REPORT OF THE TOURISM WORKING GROUP

1. Preamble

1.1 This report presents the key findings and recommendations of the Tourism Working Group (TWG), one of the eight formed under the Economic Review Committee Sub-Committee on Service Industries. In its deliberations over the past nine months, the TWG examined Singapore's key visitor markets, strengths and weaknesses, as well as impediments that have hampered the growth of the industry. The TWG also sought the views of over 100 individuals from the tourism industry and relevant government agencies.

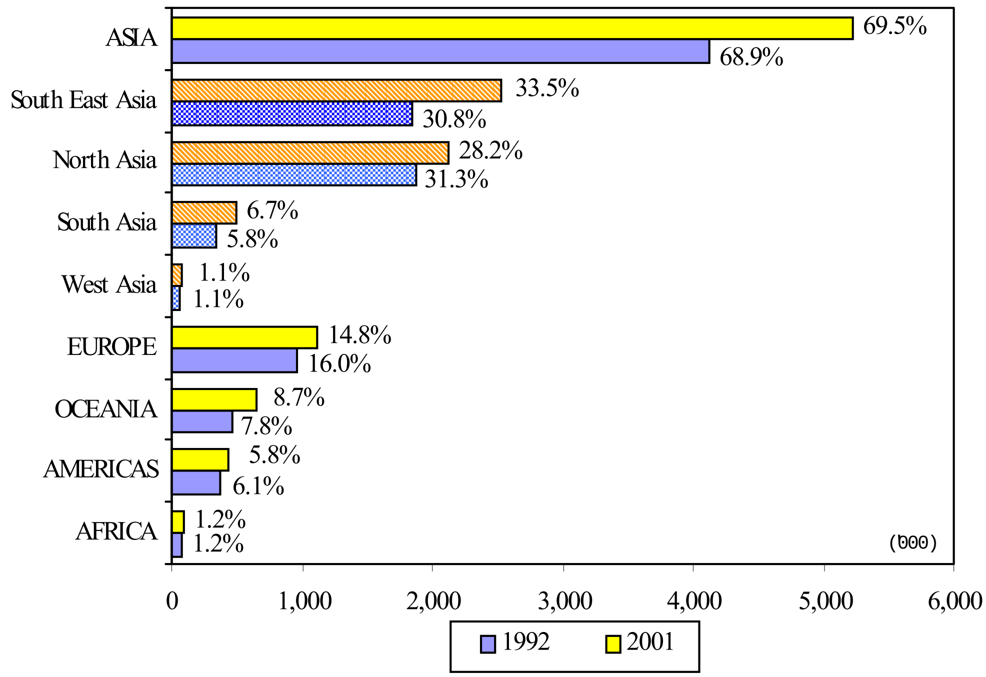
2. Industry Profile

2.1 Tourism is an industry of significance to the Singapore economy. It cuts across many services sectors, such as food and beverage, hospitality, retail, exhibitions and conventions, arts and entertainment, cruise and transport. Collectively, tourism contributes 10% directly and indirectly to Singapore's GDP[1] and accounts for 7% of the local workforce[2]. In 2001, Singapore recorded 7.5 million visitor arrivals and S$9.4 billion in tourism receipts, which represented 20%[3] of Singapore's service exports.

2.2 Collectively, countries within Asia have consistently contributed about 70% of the total visitor arrivals to Singapore over the past 30 years. Southeast Asia and North Asia are the most important visitor generating regions, contributing about 34% and 29% of total arrivals respectively. Amongst the western markets, Europe is the largest contributor, generating 15% of Singapore's visitor arrivals.

[1] World Travel and Tourism Council, Year 2002 TSA Research Summary and Highlights
[2] Department of Statistics 2001
[3] Department of Statistics 2001

