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本函檔號 Our Ref. : L/M(2) to TC CR T1/22/2/26/5 Pt.2
來函檔號 Your Ref. : CB4/BC/5/16

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3 July 2017

Ms Shirley Chan
Clerk to Bills Committee on Travel Industry Bill
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Ms Chan,

**Bills Committee on Travel Industry Bill
Hon Yiu Si-wing's Letter dated 12 June 2017**

I refer to your letter dated 13 June 2017, enclosed with Hon Yiu Si-wing's letter dated 12 June 2017.

Our response to the issues raised in Hon Yiu's letter is set out in **Annex**.

For any enquiries, please feel free to contact us.

Yours sincerely,



(Eddie Lee)
for Commissioner for Tourism

**Government's Response to Issues Raised in
Hon Yiu Si-wing's letter dated 12 June 2017**

**Manpower, Expenditure and Income of Travel Agents Registry (TAR) and
Travel Industry Council of Hong Kong (TIC)**
(in response to item 1 in the letter)

The relevant information of the TAR and TIC in the past five financial years (i.e. 2011-12 to 2015-16)¹ is tabulated below –

Manpower

As at End of Financial Year	Manpower (number)	
	TAR	TIC
2011-12	24	56
2012-13	24	60
2013-14	23	62
2014-15	22	63
2015-16	23	64

Note: The information related to the TIC is provided by the office of the TIC.

Expenditure

Financial Year	Total Expenditure	
	TAR	TIC
2011-12	\$9,768,938	\$28,582,945
2012-13	\$11,534,457	\$31,314,902
2013-14	\$12,270,157	\$37,024,412
2014-15	\$13,088,301	\$36,403,847
2015-16	\$13,098,371	\$38,113,953

Note: The source of information related to the TIC is the annual reports of the TIC.

¹ The financial year of the TAR is from 1 April of a year to 31 March of the next following year; the financial year of the TIC is from 1 July of a year to 30 June of the next following year.

Income

TAR

Financial Year	Licence-related Income	Other Income	Total Income
2011-12	\$10,109,030	—	\$10,109,030
2012-13	\$10,513,405	—	\$10,513,405
2013-14	\$10,644,885	—	\$10,644,885
2014-15	\$10,925,025	—	\$10,925,025
2015-16	\$10,803,991 ²	—	\$10,803,991

TIC

Financial Year	Income related to Levies on Outbound Tours	Income related to Mainland Inbound Tour Group Registration	Other Income	Total Income
2011-12	\$19,665,282	\$2,901,700	\$9,404,031	\$31,971,013
2012-13	\$22,212,702	\$3,380,960	\$11,592,140	\$37,185,802
2013-14	\$22,873,299	\$2,891,480	\$13,112,924	\$38,877,703
2014-15	\$23,980,738	\$4,019,150	\$9,878,709	\$37,878,597
2015-16	\$25,025,842	\$2,671,820	\$8,581,719	\$36,279,381

Note: The source of information related to the TIC is the annual reports of the TIC.

Budgetary Estimates of Travel Industry Authority (TIA) *(in response to item 2 in the letter)*

2. 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 TAR and TIC. We expect to complete the study in the latter half of 2017.

² The figure is the amount without taking into account the waived fees related to travel agent licences.

3. 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 groups³) 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.

Licence Fee Concessions

(in response to item 3 in the letter)

4. Over the past 20 years, the Government waived the fees related to travel agent licences, with details as follows –

Concession Period	Main Considerations for the Concession	Amount Involved	Number of Travel Agents Benefited
1 June 2003 to 31 May 2004	Impact of outbreak of Severe Acute Respiratory Syndrome on travel industry	\$7.7 million	1 400
1 July 2009 to 30 June 2010	Impact of economic environment and Human Swine Flu on travel industry	\$8.9 million	1 500
20 November 2015 to 19 November 2016	Impact of economic environment and local individual incident on travel industry	\$5.8 million	1 800
20 November 2016 to 19 November 2017	Impact of economic environment and local individual incident on travel industry	\$11.4 million	1 800

³ 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.

5. The fee concessions above are one-off measures rather than recurrent ones. The Government will continue to closely monitor the development of the travel industry and needs of the trade and, where warranted, consider means to support the trade.

Tourism Commission
Commerce and Economic Development Bureau
July 2017