

**立法會**  
**Legislative Council**

LC Paper No. CB(4)1560/17-18  
(These minutes have been seen  
by the Administration)

Ref : CB4/PL/EDEV

**Panel on Economic Development**

**Minutes of meeting**  
**held on Tuesday, 17 July 2018, at 4:30 pm**  
**in Conference Room 2 of the Legislative Council Complex**

**Members present** : Hon Jeffrey LAM Kin-fung, GBS, JP (Chairman)  
Hon Alvin YEUNG (Deputy Chairman)  
Hon James TO Kun-sun  
Hon WONG Ting-kwong, GBS, JP  
Hon Starry LEE Wai-king, SBS, JP  
Hon WONG Kwok-kin, SBS, JP  
Hon Paul TSE Wai-chun, JP  
Hon Claudia MO  
Hon Steven HO Chun-yin, BBS  
Hon Frankie YICK Chi-ming, SBS, JP  
Hon WU Chi-wai, MH  
Hon YIU Si-wing, BBS  
Hon Charles Peter MOK, JP  
Hon Kenneth LEUNG  
Hon Alice MAK Mei-kuen, BBS, JP  
Hon Dennis KWOK Wing-hang  
Hon Christopher CHEUNG Wah-fung, SBS, JP  
Dr Hon Elizabeth QUAT, BBS, JP  
Hon Martin LIAO Cheung-kong, SBS, JP  
Hon Andrew WAN Siu-kin  
Hon CHU Hoi-dick  
Hon Jimmy NG Wing-ka, JP  
Hon Holden CHOW Ho-ding  
Hon SHIU Ka-fai  
Hon LUK Chung-hung, JP

**Members absent** : Hon Michael TIEN Puk-sun, BBS, JP  
Ir Dr Hon LO Wai-kwok, SBS, MH, JP

Hon CHUNG Kwok-pan  
Dr Hon Junius HO Kwan-yiu, JP  
Hon CHAN Chun-ying, JP  
Hon Jeremy TAM Man-ho

**Public Officers  
attending** : Agenda item II

Environment Bureau

Mr TSE Chin-wan, BBS, JP  
Under Secretary for the Environment

Mr Vincent LIU, JP  
Deputy Secretary for the Environment

Ms Queenie LEE  
Principal Assistant Secretary for the Environment  
(Electricity Reviews)

Ms Esther WANG, JP  
Principal Assistant Secretary for the Environment  
(Financial Monitoring)

Agenda item III

Commerce and Economic Development Bureau

Dr Bernard CHAN, JP  
Under Secretary for Commerce and Economic  
Development

Mr Aaron LIU, JP  
Deputy Commissioner for Tourism

Mr LEE Sheung-yuen  
Assistant Commissioner for Tourism (1)

**Related  
organization** : Agenda item II

Competition Commission

Mr Brent SNYDER  
Chief Executive Officer

Mr Norris CHAN  
Competition Affairs Officer

Ms Rita HO  
Head (Public Affairs)

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

**Staff in attendance** : Ms Shirley TAM  
Senior Council Secretary (4)5

Ms Lauren LI  
Council Secretary (4)5

Ms Zoe TONG  
Legislative Assistant (4)5

Miss Mandy LUI  
Clerical Assistant (4)5

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Action

**I. Information papers issued since the last meeting**

(LC Paper No. CB(4)1329/17-18(01) — Administration's paper on tables and graphs showing the import and retail prices of major oil products from June 2016 to May 2018

LC Paper Nos. — Letter from the Clerk to the Panel to the Administration on discussion of the "Report of the Transport and Housing Bureau's Investigation into Staff Conduct in the Marine Department in relation to the Vessel Collision Incident near Lamma Island on 1 October 2012" and the Administration's response)  
CB(4)1388/17-18(01) and (02)

Members noted the above papers issued since the last regular meeting.

