

**Government's Composite Response to
the Matters raised at the Meeting of the Bills Committee on
Travel Industry Bill held on 27 October 2017 and
Written Submissions by the Travel Trade**

Purpose

This paper sets out the Government's composite response to the following –

- (a) the concerns raised by Members at the meeting of the Bills Committee on Travel Industry Bill (the Bill) held on 27 October 2017, and the supplementary written enquiries submitted by Hon Wu Chi-wai to the Committee Chairperson on 1 November 2017; and
- (b) the written submissions made by the travel trade to the Committee Chairperson before and after the meeting¹.

Prosecution Criteria for Carrying on Travel Agent Business without Licence under the Bill

2. Clause 4 in Part 2 of the Bill defines “carrying on travel agent business”. First, clause 4(1) sets out the business activities that belong to “carrying on travel agent business”. Then, clauses 4(2) and (3) set out the relevant in-principle considerations. Such clauses seek to expound the Government's targets of regulation and legislative intent all along, and are consistent with the judgments of past court cases about “carrying on travel agent business without a licence”². Under clause 4(2), if a person's principal business is not the carrying on of the business activities described in clause 4(1)(a) or (b), and the relevant business activity carried on by the person is ancillary to the person's principal business, the person is not considered “carrying on travel agent business”. Under clause 4(3), in determining whether a business activity is ancillary to a person's principal business, the Travel Industry Authority (TIA) must have regard to all relevant matters, including the nature of the activity, the frequency of the activity, and the financial contribution

¹ The written submissions are: the letters dated 26 October and 1 November 2017 from the Hong Kong Association of China Travel Organisers to the Committee Chairperson; the letters dated 26 October 2017 from the Federation of Hong Kong Chinese Travel Agents and Hong Kong Outbound Tour Operators' Association respectively to the Committee Chairperson; the letter dated 30 October 2017 from Society of IATA Passenger Agents to the Committee Chairperson; and the letter dated 1 November 2017 from Travel Expert to the Committee Chairperson.

² The cases include *HKSAR v Chu Lai Ming Kathy* (HCMA 355/2013, [2014] 1 HKLRD 1033) and *HKSAR v Hong Kong Chorus Society Limited & Another* (KTS 3714-3715/2013).

of the activity towards that person. In other words, in determining “carrying on travel agent business”, the totality of facts has to be considered in each case, and there is no hard and fast rule as to how important a particular factor should be.

3. At the meeting on 27 October 2017, the Committee Chairperson mentioned the judgment of a case about carrying on travel agent business without a licence, i.e. *HKSAR v Chu Lai Ming Kathy* (HCMA 355/2013, [2014] 1 HKLRD 1033), in 2013. In the case, the appellant after trial was charged with carrying on business as a travel agent without a licence, contrary to sections 9(a) and 48(1)(a) of the Travel Agents Ordinance (TAO) (Chapter 218). The facts of the case are as follows: the appellant owned and operated a “one-stop” company (herewith called “C”) providing overseas wedding “package” services (including arrangements for solemnising marriage, provision of wedding dresses and wedding suits, photo-taking, etc.). In addition, C booked air tickets and hotel rooms (herewith called “such services”) through a licensed travel agent, and that the travel agent would give C a concessionary rate for long-term customers, but this was not a rebate. The appellant argued that the air ticket booking and hotel accommodation booking services provided by C were free of charge and no benefit or profit was received, so C was not carrying on business as an outbound travel agent as charged. The trial judge refused to accept the defence and ruled that the appellant had to obtain a licence before she could engage in such activities, regardless of whether such services involved any profit.

4. The appellant at that time appealed against the conviction, but the appeal was dismissed. The rulings by the Court of First Instance of the High Court are as follows: an agent providing free travel service is not exempted from the control and regulation of TAO (Chapter 218). If the otherwise is ruled to be the case, this will go against the purpose of TAO (Chapter 218) to protect consumers’ interests and will undermine its effectiveness. Furthermore, the “business” under TAO (Chapter 218) is not necessarily a business carried on for the purpose of gain. In any event, the purpose of providing such services in the case concerned was profit making. They were the constituent parts of C’s “one-stop” service and essential elements that facilitated the “package” service business. The purpose of the inclusion of such services, out of which the appellant gained no profit, in the wedding package was to facilitate solicitation of customers and make profits.

