

Report of IPS Roundtable**“Singapore’s Integrated Resorts: The New Game in Town”****By Ronald Tan and Dr Derek da Cunha****Bukit Timah Campus – Law Faculty Block B, Seminar Room 2-1****4 February 2010**

The Institute of Policy Studies (IPS) organised a roundtable discussion on the possible impact of the launch of the two casinos within the Integrated Resorts (IRs) due in early 2010 in Singapore. The session was chaired by Ambassador Ong Keng Yong, Director of IPS and featured speakers Mr Ronald Tan, gaming consultant and Dr Derek da Cunha, independent scholar and author of book entitled *Singapore Places its Bets: Casinos, Foreign Talent and Remaking a City-state*. Mr Tan shared his insights on the branding position and business strategy of the IRs from the perspective of an industry expert while Dr da Cunha commented on the potential social ramifications of their activities.

Mr Tan started by saying he was convinced that regulators and regulations relating to how casinos operate in Singapore would be robust enough to ensure safe gambling given the country’s reputation for good governance and security. The IRs of which the casinos were a part, would improve Singapore’s image of being too sanitised and straight-laced, and bring about tremendous economic benefits. It was projected that they would attract 17 million tourist arrivals annually which would generate over \$30 billion in tourist expenditure and create over 100,000 jobs by 2015. There was also the potential for them to provide a test-bed for cutting-edge technology to address issues like identification, fraud, counterfeit detection and even detection of problem gambling.

Mr Tan cited three key trends that would shape the new industry in Singapore. First, that the betting sizes had increased so much that \$200,000 was the norm among the high-rollers; second, that the junkets now played a very large role in bringing in the business; and third, that the high-stakes game of baccarat was very popular in casinos around the world, and would likely account for 80% of turnover at the IRs here.

Dr da Cunha’s presentation focused on the social consequences that could result from the development of the IRs. He argued that the negative social impact of the casinos was likely to be significant especially given the following trends – first, that Singapore was at a very crucial juncture of its evolving demographic profile as a considerable number of baby boomers would be entering retirement or semi-retirement. It would be important to consider what it might mean if a proportion of retirees were to frequent casinos and lose a substantial portion of their life savings. Second, syndicates, mafia-type organisations and secret societies with international links involved in criminal activity such as loan-sharking, prostitution, drug-trafficking and money-laundering were likely to descend on Singapore since it was a latecomer to the scene and did

not yet have the experience in dealing with them. Third, the presence of casinos was also likely to result in an increase in the crime rate, as gamblers who had depleted their resources would turn to theft to finance their habit.

Dr da Cunha said that the 'relative convenience approach' of restricting the frequency of access to a casino was likely to be more effective than financial levies for the prevention of problem gambling. The cost of \$100 per entry or \$2000 per year was unlikely to deter habitual gamblers who were prepared to scrimp on the basic necessities of life to visit the casino and spend thousands of dollars at the tables. He cited how the Russian authorities had decided to relocate casinos to far-flung regions to reduce their negative social impact on their urban populations. Likewise, Genting Resorts in Malaysia and Macau were relatively long distances from Kuala Lumpur and key cities in China respectively and helped to mitigate the social impact of gambling. Dr da Cunha also referred to a study of 2,631 American adults which discovered that a casino within 10 miles of home was associated with a 90% increase in the odds of being a pathological or problem gambler.¹ Hence, the negative social impact of the casinos was likely to be high as Singapore was so small. If it were possible, Dr da Cunha would prefer if the rules restricted the frequency of visits rather than just an entrance fee to deter problem gambling.

In the discussion, a participant said that the doubling of investment costs in the IRs from initial estimates and the tender price would lead to great pressure on operators to find ways to recoup this money through gambling activities. The total project cost stood at \$6.6 billion for Resorts World and S\$7.6 billion for Marina Bay Sands. Mr Tan said that the expected turnover needed to recover these investments would be in the order of \$15 million a day as opposed to the original estimate of \$10 million. This could be achieved, for instance, with aggressive marketing through overseas junkets (although Marina Sands had announced it would not be resorting to junkets for its business). Dr da Cunha cited how Marina Bay Sands managed to have the government agree to increasing the number of tables in the casino with a larger proportion dedicated to high rollers. In this way, the government too could succumb to pressure to ensure that these large investments and iconic projects did not fail. The government would require the will to ensure that all the regulations and restrictions were properly enforced and not be relaxed along the way.

The issue of whether the Integrated Resorts would lead to the exporting of social ills was raised. Tourists could come from the region to gamble but take the problem of gambling back home. A participant asked if this might have any impact on foreign relations. Dr da Cunha saw that this was likely to bring about fresh impetus on the part of the Indonesian government to implement an extradition treaty with Singapore. This was due to concerns of previous and potential exodus of Indonesian money, as many of the Indonesians residing in their home country and in Singapore may frequent the casinos.

¹ John W. Welte et. al, The relationship of Ecological and Geographic Factors to Gambling Behaviour and Pathology Journal of Gambling Studies, Vol. 20, No. 4, Winter 2004, 405-423.

As a governance process, Dr da Cunha said he wished the decision on the Integrated Resorts had been informed by a rigorous social impact assessment by an international panel. He drew a parallel with the proposal for the Mass Rapid Transit system in Singapore decades ago.

In closing, a participant raised the point that the new game in town was perhaps online gambling rather than of the Integrated Resorts, for which there was very little that could be done to ensure that problem gambling and the social harm attending could be controlled among the local population.

* * * * *

Recorded by Ms Debbie Soon, Research Assistant, Politics and Governance Cluster.