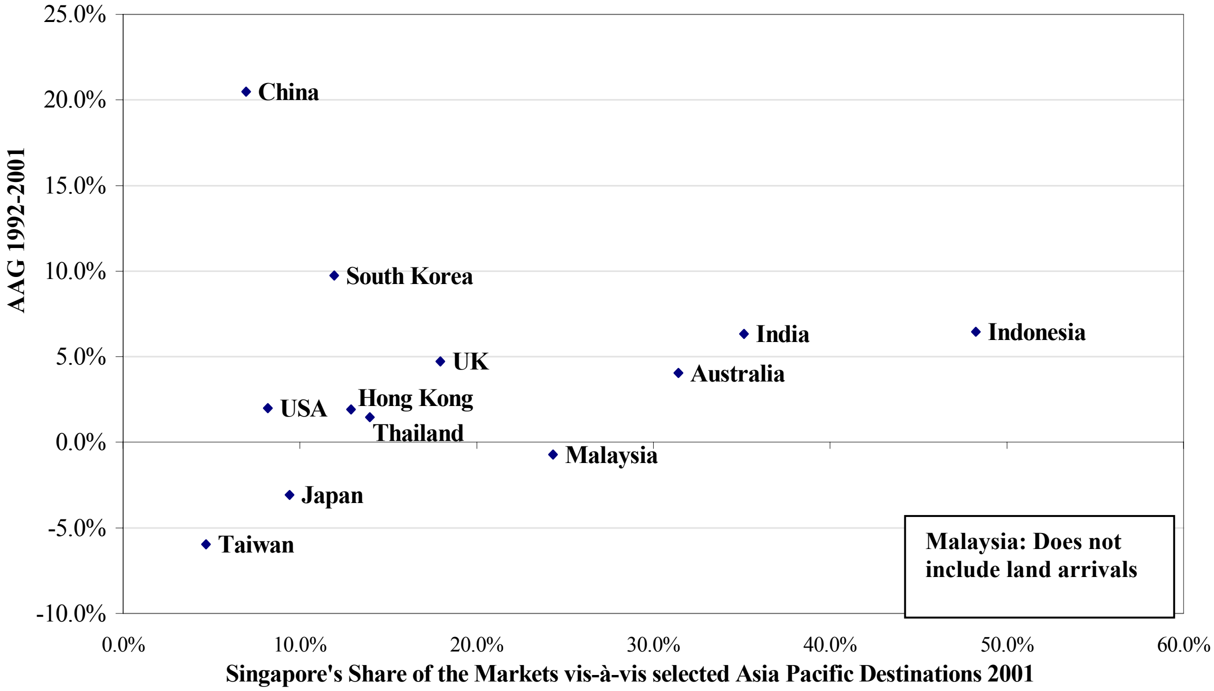
Chart 1: Visitor Arrivals by Regions, 1992 and 2001



2.3 From a growth perspective, Asia was again the star performer in the last 10 years, fuelled by a strong rise in traffic from China (+20.5% per annum), South Korea (+9.7%), Indonesia (+6.5%), and India (+6.3%). Western markets that did well included the United Kingdom (+4.7%) and Australia (+4.1%).

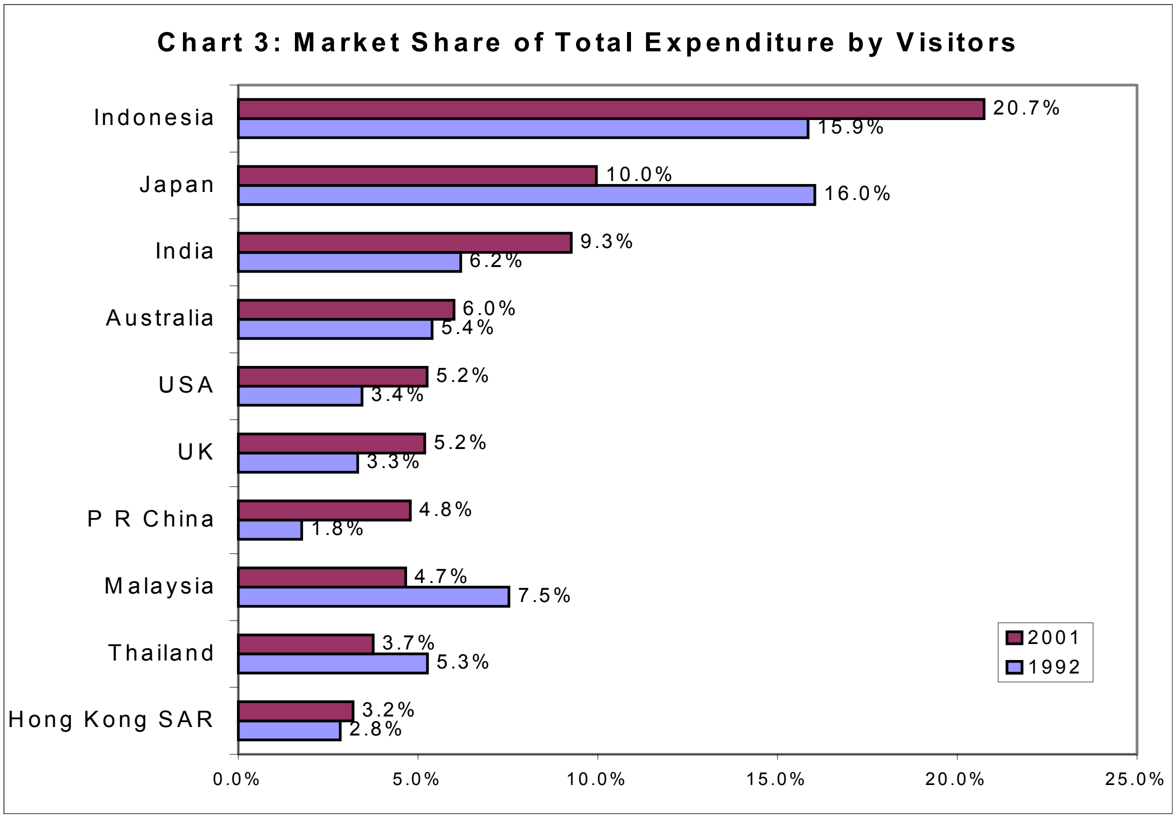
2.4 Compared with other selected Asia Pacific destinations, Singapore has significantly larger shares of markets like Indonesia, India, Australia and Malaysia. Singapore's shares of the Chinese and South Korean markets are likely to make further gains given their healthy growth trends.

