

## **LEGCo QUESTION NO.18**

(Written Reply)

Asked by: Hon Fred LI

Date of Sitting: 7 February 2007

Replied by: Secretary for Economic  
Development and Labour

### Question

Regarding the regulation of the travel industry, will the Government inform this Council:

- (a) given that some members of the public have queried that the Travel Industry Council of Hong Kong ("TICHK") had acted in favour of its member travel agents when it dealt, in the recent half year, with complaints against tourist guides alleged to have forced members of tour groups to shop or abandoned them on the streets, whether it will request TICHK to reorganize its Board of Directors by increasing the number of lay members, so as to enhance its credibility;
- (b) given that while the 13 members serving on TICHK's Tourist Guide Deliberation Committee comprise six trade members and seven lay members, and the 16-strong membership of its Compliance Committee is divided equally between these two types of members, whether it knows the reasons for the different compositions of the two Committees, and whether it will request TICHK to revise the composition of the Compliance Committee in such a way that lay members will be in the majority; and
- (c) whether it will adopt a regulatory approach similar to that for the real estate agents trade to regulate the travel industry, so that the regulatory functions of TICHK will be taken over by a new body which is independent of the trade?

## Reply

Madam President,

- (a)&(b) The Travel Industry Council of Hong Kong (“TIC”) is responsible for the regulation of the daily operation and conduct of travel agents. In accordance with its Memorandum and Articles of Association, the TIC formulates and enforces various directives and codes of conduct. The TIC was specified as a “public body” in 1990 for the purposes of the Prevention of Bribery Ordinance and the Directors of its Board are therefore “public officers” subject to the regulation of the Ordinance. With the assistance of the Independent Commission Against Corruption, the TIC has issued the “General Code of Conduct for TIC Board of Directors” to ensure that its Directors discharge their duties in an impartial and honest manner in order to protect the interest of both the travel industry and the consumers. In response to problems related to “zero fare” tours, the TIC expedited the hearing of non-compliance cases and imposed penalty on the concerned non-compliant members, and disclosed the sanctions imposed.

The Government and the TIC exchange views regularly to ensure that the latter’s operation meets the travel industry’s needs and public expectations. In light of the latest development of inbound tourism and recent public concern over the TIC’s regulation of its member travel agents, the TIC has increased the penalties and strengthened the regulatory mechanism, e.g., imposing heavier fines on non-compliant members and increasing the number of non-trade members in its committees, so as to enhance the effectiveness, transparency and credibility of its regulatory work.

Among the 25 Directors of the TIC Board, eight of them are non-trade members (Independent Directors) appointed by the Secretary for Economic Development and Labour. They come from different professions and sectors, e.g., the legal, accounting and academic fields, to enable the TIC to take account of views from different sectors. Under the Board of Directors, there are various functional committees responsible for different matters such as internal affairs, trade development and non-compliance cases. Among them, the committees responsible for hearing non-compliance cases related to travel agents and tour guides have non-trade members forming the majority of their membership. Other functional committees appoint non-trade members according to the needs of their work in order to

reflect views from different perspectives.

To meet regulatory needs, the TIC reviews and adjusts the structure and composition of its committees from time to time. In late 2006, the TIC set up two new committees, namely the Mainland China Inbound Tour Affairs Committee and the Mainland China Inbound Tour Compliance Committee, to deal with problems related to “zero fare” tours. The latter is responsible for hearing non-compliance cases concerning Mainland inbound tours and is chaired by an Independent Director with a majority of non-trade members.

- (c) We have no intention at present to impose a regulatory mechanism on travel industry similar to that for estate agents. The Government will continue to work with the TIC closely to ensure that the existing system effectively meets market development needs with timely response, so as to protect consumers and promote healthy development of the industry.

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