

**For discussion
on 17 July 2018**

Legislative Council Panel on Economic Development

**Creation of a Supernumerary Post of
Senior Principal Executive Officer in the Tourism Commission
to Assist in Establishing the Travel Industry Authority**

Purpose

This paper seeks Members' views on the proposed creation of a supernumerary post of Senior Principal Executive Officer ("SPEO") (D2), designated as Assistant Commissioner for Tourism (Preparatory Team), in the Tourism Commission ("TC") of the Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) for a period of 24 months to assist in the establishment and initial operation of the Travel Industry Authority ("TIA") and take charge of making transitional arrangements.

Background

2. At present, a two-pronged regulatory regime is implemented in respect of the travel industry of Hong Kong. On one hand, the Travel Industry Council of Hong Kong ("TIC") is responsible for undertaking trade self-regulation of travel agents, tourist guides and tour escorts through promulgating codes of conduct and directives as well as implementing a disciplinary mechanism. On the other hand, the Travel Agents Registry ("TAR") under the Tourism Commission is responsible for issuing licences to travel agents and carrying out related work, including financial surveillance of travel agents, under the Travel Agents Ordinance (Chapter 218).

3. Further to the general consensus reached after the public consultation in 2011, the Government decided to reform the existing regulatory regime through establishing an independent statutory body (namely TIA) to regulate travel agents, tourist guides and tour escorts in a holistic and impartial manner.

A comprehensive licensing and regulatory system for travel agents, tourist guides and tour escorts, underpinned by a new piece of legislation, the Travel Industry Ordinance, will be established and implemented. Our overall policy objectives are to continuously enhance the professionalism of the travel trade and foster the healthy long-term development of the travel industry.

4. In March 2017, the Government introduced the Travel Industry Bill (“the Bill”) into the Legislative Council (“LegCo”). The Bill is being scrutinised by the Bills Committee of LegCo.

Justification

To establish the new regulatory regime for travel industry in a timely manner

5. The establishment of the independent statutory body TIA is an important regulatory reform to the travel industry of Hong Kong. As the Chief Executive mentioned in the Policy Address as announced in October 2017, the Government is seeking LegCo’s assistance in expediting the scrutiny and early approval of the Bill for establishing TIA and implementing the new regulatory regime in a timely manner, with a view to strengthening the protection of rights of Hong Kong’s outbound travellers and inbound tourists. Subject to the progress of LegCo’s scrutiny, the Bill is expected to be passed in end 2018 at the earliest, such that TIA can be established within 2019 for embarking on the formulation of implementation details of the new regulatory regime.

6. The two-pronged regulatory regime underpinned by TAR and TIC has been in operation for over 30 years. We expect that the work involved in migrating from the existing regulatory regime to the new one will be voluminous and complex. As a new independent statutory regulatory body, TIA will need to grasp the licensing system being implemented by TAR for travel agents, the accreditation systems being implemented by TIC for tourist guides and tour escorts, as well as the trade regulatory work of TIC. On the basis of the above, TIA will need to formulate the requirements and procedures on issuing and renewing licences, a series of subsidiary legislation and administrative measures, inspection and investigation arrangements, disciplinary proceedings, etc. under the framework of the new Travel Industry Ordinance, so as to come up with a well-developed and comprehensive regime.

The Government will also need to formulate an independent appeal mechanism with reference to the proceedings of handling appeals against the decisions made by TIC and TAR under the existing regulatory regime.

7. In fact, as an organisation practising trade self-regulation for years, TIC has formulated various administrative measures, including the general codes of conduct, codes of business practice covering outbound tour business, inbound travel service and study tours, code of advertising practice, as well as directives and guidelines applicable to travel agents, outbound and inbound travel services, so as to regulate travel agents, tourist guides and tour escorts. TIA will need to thoroughly and holistically understand TIC's regulatory work, adapt the existing administrative measures as appropriate, and formulate new ones having regard to market developments to ensure that the new regulatory regime can keep pace with the times whilst facilitating the transition of existing travel agents, tourist guides and tour escorts to the new regime. In addition, TAR and the Police are responsible for licensing and law enforcement functions under the Travel Agents Ordinance (Chapter 218) at present. TIA will need to closely liaise with these departments in order to smoothly take up such functions.

