

LCQ7: Travel agents switching to E-Levy System

Following is a question by the Hon Yiu Si-wing and a written reply by the Acting Secretary for Commerce and Economic Development, Dr Bernard Chan, in the Legislative Council today (April 3):

Question:

Under the Travel Agents Ordinance (Cap. 218), a travel agent is liable to pay a levy in respect of every outbound fare received for an outbound travel service (i.e. a service comprising any two or all of the following: carriage from Hong Kong to places outside Hong Kong, accommodation outside Hong Kong and an activity outside Hong Kong). When travel agents make levy payments, they must make use of the traditional franking machines or the E-levy System to put levy stamps on the receipts for issue to customers (and travellers must hold receipts with levy stamps in order for them to be protected by the Travel Industry Compensation Fund). It is learnt that the Travel Industry Council of Hong Kong (TIC) has recently informed travel agents that as the supplier of the traditional franking machines will cease providing services, all traditional franking machines will be taken out of use with effect from July 1 this year, and all travel agents must then use the E-levy System to put levy stamps on receipts. In this connection, will the Government inform this Council if it knows:

(1) among all travel agents, the number and percentage of those which are currently using the E-levy System, and the measures put in place by TIC to ensure that all travel agents will have completed the preparation work for switching to use the E-levy System before the traditional franking machines are put out of use;

(2) whether TIC has formulated contingency plans to deal with the situation where the E-levy System cannot, due to malfunctioning, put levy stamps on receipts; and

(3) whether TIC will expand the functions of the E-levy System to collect data on travel agents' sales of group tours and independent travel products, and then disseminate to the travel industry the statistics generated from such data for conducting market analyses and developing new products; if TIC will, of the details; if not, the reasons for that?

Reply:

President,

Travel agents providing outbound travel services are required to pay levies in respect of the outbound fares received from travellers. In this

regard, the E-levy System provides an electronic platform for travel agents to make levy payments in respect of the outbound fares paid by travellers directly through the System and handle related matters, for example, to increase the amounts in their e-levy accounts online. Travellers can also check online whether the travel agents have paid the levies in respect of their transactions in order to ensure that they are eligible for protection under the Travel Industry Compensation Fund. With the development of technology and change of payment behaviour in the market, there is an increasing number of travel agents using the System since its launch on June 1, 2018. Following the cessation of support services for franking machines by the service contractor, the franking machines will also cease operation with effect from July 1, 2019.

In response to the question raised by the Hon Yiu Si-wing, my reply is as follows:

(1) The Travel Industry Compensation Fund Management Board (TICFMB) and the Travel Industry Council of Hong Kong (TIC) have been actively promoting the E-levy System as well as providing training and support to the travel agents, including organising training workshops and setting up a training website for staff of the travel agents to gain hands-on experience on data input and generating e-levy stamps. In addition, both the TICFMB and TIC have set up support hotlines to answer enquiries from the travel agents, and prepared bilingual training videos and procedural manuals for their reference. The Government has also allocated a sum of \$40 million for the TIC to implement the Pilot Information Technology Development Matching Fund Scheme for Travel Agents to enhance the productivity and service quality of travel agents through applying information technology, including the use of the System.

At present, there are about 1 760 licensed travel agents, of which 1 046 travel agents need to make levy payments by nature of their business. About 460 of the latter have set up or used their account with the System for payment of levy. This accounts for about 44 per cent of the total number of levy-paying travel agents and about 87 per cent in terms of market share of the total levy loading.

The TICFMB and TIC will continue to implement measures to assist travel agents to use the System as early as possible, including:

- (a) continue to conduct training workshops for staff of the travel agents (so far 21 training workshops have been conducted with around 800 participants);
 - (b) organise dedicated training workshops for travel agent members of the eight associations under the TIC;
 - (c) create administrator accounts for travel agents after attending the training workshops to facilitate their use of the System; and
 - (d) provide additional manpower to solve problems relating to the System for travel agents, including providing on-site support services when needed.
- (2) The E-levy System was designed, developed and tested in accordance with

the guidelines and standards stipulated by the Office of the Government Chief Information Officer, and is monitored and maintained by an information technology service contractor. It has been running smoothly since its implementation on June 1, 2018. The System has dual protection against the impact of untoward incidents. There are two servers in the operation system, such that when one of them encounters problems, the other will start operation automatically to ensure the continuous running of the System. In addition, the System adopted a dual site approach, i.e. the operation system and the backup system are located at different places of Hong Kong. In the event that the operation system is affected by accidents such as power outage, fire, etc, the backup system in the other site can be put to operation to maintain the service.

(3) In view of the sensitivity of the information concerned and for ensuring smooth operation, the existing E-levy System captures only the essential data in order to facilitate efficient and reliable transactions by the staff of travel agents. The System does not store other data for the purpose of sales or business analysis. We will continue to maintain liaison with the trade and review the System and explore further enhancement of its functions when appropriate.