

Government announces consultation findings on review of operation and regulatory framework of tourism sector and proposed way forward

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The Government announced today (December 20) the findings of the public consultation on the review of the operation and regulatory framework of Hong Kong's tourism sector and the proposed way forward.

At today's press conference, the Secretary for Commerce and Economic Development, Mr Gregory So, said that during the 10-week consultation period, the Government met with and listened to the views of different stakeholders, including Members of the Legislative Council, the Chairmen and Vice-Chairmen of the 18 District Councils, the Travel Industry Council of Hong Kong (TIC), the Hong Kong Tourism Board, the Consumer Council, members of the trade as well as frontline practitioners. A total of 1 249 written submissions were received. Of these submissions, 1 148 were submissions from the travel trade that were drawn from six template versions.

"The views collected during the consultation exercise indicated a board consensus that the current regulatory framework should be reformed to instil a higher degree of independence, credibility and transparency," Mr So said.

"Of the four reform options proposed in the consultation paper, the majority of public bodies, academics and political parties that had expressed their views considered an independent statutory body with non-trade members constituting the majority on its Board and with well-defined statutory functions empowered by the law, would be the most effective in addressing the public's concern over 'insiders regulating insiders'. Moreover, there were comments that the current licensing system, which only covers travel agents but not tourist guides and tour escorts, is not comprehensive."

After carefully considering the comments received, and the relevant considerations, such as independence and credibility of the regulatory body, the participation by trade members, regulatory effectiveness, etc., the Government considers it necessary to set up an independent statutory body, thus implementing Option (3) in the consultation paper.

The Government's specific proposals are as follows:

(1) an independent statutory body, tentatively named the Travel Industry Authority (TIA), with non-trade members constituting the majority of its Board be established as the overall regulatory body to perform the current regulatory and licensing functions of the TIC and the Travel Agents Registry. Trade members serving on the TIA Board would also include representatives of tourist guides and tour escorts;

(2) the minimum capital requirement for Travel Agents Licences be raised to bring up the entry threshold, and in turn enhance the quality of the travel trade;

(3) a statutory licensing system for tourist guides and tour escorts be introduced to enhance the quality and professionalism of tourist guides and tour escorts;

(4) an independent appeal mechanism be set up to handle appeals against the decisions of the TIA; and

(5) the TIA, which will be funded mainly by the levy on outbound tours, licence fees from travel agents and Mainland inbound tour registration fees, should operate on a self-financing basis in the long run. A one-off capital grant will be provided by the Government to support the operation of the TIA in its initial stage.

"The TIC has been playing an important role in the current two-tier regulatory regime and deserves much credit for its efforts in promoting industry development. The Government attaches great importance to and appreciates very much the invaluable contribution of the TIC and members of the trade to the development of the Hong Kong tourism sector. To ensure a smooth transition of the regulatory work under the new regime, we will draw reference from the current regime to make further improvements. The experience accumulated in the past two decades will provide the blueprint for developing an improved and enhanced regulatory regime," Mr So said.

With a view to tapping the TIC's expertise and strength, the Government will enter into discussions with the TIC to explore its involvement in the future regulatory regime, and to examine the possibilities of entrusting to it certain non-regulatory public functions, e.g. coordinating the trade in dealing with emergency incidents involving inbound or outbound tours. If it is concluded that such an arrangement is appropriate, the Government will consider providing financial support to the TIC for carrying out such non-regulatory public functions.

Mr So said, "The Government's decision to introduce the reform is of great significance. It marks a major step forward in the regulatory framework of the tourism sector.

"We look forward to the new regulatory regime further enhancing the quality of tourism services and sustaining the healthy development of Hong Kong's tourism sector in the long run," he added.

As the next step, the Government will proceed with drafting a new legislation to replace the current Travel Agents Ordinance (Chapter 218). If things progress well, it is expected that the draft new legislation could be introduced into the Legislative Council in about two and a half years. During the drafting stage of the legislation, the Government will continue to listen to the views of the public and the trade in ironing out the detailed arrangements under the new regulatory regime, and explore with the TIC on its future public functions.

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