8. Furthermore, TIA will need to maintain close liaison with the current statutory Travel Industry Compensation Fund ("TICF") Management Board and TAR, which provides the Board with secretariat service, to ensure that TICF and relevant applications can be smoothly passed to the newly established TIA. TIA will also need to allocate an amount being a certain percentage from TICF to set up a Travel Industry Development Fund for enhancing the professionalism of the travel industry. To ensure that the development fund meets the trade's needs, TIA will conduct consultation with travel agents, tourist guides and tour escorts on the uses of the fund.

To plan and undertake preparatory tasks in a holistic manner

9. To make early preparations for the establishment of TIA and implementation of the new regulatory regime, and having regard to the scale and complexity of the work involved, we propose creating a supernumerary SPEO post for a period of 24 months to lead a Preparatory Team to, in co-ordination and liaison with different stakeholders, including relevant Government departments, TIC, etc., plan and undertake a number of important preparatory tasks in a holistic manner, including –

- (a) to follow up the appointment exercise of the Chairperson and ordinary members of TIA;
- (b) to formulate the governance framework and work plans for TIA, establish relevant committees, and provide secretariat support to TIA and these committees to facilitate the execution of the work plans;
- (c) to formulate internal administrative, personnel, accounting, financial management, stores and procurement rules and procedures for TIA;
- (d) to arrange office accommodation for TIA, with tasks including procuring stores and equipment and establishing an information technology system to support the operation of TIA;
- (e) to formulate the strategy, timetable and procedures on the recruitment of TIA's staff, as well as the remuneration packages of the staff;
- (f) to conduct recruitment exercises for the Executive Director and other staff of TIA, and arrange staff training (including training on law enforcement);
- (g) to make transitional arrangements, in co-ordination with relevant Government departments (including TAR and the Police), TIC, TICF Management Board, etc., which include formulating subsidiary legislation, rules and procedures related to licensing and regulation (including administrative measures formulated having regard to TIC's codes, directives and guidelines, as well as disciplinary and appeal procedures) under the new regulatory regime, transferring relevant records of licensed travel agents and accredited tourist guides and tour escorts to TIA, taking up TICF as well as establishing a Travel Industry Development Fund, etc.; and
- (h) to conduct trade consultation and public education.

10. We expect that TIA will need about two years to finish all necessary preparations in order to take over the trade regulatory and licensing functions from TIC and TAR respectively for the full implementation of the new regulatory regime. To ensure smooth handover, the above preparatory work

needs to be led and supervised by a directorate officer, particularly one who has worked in various bureaux/departments and possesses profound administrative experience.

11. The proposed job description of the above-mentioned SPEO post is at **Annex 1**.

Non-directorate support

12. The proposed SPEO will be supported by eight non-directorate officers in the Preparatory Team, namely one Chief Executive Officer, one Senior Treasury Accountant, one Senior Executive Officer, two Executive Officers I, one Treasury Accountant, one Personal Secretary I and one Assistant Clerical Officer.

Alternatives Considered

13. TC is headed by the Commissioner for Tourism at Administrative Officer Staff Grade A level, who is supported by one Deputy Commissioner at Administrative Officer Staff Grade B level, four Assistant Commissioners at Administrative Officer Staff Grade C/SPEO level¹, and the Registrar of Travel Agents (“RTA”) at Principal Executive Officer level.