5. As seen in the case above, in determining whether a person carries on travel agent business, the court will consider the totality of facts of the case concerned. The Bill adopts the same principle. Nonetheless, to address the concern raised by the trade, TIA can explain in the form of guidelines the various considerations on carrying on travel agent business without a licence under the future ordinance, with reference made to past court cases, for the

trade's reference.

6. Same as TAO (Chapter 218), under the Bill, any person who carries on travel agent business without a travel agent licence is liable to prosecution. The person is liable on conviction on indictment to a fine at level 6 and to imprisonment for two years; or on summary conviction to a fine at level 3 and to imprisonment for 6 months (see clause 6 of the Bill). The Police is the law enforcement agency for TAO (Chapter 218) at present and TIA will be the law enforcement agency for the Bill. As TIA will have trade regulatory experience, this will facilitate its investigation into suspected cases of carrying on travel agent business without a licence. The Department of Justice will be responsible for prosecution as at present.

Mechanism and Effectiveness of Tackling the Impact brought by the Operation of Inbound Tour Group Business on the Local Neighbourhood through Implementation of Administrative Measures by TIA

7. The Government is deeply concerned about the concentration of inbound tour groups in patronising restaurants and shops at particular timeslots in certain districts (such as Kowloon City District), thereby causing some roads thereof to become more crowded and resulting in problems including illegal parking by coaches, traffic congestion, etc. The Tourism Commission (TC), in co-operation with the travel trade and relevant departments, has been adopting various follow-up measures in order to minimise the impact brought about by inbound tour groups on the community. On tackling congestion caused by coaches, the Police has been taking enforcement actions to crack down on illegal coach parking. The Transport Department and other relevant departments have also been promoting the use of legal coach parking spaces through exploring and introducing different measures. The Government has been providing additional pick-up/drop-off spaces and parking spaces for coaches at appropriate locations (including tourist and shopping hotspots) on condition that road safety and other road users are not affected, as well as letting car parks for coach parking through short-term tenancy.

8. To strengthen co-operation and co-ordination among various bureaux and departments, the Financial Secretary convened a high-level tourism co-ordinating meeting in early October 2017. At the meeting, the relevant bureaux and departments agreed to step up a number of measures, including strengthening enforcement actions against illegal coach parking and exploring measures to promote the use of legal parking spaces by more coaches, such as increasing the number of temporary metered coach parking sites and letting car parks with short-term coach parking spaces, so as to further reduce the impact of visitor flow and road traffic arising from inbound tour groups on the districts

concerned. TC has encouraged the travel trade to use information technology to strengthen visitor and vehicular flow control, which includes: using instant messaging software with a chat room set up to strengthen communication between travel agents, restaurants, shops, tourist guides and coach drivers; installing video cameras outside a restaurant that serves inbound tour groups on a pilot basis to enable the trade to know the real-time situation on the spot, in order to avoid arranging a large number of tour groups to the restaurant at the same time; and encouraging travel agents to apply for funding from the “Pilot Information Technology Development Matching Fund Scheme for Travel Agents”, as run by the Travel Industry Council of Hong Kong (TIC) and established under the Government’s funding, to improve visitor flow control. Furthermore, TC, together with relevant District Offices and other departments, have been holding meetings with the trade from time to time to review the implementation of the various measures and make improvements.

9. The Government will continue to closely monitor whether the travel trade has continually adopted measures to minimise the inconvenience caused by inbound tour groups to the community. If there remains no improvement to the situation in the relevant districts over time, the Government will recommend that TIA should deploy more manpower to conduct inspections there, and formulate suitable administrative measures against those travel agents that are not amenable to repeated advice and wilfully undertake poor management in arranging inbound tour groups to visit shops and restaurants in a non-co-operative manner. Through the investigation and disciplinary proceedings under Parts 6 and 7 of the Bill respectively, an appropriate disciplinary order will be imposed on such travel agents.

