

Highlights of Media Conference on 29 December 2004

Opening Remarks by Senior Minister of State Vivian Balakrishnan

Over the last nine months, we've had a very frank, sincere and honest exchange of views across the entire spectrum. I think this is a topic which has aroused considerable public interest and many people have written in, have expressed their views candidly and with deep conviction. Let me just say for the record that I deeply appreciate this exchange that we've had.

At a national level, I think Singapore is moving its discussion of national issues up one notch and as we will see later on as we discuss this proposal that it has made an impact on the shape and form on which this would develop.

I also want to emphasise that at this point in time, the government of Singapore has not yet arrived at a decision point on whether or not it will allow gaming facilities or a casino to be present in an integrated resort. This is worth repeating. We have not yet arrived at that decision point. What we will be doing is to formally invite all potential investors to submit their concept plans of what they will do if they intended to develop and run an integrated resort in Singapore and if they wanted to provide gaming facilities, how they would do this within the constraints that we will impose on them.

We'll give them a deadline till the end of February. At that stage we would evaluate their concepts, decide whether it is worth pursuing. It is a request for concept plans, it is a statement of minimum social safeguards, and it is to enable us later on to make decisions on the basis of hard data and specific plans, not to make decisions in vacuum, or on the basis of assumptions and suppositions and sometimes just ill-conceived ideas.

Q&A Session

Integrated Resort Concept

Question: One could argue that Sentosa is already an Integrated Resort. You are saying that a decision would have to be made on a proposal that might be with or without a casino. What would actually be the value of an Integrated Resort without a casino? What is the timeframe? When is the soonest you'll get a reply, when are you expecting to make a decision, and when is the likely date the resort will be completed at the earliest time?

Reply by Dr Vivian Balakrishnan:

Sentosa is already a significant resort island in its own right and has a wide spectrum of attractions for families, children and adults. But we're thinking of something on a much larger, more sophisticated scale and scope which hitherto does not exist in one comprehensive single package. So it is something beyond what we currently have in Sentosa or in Singapore.

Many people, in particular overseas investors, will wonder why we are approaching this in such a deliberate long drawn-out process. I would say this is just typical of Singapore. We do everything with enormous care, embark upon it in a logical sequence of steps. We take into account all views. We adopt best practices and yet adapt them to local sensitivities.

We want to have some clear idea of what potential investors would offer, the size of the investment, the variety and scope of facilities provided, some ideas of the tourism flows that would be generated by these investments. Only after we get that data, and we are giving potential

investors till the end of February to give us that information, when we would take this thing back and the government would then deliberate and decide whether or not it is worthwhile to allow an integrated resort with or without casino gaming facilities to be developed.

If we decide to proceed, then we would have a formal request for proposals which would then be binding on the investors. At this stage it is just a request for concept plans.

I think you will appreciate that this is an open, transparent and deliberate process in which all relevant stakeholders will have a chance to submit their input. I would rather not be rushed into making a hasty decision. I would think this is going to take quite some time but the key message is that we will not be rushed into this. This is an important, complex and big potential development, let's do it right and do it right from the foundations.

Question: **Are we aspiring to be an Integrated Resort whereby gaming facilities would take the larger pie or other supporting facilities will take a larger pie of the revenue?**

Reply by Dr Vivian Balakrishnan:

We're not interested in a gambling hall where the bulk of your revenue is from gaming and the bulk of your patrons are local. We are really after the leisure, business and convention markets and we are after products that will anchor Singapore's position as a leading venue for business visitors, leisure visitors, conventions. What shape and configuration such a product needs to be, in order to successfully attract that market, is something which we are trying to discover in an iterative process with the private sector. That's what this process is all about.

Question: **Will the government consider subsidizing the Integrated Resort?**

Reply by Dr Vivian Balakrishnan:

No. As far as this proposal is concerned, let me state categorically, there will be no subsidies.

Question: **Looking at Disneyland, the Hong Kong government needs to subsidise it rather heavily. Given that our government is not going to subsidise the Integrated Resort, how feasible is it for us to have an Integrated Resort without the gaming component?**

Reply by Dr Vivian Balakrishnan:

That's the question I think we will wait for the investors to answer. I obviously cannot speak on behalf of the Hong Kong government. They make their own decisions on what to have and how much to subsidise, and how much risk tax payers should take. For the case of this project, I have said categorically we are not subsidising it, we are not taking a stake in it - we will impose certain constraints under which they must operate and see what the private sector comes up with.

Question: **In the event that we don't have the gaming component, will we have an Integrated Resort?**

Reply by Dr Vivian Balakrishnan:

In our request for concepts it is not essential that you come up with gaming facilities. And in fact if today someone was to come up with a plan to say I want to build a mega resort and there's no gaming facilities

there's nothing stopping him from embarking on the development today. In fact, we would welcome such developments.

