

# LCQ1: Collection of handling charges for URBTIX online ticketing

Following is a question by the Hon Kwong Chun-yu and a reply by the Secretary for Innovation and Technology, Mr Nicholas W Yang, in the Legislative Council today (May 23):

Question:

Currently, members of the public are required to pay a handling charge ranging from \$6 to \$10 when purchasing event or movie tickets through the websites or mobile phone applications of ticketing agencies, a majority of cinema circuits and the Urban Ticketing System (URBTIX) under the Leisure and Cultural Services Department. However, they are not required to pay such a handling charge when purchasing tickets in person at the box offices. Some members of the public are of the view that the ratio of the relevant handling charge to ticket price is rather high, and the practice of collecting handling charge impedes the development of Hong Kong into a smart city. In this connection, will the Government inform this Council:

(1) of the justifications for the URBTIX for not collecting a handling charge at present from persons who purchase tickets through their counters, but collecting a handling charge of \$8 per ticket from those who purchase tickets through its website, mobile phone application and telephone booking hotline, and whether the authorities will consider ceasing the collection of such charge;

(2) whether it will consider regulating the practice of ticketing agencies, cinema circuits, etc. collecting a handling charge from persons who purchase tickets online, such as stipulating the ceiling on the ratio of the handling charge to the ticket price; and

(3) whether it will consider introducing measures to reduce traders' costs for providing electronic ticketing services, so that they do not have to pass on the relevant costs to the consumers, as well as to promote the development of Hong Kong into a smart city?

Reply:

President,

After consulting the Home Affairs Bureau, the Commerce and Economic Development Bureau, the Leisure and Cultural Services Department (LCSD), we set out our response to the three parts of the question as below:

(1) The Urban Ticketing System (URBTIX) is the ticketing system under the LCSD to provide ticketing services mainly for hirers or event presenters, and audiences of performance venues under the purview of the LCSD. Hirers or

event presenters are free to choose the URBTIX or other ticketing systems for sale of tickets. The LCSD does not oblige them to use the URBTIX.

The URBTIX operates on a Public Private Partnership (PPP) approach. Based on the LCSD's study and practical experience in the past, as well as drawing reference to the mode of operation of ticketing services elsewhere, the LCSD considers PPP a more flexible and effective mode of service delivery. For ticket purchasers, even if the ticketing system is operated by the LCSD, they still need to bear a certain amount of cost, in accordance with the Government's well-established "user pays" principle. Moreover, quite a number of initiatives under the smart city concept are implemented as a PPP.

The current system of the URBTIX was developed and owned by the contractor at its own cost under a contract awarded through open tender by the LCSD. During the contract period, the contractor is responsible for system operation and maintenance as well as provision of online booking, mobile ticketing application and telephone booking services. According to the terms of the contract, the contractor can collect a handling charge of \$8 per ticket from customers who purchase tickets through such services. Such a charge is only equivalent to a small portion of the ticket price for many events.

The contract between the LCSD and the incumbent the URBTIX contractor will expire in 2021. Before its expiry, the LCSD cannot change the charges by the contractor under the contract. The LCSD is examining measures to improve and develop the system in future, and will consider the views of various stakeholders and draw reference to the latest technology trends and applications of local and international ticketing markets in formulating appropriate requirements for the ticketing system and determining service charges. The LCSD expects to commence the open tendering process for the new ticketing system and related services in the third quarter of 2019.

(2) and (3) As for ticketing agencies or other online services (including sale of tickets) operated by commercial entities, different organisations or agencies adopt different sale arrangements and charges having regard to the market situation and cost considerations. For ticket purchasers, they can also make their own choices having regard to the service levels of various purchase channels, for examples, whether purchase can be made any time, time required to complete the purchase, and whether purchasers can flexibly select preferred ticket types and seats, etc.

Apart from the URBTIX, there are at present other ticketing agencies available in Hong Kong, such as HK Ticketing, Cityline, etc. They provide similar online and conventional ticketing services. No matter in Hong Kong and other places, collection of handling charges for online ticketing is a common practice of the trade, with charges ranging from several dollars to over a hundred dollar. The gist of the issue is whether the market operation is smooth and transparent, so that ticket purchasers can make their choices over different purchasing channels. Given the rationale behind the current commercial operation and business practices, we do not see the need for the

Government to regulate the collection of handling charges for online transactions by legislative means or administrative measures. Indeed, outside Hong Kong, such handling charges are also mostly determined by ticketing agencies or related commercial operators based on market situation.

The Government is committed to developing Hong Kong into a world-class smart city and published the Smart City Blueprint for Hong Kong (Blueprint) in December 2017, outlining the smart city development plans under six major areas, namely "Smart Mobility", "Smart Living", "Smart Environment", "Smart People", "Smart Government" and "Smart Economy". Under "Smart Economy", we have put forth a number of initiatives to promote the development of Internet-driven economy, e.g. the Faster Payment System and the introduction of new technologies in Fintech. These initiatives not only enhance Hong Kong's economic competitiveness and provide businesses with a business friendly environment for fostering innovations, but also bring convenience to residents in their daily living. Moreover, smart city development requires close collaboration of public and private organisations, the academia and the public at large.

As regards the smart city infrastructure, the Office of the Government Chief Information Officer is taking steps to develop a one-stop online system to provide an electronic identity (eID) for all Hong Kong residents from 2020, facilitating them to use a single digital identity and authentication to conduct government and commercial transactions online. The eID system will also provide Application Programming Interfaces for application by different sectors and businesses, especially small and medium enterprises. These measures can help lower the cost for businesses to develop and operate their online sales and other electronic services.