TIA’s Budget and Arrangements for Waiving Licence Fees

10. We reported on the progress of our study on TIA’s financial arrangements at the meeting on 27 October 2017. Details in response to members’ request for the breakdowns of TIA’s expenditure (including staff cost, rental expenses, etc.) and income (including the investment income generated from the seed money) are set out at **Annex**.

11. As regards the arrangements for waiving licence fees in future as enquired about at the meeting, TIA, same as other trade-related statutory regulatory bodies, will be financially independent from the Government. As under the arrangement of the existing regulatory regime of the travel industry, the waiving of licence fees is not a recurrent measure. Whether TIA will introduce the measure will depend on the actual circumstances, including the macro economic environment, situation of the trade’s business operations, etc., prevailing by then, which is difficult to generalise. Irrespective of the existing

or future regulatory regime at issue, the Government would pay close attention to the development of the industry and needs of the trade, and consider and adopt suitable measures to support the trade.

Composition of TIA

12. According to clause 1 in Schedule 9 of the Bill, members of TIA comprise one Chairperson (non-trade member), one Vice-chairperson (taken up by the Commissioner for Tourism) and not more than 28 ordinary members (not more than 15 non-trade members and not more than 13 trade members). The Chairperson and ordinary members of TIA will be appointed by the Chief Executive. All along, the Government makes appointments of non-official members to statutory bodies (including trade-related statutory regulatory bodies) on the basis of the merit of the individuals concerned. When appointing a member to serve on TIA, the Chief Executive will take into account the candidate's ability, expertise, experience, integrity and commitment to public service, with due regard to the functions and nature of business of TIA as well as the statutory provisions of the future Travel Industry Ordinance.

13. As regards trade members, the Government needs to ensure balanced representation in the composition to cover travel agents of different businesses and sizes as well as the trade's frontline practitioners, such that TIA can have a comprehensive understanding of the trade's overall operations. In view of the travel industry as a business sector where travel agents are responsible for commercial operations, the Government would appoint not more than three individuals who are engaged in the carrying on of outbound travel agent business, and not more than three individuals who are engaged in the carrying on of inbound travel agent business. Furthermore, as a trade association experienced in practising trade regulation, TIC can continue to contribute on various fronts and act as a key bridge of communication link between TIA and the trade. The Government would therefore appoint not more than three representatives of TIC. To assist TIA to understand more effectively the work conditions and views of the trade's frontline practitioners, the Government would also appoint not more than four individuals who work as a tourist guide or tour escort.

14. As regards non-trade members (including the Chairperson), the Government would appoint individuals who have knowledge in law, accountancy, insurance, education, consumer affairs or general administration, or professional or occupational experience, such that TIA can effectively tap different views from outside the trade to assist its discharge of different functions.

Matters on Levies and Travel Industry Compensation Fund (TICF)

(A) Use of formulation “relating to the same tour” in “outbound package”

15. Under the Bill, a travel agent is liable to pay Fund levy and Authority levy in respect of every outbound fare received. “Outbound fare” means the amount of any payment paid in relation to an outbound package, and “outbound package” means a combination of two or more of the services and arrangements described in the following relating to the same tour (herewith called “outbound travel services and arrangements”) –

- (a) a service concerning carriage, by any means of transport, on a journey that is to commence in Hong Kong and then take place mainly outside Hong Kong;
- (b) a service concerning accommodation at a place outside Hong Kong;
- (c) arrangements for an activity (i) that is not ancillary to a service mentioned in paragraph (a) or (b); (ii) that is to take place outside Hong Kong; and (iii) that, if included in the package, constitutes a substantial part of it.

