

Press release

LCQ18: Fuel surcharge and air passenger departure tax

Wednesday, January 18, 2012

Following is a question by the Hon Paul Tse and a written reply by the Secretary for Financial Services and the Treasury, Professor K C Chan, in the Legislative Council today (January 18):

Question:

On February 23, 2009, the Panel on Economic Development of this Council discussed the issue of the commission for the collection of fuel surcharge (surcharge) and air passenger departure tax (APDT) by travel agents on behalf of other parties. Members of different professional background and political parties who spoke on the subject matter at the meeting considered that as travel agents actually paid operating costs and provided manpower to collect APDT but they did not receive proper compensation, the Government should pay the administrative fee directly to travel agents for collecting APDT on its behalf; and one Member explicitly requested the Civil Aviation Department to heed his views and change the existing system under which travel agents were requested by airlines to collect surcharge but without being given any commission by the airlines. However, the Government has so far not actively responded to the views of the Members. In this connection, will the Government inform this Council:

(a) given that the aforesaid Members have clearly indicated that the system which requires travel agents to collect APDT without receiving commission over the past years is unfair, why the Government has so far not yet switched to paying the administrative fee to travel agents instead of airlines for collecting APDT on its behalf, in order to respond to the views of the Members;

(b) whether the authorities have assessed the cumulative impact of the aforesaid system on the operation of travel agents in the past 10 years; if not, whether they will immediately make an assessment; and

(c) whether the authorities have considered setting up a government counter at the airport to directly collect APDT from passengers and, at the same time, collect the surcharge from passengers on behalf of airlines, so as to eradicate the aforesaid phenomenon of "travel agents bearing the responsibility of collecting fees on behalf of other parties but not being able to receive commission or recover their costs"; if not, of the justifications, and whether they will consider such an arrangement as soon as possible?

Reply:

President,

This serves as a consolidated reply from the Financial Services and the Treasury Bureau, Transport and Housing Bureau and Commerce and Economic Development Bureau to parts (a) to (c) of the question.

Under the Air Passenger Departure Tax Ordinance (Cap 140), airlines are responsible for collecting the air passenger departure tax (APDT) from departing passengers on behalf of the Government, and the Government may pay an administration fee to airlines for collection of APDT. Currently, the Government pays to airlines an administration fee of about \$2.79 (representing 2.322%) for every \$120 of APDT collected. The administration fee level is determined based on information provided by the airlines.

As air passengers may buy air tickets at different sales outlets, only the airlines are able to keep track of the actual number of departing air passengers, thereby facilitating the calculation of APDT payable to the Government. Hence, we consider that the current arrangement of having the airlines collecting APDT from departing passengers on behalf of the Government is appropriate and effective. The airlines' commissioning of travel agents for collection of APDT is a commercial arrangement between the airlines and the travel agents. It would not be appropriate for the Government to interfere. The Administration understands from the Travel Industry Council of Hong Kong that with regard to sales of air tickets, travel agents collect on behalf of the airlines not only the APDT but also other charges such as airport taxes or insurance premium applicable in other countries.

The existing arrangements that the Government collects APDT through the airlines and the airlines collect fuel surcharge through the travel agents are effective and convenient to passengers. The Government therefore has no plan at this stage to set up a counter at the airport to directly collect APDT and fuel surcharge from the passengers.

Ends