Discussion on the "Report of the Transport and Housing Bureau's Investigation into Staff Conduct in the Marine Department in relation to the Vessel Collision Incident near Lamma Island on 1 October 2012" ("the Report")

2. Members noted a letter dated 17 July 2018 from Mr James TO requesting discussion on the confidentiality undertaking in relation to the perusal of the Report. The letter was tabled at the meeting. The Chairman directed that members' views be sought on how to follow up on the Report after the meeting.

*(Post-meeting note: The letter from Hon James TO was circulated to members vide LC Paper No. CB(4)1420/17-18(01) on 18 July 2018. Members were invited to indicate their views on how to follow up on the Report vide LC Paper No. CB(4)1430/17-18 issued on 5 September 2018.)*

**II. Update on the tendering system for petrol filling station sites and follow-up to the auto fuel study conducted by the Competition Commission**

(LC Paper No. CB(4)1370/17-18(01) — Administration's paper on enhancing competition in the auto-fuel market

LC Paper No. CB(4)1370/17-18(02) — Paper on the tendering system for petrol filling station sites and the auto-fuel study conducted by the Competition Commission prepared by the Legislative Council Secretariat (background brief)

Relevant papers

LC Paper No. CB(4)1032/16-17(04) — Competition Commission's paper on the study into Hong Kong's auto-fuel market

LC Paper Nos. — Joint letter from Hon James TO  
CB(4)1137/16-17(01) and Kun-sun, Hon WU Chi-wai and  
CB(4)1265/16-17(01) Hon Andrew WAN Siu-kin

dated 31 May 2017 on the auto fuel study conducted by the Competition Commission (Chinese version only) and the Administration's response)

### Declaration of interest

3. Mr Steven HO declared that he was a member of the Consumer Council. Mr Dennis KWOK declared that he was a member of the Competition Commission ("the Commission").

### Presentation by the Administration

4. At the invitation of the Chairman, Under Secretary for the Environment ("USEN") gave an introductory remark on the Administration's responses to the "Report on Study into Hong Kong's Auto-fuel Market" ("the Report") published by the Commission in May 2017. With the aid of the powerpoint presentation material, Principal Assistant Secretary for the Environment (Electricity Reviews) briefed members on the Administration's responses to the Report and the follow-up actions. Details of the briefing were set out in LC Paper No. CB(4)1370/17-18(01).

*(Post-meeting note: The powerpoint presentation material provided by the Administration was issued to members vide LC Paper No. CB(4)1419/17-18(01) on 18 July 2018.)*

### Discussion

#### *Enhancing competition in the auto-fuel market*

5. Mr James TO expressed disappointment and dissatisfaction that the Administration declined to implement or to look into the feasibility of implementing the Commission's recommendations made in the Report. He said that it was commonly perceived that there was insufficient competition in the local auto-fuel market, and that price fixing existed in the said market. He criticized the Administration for doing nothing to lower the auto-fuel prices through enhancing competition in the auto-fuel market.

6. In response, Deputy Secretary for the Environment ("DSEN") advised that retail prices of auto-fuel were one of the indicators in considering whether there was competition in the market. He said that contrary to the perception that prices were the same across oil companies, the net prices after walk-in discounts were not the same across companies. Besides, he pointed out that

the number of market players in the auto-fuel market was not particularly small in Hong Kong when compared with places like Tokyo, Singapore and Taipei. As regards the recommendation of increasing petrol filling station ("PFS") sites, the Administration did not see a strong case for providing more new land for PFS use at this stage in view of the land shortage in Hong Kong.

7. In response to the Administration's explanation, the Chairman said that different land uses would not necessarily be in conflict with each other. As long as the piece of land met the relevant planning requirements, it could be designated for PFS as well as residential use.

8. Mr Dennis KWOK criticized the Administration for being reluctant to study the feasibility of taking forward the Commission's recommendations, in particular the long-term "structural" reform options. He urged the Administration to study in greater detail the recommendations made by the Commission in the Report.