16. In recent years, apart from joining traditional outbound tours arranged by travel agents and buying free independent tour packages from travel agents, many consumers would like to mix and match different outbound travel services and arrangements relating to the same tour from travel agents. In the light of this, the Government proposes refining the definition of “outbound package” through the Bill with the formulation “relating to the same tour”, in lieu of the formulation “a package which is available only at an inclusive price” under TAO (Chapter 218), to reflect more accurately the development of “outbound packages”. In future, outbound travellers buying a combination of outbound travel services and arrangements relating to the same tour, no matter whether such outbound travel services and arrangements are bought at the same time or at different times, will be protected by TICF.

17. As regards the proposed change above, the Government understands that the Committee Chairperson and some outbound travel agents are concerned that travel agents may have difficulties ascertaining whether the outbound travel services and arrangements that outbound travellers buy at different times relate to the same tour. Nonetheless, we do not support the trade’s suggestion to amend the definition of “outbound package” to become “a combination of two or more of the outbound travel services and arrangements relating to the same tour in the same transaction”. The reasons are as follows –

- (a) with faster access to information due to technological advances, more and more consumers tend to buy different outbound travel services and arrangements (e.g. air tickets, hotel accommodation) relating to the same tour at different times in order to come up with outbound packages that most suit their needs out of such services and arrangements whose prices fluctuate over time. If the new ordinance brushes aside this trend, an increasing number of consumers in future will not come under TICF's protection. This will defeat the purpose of establishing TICF, which is to accord protection to consumers who buy outbound packages from travel agents;
- (b) at present, some travel agents will combine outbound travel services and arrangements bought at different times but relating to the same tour for customers to ensure protection by TICF. The new ordinance should move with the times and cater for outbound travel services and arrangements bought at different times but relating to the same tour, with a view to according suitable protection to the outbound travellers concerned; and
- (c) the use of the wording "in the same transaction" will easily create considerable loopholes, such as enabling travel agents to break up a combination relating to the same tour so as to provide an outbound traveller with the travel services and arrangements involved in several transactions, thereby bypassing the levy requirement.

18. In sum, the Government considers that, if the definition of "outbound package" is amended to be "a combination of two or more of the outbound travel services and arrangements relating to the same tour in the same transaction", this will weaken the protection for outbound travellers and become a retrogressive move, thereby nullifying the levy requirement. The Government should not alter the objective of according protection to travellers buying outbound packages simply because of operational matters (e.g. individual travel agents have reflected that combining outbound travel services and arrangements bought at different times into an outbound package would create inconvenience to travel agents' operations and easily give rise to disputes).

19. Nevertheless, the Government strives to maintain a balance between safeguarding consumers' interests and addressing travel agents' practical operational needs. To this end, the Government will recommend that TIA should formulate standardised wording to assist travel agents, before selling any individual outbound travel service or arrangement, in informing customers that, if the customers buy in future/have bought earlier an outbound travel service or arrangement from the same travel agent, and that outbound service or

arrangement relates to the same tour as the one planned to be bought at present, then the customers by then/now should tell the travel agent accordingly, so that the travel agent will combine such outbound services and/or arrangements into an outbound package to enable the customers to be protected by TICF.

20. To ensure that customers know the aforementioned message, the Government will recommend that TIA should, through administrative measures, require a travel agent to –

- (a) display the relevant wording in a conspicuous position (e.g. the contract to be signed with the customer or the receipt) if it conducts transactions with customers in a physical store;
- (b) display a message containing the relevant wording on its webpage if it conducts transactions with customers on an on-line platform; and
- (c) add a voice message containing the relevant wording (e.g. a pre-set voice message) if it conducts transactions with customers through a telephone system.

21. The Government has all along encouraged travel agents to move with the times and make use of information technology to enhance their competitiveness and provide services that suit customers' needs. The Government has also established the "Pilot Information Technology Development Matching Fund Scheme for Travel Agents" through TIC. Travel agents can consider applying for funding to upgrade their information technology system to dovetail with the aforementioned administrative measure prior to the full commencement of the new regulatory regime. In addition, in view of technological advances, the Government is pressing ahead with preparations for the launch of the electronic levy system to facilitate the making of levy payments by the trade as well as the checking of the levy payment status by outbound travellers.