14. The major duties of the above officers include co-ordinating work on policy and projects/initiatives to facilitate tourism development; taking forward the legislative work for the establishment of TIA and implementation of the new regulatory regime for Hong Kong’s travel industry; promoting quality and honest tourism; overseeing the supply of hotels; facilitating the implementation of the waterpark and hotel projects of the Ocean Park; formulating and co-ordinating MICE (Meetings, Incentive travels, Conventions and Exhibitions) tourism initiatives; taking forward new tourism projects/initiatives, such as the revitalisation of Dr. Sun Yat-sen Historical Trail and the pilot scheme on food trucks; monitoring and facilitating the smooth operation of existing tourism attractions, such as the revamped light and sound show “A Symphony of Lights”, Hong Kong Wetland Park, Ngong Ping 360 and Peak Tramway;

¹ One of the Assistant Commissioners is Assistant Commissioner for Tourism (4), whose post lapsed on 1 January 2018. The Government is seeking the approval of the Finance Committee of LegCo for creating that post.

co-ordinating the development and promotion of green, heritage, cultural and creative tourism; housekeeping the Hong Kong Tourism Board; overseeing the operation of the Kai Tak Cruise Terminal and promoting the development of cruise tourism of Hong Kong; overseeing the operation and development of the Hong Kong Disneyland Resort; and overseeing the operation of TAR.

15. Following the Government's release of the "Development Blueprint for Hong Kong's Tourism Industry" in October 2017, the officers above are taking forward various initiatives and measures under the respective strategies and implementation goals as set out in the Blueprint, which include to continue working closely with the tourism trade and authorities in the Mainland and overseas in taking forward measures on tourism promotion and development, as well as enhancing the service quality of the tourism industry. Their workload is already very heavy. On trade regulation, in particular, before the full implementation of the Travel Industry Ordinance, RTA remains responsible for issuing and renewing travel agent licences and providing secretariat support to TICF Management Board. It will not be viable for RTA to take up the preparatory work for establishing the new regulatory regime without adversely affecting the quality and efficiency of his work.

16. As the officers above have been fully engaged with their own heavy portfolios, it will not be operationally feasible for any of them to take up the additional duties of the proposed SPEO without seriously affecting their current work. An organisation chart of TC is at [Annex 2](#).

Financial Implications

17. The proposed creation of the supernumerary SPEO post (D2) will bring about an additional notional annual salary cost at mid-point of \$2,094,600. The additional full annual average staff cost, including salaries and staff on-cost, is \$2,788,000.

18. As for the eight non-directorate civil service posts in the Preparatory Team referred to in paragraph 12 above, the notional annual salary cost at mid-point is \$6,865,140 and the full annual average staff cost, including salaries and staff on-cost, is \$9,854,000.

19. We shall include the necessary provisions in the estimates of the Commerce, Industry and Tourism Branch in the financial years concerned to meet the cost of the proposal above.

Advice Sought

20. Members are invited to comment on the proposal above. We will seek the funding approval from LegCo in accordance with established procedures.

