

**Government's Response to the Matters raised
at the Meeting of the Bills Committee on Travel Industry Bill
held on 6 June 2017**

Purpose

This paper sets out the Government's response to the matters raised by Members at the meeting of the Bills Committee on Travel Industry Bill (the Bill) held on 6 June 2017.

Tackling the Impact brought about by the Operation of Inbound Tour Group Business on the Local Neighbourhood

2. At the meeting, a Member raised that the nuisance caused by the operation of inbound tour group activities to the local neighbourhood should be tackled through the Bill, such as setting up a complaints-handling mechanism.

3. The Government has all along been very concerned with the impact of the activities of tour group visitors on the local neighbourhood, maintained liaison with the travel trade, and adopted different measures as follow-up. As mentioned by a Member at the meeting, some districts (such as Kowloon City District) may sometimes become more congested as tour groups assemble during specific hours of the day. The Tourism Commission and Travel Industry Council of Hong Kong (TIC) have earlier met with the representatives of restaurants and shops in the Kowloon City District. The representatives of the restaurants and shops as well as the TIC generally agreed that improvement be made along the following direction –

- (a) shops and restaurants will pay heed to and control the arrival time of tour groups having regard to the capacity of their premises to avoid blockage of roads by crowds of visitors and tour coaches;
- (b) shops and restaurants will strengthen communication with the tourist guides and travel agents that receive tour groups and co-ordinate the arrival and departure time of the tour groups depending on the situation on site, so as to shorten the time within which visitors and tour coaches occupy pavements and roadways respectively;
- (c) shops and restaurants will deploy staff when necessary to co-ordinate the pick-up/drop-off arrangements of tour coaches outside their premises;

- (d) shops and restaurants will actively maintain dialogue with stakeholders of the district (e.g. District Council members and resident organizations) to explain their measures, understand residents' concerns and make necessary arrangements; and
- (e) the TIC will strengthen liaison with travel agents, tourist guides, shops and restaurants and hold regular meetings to review the situation of the district.

4. We will also encourage the travel trade to explore the use of mobile application to co-ordinate the time of tour groups arriving at restaurants and shops in an orderly manner.

5. In addition, to increase tour coach parking spaces in Hung Hom and To Kwa Wan so as to relieve pressure on the traffic of the district, the Tourism Commission and relevant departments have been actively undertaking follow-up. The vacant Government sites located at Wa Shun Street near Hung Hom Ferry Bus Terminus and at Bailey Street of To Kwa Wan have been providing about 20 and 50 parking spaces for tour coaches since July and August 2016 respectively for a one-year period. Considering that the tenancy of the two parking sites is about to expire soon, the Transport Department, in tandem with the Kowloon City District Office, Lands Department and Tourism Commission, proposed to the Task Force on Harbourfront Developments in Kowloon, Tsuen Wan and Kwai Tsing under the Harbour Front Commission on 31 May 2017 that the short-term tenancy for the two parking sites be renewed. The proposal was agreed by the Task Force. The Lands Department is now following up the tendering for the short-term tenancy (for one year) with a view to addressing the shortage of coach parking spaces in the district. Furthermore, the Police as law enforcement agency will continue to combat illegal parking by tour coaches.

6. The Government will closely monitor the effectiveness of the measures and consider follow-up measures depending on the circumstances. It will also maintain liaison with relevant stakeholders. As for proposals of tackling the impact brought about by inbound tour groups on the neighbourhood, the Government is willing to gather views and discuss with the travel trade and local citizens the most suitable and feasible solutions to reduce the impact concerned.

Financial Arrangements of Travel Industry Authority (TIA)

7. The TIA will run on a self-financing basis in the long run and adopt an incremental approach in raising the levels of various charges over the years. The TIA's major sources of revenue will be levies to the TIA on outbound fares received by travel agents (Authority levies), licence fees, and registration fees on

inbound tour groups from the Mainland. We are now conducting a detailed study on the resource requirements for the TIA, with a consultant engaged for assistance. When formulating the financial arrangements of the TIA, we will make reference to the relevant information (including manpower, expenditure and income, etc.) about the Travel Agents Registry and TIC. We expect to complete the study in the latter half of 2017.