9. USEN replied that the Administration had been looking into ways to implement the Commission's recommendations in the past year before coming to the conclusion that certain recommendations were not to be implemented. DSEN advised that the Environment Bureau ("ENB") had looked into certain "structural" reform options recommended by the Commission in detail. He said that, for example, constructing new terminal storage facilities would require additional land and incur substantial costs. The Administration had to balance the costs and benefits of such option, in particular in view of the fact that the number of market players in Hong Kong was not small when compared with those in other places. As regards the suggestion of introducing a mechanism whereby oil companies with existing terminal facilities were required to allow third party access to those facilities, it might give rise to substantial legal implications since such facilities were privately owned properties. Careful deliberation would thus be required before taking forward such reform options.

10. Dr Elizabeth QUAT said that Members belonging to the Democratic Alliance for the Betterment and Progress of Hong Kong were disappointed with the Administration's responses to the Commission's recommendations made in the Report. She was dissatisfied that ENB had refused to accept most of the Commission's recommendations, regardless of the Commission's assertion that auto-fuel prices in Hong Kong were the highest in the world. She thus questioned what measures ENB would devise to maintain a stable fuel supply and enhance competition in the local auto-fuel market. Mr Holden CHOW said that although there was no evidence to prove that auto-fuel prices had been "quick to rise and slow to drop" and that there was price fixing among oil companies, the Administration should take action with regard to the recommendations made by the Commission to address such perceptions.

11. USEN responded that the Administration had made efforts to further competition in the local auto-fuel market. For example, the Administration had been continuously introducing improvement measures to the tendering arrangement for PFS sites with a view to enhancing competition in the auto-fuel market, including the introduction of the "super bid" tendering arrangement in 2003. Since then, two new operators had entered the market, and the share of the three biggest operators in terms of the number of PFSs had dropped from over 90% to about 70%. Besides, in order to increase the number of PFS sites as recommended by the Commission in the Report, ENB had looked into the feasibility of splitting larger PFS sites into smaller ones, and would introduce measures to facilitate the private sector to convert privately-held land to PFS use with a view to enhancing competition.

12. Mr Frankie YICK was disappointed with the Administration's responses to the recommendations made by the Commission in the Report. He remarked that two studies conducted by the Consumer Council and one study conducted by the Liberal Party earlier had confirmed that auto-fuel prices were consistently high across oil companies and that such prices went up more quickly than going down. He considered that by only introducing new players to the market could not solve the problem since new players would only follow the pricing practices of other existing players. He thus urged the Administration to devise appropriate measures to address the problems so identified. Mr YICK also pointed out that there was a lack of geographic price variation in Hong Kong as far as auto-fuel prices were concerned. Since land premiums for PFSs in different regions varied, the absence of geographic price variation could mean that motorists purchasing auto-fuels from PFSs of lower land premium were subsidizing those making purchases from PFSs of higher land premium. USEN replied that the Administration would continue to strive to further competition in the local auto-fuel market through the tendering arrangement for PFSs.

13. Mr Frankie YICK disagreed with the Administration's responses on the suggestion of adopting for PFSs a tendering system similar to how liquefied petroleum gas ("LPG") suppliers bid for dedicated LPG filling stations as mentioned in paragraph 14 of the Administration's paper. He clarified that he had never advocated adopting zero premium arrangement for the tendering of PFSs. What he suggested was to introduce into the market a pricing formula similar to the mechanism adopted for LPG at dedicated LPG filling stations. Under such a mechanism, the award of PFS tender would be primarily based on the lowest fuel prices offered to customers instead of the highest land premium offered to the Government. Since prices to be offered by the tenderers should have already covered the land premium of the PFS concerned, it would not lead to the negative consequences as anticipated by the Administration.

14. Mr Frankie YICK also disagreed with the Administration's view that the lower petrol prices which might be offered by some PFSs as a result of the adoption of the said pricing formula would lead to traffic management problems in the neighbourhoods of the PFSs concerned. He said that unlike taxi drivers, private vehicle owners would not flood to PFSs at the same time of the day, nor would they travel a long distance for lower petrol prices. To address such concern, he suggested that the Administration could consider devising administrative measures as appropriate to roll over the re-tendering of PFSs in the same district around the same time, so that any impact on the petrol prices might not only be on individual PFSs but all PFSs in the same district.