Tourism Commission
Commerce and Economic Development Bureau
July 2018

**Proposed Job Description
Assistant Commissioner for Tourism (Preparatory Team)**

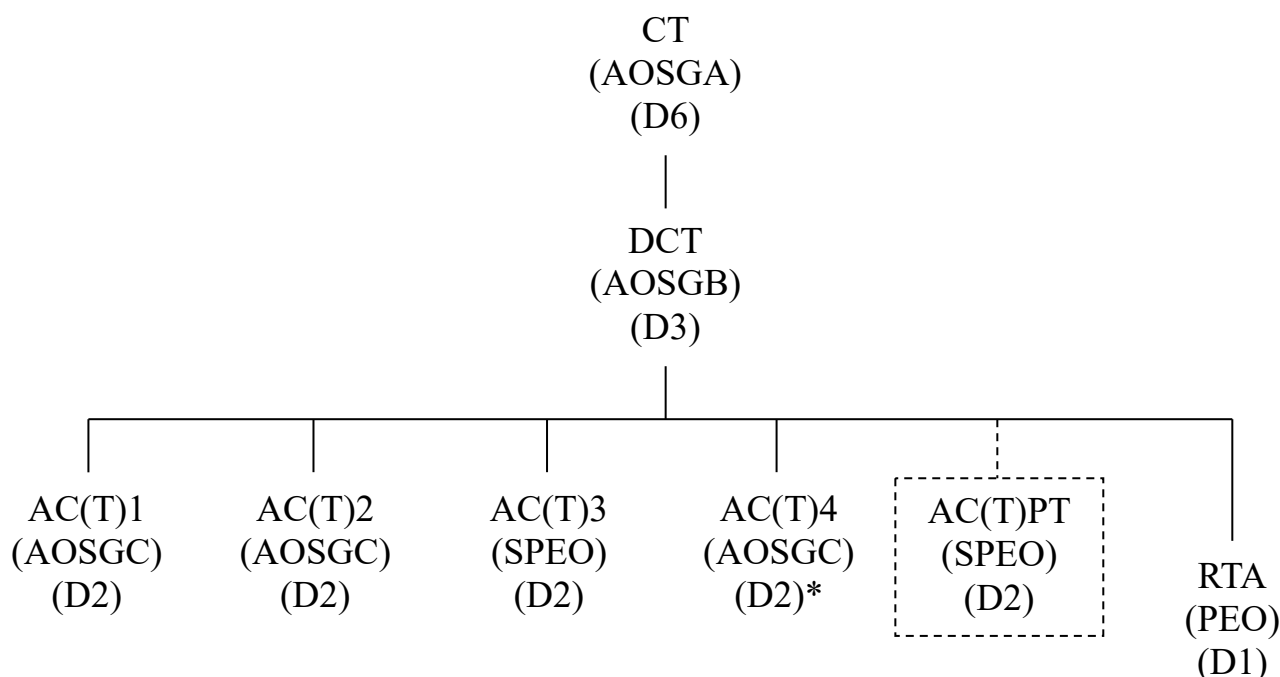
Rank : Senior Principal Executive Officer (D2)

Responsible to : Deputy Commissioner for Tourism

Main Duties and Responsibilities –

1. To lead a Preparatory Team in planning and undertaking preparatory tasks for establishing the Travel Industry Authority (“TIA”) and implementing the new regulatory regime;
2. To follow up the appointment exercise of the Chairperson and ordinary members of TIA;
3. To assist TIA in formulating and executing the governance framework and work plans, establishing relevant committees, and providing secretariat support;
4. To assist TIA in its initial operation, with tasks including formulating internal administrative, personnel, accounting, financial management, stores and procurement rules and procedures, arranging office accommodation, setting up an information technology system, conducting staff recruitment and arranging staff training, etc.;
5. To assist TIA in making transitional arrangements, in co-ordination with relevant stakeholders, which include formulating subsidiary legislation, rules and procedures related to licensing and regulation under the new regulatory regime, transferring relevant records of licensed travel agents and accredited tourist guides and tour escorts to TIA, taking up the Travel Industry Compensation Fund as well as establishing a Travel Industry Development Fund, etc.; and
6. to assist TIA in conducting trade consultation and public education.

**Proposed Organisation Chart of Tourism Commission,
Commerce and Economic Development Bureau
(Commerce, Industry and Tourism Branch)**



Legend

- Supernumerary directorate post to be created
- AC(T) - Assistant Commissioner for Tourism
- AC(T)PT - Assistant Commissioner for Tourism (Preparatory Team)
- AOSGA - Administrative Officer Staff Grade A
- AOSGB - Administrative Officer Staff Grade B
- AOSGC - Administrative Officer Staff Grade C
- CT - Commissioner for Tourism
- DCT - Deputy Commissioner for Tourism
- PEO - Principal Executive Officer
- RTA - Registrar of Travel Agents
- SPEO - Senior Principal Executive Officer
- * - With the lapse of the post on 1 January 2018, the Government is seeking approval from the Finance Committee of the Legislative Council for creating that post