Question:

You mentioned the government has not made a decision, so is there a second plan if the Integrated Resort doesn't go ahead?

Reply by Dr Vivian Balakrishnan:

If the Integrated Resort doesn't go ahead, then all the other plans which STB is working on will proceed anyway. That's why we have announced that we are setting aside \$2 billion in the tourism development fund. This will proceed regardless of the Integrated Resort, because the Integrated Resort is going to be self-funding anyway. It's not an either-or situation, or one which requires a fall-back. The point which I want to emphasise is that Singapore is looking and exploring every option to expand our tourism sector. It doesn't mean if I do this, I can't do something else.

Question:

With HK's Disneyland coming up very soon which will be their main attraction over the next few years, and Singapore's deliberate move to eventually develop an Integrated Resort (should it be developed), would we eventually by then lose out too much in terms of tourism?

Reply by Dr Vivian Balakrishnan:

Over the next couple of decades, the enormous developments in China, India, Southeast Asia, and indeed in the world, and the consequential, exponential increase in tourism outflows present many many opportunities, not just for Singapore but for the entire region.

None of us are standing still. All of us are looking for ways to tap into these expanding opportunities which will develop literally in front of our eyes over the next few decades. So I see developments in Hong Kong or indeed in any of our neighbouring countries as quite natural attempts to tap and exploit these opportunities. And yes, there will be competitive pressures but it's not a zero-sum game. The pie is going to grow and the more facilities, the more attractive Southeast Asia or indeed Asia is to tourists from all over the world, the better it is for all of us.

Question:

What kind of data or info are you requesting from investors?

Reply by Dr Vivian Balakrishnan:

We want to know what they would build and develop if they were to operate under the constraints that we have imposed. We want to know the size of the investment, we want to have an idea of the facilities they would have, we want to have an idea of the numbers of visitors and patrons they would be able to generate, and basically all this would give us a better idea of the value of such a development.

Social Safeguards

Question:

Should you proceed with the casino, who gets the membership fees - does the government get it or do the casino operators get it?

Reply by Dr Vivian Balakrishnan:

It's a levy. A government imposed levy we fully intend to collect. It's not so much the exact amount that's important. But we are sending a clear and unambiguous message that if you choose to go to a casino, this is not a means to make a living. In fact before you even get a chance to

put your first chip on the table, we're going to collect money from you. This is a message that this is a spending item, this is an expenditure. If you choose to go in, be prepared to spend money. At the very most this is a form of entertainment for which you are going to spend good hard-earned money for.

This is important because as I said earlier we do not want to erode our work ethic. In Singapore we believe you do well on the basis of hard work, on the basis of ability, and in a competitive meritocratic environment. If you want to participate in games of chance as a form of entertainment we will charge you for it and we intend to collect that fee.

Secondly, you will notice that in our list of social safeguards, we've actually studied carefully the regimes that exist in the United States, Australia and Europe. Our regime is significantly tighter than what exists in other jurisdictions. This recognises our own locally held deep convictions about the place and role and limitations of gambling. We will not allow this to erode our work ethic, we will not allow this to threaten our family oriented society and we will not allow undesirable criminal and money laundering activities to occur.

So having imposed all these conditions, we now want to wait and see what potential investors would be able to come up with if they were to operate under these constraints. It may be that they will say that they can't operate under these constraints and they won't want to run a casino in Singapore, in which case that will be fine with me. But if they say that they can operate under these constraints, and indeed come up with an interesting, compelling concept then we may want to study it further.

Question:

On prevention and rehab measures, I would like to know if a portion of the Integrated Resort revenues will be diverted to funding a helpline and some counselling services.

Reply by Dr Vivian Balakrishnan:

Regardless of what happens to this proposal or this concept, the fact of the matter is, even as we speak now today, there are some people who have a problem with gambling. There are some people who are addicted and there are some families who are paying a high price for the addiction or the problems imposed by this habit. And we need to do more than what we are currently doing in terms of providing counselling services, treatment services and education.

At the Ministry of Community Development, Youth and Sports (MCYS) level, we will be stepping up our services to people in need. The level of services provided will be determined on a needs basis, not determined by how much we raise or don't raise on gaming duties. I don't want to see an unnecessarily tight nexus between money being made by gaming operators on one hand and the facilities and resources available to the ministry on the other hand.

The MCYS will, must, fully address to the best of its ability all needs related to social problems and seek to devote sufficient resources to deal with it. This is something which we need to do even now and this is something we will do regardless of whether a casino is established in

Singapore.

Question:

What are some of these vulnerable segments you have identified?