Chart 2 : Growth Rates and Singapore's Share of Key Markets



2.5 In tandem with the rise in visitorship, the total expenditure incurred by visitors from Indonesia, China, Australia, USA, the United Kingdom and India has increased from 36% in 1992 to 48.2% in 2001. Gauging by per capita expenditure, visitors from the Indo-China and South Asia region are among the highest spenders in Singapore.

Chart 3: Market Share of Total Expenditure by Visitors



3 Singapore's Competitiveness

Strengths

3.1 Strategic Location. Situated at the heart of Southeast Asia and the crossroads of international air and sea routes, Singapore is already well positioned as a transportation hub. Reliable infrastructure and open skies policy have allowed Singapore to host a multitude of international airlines that facilitate the inflow of visitors. Singapore is also able to play the role of a gateway, offering visitors good connections and accessibility to regional destinations that are rich in history and culture, or to exotic holiday resorts, complementing what Singapore could offer.

3.2 Strong Brand Name. Singapore is recognised as a business city par excellence with good infrastructure, a highly educated and quality workforce, and a clean and safe environment. These are important attributes that have appealed to multinationals and business visitors. They enable Singapore to have an edge as a tourism business hub, and as a venue for conventions and exhibitions.

3.3 Asian Cosmopolitan City. The juxtaposition of the diverse cultural heritage within a modern society has given Singapore a unique image of a cosmopolitan city with a difference. This imagery provides subtle nuances to different markets, and offers attractive propositions to motivate tourists to visit Singapore.

Weaknesses

3.4 Small Domestic Market. In addition to the relatively high cost of resources, Singapore's small market base has made it difficult to develop and sustain certain types of tourism products found in other much larger countries, such as a major theme park.

3.5 Lack of Anchor Tourist Attractions. While Singapore has world-class attractions such as the Singapore Zoological Gardens and the Night Safari, more investment is needed in the attractions sector to ensure that Singapore provides more sightseeing options for visitors. This is crucial as sightseeing is one of the key activities visitors engage in while in Singapore.

3.6 Unfriendly entry requirements. Existing policies and procedures governing the inflow of tourists and businessmen from markets such as China, India, and the Middle East, have not been as conducive as they should. They can be improved to facilitate the flow of visitors from these markets without compromising national security and social concerns.

3.7 Regulatory Impediments. Certain existing regulations hamper the operations, as well as the creativity and spontaneity essential for the vibrancy of some tourism sectors, especially in the areas of food & beverage, nightspots, and events. For example, F&B operators currently face restrictions in bringing in foreign skilled manpower such as specialised chefs and musical talent due to requirements like education and language, which may not be important for these sectors. The awareness of Singapore as an eventful city with a vibrant nightlife continues to be overshadowed by strict rules such as the restriction on liquor serving hours and usage of the streets for retail activities and events.

3.8 Service standards in the industry are still low, compared to some of our regional competitors. Whether in shopping, dining or sightseeing, the general lack in professionalism embodied by deficient product knowledge or poor customer service results in undesirable experiences for our visitors. As tourism is a people business, this fundamental software problem has to be addressed to match initiatives in hardware improvements.

Opportunities

3.9 International arrivals into ASEAN are expected to show good growth. The contribution of tourism to Southeast Asia's GDP is expected to rise from US$93 billion in 2002 to US$225 billion in 2012.[4] China and India offer tremendous opportunities. Other emerging markets that could also be tapped include the Indo-China countries, Commonwealth of the Independent States (former Soviet Union) and the Middle East.

Threats

3.10 While new developments in the surrounding destinations help to enhance the overall attractiveness of the region, especially for long haul travellers, they would also compete for the attention, time and expenditure of prospective visitors. China, Hong Kong, Thailand and Malaysia are investing significantly on infrastructure, attractions, product development, and marketing to boost tourism. They have more human resources, land and much larger domestic markets to give them a competitive advantage over Singapore.

3.11 The growth in visitor arrivals and tourism receipts were affected in the last five years by the Asian economic crisis, the haze caused by forest fires in Indonesia, the September 11 incident, and the general world-wide economic slowdown. Such unpredictable external factors are potential threats to the growth of the industry.

4. Vision and Strategies

4.1 Taking into consideration the current state of the industry and the opportunities available, the TWG proposes the following long-term vision for Singapore:

"A vibrant and welcoming destination that offers visitors a diverse range of attractions and distinctive experiences drawing on its Asian heritage, and with tourism making an even more significant contribution to the economy."

