

PUBLIC CONSULTATION ON PROPOSED AMENDMENTS TO TRAVEL AGENTS ACT AND REGULATIONS

The Ministry of Trade and Industry (MTI) and the Singapore Tourism Board (STB) are seeking feedback on the proposed amendments to the Travel Agents Act and Regulations. The public consultation exercise will run from 21 June 2017 until 12 July 2017.

2 The review of the Travel Agents Act and Regulations is part of the Government's continual efforts to strengthen the regulatory framework and facilitate a pro-business environment in the travel agents industry as well as enhance consumer protection¹.

3 Senior Minister of State for Trade and Industry Ms Sim Ann said, "The majority of our travel agents are professional and conduct their businesses responsibly. But as the travel industry transforms and consumer expectations evolve, we need to update the regulatory framework to safeguard the interests of consumers and also ensure that the business environment allows travel agents to innovate and grow."

Key Proposed Amendments

4 The proposed amendments include additional measures against industry malpractices to protect consumers from errant travel agents, and enhanced investigative and enforcement powers. We also propose to remove some regulatory requirements to encourage innovation. Key amendments are:

Facilitate Pro-Business Environment

- (i) Introduction of tiered licensing regime. Entities that sell or arrange tours within Singapore without passenger-carrying conveyance such as walking or bicycle tours², would be exempted from needing a travel agent licence. Entities selling or arranging tours with passenger-carrying conveyance without accommodation can apply for a restricted licence with a lower paid-up capital and net worth requirement. This will foster a more vibrant and innovative local tour environment and enhance Singapore's destination attractiveness.
- (ii) Reduction of compliance costs. It is proposed to remove the requirement for travel agents to purchase fidelity insurance³ and include

¹ The Travel Agents Act (TAA) was last amended in 1993, while the Travel Agents Regulations (TAR) was last amended in 2007.

² As provided for under the Singapore Tourism Board Act and Singapore Tourism (Tourist Guides) Regulations, a licensed tourist guide is required for all guiding services that is provided to tourists in exchange for remuneration.

³ Fidelity insurance covers loss of monies, goods and/or property due to act(s) of dishonesty and/or fraud from employees of an organisation or company.

provision to allow travel agents to provide pro-rated refunds in cases where some travel products have already been consumed.

Enhance Consumer Protection

- (iii) Reduced “show cause” period from 21 days to 14 days. Travel agents will be given a shorter “show cause” period of 14 days to explain why they should be allowed to retain their licence, in the event that they are issued with a notice of suspension or revocation. This enables timelier enforcement actions and STB can require such travel agents to inform all existing and potential customers that they have been issued a notice or order of suspension/revocation so that consumers can make more informed travel decisions.
- (iv) Legislation of the additional licensing condition (ALC) requirement on travel insurance. It is proposed to legislate the existing ALC requirement for travel agents to seek and record the decision of consumers to consider purchasing travel insurance that covers for insolvency. This will ensure that consumers are aware of the precautions they can take to safeguard their prepayments against sudden closures.
- (v) Expansion of existing safeguards for changes to tours, inaccurate and erroneous advertisements, settlement of disputes, and cancellation of bookings. This will expand the safeguards beyond just sightseeing and shopping tours, as is currently the case, to also ensure consumers’ interest across all regulated travel agent activities.

Strengthen Regulatory Framework

- (vi) Enhanced investigation and enforcement powers and increase range of enforcement actions. STB will be empowered to gather evidence from relevant third parties, and take photographs, audio and video recordings, when investigating travel agents and unlicensed individuals/entities suspected of errant behaviour. The maximum fine for unlicensed travel agent activities will also be raised to S\$25,000 from S\$10,000 while the maximum composition sum for compoundable offences will be raised to S\$5,000, or half the maximum fine prescribed, whichever is the lower. Administrative financial penalties (AFP) will also be introduced and set at a maximum of S\$2,000. These proposed amendments aim to serve a stronger deterrent effect.
- (vii) Removal of Banker’s Guarantee option. Travel agents currently have the option to provide a Banker’s Guarantee in lieu of meeting the minimum S\$100,000 net worth requirement in order to be licensed as a travel agent. This option will be removed as it does not provide assurance that the travel agent is financially sustainable, and it does not provide any direct recourse in the event of insolvency.

5 STB works closely with the travel agent industry through regular engagements to gather industry input and feedback. There are also ongoing efforts to help the travel agent industry remain competitive by building capabilities and embracing innovation through initiatives such as the Travel Agent Roadmap in collaboration with the National Association of Travel Agents Singapore (NATAS).

Invitation for Feedback

6 We welcome members of the public to share comments and feedback on the proposed amendments to the Travel Agents Act and Regulation. Members of the public may access the public consultation paper via the [REACH website](#) or provide feedback to mti_feedback@mti.gov.sg. The public consultation will end on 12 July 2017.

Enclosure: (i) Consultation paper on proposed amendments to Travel Agent Act and Travel Agents Regulations
(ii) Annex B-1: Overview of key proposed changes

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