15. USEN clarified that the zero premium arrangement mentioned in the Administration's paper was a response to the Commission's Report. Regarding Mr Frankie YICK's suggestion of introducing a pricing formula for the tendering of PFS sites, USEN advised that the tendering arrangement for the 12 dedicated LPG filling stations was introduced owing to the need to improve air quality. The setting up of an LPG filling network and keeping the price for auto-LPG at a competitive level were necessary to encourage the replacement of diesel taxis and public light buses with LPG ones within a short period of time. However, regarding retail prices of auto-fuels, as Hong Kong was a free market economy, unless there were other strong justifications, the prices should be determined by the market mechanism and factors including the commercial practices and operating costs of the oil companies. In this connection, USEN considered it inappropriate for the Government to interfere with the pricing of auto-fuel products.

16. Ms Claudia MO was of the view that the Administration should adopt the pricing formula and zero premium arrangement for the tendering of PFSs as retail prices of auto-fuels in Hong Kong went up quickly regardless of the walk-in discounts offered by oil companies. She considered that such arrangement would not encourage motorists to make more unnecessary trips due to lower prices of auto-fuels, nor would it give rise to more serious roadside air pollution. Besides, Ms MO sought information and figures in relation to the Administration's efforts in splitting larger PFSs into smaller ones.

17. DSEN advised that the Administration had conducted preliminary study on 51 PFS sites with leases expiring between 2018 and 2025, of which 21 were larger PFS sites. Sites with floor area exceeding the minimum size for new PFS as stipulated in the Hong Kong Planning Standards and Guidelines by more than 375 m<sup>2</sup> were classified as "larger sites" for the purpose of considering whether they could be split into smaller ones. The result of the preliminary study suggested that three of the larger PFS sites might be suitable for splitting,



subject to further study taking into consideration factors such as gas safety and environmental impact. Upon enquiry from Ms Claudia MO about the timetable for such further study, DSEN advised that there would be adequate time to conduct the relevant study as the leases of these three PFS sites would expire in 2023 or after.

18. Mr Holden CHOW noted the Administration's response that the wholesale price difference between 95 RON and 98 RON petrol was likely to be less than 1% of the average retail prices of the two prevailing 98 RON petrol products, and that such price difference might easily be offset or even outweighed by the additional operating and capital costs to be incurred for supplying 95 RON petrol. Noting that 95 RON petrol was once introduced and sold together with 98 RON petrol in Hong Kong in the 1990s, Mr CHOW enquired how oil companies handled the different petrol products side by side at that time.

19. USEN advised that after careful consideration, the Administration had decided not to introduce the requirement of supplying 95 RON petrol at PFSs. Given that oil companies might have to incur additional costs to construct additional petrol storage tanks or to modify the existing petrol/ diesel storage tanks, as well as the need to install additional underground storage tanks and to modify the ancillary facilities at PFSs, the estimated price difference of merely 1% might easily be offset or outweighed by the additional operating and capital costs. Potential market players might also face practical difficulties such as additional costs and sourcing of 95 RON petrol. It might in turn adversely affect oil companies' response to the coming re-tendering exercise for PFSs, in particular the smaller oil companies.

20. In response to the Commission's recommendation that priority should be accorded to new market players when awarding PFS sites though they might not be offering the highest tender amount of land premium so as to encourage entry of new players in the market to enhance competition, the Administration advised that revenue contracts should normally be assessed on price only and non-price factors would only be considered when there was strong justification. In this regard, Mr Holden CHOW urged the Administration to re-consider the Commission's relevant recommendation if the new market player was able to provide 95 RON petrol in addition to 98 RON petrol, even though the new market player concerned did not offer the highest land premium.

