

HONG KONG  
RETAIL MANAGEMENT  
ASSOCIATION  
香港零售管理協會

**HKRMA's Comments on the Consultation Paper:**  
**"Review of the Operation and Regulatory Framework of the**  
**Tourism Sector in Hong Kong"**

**8 July 2011**

The Hong Kong Retail Management Association ('the Association') would like to respond to the Consultation Paper on "Review of the Operation and Regulatory Framework of the Tourism Sector in Hong Kong".

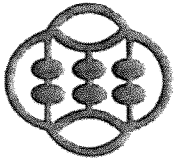
Tourism is one of the major pillars of Hong Kong economy. It is closely connected to retail industry as tourists' consumption contributes an increasing proportion of total retail receipts and at the same time it generates substantial employment.

In recent years, the landscape of both the tourist and retail sectors have been somehow complicated by a surge of Mainland tourists in spite of burgeoning tourist earnings. In particular, the undesirable malpractices related to group tours and designated shopping, which have been widely reported in the international arena via social media and other channels, have greatly damaged Hong Kong's reputation and caused much concerns to the trade. It has become imperative and urgent to call for more structured control and regulatory measures by a careful review and overhaul of the tourism sector.

The Association would like to present our members' viewpoints in regard to the Government's Consultation Paper as follows:

Regulatory Option

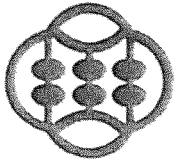
1. Among the 4 preliminary options presented by the Government for reforming the regulatory framework of the tourism sector, the Association is in principle in support to Option 3 i.e. to establishing an independent statutory body. The reasons are:



- a) The current trade self-regulatory regime operated under the Travel Industry Council of Hong Kong (TIC) no longer gains credibility. The deep-rooted intricate difficulties facing TIC as well as public doubt about “insiders regulating insiders” could only be eliminated by setting up a totally independent statutory body. Also TIC is not empowered legally to “punish” any irregularities.
  - b) In view of the distinct nature of the tourist trade that requires swift response and reaction to market dynamics, a statutory body is deemed to be more effective and responsive than a government department entrusting with similar functions.
2. However we have reservations about the proposal that if an independent statutory body were to set up, it should manage its finance based on the “user-pay and cost-recovery” principle. Firstly the Government should define who the users are and whether tourists or visitors should play a part. Secondly, we are concerned that such financial arrangement will increase not only the burden of the tourist agents and tourist guides, but also those tourist driven businesses, such as retail, catering and service industries. This arrangement will ultimately erode the competitiveness of Hong Kong on many fronts.

#### Tourist Guide Licensing System

3. The Association agrees to introduce a tourist guide licensing system since there is currently no authority directly and officially regulating tourist guides who involve in non-compliance practices. Through the licensing system, those violate professional ethics or commit misconduct should be penalized by, for example, suspension or termination of tourist guide license or other punishment. More importantly, the licensing system provides a benchmark of professionalism and help uplift service quality of the trade.



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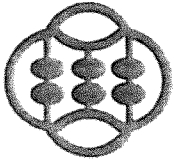
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#### Problem of "Zero/negative-fare Tours"

4. For the recent incidents of malpractice of tourist guides mistreating tour groups from the Mainland, we view the root of the problem is those "zero/negative-fare" tours. Considering it will take time for the new regulatory regime to put in place, we recommend the Government to strengthen interim measures in regulating this problematic tour practice to avoid occurrence of similar incident. The Government should consider working more closely with those tourism related bureaux and departments, as well as travel agents in the Mainland to facilitate regular exchanges on trade practices and market movements.

#### A Blueprint of long term Development of Hong Kong's Tourism

5. The Association is seriously concerned about the long term development of tourism in Hong Kong and its implications to retail industry. In recent years, the international landscape of tourism has been changing rapidly due to a large influx of Mainland tourists and innovative initiatives by different governments in the region to pioneer tourism as their new growth engine. It is evident both the tourist and retail sectors in Hong Kong are facing heightening challenges and competitions that go beyond their might.
6. The Association feels that, apart from the overhaul of regulatory regime, the Government needs to take bold steps to formulate long term strategy to develop Hong Kong's tourism as well as to take drastic measures to uplift its status as an international shopping paradise.
7. The Government may seriously consider bringing different functions now put under Tourism Commission, TIC, Travel Agents Registry, and Tourism Board all under one roof. We believe a strong, efficient, coordinated, independent statutory



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body may provide a holistic solution to meet with the many challenges at this critical time of tourism development.

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