

LCQ17: Waiver of travel agents' licence fee

Following is a question by the Hon Paul Tse and a written reply by the Secretary for Commerce and Economic Development, Mrs Rita Lau, in the Legislative Council today (May 27):

Question:

In reply to my written question on February 25 of this year, the Secretary for Commerce and Economic Development pointed out that the travel agents' licence fee was drawn up on the basis of the "user-pay" principle, and aimed to recover the cost of the services provided. The Secretary also undertook to study carefully the proposal to waive the travel agents' licence fee. In this connection, will the Government inform this Council:

(a) what cost items are involved in the licensing services for travel agents and the relevant details; whether it has regularly reviewed if the costs are properly spent; if it has, of the details of the review; whether it had streamlined in the past three years the procedure and manpower involved in the services concerned, so as to increase the room for lowering the licence fee;

(b) of the progress of the study to waive the travel agents' licence fee; when the study outcome will be available the earliest; whether the Government has viewed the situation of the substantial decrease in the number of visitors to Hong Kong due to the financial tsunami and outbreak of human swine influenza as the prime factor of consideration in conducting the study; and

(c) whether it has adopted more measures to assist the tourism industry in tiding over the double blows of the financial tsunami and human swine influenza; if it has, of the details, if not, whether it will expeditiously formulate and implement the relevant measures?

Reply:

President,

(a) The costs of the licensing and associated services for travel agents provided by the Travel Agents Registry (TAR) are about \$9.35 million in the 2008/09 financial year. Details are as follows:

<u>Item</u>	<u>Estimated Cost</u> (\$ million)	<u>Percentage</u>
Staff cost	7.45	79.69%
Office expenses	1.33	14.23%
Other departmental administrative expenses	0.57	6.08%
<hr/> Total	<hr/> 9.35	<hr/> 100%

TAR conducts costing reviews regularly, with the most recent one completed in October 2008. The result revealed that the cost recovery rate for the licensing and associated services for travel agents was about 97%. TAR keeps under review its staffing level to ensure that the work specified in the Travel Agents Ordinance (Cap 218) are carried out effectively, including vetting and approving licence applications (for both new licence or renewals) and relevant monitoring work. TAR also consults the Advisory Committee on Travel Agents on subjects including its service standard, for continued improvement of its services. To cope with the workload arising from an increasing number of travel agents in recent years, TAR has maintained high service standard through internal redeployment and staff motivation.

(b)&(c) The Government is very concerned about the impact of the financial crisis and human swine influenza on the tourism industry. In this regard, the Secretary for Commerce and Economic Development, the Secretary for Food and Health and the Commissioner for Tourism have met with various industry representatives to understand the difficulties they face and their requests, and consider how we can render assistance.

To assist enterprises to cope with the financial crisis, the Government introduced at the end of 2008 a package of relief measures, including the Special Loan Guarantee Scheme, to help industries, including the travel trade, secure liquidity. So far 66 travel agents have obtained loans with a total loan amount of around \$71.8 million under the Scheme. The Tourism Commission has also arranged for the Hong Kong Monetary Authority, the Hong Kong Export Credit Insurance Corporation as well as the Trade and Industry Department to conduct workshops for the trade on issues such as credit tightening by banks, export support programmes and services, as well as loan guarantee schemes.

The global outbreak of the human swine influenza has seriously dampened people's desire to travel. In view of this, the Hong Kong Tourism Board (HKTB) will step up promotion before the summer peak season, in particular in short-haul markets like the Mainland, to attract visitors to travel to Hong Kong during the summer. Separately, the HKTB has earlier allocated \$21 million from its reserve to offer the industry partial fee waivers for participating in the HKTB's promotion activities in 2009. The aim is to help the trade reduce marketing expenses and encourage them to take part in the HKTB's activities to explore new business opportunities. Since the beginning of 2009, the HKTB has participated with members of the industry in nine trade shows and organised two travel missions overseas. The trade participated actively in these activities.

The Government liaises closely with the Central Government in further facilitating Mainland residents to visit Hong Kong and in the early implementation of measures to facilitate Shenzhen residents to visit Hong Kong, including allowing Shenzhen non-permanent residents and their close relatives to visit Hong Kong via group tours, as well as introducing a one-year multiple-entry Individual Visits Scheme endorsement for Shenzhen permanent residents. The response of Shenzhen residents to these new measures is encouraging. The HKTB has leveraged on these new measures to launch thematic promotion activities in Shenzhen.

On May 26, the Financial Secretary announced a series of relief measures including the waiver of travel agents' licence fee for 12 months. We believe the measures will help reduce the trade's cost of operation. The Government will keep in view the business environment of the travel trade and continue our close liaison with the trade.

Ends