#### *Auto-fuel prices*

21. Mr SHIU Ka-fai was dissatisfied that the Administration could do nothing to address the problem of high auto-fuel prices in Hong Kong. He

enquired about the comparison between the auto-fuel prices in Hong Kong and those in the neighbouring places, in particular in places without their own oil refineries like Hong Kong. DSEN advised that such data were unavailable. In fact, direct comparison was inappropriate due to the different sources of petrol, modes of transport and Government duty imposed on the auto-fuel products in different places. He supplemented the meeting with information that Hong Kong imported around 80% of the auto-fuel products from Singapore. Mr SHIU was dissatisfied that information on price comparison was unavailable. At Mr SHIU's request, the Administration agreed to provide information on the annual consumption of petrol and diesel in Hong Kong in the past years after the meeting.

*(Post-meeting note: The Administration's written response was issued to members vide LC Paper No. CB(4)1495/17-18(01) on 21 August 2018.)*

22. Mr LUK Chung-hung noted that according to the information from the Administration, the wholesale price difference between 95 RON and 98 RON petrol was likely to be around \$0.1 per liter, which was less than 1% of the average retail prices of the two prevailing 98 RON petrol products. Meanwhile, he noted from the Report that the 98 RON petrol price was around 15% higher than that of 95 RON petrol in Singapore. In this connection, he sought explanation for the discrepancies between the two sets of data. Mr LUK also enquired if the Administration had conducted any research on the reasons for oil companies in Hong Kong to import auto-fuel products mostly from Singapore, instead of conducting worldwide procurement for cheaper sources of products.

23. USEN advised that in addition to importing petrol and diesel from Singapore, Hong Kong also imported these products from Japan, Korea and the Mainland. He was of the view that the price of oil products was the primary consideration of oil companies in deciding the sources of import. He speculated that the lower shipping cost due to the close proximity of Singapore might, among others, account for the oil companies' decision. DSEN added that it was not unreasonable for oil companies to import most of their oil products from Singapore as the country was a major oil product trading centre in Asia. Mr LUK Chung-hung urged the Administration to conduct a study on the reasons for local oil companies to import refined oil products mainly from Singapore, and devise a mechanism to ensure that the oil companies would import from the cheapest source.

*(Post-meeting note: The Administration's written response was issued to members vide LC Paper No. CB(4)1495/17-18(01) on 21 August 2018.)*

24. The Chairman was of the view that auto-fuel prices in Hong Kong were high and that such prices went up more quickly than going down. He noted that a Government duty was imposed on petrol in Hong Kong, while that for diesel was zero at present. In this regard, he urged the Administration to consider conducting a review on the feasibility to reduce the Government duty imposed on petrol so as to lower its retail prices. In response, USEN advised that setting the relevant tax rate was a complicated issue, and that factors including the Government's tax revenue, environmental protection, transportation, and the level of public acceptance had to be taken into consideration.

*(Post-meeting note: The Administration's written response was issued to members vide LC Paper No. CB(4)1495/17-18(01) on 21 August 2018.)*

25. Mr Steven HO was dissatisfied that ENB had declined to take forward most of the recommendations made by the Commission in the Report. He was of the view that the Administration's measures mentioned in the paper would not be able to bring auto-fuel prices down to a level affordable by the general public. Besides, Mr HO was doubtful if splitting larger PFS sites into smaller ones could lower auto-fuel prices, and urged the Administration to consider reducing the Government duty on petrol in order to bring down the prices to a reasonable level. He also relayed the concern of marine practitioners on high vessel fuel prices and lack of bunkering facility for use by their vessels. He urged the Administration to look into the problems and devise measures to help the marine practitioners concerned.

26. USEN replied that the Administration had been making efforts in introducing competition into the auto-fuel market. He was of the view that auto-fuel prices could be maintained at a competitive level or even be lowered through enhancing competition in the market. He reiterated that the Administration would implement various measures to further competition in the auto-fuel market, including splitting PFS sites into smaller ones, providing assistance to the private sector in converting privately-held land to PFS use, and making it a lease condition that a price information board be erected within the PFSs for prominent display of pump prices and walk-in discounts.