4.2 In line with the vision, the following goals have been proposed:

- *To double Visitor Arrivals from the present level to 15 million a year by 2012; and*
- *To double the Tourism Receipts to S$20 billion a year by 2012.*

[4] World Travel and Tourism Council, Year 2002 TSA Research Summary and Highlights

4.3 To achieve the proposed vision and targets, the TWG has identified four strategic thrusts:

- Aggressively target and tap key and emerging markets;
- Develop Singapore as a regional tourism hub;
- Develop distinctive tourism products and experiences that appeal to the markets; and
- Develop more breadth and depth in making Singapore a tourism capital.

5. Strategic Thrust 1 – Aggressively Target and Tap Key and Emerging Markets

5.1 With a huge and growing population base of 1.26 billion and 1.0 billion respectively, **China and India** both have a huge reservoir of potential outward-bound travellers that remains untapped. Currently, less than 1% of their populations have travelled overseas. The World Tourism Organisation has forecasted that the outbound markets of China and India will grow at annual rates of 14% and 6% respectively, with up to 100 million outbound travellers from China and 6.7 million from India annually by 2020.

5.2 Nearer home, **Malaysia and Indonesia** have been two key anchor visitor-generating markets for Singapore. Indonesia was the top contributor to Singapore's tourism receipts in 2001. Malaysia continues to be an important source of arrivals. Other emerging markets worth developing include countries in **Indo-China, South Asia, the Middle East, and the Commonwealth of Independent States**, as the visitors from these places are amongst the highest spenders in Singapore.

5.3 Singapore must aggressively tap and grow the key and emerging markets by:

- offering distinctive tourism products and memorable visit experiences;
- relaxing visitor entry requirements;
- more aggressive marketing; and
- extending the focus of tourism beyond business and leisure travel to include education and healthcare services.

5.4 Recommendation 1: Offering distinctive tourism products and memorable visit experiences

It is essential that Singapore offer outstanding tourism products that would provide memorable experiences to our visitors so that they would be motivated to come and spend more time.

Feedback from travel agents and tour operators suggests that Asian visitors favour family-based entertainment, interactive and nature-based attractions, local food, and thematic zones such as the Singapore River. Events such as the Great Singapore Sale and Singapore Food Festival are also highly appealing. Shopping is another key activity for visitors from our key Asian markets, including China and India.

There is still a lot that needs to be done in terms of product development to make Singapore much more attractive to our visitors. Specific measures are addressed under Strategic Thrust 3. In the mean time, more emphasis should be placed on providing information and good quality brochures on existing attractions in the relevant languages. In addition, signage in relevant languages should be installed at frequently visited attractions and venues to enhance the quality of the visitor experience.

New developments such as the Esplanade – Theatres by the Bay should be leveraged aggressively to further position Singapore as a leading arts and entertainment centre in the region. More world-class productions should also be staged so as to entice regional visitors to return regularly for these performances.

5.5 Recommendation 2: Relaxing Visitor Entry Requirements

Currently, certain entry and visa requirements are not as welcoming to some visitors as they should be. Many affected countries are the key emerging markets that are important for Singapore. Easing these restrictions would help to put Singapore on par with the neighbouring countries, which have far fewer regulatory barriers than Singapore. This would project Singapore as a more welcoming destination, and encourage more visitors from the affected countries. They would otherwise give Singapore a miss and spend their time and tourist dollars elsewhere. Specifically, the following changes are recommended:

a) Improving Visa Requirements

These include:

- Relaxing visa requirements for visitors from the emerging markets, particularly those with rapidly growing outbound sectors such as China, the Commonwealth of Independent States (CIS) and Indo-China region. The processing time should also be cut down; and
- Instituting multiple-journey visas for visitors to facilitate more seamless travel between Singapore and destinations in the region. Such a change would encourage them to embark on more regional cruises, or make excursions to neighbouring attractions, using Singapore as the base.

b) Facilitating Malaysian Land Arrivals

Based on feedback and surveys, the perception is that the existing vehicle entry policies are not friendly towards visitors driving into Singapore. For example, Malaysian drivers find driving to Singapore expensive, and the need to rent and install an IU for ERP a hassle. To encourage more visitations from Malaysia, the TWG proposes introducing a less onerous mechanism such as a simple Day Pass system, and fine tuning some entry policies such as reducing the daily charge;

c) Allowing GST refunds at various land exit points.

5.6 Recommendation 3: More Aggressive Marketing

To grow our markets, it would be necessary to aggressively step up our marketing efforts. Specifically, the following are recommended:

a) Enhancing Singapore's presence in key or emerging markets such as China, Malaysia and Vietnam through establishing new STB representatives or marketing offices.

b) Intensifying marketing efforts in traditional markets such as Japan, United Kingdom, United State and Australia, which in the past have been amongst the top 10 contributors in terms of visitor expenditure. Slower or negative growth in these markets gives cause for increasing efforts to revitalise and enhance market share.

c) Reviewing, re-branding and re-marketing Singapore to be more relevant to the emerging markets. To keep Singapore prominent in the minds of travellers and attract even more visitors from the emerging markets, it is critical to re-examine our branding and positioning vis-à-vis other competing destinations. Marketing strategies and messages should be reformulated to distinctively appeal to different markets, particularly the Asian markets that currently account for 70% of Singapore's visitor arrivals.

