

TOUR OPERATOR AND TRAVEL AGENT Summary

This paper sets out the policies for tour operators and travel agents.

The sector has undergone a lot of changes since liberalisation in 1993 and the number of operators has increased from three to eight. This paper provides a comprehensive guide for the development and operation of the sector and to update on these areas in order to harmonise with other developments in tourism. Some of the policies are legislated in the Licences (Tour Operator and Travel Agents) Regulations. These policies cover:

- Bank Guarantee: requires tour operator to provide a guarantee to the SLA.
- Scope of licence: defines the activities that tour operators are allowed to undertake under their licences.
- Qualification: this stipulates the qualifications for tourist guide services offered by tour operators.
- Transport: allows tour operators to have their own buses or to hire out from SPTC or licensed omnibus operators.
- Office: outlines where an office can be located and its requirements.
- Insurance: requires appropriate insurance policies.

TOUR OPERATOR AND TRAVEL AGENT GUIDELINES AND POLICY

DEFINITION

The activities and definition of a **tour operator** in the *Licence (Tour Operator and Travel Agent) Regulations* are as follows:

Tour operator means a person who, on a commercial basis –

- (a) makes, directly or indirectly, arrangements for the carriage of tourists, or the carriage of their baggage or goods by any means whatsoever; or
- (b) makes arrangements for lodging, transport or other services relating to travel of persons within Seychelles or who arranges entertainment, sight-seeing excursions or guide services, whether such arrangements are made on the basis of comprehensive, all inclusive, rate or on the basis of separate charges in respect of each service provided.

LICENCE REQUIREMENTS

Before an applicant is granted a tour operator licence, he must comply with the following:

1. have a paid up capital of R300,000;
2. be incorporated under the laws of Seychelles;
3. provide a bank guarantee of at least SR 2 million to the SLA; and
4. submit an affidavit that the applicant, its directors, shareholders or managerial staff do not have any shares in a **car hire** or other **tour operating** company.

These requirements are explicitly stated in the licensing regulations.

TRAVEL AGENT

Travel agent means a person who, on a commercial basis, has authority in respect of sales for airline and other carrier, either directly or indirectly.

The policy on investment for travel agent is reserved for Seychellois only.

The policy statements in this paper are mainly applicable to tour operators whose core business is the handling of incoming visitors.

ONLINE BOOKING AGENT

There are also currently local businesses which act as booking agent for services provided by other tourism operators, such as booking of hotel rooms or airline tickets, and they operate online only. These online booking agents conduct their operations through the Internet only via their own website. They do not have an office to receive clients.

This is a new type of business opportunity for locals to participate in the tourism industry. No licence is required to set up this type of activity but they must register with the Seychelles Revenue Commission.

COMMISSION AGENT

Commission agent means *any person who by way of business transact or arrange business for any person in consideration for a commission or other remuneration.*

There are persons who hold licences as **commission agents** who erroneously believe the licence allows them to meet clients at the airport and transfer them to hotels on behalf of overseas travel companies selling Seychelles as a destination. However, this is not covered under a *commission agent's* licence.

Under present licence regulations, anyone wishing to meet clients at the airport and transfer them to a hotel (or vice-versa) on a commercial basis needs a licence as a tour operator or a taxi operator.

POLICY STATEMENTS ON TOUR OPERATORS

Policy 1

Ownership/Investment

A tour operator licence shall be granted only to a company having a minimum shareholding of not less than 51 percent held by Seychellois citizens.

A tour operator licence shall be granted only to a company incorporated in Seychelles having no less than 51 percent of the shares held by Seychellois citizens.

A licence for travel agent shall be reserved exclusively Seychellois.

Policy 2

Bank Guarantee

A tour operator must provide a bank guarantee of not less than SR 2 million to the Seychelles Licensing Authority in order to be licensed.