### Motion

27. Mr Holden CHOW moved the following motion which was seconded by Dr Elizabeth QUAT—

"本委員會促請政府必須積極增加本港油站數目，檢討現有油站用地的投標制度，並研究重新引入95辛烷值汽油產品；同

時，當局應研究可行方法，提供碼頭倉庫設施讓新經營者進口燃油，以及探討其他燃油供應來源，以紓緩車用燃油市場高度集中現象，進一步促進市場競爭，降低產品價格，令消費者受益。"

(Translation)

"This Panel urges that the Government must proactively increase the number of PFS in Hong Kong, review the existing tendering system for PFS sites and study the re-introduction of 95 RON petrol products; at the same time, the authorities should examine practicable means to provide terminal storage facilities to enable new entrants to import fuel and explore alternative sources of fuel supply to ameliorate the situation of the auto-fuel market being highly concentrated, with a view to further promoting market competition, lowering product prices and, in turn, benefiting consumers."

28. The Chairman ruled that the motion was directly related to the agenda item under discussion. Members agreed that the motion should be dealt with at the meeting. The Chairman ordered that a division would be taken on the motion. The division bell was rung for five minutes.

29. The Chairman put the motion to vote. Fourteen members voted for the motion. No member voted against the motion or abstained from voting. The voting results were as follows:

*For:*

Mr WONG Ting-kwong

Mr Paul TSE

Mr Frankie YICK

Mr YIU Si-wing

Mr Charles Peter MOK

Mr Kenneth LEUNG

Ms Alice MAK

Mr Dennis KWOK

Mr Christopher CHEUNG

Dr Elizabeth QUAT

Mr Alvin YEUNG

Mr Holden CHOW

Mr SHIU Ka-fai

Mr LUK Chung-hung

(14 members)

*Against:*

(0 member)

*Abstain:*

(0 member)

30. The Chairman declared that the motion was carried.

*(Post-meeting note: The Administration's response to the motion was issued to members vide LC Paper No. CB(4)1489/17-18(01) on 15 August 2018.)*

**III. Proposed creation of one supernumerary post of Senior Principal Executive Officer in the Tourism Commission in support of setting up the Travel Industry Authority**

(LC Paper No. CB(4)1370/17-18(03) — Administration's paper on creation of a supernumerary post of Senior Principal Executive Officer in the Tourism Commission to assist in establishing the Travel Industry Authority

LC Paper No. CB(4)1370/17-18(04) — Paper on the establishment of the Travel Industry Authority prepared by the Legislative Council Secretariat (background brief))

Declaration of interests

31. The Chairman declared that he was a shareholder and director of a travel agent. Mr YIU Si-wing declared that he was a remunerated deputy chairman of a travel agent. He was also the unremunerated honorary chairman/adviser of nine tourism related associations.

Presentation by the Administration

32. At the invitation of the Chairman, Under Secretary for Commerce and Economic Development ("USCED") briefed members on the proposed creation of one supernumerary post of Senior Principal Executive Officer ("SPEO") in the Tourism Commission for a period of 24 months to assist in the establishment and initial operation of the Travel Industry Authority ("TIA") and take charge of making transitional arrangements. Subject to the progress of the Legislative

Council ("LegCo")'s scrutiny, the Travel Industry Bill ("the Bill") was expected to be passed in end 2018 at the earliest, such that TIA could be established within 2019 for embarking on the formulation of implementation details of the new regulatory regime. Details of the proposal were set out in LC Paper No. CB(4)1370/17-18(03).

### Discussion

33. Mr YIU Si-wing considered it essential to create the proposed SPEO post as early as possible, having regard to the complex and voluminous preparations for the establishment of TIA. Given that the Administration aimed to fill the post by a directorate officer who possessed profound administrative experience, he suggested that the officer should also have knowledge of the tourism industry and experience in handling licensing matters to ensure a smooth transition to the new regulatory regime. He also suggested that some of the eight non-directorate officers in the Preparatory Team should have legal knowledge to assist SPEO in formulating subsidiary legislation as well as rules and procedures in a timely manner.

