

Legislative Council Question No. 12

(Written Reply)

Asked by : Hon Howard Young

Date of Meeting : 2 June 2004

Replied by : Secretary for Economic  
Development and Labour

Question:

It is reported that recently a hotel allegedly failed to provide accommodation for more than ten travel agents as scheduled after receiving their deposits. The travel agents concerned suffered losses as a result, and jointly reported the alleged fraud to the police. In this connection, will the Government inform this Council:

- (a) whether it knows the number of existing hotels in Hong Kong which are not members of the Hong Kong Hotels Association or the Federation of Hong Kong Hotel Owners;
- (b) how it will monitor the hotels mentioned in (a) in order to avoid a similar occurrence and protect the interests of travel agents and consumers; and
- (c) whether it will consider requiring all hotels to be registered with corporations with credibility before operation, and to provide proof of financial soundness before the issuance or renewal of their licence; if it will, of the details of the requirement; if not, the reasons for that?

Reply

Madam President,

- (a) At present, there are 97 licensed hotels in Hong Kong. The Hong Kong Hotels Association (HKHA) has 78 members, all of whom are hotel operators. They join the HKHA by application. The Federation of Hong Kong Hotel Owners (FHKHO) has 42 members, comprising hotel developers or hotel holding companies. Members join the FHKHO by invitation.
  
- (b) The recent incident was an isolated case involving a contractual dispute between the hotel and the travel agents. Such contractual disputes can occur in any business transactions. According to the Travel Industry Council of Hong Kong (TIC), the case has been settled between the parties concerned. We do not consider it appropriate for the Government to intervene in the commercial arrangements between hoteliers and travel agents.

The Government regulates hotels through the licensing system under the Hotel and Guesthouse Accommodation Ordinance (HAGAO). The requirements under this Ordinance cover fire and building safety, health and hygiene issues.

In respect of consumer protection, the TIC requires travel agents operating inbound tours to secure confirmed hotel or guesthouse

accommodation bookings before the group tours arrive in Hong Kong. Travel agents which fail to comply with the requirement will face disciplinary action by TIC. In serious cases, this might result in suspension of TIC membership. This in turn will automatically result in suspension of the travel agent's licence by the Registrar of Travel Agents under the Travel Agents Ordinance.

The TIC, HKHA and FHKHO follow closely the published Good Business Practice to deal with hotel reservation problems between hoteliers and travel agents to ensure appropriate accommodation arrangements for visitors.

- (c) The legislative intent of the HAGAO is to protect the safety of visitors through a licensing regime to ensure hotels and guesthouses comply with the requirements on building and fire safety, health and hygiene.

The regulatory provisions of the above Ordinance do not require the relevant hotels and guesthouses to register with any organisations with credibility or to provide proof of financial soundness. The policy objectives are to protect the safety of hotels and guesthouses occupiers while keeping the necessary legislative and regulatory measures to the minimum so as to alleviate the burden of operators in complying with the licensing requirements.