appointment of not more than three representatives from each of the outbound and inbound travel agent businesses and not more than four representatives who worked as a tourist guide or tourist escort to TIA, the Chairman requested the Administration to specify and provide a breakdown of the nature of the business that the appointees were engaged in so as to ensure sufficient representation of different sectors of the travel trade.</p>	<p>The Administration to follow up as per paragraph 3 of the minutes</p>
013714 – 014234	<p>Chairman Mr HO Kai-ming Administration</p>	<p>Mr HO Kai-ming considered that TICHK was ineffective in handling disputes between travel agents and customers. He urged TIA to provide better protection for outbound tour participants and an effective complaints handling mechanism.</p> <p>The Administration said that while TICHK was a trade association with limited power, TIA would be a statutory body to regulate the travel trade. To protect consumers' interests, TIA could require travel agents to give sufficient information about the tourism products to customers through administrative measures. Any travel agent that contravened an administrative measure would be subject to disciplinary orders. However, if the dispute was related to matters outside the regulatory scope, TIA would refer it to an independent panel for conducting conciliation between travel agents and customers.</p>	
014235 – 014949	<p>Chairman Mr Paul TSE Administration</p>	<p>Discussion on regulating on-line travel agents</p> <p>Mr Paul TSE considered it difficult to regulate the travel trade which involved the operations of different businesses in Hong Kong and overseas. He also considered it necessary to provide for flexibility in the composition of TIA under the Bill.</p> <p>The Administration responded that the definition of travel agents in the Bill was drawn with reference to the Travel Agents Ordinance (Cap. 218), which was considered suitable and effective all along. The Administration also concurred that it was necessary to provide for flexibility in the composition of TIA under the Bill.</p>	
014950 – 015633	<p>Chairman Ms Starray LEE Administration</p>	<p>Ms Starray LEE noted that TIA might enforce administrative measures and make disciplinary orders against non-compliance by travel agents to deal with the impact brought about by the operation of inbound tour group business on the local neighbourhood. She cast doubt about the effectiveness of such measures and enquired about the details.</p>	



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		<p>The Administration replied that clause 108(1) of the Bill had set out the disciplinary orders that could be imposed on licensees that contravened TIA's administrative measures. Apart from the regulation of travel agents, tourist guides and tour escorts, the Bill also empowered TIA to regulate shops that inbound tour groups were arranged to patronize as in the case of the existing arrangement implemented by TICHK (i.e. the Refund Protection Scheme (Registered Shops) for Inbound Tour Group Shoppers). Upon the establishment of TIA, it would implement suitable administrative measures as necessary. For the time being, the Administration could refer members' relevant suggestions to TICHK, which was responsible for self-regulation of the travel trade under the existing regulatory regime as appropriate for its consideration.</p>	
015634 – 020009	Chairman Deputy Chairman Administration	<p>The Deputy Chairman considered that the problems of coerced shopping and large number of inbound tour groups in certain districts stemmed from zero/negative-fare tours. He urged the Administration to formulate effective measures to combat zero/negative-fare tours in the Bill.</p> <p>The Administration said that the Bill provided for targeted measures to curb zero/negative-fare tours, such as prohibiting local travel agents from cooperating with unauthorized travel agents in the Mainland to receive inbound tour groups. Different from TICHK, TIA would be empowered to conduct statutory investigations into any suspected cases of contravening the Bill. Any person who, without reasonable excuse, obstructed the TIA officers from conducting investigation or did not cooperate with them during the investigation would be subject to criminal sanction.</p>	
020010 – 020421	Chairman Mr Paul TSE Administration	Discussion on the effectiveness of regulating on-line travel agents in view of the rapid development of technology	
<b>Agenda item II – Any other business</b>			
020422 – 020506	Chairman	Closing remarks  Date of next meeting	