5.7 Recommendation 4: Extending the Scope of Tourism beyond Business and Leisure Travel to include Education and Medical Services

With advanced healthcare facilities, availability of high quality medical practitioners, and a strong reputation of quality care, there is good potential for bringing in more foreign patients for medical treatment in Singapore. Indeed visitors coming for medical reasons have higher average per capita spending ($2,680) and longer length of stay (4.94 days) compared to the overall average of $758 and 3.19 days in 2001. Concerted efforts should be initiated amongst relevant agencies and entities to grow this segment through a more co-ordinated approach in marketing and servicing these foreign patients.

Tourism can complement and benefit from Singapore's aim to be an education hub in the region. Singapore could be promoted as a regional education centre to markets such as China and the South East Asian countries, offering a wide range of high quality educational possibilities. Attendant benefits include spin-offs to other key economic sectors such as property, hospitality, transport and retail. Marketing programmes should be initiated by the STB to foster synergistic values from the collective offerings by various educational institutions based in Singapore.

6. Strategic Thrust 2 – Develop Regional Tourism

6.1 Specific recommendations on how Singapore can help to develop regional tourism and to further enhance its role as one of the key tourism nodes include:

- Improving connectivity and expanding regional tourism offerings; and
- Grooming more regional tourism players.

6.2 Recommendation 2: Improving Connectivity and Expanding Regional Tourism

To further improve connectivity between Singapore and our major markets, and to expand tourism in the Asian region, the following should be explored:

a) Attracting greater numbers of charter operations into Singapore, particularly from cities not well served by scheduled flights and have visitor generating potential, for e.g. Russia and China. To this end, STB should promote and market such operations more aggressively in order to secure a greater number of charter operations into Singapore;

b) Exploring the possibility of encouraging "no frills" carriers to operate out of Singapore, to serve long haul, cost-sensitive travellers who have the desire to visit destinations in the region. These carriers can fly to secondary cities not served by the primary carriers; and

c) Initiating more joint marketing programmes with regional destinations. For example, more packaging and joint promotions could be carried out to twin Singapore with fascinating destinations in the region such as Angkor Wat (Cambodia), Pagan (Myanmar), Jogjakarta (Indonesia), and Kunming (China). Such programmes would appeal to long haul travellers from Europe and North America. To make their travel experience seamless and convenient, Singapore should work with the regional governments to improve accessibility and partnership. Local industry players should also take the initiative to pull together the necessary partners such as airlines, ground operators and hotels to create integrated regional products and booking. Specialised tour guides conversant with the history and culture of these places can also be trained, to provide a seamless and enriching guiding experience for visitors making a trip to these sites from Singapore.

6.3 Recommendation 3: Grooming Regional Tourism Players

Asia is extremely rich in history, culture, natural attractions, and well known for hospitality. Tourism will be an important source of growth for all countries. Singapore's tourism players can make a major contribution to this development. Singapore-based enterprises can play a key role: by investing in high quality tourism projects in Asia, especially in Indo-China, Indonesia, India and China, and bring their expertise, management know-how and capital to catalyse developments.

We now have a range of tourism operators with varying degrees of regional experience. Some are already playing major roles in regional development. Others are beginning to venture out. STB should take a more proactive role to help tour operators, expand their regional reach and source for joint venture partners. We should also encourage the more aggressive development and marketing of regional tour packages, linking Singapore with the regional attractions.

> Examples :
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> Kuoni Travel - the largest travel company in Switzerland, and one of the leading travel organisations in the world. Kuoni employs over 7,500 staff in 300 offices globally. World-wide turnover for the group in 2001 was over SGD 4.7 billion. Two years ago, about half of the company's turnover was generated in Switzerland. Today, revenue from outside the country has increased to more than 70 percent. In contrast to the other major European operators, Kuoni enhanced its position in markets outside Europe such as the USA and India. Kuoni has operating subsidiaries in over 20 countries in Europe, Asia, America and Africa.
>
> Thomas Cook – the second-largest leisure group in Europe. An integrated leisure group, it works right across the travel value chain, encompassing airlines, hotels, tour operators, travel and incoming agencies to provide its customers with the right product in all market segments throughout Europe. Its growth as a pan-European player can be traced to its aggressive acquisition strategy of well-known brands and companies such as Thomas Cook Holidays in the UK, and French travel group Havas Voyages.

7. Strategic Thrust 3: Develop Distinctive Tourism Products

7.1 The TWG has identified a number of niches and measures that would go towards enhancing the variety of possible tourism "heroes" and winners. The recommendations are:

- Creating outstanding experiential attractions;
- Developing Orchard Road into a world class shopping street;
- Establishing Singapore as the Food Paradise of Asia; and
- Developing a vibrant events scene in Singapore.

