

Speech by Dr Goh Keng Swee, Deputy Prime Minister and Minister of Defence at the Annual Dinner of the Singapore Society of Tour Agents at the Island Ballroom, Shangri-la Hotel on 15th December 1976 at 8.00 p.m.

I am happy to be present at your annual dinner. May I take the opportunity to make some observations about the tourist industry.

Over the years, the growth of tourism in Singapore has been impressive. We had about 100,000 tourist visitors in 1965; last year almost 1.2 million visitors came here. This is a 12-fold increase over ten years, or an average annual growth of 29.1%. This year, we are likely to pass the 1.3 million mark and according to the Singapore Tourist Promotion Board's Projection, the number is expected to double by 1981 to reach some 2.5 million.

When the Changi Airport becomes operational, we can receive more tourists. The Ministry of Communications estimates some 20 million passengers would be passing through Singapore by 1990. On the basis of past ratios, some 5 million would be staying behind as tourists. The average tourist stays 5.3 days in Singapore and spends \$527. The amount of foreign exchange earned from tourist spending in 1980 would be in the region of \$2.6 billion as compared to the \$616 million in 1975. If we take into consideration employment created in hotels, passenger revenue to SIA, and shopping by tourists, you can see that the contribution of the tourist industry to Singapore is very large.

But if we are not careful, there could be unexpected problems. I will refer to these later.

In August 1973, at the official opening of the Mandarin Hotel, there was some gloom over the temporary hotel glut. The hotel occupancy rate then stood at 65.7% and I sounded an optimistic note by suggesting that it could be the beginning of an upward trend. Events have happily borne out my forecast. At the end of 1975, there were 69 gazetted hotels with a total capacity of 9,904 rooms. The occupancy rate rose to an average 78.3% at the end of last month. There is now an air of confidence in the tourist industry and some hotels are forging ahead with new expansion plans. By 1980, another 3,000 more rooms would be available, bringing the total to some 13,000 rooms. But on the basis of past trends, this may not be enough if we see good recovery of the world economy starting soon. However, this is a big "if".

Growth in numbers is not all that matters. Singapore must achieve a high standard of service and efficiency to ensure that visitors arriving in Singapore return with pleasant memories. The recent implementation of "The Travel Agents Act 1975" and "The Travel Agents Regulations 1976" to license travel agents who provide tour and travel services to visitors in Singapore is intended to raise standards. Among other things, a Compensation Board was set up to compensate travellers who may suffer from the financial collapse of a travel agent or from the malpractice of a travel agent. We have witnessed the bankruptcy of some of the

largest tour operators in UK in recent years, when thousands of frustrated tourists were stranded at airports and hotels. So far, Singapore has not undergone such nasty experiences. It is important that visitors who come here to enjoy themselves are not mistreated. Singaporeans would feel disgusted too, if they have to undergo such unpleasant experiences when travelling abroad. Therefore, the tour agents have a big responsibility not to let the visitors down and ensure that they get value for their money.

In recent years, the number of Asean visitors to Singapore has increased. Between 1971 and 1975, it grew at an annual average of 17.5%. Asean visitors to Singapore in 1975 numbered some 300,000 and this represents about 26% of total tourist arrivals in Singapore. Singaporeans themselves are mighty travellers. We live in a congested island and claustrophobia comes easily. In 1974, some 560,000 visits abroad were made by Singaporeans and the number is interesting. Unlike most Third World countries, Singaporeans are not constrained by foreign exchange controls and this is as it should be. Those who have earned their money have the right to spend it as they wish. They too must be properly served by travel agents.

Slightly more than half of the 560,000 visits by Singaporeans were to Asean countries. The high level of intra-Asean tourist trade is gratifying. Close neighbours can get to know each other better, appreciate their respective cultures and understand their living conditions.

However, I would like to remind Singaporeans that when visiting neighbouring countries, they must conduct themselves with patience, courtesy and decorum. There is no need to raise a scene over minor things when treatment or service differs from what they are used to in Singapore. Too many of such incidents have come to my knowledge. No doubt the persons concerned were a boorish ill-mannered minority, but they give all of us a bad name. Singaporeans travelling abroad carry the Singapore name with them and the repute Singapore gets abroad is partly formed by the impression they leave behind.

The rapid growth of the tourist trade has both its blessings and problems. On the one hand, it has contributed to significant foreign exchange earnings created employment, and added to the construction boom in the recent past.

This is for the good. But can we keep on growing for ever? Let me return to the 1990 estimate I referred to earlier, when some 5 million tourists are expected to come each year. We need more than 40,000 hotel rooms to house them. This means building some 210 new hotels of the same average size of to-day. Where to site these? Even if we can squeeze them somewhere, how long more can we keep going? We will need to employ some additional 50,000 workers in these new hotels. Where do we get them when the number of school leavers will decline quite rapidly each year in the 1980's because of family planning? More than 70,000 foreign visitors will be moving about on any one day, adding to

traffic congestion. They will go to our gardens, places of amusement, beaches, and restaurants. Our golf courses will be teeming with them.

I am not suggesting that we would have reached the limits to growth by 1990. For one thing we cannot be certain whether 15 year projections of tourists' arrivals will actually come true. But sooner or later, as the Singaporean finds he gets crowded out by overseas visitors in available places for recreation and relaxation. He will wonder whether all this is really a good bargain.

What I am proposing is that we should look closely at the long term problems which will arise from limitation of space, slow growth of population and the requirements of our own citizens when these have to compete with the demands of the overseas visitors. When we have understood these matters better, we can probably raise the maximum number of tourists we can receive each year and still provide tourist visitors and local citizens with enough elbow room.

We can also ensure that every increase in the number of arrivals each year gives the optimum return to our economy. These are matters for close study by the experts both in the tourist industry as well as in government planning agencies. It is a pleasant problem to work on, unlike many situations which the government has to deal with, the solution to which often requires the enforcement of unpopular measures. The problem is still a long way off. That's why it is better to start working on it now, rather than to wait until it is upon us when many options would have been closed needlessly for want of foresight.