22. Under the new regulatory regime, if a travel agent has not paid a levy in respect of the outbound travel services and arrangements relating to the same tour that are bought at different times by a customer, but there is proof showing that the travel agent has complied with the aforementioned measure, the travel agent would be considered as having taken reasonable steps in avoiding contravening the levy requirement and would not be subject to disciplinary action. Furthermore, TIA will step up consumer education with respect to the aforementioned measure.

23. Indeed, over the past 10 years (i.e. 2007 to 2016), there were only 28 cases of contravention of the levy requirement as established by TIC, suggesting that a majority of travel agents have been compliant all along. If the trade continues to be compliant, the Government believes that TIA will not make contravention of the levy requirement an offence.

(B) Protection by TICF to travellers paying outbound fares after the tours

24. Under TAO (Chapter 218) at present, a travel agent must pay Fund levy in respect of every outbound fare received. If a travel agent receives an outbound fare after completion of the travel service but does not pay any levy, it will contravene the levy requirement. The arrangement under the Bill is the same.

25. We need to point out that TICF was established to offer protection, i.e. an ex gratia payment equivalent to 90% of the loss of an outbound fare, to outbound travellers in the event of a travel agent's default on provision of travel services (e.g. due to closing down its business). When TICF was extended to cover specified expenses in relation to outbound travel accidents³ in 1996, it was meant to provide basic assistance only but was not meant to replace travel insurance taken out by individual travellers.

26. That a travel agent collects outbound fares from the consumers after tour completion is its commercial decision. Nonetheless, the Government will recommend that TIC and TIA in future should, through administrative measures, require travel agents to clearly inform consumers of the scope of protection by TICF and relevant terms and conditions (including the legal responsibility of the travel agent to pay Fund levy on every outbound fare received), and suggest travel agents to consider collecting at least part (whatever amount) of the outbound fares from the outbound travellers before the tour commences, so that the outbound travellers can be protected by TICF.

(C) Protection by TICF for one-day outbound tours commencing and ending outside Hong Kong

27. As under TAO (Chapter 218) at present, under the Bill, if a one-day outbound tour covers two or more than two of the items in paragraph 15 above (e.g. carriage from Hong Kong to the Mainland, plus an activity outside Hong Kong), it will fulfil the definition of "outbound package" and accordingly will come within the scope of protection by TICF. Nonetheless, generally speaking,

³ At present, they refer to three types of expenses, i.e. medical expenses at destinations, expenses in funerals at destinations or delivery of bodies/ashes from destinations to Hong Kong, and expenses in family members' visits to destinations for follow-up, in cases of their injuries or deaths in any accidents arising out of and in the course of the activities provided or organised by travel agents during outbound travel.

as one-day outbound tours commencing and ending outside Hong Kong (e.g. Shenzhen and Macao) cover item (c) in paragraph 15 above only (i.e. an activity outside Hong Kong), but do not cover item (a) and/or item (b) in paragraph 15 above (i.e. carriage from Hong Kong to the Mainland and/or accommodation at a place outside Hong Kong) as well, they will not fulfil the definition of “outbound package” and accordingly will not come within the scope of protection by TICF.

28. On the other hand, the Government has been encouraging outbound travellers, no matter joining tours or going out of town at their own arrangements, to take out travel insurance based on their needs. The Government will recommend that TIA should, through administrative measures, require travel agents to remind consumers of the importance of taking out travel insurance and suggest to consumers that their travel insurance policy should cover all activities of the tour (including self-paid activities) when the consumers are planning to join the tour. If the outbound fare has included travel insurance, the travel agent must provide all information relevant to the travel insurance to ensure that the consumer concerned clearly understands the scope of the insurance policy.

