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Team 1  
Tourism Commission  
Commerce, Industry and Tourism Branch  
Commerce and Economic Development Bureau  
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Lower Albert Road  
Central Hong Kong

By Mail & Email

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Dear Sirs,

**Re.: Public Consultation on Review of the Operation and Regulatory Framework of the Tourism Sector in Hong Kong**

We refer to the abovementioned Consultation Paper and provide our response herein below to the Government for consideration.

After receipt of the Consultation Paper, we have had discussions with some of our business partners in the relevant trade. Most of them have indicated to us that Option (2) – Retain the two-tier regulatory regime but with the Travel Agent Registry (“TAR”) taking up more regulatory functions and Option (3) – Establish an independent statutory body as the regulatory authority to take up the TIC’s trade regulatory functions are preferred by them. For your easy reference, we summarise the reasons of their preference in Appendix 1.

We have also looked at the various options set out in the Consultation Paper from our own perspectives and our views are quite similar to those of our business partners.

We hope this can be useful to the Government for taking the matter forward. Should you have any questions, please feel free to contact the undersigned at

Yours faithfully,

Doman Kwan  
Corporate Services Director



## Appendix 1

### Subject: Consultation Paper on the Review of the Operation and Regulatory Framework of the Tourism Sector in Hong Kong

Reasons for selecting (Option 2), retain the two-tier regulatory regime but with the Travel Agent Registry ("TAR") taking up more regulatory functions, are:

- 1) Whenever there was a non-compliance case, travel agents could explain their difficulties to the TIC and they often received constructive suggestions from the TIC for solving the problems.
- 2) There were usually certain flexibilities extended from the TIC for handling non-compliance cases.
- 3) The penalties exercised by the TIC on non-compliance cases were acceptable to the industry. The travel agents might just need to suspend their operations for a few weeks and receive verbal warnings from the TIC. Severe penalties and stringent policies might seriously affect the smooth operation of the inbound travel business of Hong Kong and could have long term adverse implications.
- 4) Currently, travel agents could always maintain close dialogue with the TIC to enhance their mutual understanding on tour business. If there was an Independent Statutory Body or Government Department to regulate the trade, it might not be possible to keep the same level of communications among the parties anymore as everything would become very rigid.
- 5) TIC fully understood the needs of the industry, e.g., the zero / negative-base tour pricing, while an independent statutory body or a government department might not share the same view with the travel agents due to their different background.
- 6) Under the options of Independent Statutory Body or Government Department regulating the travel industry, visitors' complaints might rise dramatically as they might believe that compensation could be more easily obtained from such organizations. In case this happened, it would create more difficulties to the operation of the local tour operators.



**Reasons for selecting Option 3, establish an independent statutory body as the regulatory authority to take up the TIC's trade regulatory functions, are:**

- 1) Some travel agents indicated that they would have more trust on an Independent Statutory Body more than the TIC. They commented that there could be bias when TIC judged non-compliance cases.
- 2) Some travel agents opined that the non-industry members of the Independent Statutory Body could make better judgments as such members might use more scientific ways (e.g., research or independent investigations) in handling issues rather than just relying on industry practices or custom.
- 3) Some travel agents commented that the current key members of the TIC might not be qualified to handle the non-compliance cases and hence, a new independent statutory body was preferred.