

立法會
Legislative Council

LC Paper No. CB(4)1370/17-18(04)

Ref : CB4/PL/EDEV

**Panel on Economic Development
Meeting on 17 July 2018**

**Background brief on
the establishment of the Travel Industry Authority**

Purpose

This paper provides background information on the establishment of the Travel Industry Authority ("TIA"). It also summarizes the major views and concerns expressed by Members during previous discussions on relevant matters.

Background

2. In the light of incidents involving unscrupulous practices of the tourism trade relating to Mainland tour groups in 2010, the Chief Executive stated in his 2010-2011 Policy Address that the Government would review the operation and regulatory framework of the entire tourism sector, including the role, powers, responsibilities and operation of the Travel Industry Council of Hong Kong ("TIC")¹, as well as its working relationship with the Travel Agents Registry ("TAR")².

3. In April 2011, the Government launched a public consultation exercise on the review of the regulatory framework of the tourism sector, and announced at end of the same year that an independent statutory body, to be called TIA, would be set up as the overall regulatory body of the tourism sector so as to

¹ TIC is responsible for trade self-regulation, including the promulgation of codes of conduct and directives, as well as putting in place a disciplinary mechanism to handle cases of non-compliance by its member travel agents.

² TAR, which is set up under the Tourism Commission, is responsible for issuing travel agents' licences and related work, including monitoring the financial position of travel agents under the Travel Agents Ordinance (Cap. 218).

enhance the independence, credibility and transparency of the regulatory framework.

4. In March 2017, the Administration introduced the Travel Industry Bill ("the Bill") into the Legislative Council ("LegCo"). The Bill is currently under scrutiny by a Bills Committee.

5. The Bill seeks to establish TIA as the sole and independent statutory regulatory body of the tourism sector. TIA would take over the current licensing and regulatory functions of TAR and TIC, the advisory functions of the Advisory Committee on Travel Agents, and the functions of the Travel Industry Compensation Fund ("the Fund") Management Board for the management of the Fund. The Bill proposes to vest in TIA a wide range of functions, including those relating to licensing of travel agents, tourist guides and tour escorts and management of the Fund, and to confer on it various regulatory powers which include the design and implementation of a penalty system to be used in disciplinary actions against licensees, and the issuing of guidelines and codes of conduct for regulating licensees.

6. Under the Bill, TIA would consist of a Chairperson, a Vice-chairperson and not more than 28 ordinary members to be appointed by the Chief Executive. The Chairperson and a majority of ordinary members must be non-trade members.

7. The Bill proposes that TIA would have the powers to conduct inspections and investigations for the purposes of ensuring compliance with new regulatory regime. TIA would establish a disciplinary committee for handling cases of complaint or suspected misconduct against the licensees further to the investigation. Inquiry committees might be set up to conduct inquiries into such cases and decide whether to make a disciplinary order.

8. TIA will operate on a self-financing basis in the long run, and will be mainly supported by Authority levies, licence fees, and registration fees on inbound tour groups from the Mainland. Subject to the passage of the Bill, to support the initial operation of TIA, the Government will apply to LegCo for funding to provide TIA with a one-off capital grant as seed money in accordance with the established mechanism.

9. According to the Government, after the passage of the Bill by LegCo, the Government will immediately commence preparations for implementing the new regulatory regime, including seeking necessary resources to set up TIA and enable it to recruit its staff to handle tasks such as drawing up subsidiary legislation and formulating administrative measures. TIA will enter into thorough discussions with the travel trade, and the Government will, together with TIA, maintain close communication with TIC to ensure a smooth transition from the existing regime to the new one.

10. Under the chairmanship of Hon YIU Si-wing, the Bills Committee has held a total of 17 meetings and met with representatives of various organizations and individuals to listen to their views on the Bill. The Bills Committee has finished the clause-by-clause examination of the Bill at the meeting on 6 July 2018 and will proceed to consider any amendments to the Bill proposed by the Administration and members.

Previous discussions

11. The Panel on Economic Development ("the Panel") was briefed on the Bill at its meeting on 23 January 2017. A Bills Committee was formed on 24 March 2017 to scrutinize the Bill.

12. Members were generally supportive of the establishment of TIA to enhance the professionalism of the travel trade and foster the healthy long-term development of the industry. Members however expressed concerns on a wide range of matters relating to the proposed regulatory regime and the resultant impact on travel trade members, such as the composition of and selection criteria for TIA members; financial arrangements for the establishment of TIA; licensing and regulation of travel agents, tourist guides and tour escorts; statutory inspection and investigation powers of TIA; establishment and proceedings of the disciplinary committee and inquiry committee under TIA; disciplinary mechanism to handle cases of complaint or suspected misconduct; mechanism to handle appeals against TIA's decisions or disciplinary orders; levy payments and protection of travellers by the Fund etc.

13. Views have also been expressed about the difficulties in regulating on-line travel agents operating outside Hong Kong, and the need to expand the scope of the Bill so as to address the nuisance caused by inbound tourism activities on local residents.

14. In view of the presence of "false self-employment" among tourist guides/tour escorts in the travel industry, the Panel passed a motion urging the Administration to regulate the employment relationships between travel agents and tourist guides/tour escorts so as to protect the legitimate rights of different parties.

Latest development

15. The Administration will seek the Panel's support for creating one supernumerary post of Senior Principal Executive Officer (D2) in the Tourism Commission to assist in setting up TIA and preparing for implementing the new regulatory regime of the travel industry.

Relevant papers

16. A list of the relevant papers available on the LegCo Website (<http://www.legco.gov.hk>) is in the **Appendix**.

Council Business Division 4
Legislative Council Secretariat
12 July 2018

List of relevant papers

Issued by	Meeting Date/ Issue Date	Paper
Panel on Economic Development	23 January 2017	Administration's paper Minutes Follow-up paper
Bills Committee on Travel Industry Bill	-	Legislative Council Brief Background brief Legal Service Division Report
Council meeting	22 March 2017	Hansard