7.2 Recommendation 1: Create Outstanding Experiential Attractions

With neighbouring destinations possessing more competitive advantages to create new tourist attractions such as mega theme parks, which invariably require large capital and other recurring resource requirements, Singapore could instead leverage on its leading attractions and make them even better. The TWG recommends that the Government continue its support and facilitation in the rejuvenation and enhancement of Singapore's leading attractions. Such projects include:

a) Major expansion and enhancement of the Wildlife Reserves of Singapore's (WRS) attractions, namely the Singapore Zoological Gardens, Night Safari and Jurong Bird Park, to incorporate new thematic zones that offer unique, interactive and entertaining wildlife experiences;

b) Expansion of the Singapore Botanical Gardens (SBG) to house a botanical museum, horticultural centre and a gallery by amalgamating into its fold part of the adjacent land currently occupied by the Singapore Management University, which would vacate and move to its new premises in 2005;

c) Transformation of Sentosa into a unique resort destination at the doorstep of Singapore, including plans for:

- seafront development of a cluster of resorts, restaurants and pubs and sea sports facilities;
- development of an entertainment and night zone in the north;
- enhancement of existing successful products such as the Beaufort and Underwater World to make them bigger and better; and
- development of Sentosa Cove into a world-class waterfront lifestyle destination with 2,500 residential units, a marina, and a waterfront commercial area.

7.3 Recommendation 2: Develop Orchard Road into a world-class shopping street

As retail is still a key contributor to tourism receipts, Singapore must address the sagging motivation of visitors to shop here by enhancing the allure of its premier shopping district - Orchard Road. This would require significant physical improvements and the creation of a unique shopping experience to enhance vibrancy and differentiate Singapore from competing destinations.

Specific proposals include:

a) Inviting renowned architects to propose an integrated scheme for Orchard Road encompassing improvements in connectivity and landscaping as well as the creation of iconic structures. Gateway icons and features at major entry points should also be installed to help reinforce the identity of Orchard Road and provide visitors with a sense of welcome;

b) Creating an "Urban Garden" experience by re-paving the walkways, introducing aesthetic lighting, extending the lush landscaping, and providing co-ordinated street furniture and signage;

c) Implementing a network of underpasses and covered walkways to enhance pedestrian friendliness. More attractive incentives should also be offered to the private sector to develop connecting infrastructure between buildings and across and/or under the roads;

d) Encouraging continual upgrading and redevelopment of old buildings along Orchard Road by providing incentives (e.g. increasing plot ratios); and

e) Relaxing guidelines and streamlining of the multi-agency approval processes to allow and facilitate more retail activities and events along the streets.

7.4 <u>Recommendation 3: Establish Singapore as the Food Paradise of Asia</u>

Singapore's diversity of food offerings and its gastronomic culture appeal to all tourist markets. To increase tourists' expenditure on food and beverage (F&B) and to improve their dining experience, not only must Singapore's unique gastronomic identity be promoted beyond current levels, developmental and other policy issues should be implemented or revised to enhance the sector's "ecosystem".

The TWG recommends the following strategies to develop Singapore as the Food Paradise of Asia:

a) Market Singapore's unique and diverse food culture and promote local, iconic dishes, supported by the development of more in depth food-related marketing collateral;

b) Facilitate the development of a critical mass of international and western dining brand names as well as innovative concepts so that Singapore can boast a variety of new, exciting and quality branded concepts that are first-of- its- kind in the region;

c) Develop more iconic food venues to re-capture the unique buzz found in the olden days such as Bugis Street, Satay Club, and Gluttons' Square. Existing venues that have the potential such as the East Coast Seafood Centre, should be enhanced and promoted. New dining experiences, for example, having seafood at the *kelong,* could be developed;

d) Nurture local culinary talent through recognition and apprenticeship; where appropriate and applicable, facilitate established operations to upgrade, expand, collaborate and regionalise; and

e) Improve the standard of service and in parallel, encourage patrons to reward good service through tipping.

7.5 Recommendation 4: Develop A Vibrant Events Scene in Singapore

Infrastructure developments should complement the promotional plans and other on-going efforts by various government agencies, non-government organisations and other special interest groups to develop the arts and events sectors in Singapore. The TWG recommends the following measures:

a) The Marina/City Hall area could be developed into an Arts and Events District by utilising the natural cluster of historical buildings around the Padang for events and arts activities. Specific proposals include:

- Prioritising the development of Capitol Theatre into a performing arts theatre that can host long seasons of international and local performances;
- Increasing usage of the Padang on a more regular basis and especially during the weekends for public events and arts activities; and
- Using the historical buildings in the Civic District such as the City Hall for arts related activities and exhibitions.

b) Allocate a location for the creation of a permanent cluster and focal point for art galleries, which are currently found all over the city, and which offer no synergies that can be reaped from a collective identity.

