

90pc 'safety net' deal for travellers

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Customers are to be paid 90 per cent compensation if their travel agent goes bust, it was announced yesterday.

The increase, subject to Legislative Council approval, is expected to take effect before Christmas.

Travel Industry Council executive director Peter Siu King-sun said the growth of the Travel Industry Compensation Fund had been faster than expected, reaching \$20 million early this year.

"There are more and more people joining package tours and it is necessary to give consumers more confidence," he said.

He said industry turnover had increased 28 per cent to \$6.1 billion in the financial year ending in June compared with the previous period.

This was despite low profit margins among travel agents.

Mr Siu said the funding committee would discuss with the Financial Secretary how to reduce the levy imposed on travel agents which make up the fund.

The payout was increased from 70 per cent to 80 per cent when the fund reached \$100 million in 1993. The levy was then cut from one per cent to 0.5.