(D) Matters on levy payment involving cruise trips

29. As under TAO (Chapter 218) at present, under the Bill, if the cruise trip provided by a travel agent departs from Hong Kong with on-board accommodation outside Hong Kong, it covers items (a) and (b) in paragraph 15 above. It will fulfil the definition of “outbound package” and the travel agent concerned will be required to pay a levy to TIA. If a cruise trip provided by a travel agent does not depart from Hong Kong, but includes on-board accommodation outside Hong Kong and an excursion/on-shore activity (outside Hong Kong), it covers items (b) and (c) in paragraph 15 above. It will fulfil the definition of “outbound package”, and the travel agent concerned will be required to pay a levy to TIA.

(E) Whether travel agents can charge outbound travellers the amount of Council levy and Authority levy under the existing and new regulatory regimes respectively

30. Under the existing regulatory regime, TAO (Chapter 218) stipulates that a travel agent must pay Council levy to TIC in respect of every outbound fare received. Under the new regulatory regime, the Bill likewise stipulates that a travel agent must pay Authority levy to TIA in respect of every outbound fare received. Whether the travel agent charges the outbound traveller the amount equivalent to the levy, and the manner in which the amount is so charged, are indeed the commercial decisions of the travel agent concerned. Neither TAO

(Chapter 218) nor the Bill imposes any restriction in this regard.

(F) How to regulate on-line travel agents to ensure their compliance with levy payment requirements under the Bill

31. Under the new regulatory regime, if a person so fulfils the definition contained in clause 4 of the Bill, regardless of carrying on business through traditional premises or on-line, that person will be required to obtain a travel agent licence from TIA and come under its regulation, including the regulation on levy payment. TIA will be empowered by the Bill to conduct statutory investigations into any suspected cases of contravening the Bill.

32. Different from TAO (Chapter 218) at present, clause 4(1)(b) of the Bill seeks to bring under the regulatory regime those on-line travel agents that carry on outbound travel business activities targeted at the public of Hong Kong, with a view to according greater protection to Hong Kong's outbound travellers in aspects including regulation on the activities of the travel agents and protection of TICF for eligible outbound travel services. The Bill provides a solid legal basis for TIA to follow up suspected offence cases involving those travel agents through complaints received or based on reasonable suspicion, and exercise the powers of investigation provided for in the Bill in Hong Kong in order to investigate whether the persons involved have committed any relevant offence under the Bill. Where necessary, TIA will also strive to liaise and follow up with the relevant regulatory body and law enforcement agency of the country/place concerned.

33. Furthermore, TIA will publish up-to-date lists of licensed travel agents from time to time and assist local consumers in identifying and choosing licensed travel agents through public education, publicity activities, etc. to ensure that tourists' interests can be appropriately safeguarded by the Bill.

Whether the New Regulatory Regime will Help Specific Enterprises

34. Hon Wu Chi-wai asked in his supplementary written submission whether the Government would introduce measures to enable "specific enterprises" (such as those providing travel services with the use of new technology) to fulfil the requirements of the new regulatory regime more easily. When formulating the Bill, the Government has been striving to ensure that the new regulatory regime will safeguard tourists' interests, enhance the professionalism of the travel trade and foster the healthy long-term development of the industry. To further strengthen travel agents' commitment to carrying on business, the Government has adopted the general consensus reached in the public consultation in 2011 to require licence applicants to deposit guarantee

money with TIA and appoint authorized representatives. As the basic entry threshold, such requirements will apply to all licence applicants practising any mode of operation (traditional ones with physical presence or on-line).

35. After all, the operation of travel agent business involves the interests of tourists and the overall reputation of Hong Kong's travel industry. It is thus necessary to subject all the operators, regardless of their mode of operation (traditional ones with physical presence or on-line), to appropriate regulation. Moreover, the Government needs to maintain a fair business environment for those carrying on business with physical presence and those on-line. On the other hand, the Government understands that new modes of operation are introduced in the travel industry, as in other industries, upon the advances of information technology. The Government will examine different views in this regard to ensure that the new regulatory regime will not only accord suitable protection to tourists' interests, but also reasonably cater for travel agents' different modes of operation.

