

Submission from the Hong Kong Association of Travel Agents (HATA)

Abolition of the MPF Offsetting Mechanism

On behalf of the Hong Kong Association of Travel Agents which has more than 300 members engaged in both the inbound and outbound segments and estimated to transact more than 75% of the revenues in both segments, we are providing this submission in connection with the offsetting mechanism in the Mandatory Provident Fund (MPF).

Having discussions at our previous Executive Committee meeting relating to the MPF offset provision on May 25, we have taken the following views and position on this issue.

The offsetting mechanism was a condition and a promise made by the government for the implementation of the MPF scheme in 2000. If the mechanism is cancelled, it will not only represent a breach of promise by the government but also extremely unfair to employers.

Most of the travel agents in Hong Kong are small-or medium sized, the financial burdens caused by the abolition of the offsetting mechanism can be excessive for the travel trade, especially SMEs.

Travel-related sectors in Hong Kong, from retail to tourism services, have been hit hard as the Mainland tourists have shifted to destinations like Japan, the abolition of the offsetting mechanism may hit Hong Kong travel agents harder. In this context we strongly urge the government to retain the offsetting mechanism.