c) Upgrade and improve Singapore's sports infrastructure in order to host world class sporting events. In particular, a world-class multi-purpose stadium should be constructed with high quality-supporting infrastructure such as broadband access, scoreboards, and corporate boxes. To promote the creation of a sports cluster, the area around National Stadium and the Indoor Stadium should be redeveloped into a grand Sporting District supported by sports and sports-related facilities such as a sports academy, sports clinic, and sports retail outlets.

d) To be able to host more quality meetings and exhibitions, associated facilities need to be improved. In particular, the Singapore Expo should be further enhanced and made flexible to cater to the varying requirements of larger, international tradeshows. In tandem with expansion of exhibition space, a good range of support facilities such as conference rooms, a 3-4 star business-oriented hotel, adequate car park space, F&B and retail facilities should be added on the present site and the vacant site adjacent to it.

8. Strategic Thrust 4 - Develop More Breadth And Depth To Make Singapore Into A Tourism Business Capital

8.1 Singapore should put in place the right structural and environmental elements for tourism enterprises to sink their roots here, and thrive in a vibrant tourism business ecosystem. These companies can offer distinctive tourism products that can enhance visitors' experience. At the same time, tourism companies should find it conducive to use Singapore as a hub for managing and operating their businesses in the Asia Pacific region. To achieve these goals, the following are recommended:

- Foster creativity among local tourism enterprises and entrepreneurs;
- Develop Singapore into a leading tourism education services hub;
- Attract global tourism players with aggressive investment promotion;
- Improve the operating environment for tourism businesses
- Raise service standards among tourism workers; and
- Establish a Tourism Investment Fund.

8.2 <u>Recommendation 1: Foster Creativity amongst Local Tourism Enterprises and Entrepreneurs</u>

Creativity underpins the lifestyle and other knowledge-based sectors that develop innovative concepts, ideas, products and services for consumption. Singapore needs to ensure that it has the right environment to encourage more indigenous talent and entrepreneurs to produce a wide variety of products and services that would appeal to the public and tourists. Currently, many of the lifestyle products here have been imported from abroad. This could result in Singapore being undifferentiated from many destinations in terms of product offerings.

The infusion of creative elements by local talent, especially those influenced by Singapore's very own historical, social and cultural contexts in the arts, food, fashion, handicrafts, luxury items or other lifestyle products would create unique propositions and provide a local sense of place to the visitors. Those with wider or popular appeal would have the potential to be Singapore's very own mass lifestyle exporters.

> Example :
> A good example of application of creativity and innovation is the Montreal-based Cirque du Soleil. The company has succeeded in evolving a totally new concept of entertainment, based on circus acts and street performances, which are staged to original music, stunning costumes and spectacular sets. This level of artistic packaging has added a touch of sophistication and created a new product for audiences to enjoy.

Although the situation cannot be addressed overnight, the TWG felt that certain steps could immediately be taken to address the issue:

- Developing an affordable showcase cum retail space to host and feature regional and local creative talent and entrepreneurs for arts, handicraft, fashion, and cuisine;
- Nurturing talent in product conceptualisation and design through scholarships, awards and professional entities;
- Providing advisory to entrepreneurs and local companies on packaging, branding, and intellectual property rights for products with the potential; and
- Attracting and facilitating foreign creative talent to work in Singapore for a fixed period (e.g., 2 to 3 years) to exchange ideas with local talent.

8.5 Recommendation 2: Develop Singapore as A Leading Tourism Education Services Hub

Singapore has not fully exploited the potential of implementing and offering a holistic system of tourism education that caters to different strata of professional needs for Singapore or the region. With the market potential for tourism education estimated at around S$80million a year, Singapore should capitalise on its strong brand name and strategic location to offer tourism education to students from around the region.

The recommendation is to offer a complete, accredited framework covering three key areas:

- Short-term as well as full-time skill-based training up to the Diploma level;
- An undergraduate degree programme; and
- A Master's degree programme, as well as executive development programmes for tourism professionals, run preferably in conjunction with a world-class university.

Government support will be critical to realise this vision. Incentives and assistance should be also provided to help these programmes get started. These would include possible accreditation by the Ministry of Education (MOE), provision of land at institutional rates, development grants for the construction of school facilities, as well as subsidies for local students.

8.4 Recommendation 3: Attract Global Tourism Players through Aggressive Investment Promotion

Singapore can serve as an attractive base for a range of international players, with creative and attractive lifestyle products. We can also be a headquarters for global players. Today, hospitality headquarters in Singapore contributed about S$85 million in total business spending in 2001. This is very low compared to the potential growth.

Singapore can be positioned as the premier destination in the region boasting a host of world-class travel & leisure brands, thus bringing the best in the world of lifestyle experiences to the doorstep of our neighbouring visitor source markets. This will help to raise our appeal as a tourist destinations and provide Singapore with unusual and landmark retail, F&B, spa concept stores such as Shanghai Tang, Manchester United Flagship store, Igors, Amrita Spa and Metropolitan Museum of Art shop and Insomnia The Nightclub.

