

Government launches consultation on review of operation and regulatory framework of tourism sector in Hong Kong

The Government today (April 29) issued a consultation paper on the review of the operation and regulatory framework of Hong Kong's tourism sector, and invited views from the trade and the public.

Speaking at a press conference, Acting Secretary for Commerce and Economic Development, Mr Gregory So, said, "The main objective of the review is to set the direction for the sustainable and healthy development of our tourism sector. Tourism is an important pillar of Hong Kong's economy, accounting for 3.3% of the gross domestic product in Hong Kong. It offers 190 000 direct employment opportunities and provides impetus to the growth of other related sectors.

"Healthy development of the tourism sector in the long run is imperative to sustaining its contribution to Hong Kong's economy."

Mr So said that under the existing two-tier regulatory regime of the tourism sector, the Travel Industry Council of Hong Kong (TIC) is responsible for trade self-regulation, while the Travel Agents Registry is responsible for issuing licences to travel agents and monitoring their financial position. This regime has been in operation for over two decades. The TIC has been performing an essential role in regulating the trade and promoting the development of the tourism sector.

"Hong Kong's tourism sector has been evolving and developing over the past two decades. In recent years, the number of Mainland visitors has grown rapidly, placing heavy pressure on the TIC's regulatory work. Through this review and public consultation exercise, we hope to identify a more effective regulatory regime that is conducive to the sustainable and healthy development of the tourism sector in Hong Kong," Mr So said.

Having considered the views from the community on the operation and the regulation of the tourism sector, and studied the regulatory models of other economies, the Government has worked out four options for reform. The consultation paper sets out the merits and drawbacks, the estimated implementation timeframe and financial implications of each of the four options.

Mr So said the Government would gather views from the trade and the public

through different channels and fora during the consultation period, and called on the public to express their views. The Government would consider the views received and draw up substantive reform proposals.

"Each proposal has its merits and drawbacks. We are open-minded at this stage, and will listen to the views of the community before deciding on the most viable option that could best forge a consensus. We plan to announce the substantive reform proposals in the fourth quarter of this year," Mr So added.

The reform options are outlined below (a comparison of the four options is set out at annex):

Option 1: Retain the existing two-tier regulatory regime, reform the TIC and specify its role as a public association. This option proposes to revamp the composition of the TIC Board of Directors (TIC Board) and committees, thereby further enhancing the participation of non-trade members. The Government will also amend the Travel Agents Ordinance to set out clearly the role of the TIC as a public association in the regulatory framework.

Option 2: Transfer certain regulatory functions from the TIC to a government department. Apart from revamping the composition of the TIC Board and committees, this option proposes to review the functions, powers and responsibilities of the TIC. Under this option, the TIC should continue to draw up codes of conduct and directives, but these must be approved by the Government before implementation. Moreover, to further strengthen the appeal mechanism and afford better protection for travellers, it is proposed that independent appeal committee(s) be set up outside the TIC, and channels for travellers to appeal against the TIC's decisions be introduced. The independent appeal committee(s) will be responsible for handling appeals against the TIC's decisions lodged by trade members and travellers.

Option 3: Establish an independent statutory body to regulate travel agents, tourist guides and tour escorts. As for licensing work, it could either be entrusted to the independent statutory body, or be carried out by the Government as the ultimate licensing authority. The TIC will retain its trade organisation status to promote industry development.

Option 4: A government department to take over the overall tourism regulation from the TIC, including handling the licensing and regulation of travel agents, tourist

guides and tour escorts. The TIC will retain its trade organisation status to promote industry development, and represent the trade in offering advice to the regulator.

The consultation paper also invites views from the public on whether a licensing system for tourist guides, and different licences for regulating outbound and inbound tourism, should be introduced.

"We noticed that the public is concerned about how to improve the regulation of Mainland inbound tours. Since mid-2010, we have been working with the relevant organisations to strengthen regulation. The TIC began implementing 10 new measures in February this year to improve the operation of Mainland inbound tours and enhance the protection of the rights of Mainland travellers. We will monitor closely the implementation and effectiveness of the measures, and continue to support the TIC's regulatory work," Mr So said.

"The Government has all along maintained close contact with the Mainland tourism authorities on tourism regulation. The Mainland authorities have supported our work through assisting in the promotion of consumer rights on the Mainland, and jointly announcing the key points in the contract to be signed between Mainland organising agents and Hong Kong receiving agents.

"The Government attaches great importance to the development of Hong Kong's tourism sector. We hope to strengthen travellers' confidence in Hong Kong and consolidate our position as a premium tourism destination through introducing targeted regulatory measures and establishing an effective regulatory regime," Mr So said.

The consultation period commences today and will last until July 15, 2011. The consultation paper can be obtained from the public enquiry service centres of district offices or downloaded from the Tourism Commission website: www.tourism.gov.hk. Members of the trade, stakeholders and the public can send their views to the Tourism Commission by post (2nd Floor, East Wing, Central Government Offices, Lower Albert Road, Central, Hong Kong), fax (2801 4458), or email (tourism_review@cedb.gov.hk).

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