8. To reduce the impact brought about by the new regulatory regime on the trade, we have proposed maintaining the various fees and Authority levies (except registration fees on Mainland inbound tour groups¹) for five years at the prevailing levels upon the full commencement of the new legislation and making suitable adjustments in an incremental manner thereafter. In addition, the Government will apply to the Legislative Council for funding to provide the TIA with a one-off capital grant in due course to support the initial operation of the TIA. Our detailed study will be premised on the proposals and arrangements above, with a view to ensuring that the TIA will run on a self-financing basis in the long run and at the same time taking into account the financial affordability of the trade when the new regulatory regime is being implemented.

Structure of the TIA’s Committees

9. Under the Bill, the structure of the TIA’s committees will consist of the following –

Structure	Appointing Authority	Role and Composition
Disciplinary Committee (see Part 7 of the Bill)	TIA	<ul style="list-style-type: none"> • Responsible for handling cases of suspected non-compliance by travel agents, tourist guides and tour escorts, including establishing inquiry committees to conduct inquiries into the cases. • Consisting of a chairperson (non-trade member), two vice-chairpersons (non-trade members), and at least 15 ordinary members (at least eight being members of the TIA, of whom at least half are non-trade members).

¹ The registration fees currently charged by the TIC on travel agents receiving Mainland inbound tour groups are low, i.e. a lump sum of \$30 for a group of 40 members or below, and a lump sum of \$60 for a group of 41 members or above. We envisage that the TIA will increase the registration fees with different rates prescribed based on the numbers of members in a tour group.

Structure	Appointing Authority	Role and Composition
<p>Independent panel to handle disputes not involving disciplinary matters² (see clause 153 in Part 10 of the Bill)</p>	<p>Secretary for Commerce and Economic Development</p>	<ul style="list-style-type: none"> • Responsible for handling disputes between consumers and licensees that do not involve disciplinary matters. • Its members will not be members of the TIA, its committees (including the disciplinary committee) or the appeal panel in order not to affect the latter's impartiality in handling disciplinary or appeal matters.
<p>Other committees (see Part 7 in Schedule 9 to the Bill)</p>	<p>TIA</p>	<ul style="list-style-type: none"> • The TIA can establish different committees so as to refer matters within the scope of its functions to relevant committees for consideration, inquiry or handling. • Each committee will consist of at least three members, which can include members outside the TIA. Nonetheless, the majority of the members of a standing committee must be members of the TIA. • We envisage that the TIA will make reference to the existing structure of the TIC when establishing suitable committees, including committees on the outbound and inbound travel markets, ticketing, training for the industry, the Travel Industry Compensation Fund, the Travel Industry Development Fund, etc. Details will have to be formulated by the TIA after its establishment based on operational needs.

² Whilst the panel will be administered by the TIA, all of its members will be appointed by the Secretary for Commerce and Economic Development to ensure independence.

Provisions against Co-operation with Unauthorized Travel Agents in the Mainland

10. Clause 6(3) of the Bill reads, “A licensed travel agent must not obtain any of the services described in section 5³ for a Mainland inbound tour group organized by a person in the Mainland unless the person is approved to organize the tour group by a regulatory organization in the Mainland that regulates the travel industry of the Mainland.”

11. In view of a Member’s view, we will consider refining the relevant provision to make clear the intent, i.e. that a licensed travel agent must not obtain any of the services described in clause 5 of the Bill for a Mainland inbound tour group organized by a Mainland travel agent⁴ unless the Mainland travel agent is approved to carry on the business of organizing Mainland inbound tour groups by a regulatory organization in the Mainland that regulates the travel industry of the Mainland. Furthermore, it is a defence if a licensed travel agent had taken all practicable steps to reasonably determine that the person who organized the Mainland inbound tour group was not a Mainland travel agent, or to reasonably determine that the person was a Mainland travel agent approved to carry on the business of organizing Mainland inbound tour groups by the regulatory organization in the Mainland.

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³ Clause 5 of the Bill reads, “A person carries on Mainland inbound tour group business if the person obtains any of the following services for a Mainland inbound tour group organized by a person in the Mainland— (a) a service providing sightseeing or visits to local places of interest; (b) a service providing restaurant meals or other catered meals; (c) a service providing shopping trips; (d) a service providing local transport in connection with any of the services described in paragraphs (a), (b) and (c).”

⁴ A person who carries on the business of organizing Mainland inbound tour groups is considered to be a Mainland travel agent.