The primary recommendations to attract global players include:

- Devising a different set of assistance schemes that are more geared towards services companies, as the current criteria are generally more manufacturing-centric;

- Fast-tracking the process of new tourism business HQs establishing their base in Singapore by offering an integrated package of business support to help these companies set up operations in Singapore. Such services can include basic business services as well sharing of market information, and finding local/regional partners; and

- Attracting a wider range of world-class tourism organisations to set up operations in Singapore. A broad-based approach should be taken, to pursue the creme de la creme across a wide spectrum of tourism-related businesses in the value chain, from firms offering professional services to international associations.

8.5 Recommendation 4: Improve the Operating Environment for Tourism Businesses

For tourism businesses to thrive the operating environment should be made more conducive and at the same time free of unnecessary impediments that would stifle growth and creativity. A fine balance of control and liberalisation should be struck that will create fertile grounds for new business ideas to be implemented.

The operating environment for tourism businesses could be improved through judicious application of incentives and relaxation of regulations. Details of each are as follows:

Incentives

a) Assistance schemes should be devised to aid development in the following areas :

- Sponsorship of arts and events, and for bringing in approved foreign participants (for e.g. artistes and athletes);
- Development of new hotels and refurbishment of existing hotels;
- Development of and investment in innovative product concepts in the F&B sector.

b) To encourage the development of more budget or mid-range hotels, flexible, short-term and renewable leases offered at non-core areas should be explored.

Easing Regulations

c) Easing regulations governing pubs and nightspots. There are various regulations governing pubs and nightspots, which the industry would like to see changed. These include restrictions on operating hours for serving of alcoholic drinks in the tourist belt, the prohibition of live entertainment at certain places such as the Mohammed Sultan area, as well as rules and regulations on dancing.

d) Supporting the formation of an industry-led body to develop nightspots in Singapore. Local nightspots form an important part of the Singapore experience for visitors. It is recommended that a body comprising key members of the industry be formed as a platform to foster self-regulation, and to resolve industry issues with the relevant authorities. The body can also encourage collective action to promote and develop their respective zones.

e) Ease restrictions on foreign talent. In the tourism industry, in particular the F&B and nightspots sectors, operators currently face restrictions in bringing in foreign skilled manpower, such as specialised chefs and musical talent, due to requirements like education and language, which may not be important for these sectors. Some of these foreign talent, especially chefs from around the region, could not meet the $2,500 monthly salary level to qualify for employment passes, as some restaurant operators felt that it is not necessary to offer such high salaries. It is proposed that different criteria be used for foreign manpower in some tourism sectors. The easing of the current regulation would help to attract more foreign talents into the tourism sector to enhance the vibrancy.

8.6 Recommendation 5: Raise Service Standards among Tourism Workers

The TWG has noted that the general standard of service in Singapore is deficient and lags behind other destinations such as Hong Kong and Thailand. The TWG also recognised the efforts on the part of the STB to promote the development of service standards through nation-wide recognition and training programmes such as the Art of Service Mastership and Tourism Awards.

While such programmes are worthwhile and must continue to be pursued and supported by the relevant agencies, organisational reward structures must act in tandem in order for tourism workers to recognise that they are stakeholders in ensuring good services are delivered. Well documented examples such as the Ritz-Carlton and Giordano bear testimony to employers going beyond exhortation into action, and the ultimate realisation of a virtuous cycle in motivated employees delivering good service, thus attracting more repeat clients and businesses.

Employers and workers in general must recognise the increasing need to base rewards structures on service levels and businesses derived. To foster this development in general, pertinent agencies such as the STB, Ministry of Manpower, Singapore National Employers' Federation, and the National Trades Union Congress should collaborate and come out with practical implementation programmes.

8.7 Recommendation 6: Establish a Tourism Investment Fund

Trends in the past few years point towards the inadequate private sector interest and appetite to participate in major tourism projects. In the absence of Government or other third-party intervention, projects failing to take off due to shortfalls in financing will eventually affect Singapore's attractiveness as a destination and its ability to attract tourists.

To provide the necessary tools to bridge the financing gap, the TWG recommends that a Tourism Investment Fund be set up and administered by the Singapore Tourism Board (STB). It could start off with a seed funding of S$100 million drawn from the statutory board's reserves. Funds should be set aside for investments in strategic projects in Singapore with economic spin-offs to other sectors, particularly those related to anchor projects and attractions crucial for the longer-term competitiveness and performance of the industry.

9. Conclusion

The Tourism Working Group believes that there are great opportunities to be tapped, given the emergence of major markets like China and India at our doorsteps. There is therefore tremendous potential in developing the Singapore tourism industry to make it a key engine of our economy. Strong support would be needed from the Government for the implementation of the proposed recommendations and to help the industry realise the goals and vision.