Co-operation Relationship between Travel Agents and Frontline Practitioners

36. A trade organisation has reinstated its stance against the idea of mandating the co-operation relationship between travel agents and tourist guides as well as tour escorts to be an employer-employee one across the board through the Bill. As we have pointed out at various meetings the Committee before, the Government understands that the travel trade holds different views on this issue and has yet to reach a consensus. As Hong Kong is a free market and there is no legislation mandating any particular sector that all practitioners providing services must be employees, the Government considers it inappropriate to mandate an employer-employee relationship between travel agents and tourist guides as well as tour escorts through the Bill.

**Tourism Commission
Commerce and Economic Development Bureau
November 2017**

**Indicative Budget for TIA
Preliminarily Formulated by the Consultant**

	Year 1 (\$ million)	Year 2 (\$ million)	Year 3 (\$ million)	Year 4 (\$ million)	Year 5 (\$ million)	Year 6 (\$ million)	...	Year 11 (\$ million)
(A) TIA's estimated overall expenditure	83.4	70.6	72.6	75.3	77.4	75.7	...	89.5
(i) TIA's estimated operating expenditure (assuming a staff size of about 90)	64.6	66.6	68.6	71.3	73.4	75.7	...	89.5
(1) Staff cost (Note 1)	42.9	44.4	46.0	47.7	49.5	51.3	...	61.3
(2) Rental and relevant expenses (Note 2)	6.4	6.4	6.4	7.0	7.0	7.0	...	8.4
(3) Administrative and other expenses	15.4	15.8	16.2	16.6	17.0	17.4	...	19.7
(ii) TIA's estimated capital expenditure	18.8	4.0	4.0	4.0	4.0	0.0	...	0.0
(B) TIA's estimated income (Note 3)	51.3	58.0	59.6	61.3	63.0	70.4	...	89.5
(i) Authority levy	27.9	29.3	30.9	32.5	34.1	35.9	...	46.3
(ii) Licence fee	12.6	12.6	12.6	12.6	12.6	12.6	...	12.6
(iii) Registration fee on inbound tour groups from the Mainland	9.2	9.5	9.8	10.2	10.5	16.3	...	25.7
(iv) Investment and other income	1.6	6.5	6.2	6.0	5.7	5.5	...	4.9
(C) Estimated surplus/(deficit) = (B) – (A)	(32.1)	(12.6)	(13.0)	(14.0)	(14.4)	(5.3)	...	0.1

(There may be a slight discrepancy between the sum of individual items and the total as shown in the table owing to rounding.)

- Note 1: When estimating the manpower required by TIA, the consultant has primarily made reference to TIC's existing staffing requirements in the departments relating to regulatory work and TAR's existing staffing requirements. After analysis, the consultant considers that TAR will need about 43 staff members (department heads and senior management personnel not included) to handle the existing regulatory and licensing functions of TIC and TAR, which are comparable to the relevant manpower sizes of TIC and TAR at present. In addition, as TIA will be empowered to discharge a more comprehensive set of statutory regulatory functions and shoulder new ones, and there will be an overall need to equip TIA with manpower to carry out general administration, the consultant considers it necessary for TIA to recruit about 30 more staff members. With 17 department heads and senior management personnel further taken into account, the consultant estimates the total staff size of TIA will be about 90. In view of the manpower requirements (including job types and ranks) and relevant market salary levels, the consultant estimates that the staff cost of TIA will be about \$10 million higher than those of TIC and TAR in aggregate at present.
- Note 2: According to the consultant's analysis, the office space required by TIA's executive office will be comparable to the total office spaces of TAR and TIC at present. In view of the general rent level of non-core business districts, the consultant estimates that the overall expenses on office rental and related aspects would be about \$6.5 million, which is commensurate with market level and has been included in TIA's estimated expenditure.
- Note 3: It is assumed that the rate of Authority levy and licence fees would be maintained at the prevailing levels within 10 years after the full operation of TIA; and that the level of registration fees on inbound tour groups from the Mainland would be increased under an incremental approach, i.e. \$100 per group in Year 1, and adjusted upwards to \$150 and \$200 per group in Years 6 and 11 respectively.