Reply by Dr Vivian Balakrishnan:

In our studies of other countries and ongoing studies in Singapore, there will be some people who have difficulty with this habit. And we need to find ways for them to identify themselves or for their families to identify themselves, and for our services to be provided in a convenient or in an accessible way so that these people can be protected and treated. But at the same time I also want you to understand that problem gambling afflicts a very small percentage. It doesn't mean the entire population is at risk because we all know a large proportion of our population does indulge in gambling either on an occasional basis or sometimes on a more habitual basis. So it's not as if the entire population is at risk, but we need to find ways to identify those who need help and to provide that help and to seek to protect. But it is a matter of judgment and a matter of getting the balance right.

You can't have the other extreme where you say abolish gambling in Singapore. It's not possible. Our approach to gambling over the last few decades has been since we can't abolish gambling we will seek to regulate it and we will seek to tax it. That way it stays honest, it stays fair, it allows us to get a handle on it, it allows us to mitigate ill-effects, it allows us to keep out undesirable criminal and other activities that we don't want to have within our shores. So it is a practical, pragmatic approach to a human habit.

Economic Benefits

Question:

After 9 months of study, do you have a rough estimate on the kind of economic benefits we might get and the tourism revenues we can generate?

Reply by Dr Vivian Balakrishnan:

We can speculate about that on the basis of studies of overseas models but we believe we will get a much better picture of it after the concept plans have come in, hence this sequential approach. So I would rather wait another two months. Let's see what proposals come in, the size of the investment, the scope of the facilities, the tourism flow, the physical numbers and then we will be able to make a more informed decision rather than a speculative one based on examples and anecdotal evidence.

Question:

You're selling this Integrated Resort on the basis of tourism and tourism revenue, so you must have some sort of idea on what and who. How many million tourists do you need to do this?

Reply by Dr Vivian Balakrishnan:

This really depends on the concept itself. We would be in a better position to give you an estimate of that after the investors have submitted their concept plans. The other point which I want to emphasise is that this is not the centrepiece of our tourism strategy. This is just one of the options which we're exploring. The third point I want to emphasise is if you look at the scale of the development, and the ambition behind this project, it cannot succeed if it doesn't have a significant majority patronage by tourists. because Singapore itself is too small to

sustain a project of this scale. So this is something which investors will have to bear in mind, and I will get a better idea after they submit their concepts.

Question: **The tax issue is always a big one for the casino operators. Given this government levy, are you still considering a tax on gaming revenue?**

Reply by Dr Vivian Balakrishnan: Of course. The government levy is a levy on membership. There will be a gaming tax (at 15% of gross gaming revenue) and in addition to that, there is GST and corporate tax.

Tenure of Gaming Concession and Land

Question: **Is there a tenure for the gaming concession? What is the land tenure for both sites?**

Reply by Dr Vivian Balakrishnan: For the purpose of the request for concepts, we've asked the potential investors to assume a concession period of 30 years and land tenure of 60 years. This is for the purposes of a concept plan, and it's not binding on either side yet.

Question: **Is there a need to impose a certain amount of time for a monopoly or a certain guarantee?**

Reply by Dr Vivian Balakrishnan: For the purpose of the Request for Concepts, we've asked potential investors to assume an exclusivity period of 10 years so we can have comparable proposals for comparison.

This is an assumption. Again, I want to be very clear at this stage that this is not the construct which we are offering, or the assumptions which we are offering are not binding yet on either the investors or on the government. We will get to that stage if and only if we get to the Request for Proposal stage. Nevertheless, this assumption here will give investors some working basis to generate some numbers which we can then evaluate.

Public Consultation

Question: **You said that the government hasn't decided but the general perception is that it's a done deal.**

Reply by Dr Vivian Balakrishnan: I think the general perception is wrong. Let me state categorically for the record, let me repeat for the record, we have not decided. We however want to make sure that when we get to the point of making a decision we do so with all the facts and figures at our disposal and with a clear understanding of the pulse and the sensitivities of our people.

Question: **Singaporeans seem to be fairly divided over this Integrated Resort. Would the government consider having a referendum?**

Reply by Dr Vivian Balakrishnan: No. Singaporeans have diverse opinions on this controversial topic. I do

Balakrishnan: not view this as a divided society and no, we will not have a referendum on this issue. This is not important enough an issue to have a referendum. We will have a referendum when it comes to significant issues on sovereignty which is provided for in our constitution but we will not have a referendum on issues like this.

Closing Remarks by Senior Minister of State Vivian Balakrishnan

Let me conclude, reiterating a couple of points:

We're not at a decision point yet, on whether or not casino gaming will be allowed in Singapore.

We are inviting concept plans that we can evaluate, we are publishing social safeguards, constraints under which any potential investors will have to operate.

Over the next few months, let's wait and see what concepts come in and see whether they're worth pursuing.

Also in the next few months, MCYS will continue to study the needs of people who have gambling needs, gambling addiction, and we will seek to put more resources and more services to deal with this.

Thank you very much.