In order to be issued a licence, an applicant for tour operator shall submit to the SLA a bank guarantee of at least SR2 million. The requirement to provide a bank guarantee is to ensure that other service providers get paid in case the company is unable to pay its bills or decides to close down.

Operators currently operating within the market shall not be required to increase the bank guarantee from SR 1 million to SR 2 million until such time as the license is being renewed.

Policy 3

Scope of Licence/Transfer

A tour operator shall operate and function as per the conditions of the licence issued by the SLA.

The licence allows a tour operator to act primarily as an intermediary between the clients and other service providers such as accommodation, car hire operators and others. This licence also allows, among other services, meeting clients and transferring them to and from the airport.

Policy 4

Agent/Representative

Foreign tour operators and travel companies may only be represented in Seychelles by locally licensed tour operators.

Any person who wishes to act as an agent or representative of an overseas travel company in Seychelles must possess a tour operator's licence. Only licensed tour operators are allowed to represent or act as agents of foreign travel companies who sell Seychelles.

Should the overseas travel company wish to have its own dedicated representative in Seychelles, the agent or representative must be attached to a locally licensed tour operator. All ground handling services must be done through a locally licensed tour

operator. The foreign travel company cannot provide these services directly to its clients or through an individual acting as agent.

Policy 5

Tourist Guide Service

Tour operators may offer tourist guide services.

Tour operators may offer tourist guide services as per section 7(2) of the *Licences (Tourist Guide) Regulations* without paying a separate licence. The guides must be Seychellois nationals and be qualified as per policy 6. Non-Seychellois or Seychellois with knowledge of a particular language may be engaged for their language skills. They may also contract out to licensed tourist guides.

Policy 6

Qualification

All tourist guides shall possess the necessary qualification as per policy on tourist guides.

Guides employed by tour operator must also possess the necessary qualification as would an independent guide as per the policy on tourist guides and be subject to the conditions and code of ethics under the tourist guide licence.

Exception to this policy shall be made with respect to STA students (from the appropriate course) on work attachment.

Policy 7

Buses/Chauffeur-Driven Cars

All licensed tour operators may own their buses and chauffeur-driven cars for transfers or taking clients on tours.

Since tour operators engage in the transfer of clients, they may own and operate their own buses and own chauffeur-driven VIP cars. These buses and chauffeur-driven cars are to be used for their core business (transfers and tours).

Alternatively, a tour operator need not own its own buses but they may hire buses from a licensed omnibus operator or SPTC.

Policy 8

Integration

A tour operator is not allowed to own or have interest, directly or indirectly, in another tour operator or car hire business.

Under the licence regulations, a tour operator is not allowed to have interest in another tour operator or car hire. Regulation 7(1)(m) states, “*The holder of a licence to carry on business as a tour operator shall, while being the holder of the licence, not own and ensure that its directors, shareholders or managerial staff shall not own any shares in a hotel, hiring car business, or any other tour operating company.*”

Policy 9

Office

All licensed tour operators must have an office for the administration of the business.

All tour operators are required to have a proper office from where the business shall be administered.

Policy 10

Risk Management Plan and Insurance Cover

All tour operators should have a risk management plan for risk reduction, disaster preparedness and emergency response. They should also have appropriate insurance policies according to the size and type of operation services provided to cover activities provided within their business.

All tour operators should have a risk management plan that for risk reduction, disaster preparedness and emergency response and they should also have appropriate insurance policies to cover both activities provided within their business and their clients. Note that the insurance policy shall be in addition to the bank guarantee stated in policy 2.

Policy 11

Statistics

All tour operators are required to submit information and statistics to the Tourism Department, Seychelles Licensing Authority or National Bureau of Statistics.

When one is licensed and in operation, the tour operator must comply with certain conditions under the licensing regulations, among those are record-keeping of details of clients and total receipts. Regulation 7(1) of *Licence (Tour Operator and Travel Agent) Regulations* requires tour operators to keep such records and submit them not later than three months at the end of each year or whenever requested to do.

Department of Tourism
July 2015