34. Deputy Commissioner for Tourism ("DCT") explained that the Government would follow the established staff deployment mechanism when filling the proposed post, with due regard to the candidates' experience in handling tourism and/or licensing matters. USCED added that the Department of Justice would be responsible for drafting the subsidiary legislation to be made by the Administration and providing the Preparatory Team with legal assistance as necessary. Upon establishment, TIA would employ staff to provide in-house legal service, including drafting the subsidiary legislation to be made by TIA.

35. Mr YIU Si-wing was concerned whether the two-year duration of the proposed SPEO post would be sufficient for completing all of the preparatory tasks. He requested the Administration to provide a timetable for the establishment and initial operation of TIA with details of the major preparatory tasks to be undertaken by the incumbent.

*(Post-meeting note: The Administration's response was circulated to members vide LC Paper No. CB(4)1519/17-18(01) on 31 August 2018.)*

36. DCT explained that, upon LegCo's passage of the Bill, those provisions concerning the establishment of TIA would soon come into operation first by notice published in the Gazette. The proposed SPEO post would need to be created in a timely manner to assist the Administration in appointing the Chairperson and ordinary members of TIA, and assist TIA in recruiting the Executive Director and other staff.

37. USCED expected that TIA would need about two years to complete all necessary preparations in order to take over the trade regulatory and licensing functions from the Travel Industry Council of Hong Kong and the Travel Agents Registry respectively for the full implementation of the new regulatory regime. The Government would consider extending the duration of the post upon its lapse if necessary.

38. In response to Mr YIU Si-wing's suggestion of seconding the officers of the Preparatory Team to TIA upon completion of their preparatory tasks, DCT said that the Government would make suitable staffing arrangements based on actual circumstances by then and make reference to the relevant experiences of other trade-related statutory regulatory bodies.

39. Mr LUK Chung-hung said that some Members representing labour unions might not support the Bill as the Administration had not fully addressed the views of these Members, particularly on issues relating to the working relationship between travel agents and tourist guides/tour escorts and insurance arrangement for tourist guides/tour escorts.

40. USCED explained that TIA, as empowered by the Bill, would issue directives to regulate travel agents so as to strengthen the protection for frontline practitioners of the travel trade. For example, TIA would require that a travel agent must formulate for distribution to its tourist guides/tour escorts a job sheet for each tour group received. It would also require that a travel agent must sign a service agreement with its tourist guides/tour escorts, whereby the travel agent must pay service remunerations to them and must not require them to bear or unreasonably advance any payment for a tour group received. Travel agents contravening any of these directives would be subject to disciplinary orders.

41. USCED added that the Administration understood that the travel trade held diverse views about the proposal to mandate the co-operation relationship between travel agents and tourist guides/tour escorts to be an employer-employee one across the board. The Administration considered it inappropriate to mandate such a relationship across the board through the Bill. On the taking out of insurance for tourist guides and tour escorts, the relevant responsibilities under an employer-employee relationship was clearly set out in the labour legislation. On the other hand, self-employed tourist guides and tour escorts could take out insurance in the market to enhance protection at work. TIA could also consider, through administrative measures, encouraging travel agents to take out suitable insurance for their tourist guides/tour escorts serving as their agents. Overall, the Administration would take into account different views, including Mr LUK Chung-hung's views, about the Bill in a holistic manner when preparing its proposed Committee stage amendments.

42. Mr LUK Chung-hung enquired further about the impact on the proposed SPEO post if the Bill were not passed by LegCo ultimately. DCT responded that the Administration would review the need of the post and make adjustments as necessary.

Conclusion

43. The Chairman concluded that the Panel was generally supportive of the staffing proposal. He also requested the Administration to take note of members' views raised at the meeting.

**IV. Any other business**

44. There being no other business, the meeting ended at 6:11 pm.

Council Business Division 4  
Legislative Council Secretariat  
18 September 2018