

**STATEMENT BY THE MINISTER FOR HOME AFFAIRS WONG KAN SENG
ON THE DEVELOPMENT OF INTEGRATED RESORTS ON MONDAY, 18 APR
2005 AT PARLIAMENT HOUSE**

When the idea of a casino was first raised a year ago, I was not for it. My reason against a casino then and now is not one of personal morality or religious belief. Rather, my concern is over the change in the ethos and tone of our society which a casino may bring about.

I am concerned whether a casino would erode the Singaporean work ethic. Our achievements as a nation over the past four decades have been built on hard work and a meritocratic system. We do not want to promote the idea that depending on luck at the gambling table, rather than personal diligence in doing an honest day's work, is the route to making money.

I am concerned that Singapore's image as a safe and secure place will be tarnished. People know us as a safe, secure and wholesome place to bring up families. We have a gold standard reputation which is admired by many who desire a safe and secure home. With a casino, there could be an increase in organized crime and law and order issues, like illegal money lending, prostitution, money laundering and criminal gangs. Both Singaporean and foreign criminal elements may think that they can exploit the situation to perpetrate their criminal activities.

Another concern is that a casino in Singapore would increase the incidence of problem gambling. Apart from more families having problems and more individuals facing bankruptcies as a result of casino gambling, there is a strong possibility that such people with gambling problems will turn to crime to feed their gambling habit. A recent study on gambling by the Commercial Affairs Department of the Police found that many pathological gamblers turn to crime to feed their addiction.

One high profile case is Chia Teck Leng, the former finance manager of Asia Pacific Breweries, who was sentenced to 42 years in jail in Singapore's biggest ever case of commercial fraud. He embezzled more than \$110 million as he got deeper and deeper into debt while gambling in casinos around the world.

Recently, Chia wrote a paper "Taming the Casino Dragon" to share his thoughts on the casino debate. This was published in the newspapers two days ago. Chia provided an interesting insight into the operations of the casino business. He also suggested various safeguards for the Singaporean punter and against casino related crime. Chia has had a bitter experience which he has paid dearly in personal and material losses. In a dispassionate manner, he set out the negative impact of a casino on the social and crime fronts. But despite all these, his conclusion is that a casino will have an enormous positive impact for our economy.

The Economic Case

The question for Singapore, therefore, is whether we can afford to ignore the very significant economic potential of an Integrated Resort with a casino as a boost to our tourism industry. Right from the start, there was consensus in Cabinet that if the proposal was for just a stand-alone casino, then it was a "no-go".

The Cabinet decided that we should explore, in more tangible terms, whether there is an economic case for an Integrated Resort, so that we could more clearly appreciate how the potential benefits stack up against the potential social cost.

Singapore Tourism Board's (STB) invitation for concepts attracted 19 submissions. Having seen these submissions, the possible investments to be made and the jobs to be created, I can see the potential attraction of the Integrated Resort as an economic case to revitalize our tourism attractions which have become lack-luster over the years. If two Integrated Resorts are built, the prospective investors could invest up to some \$5 billion and create about 35,000 jobs for the whole economy. I found the economic case compelling and concluded that these Integrated Resort proposals cannot be lightly dismissed.

The Decision

Frankly, a safe option is to maintain the status quo and not to proceed. This way we defer the issue and avoid making those who have personal, moral or religious objections to the casino unhappy. I understand and respect the views of those who have expressed strong moral, ethical or personal objections. However, I must also take into account the wider and strategic long-term interests of Singapore and all Singaporeans.

What is clear to me, is that in an intensely competitive and dynamic economic environment, we cannot afford to ignore opportunities for growth. If Singapore sticks to safe options, with tried and tested solutions, we will stagnate. If we fail to seize and act when a window of opportunity opens, we may regret taking such a cautious approach if the projects go to other cities in the region.

The world has undergone great changes and so has our region. For instance, with China booming and its citizens traveling abroad in the millions each year, and with the numbers growing as they become wealthier, I am concerned that we will miss out on the opportunities to attract them to Singapore. We cannot afford not to take steps to advance our economic interests and stay ahead of our neighbours. Just as there are risks in proceeding, we must be clear that there are also costs to Singapore for not acting. Moreover, if we do not try, we will never know whether we would have generated significant economic benefits and, at the same time, managed the social costs.

It is finally a judgement call, and on the balance of probabilities, we need to act in

favour of what brings more benefit to Singapore and Singaporeans. There is no doubt that considerable risks are involved. The robust debates we have had in the media and even in Cabinet show that most of us are aware of that. Having heard all the arguments and studied the economic case, putting aside my personal views and taking the national perspective, I thought seriously about the options we have and the cost of having or not having an Integrated Resort with a casino. Personally, I am still ambivalent about having the casino. But the significant economic and larger national interests at stake persuaded me that we must give the Integrated Resort with casino option a try.

The PM and Cabinet have taken a decision. I share in the collective responsibility for this decision. I will do everything possible to minimize any negative impact which may arise from the IR and casino.

Managing the Impact

Since last year, the Ministry of Home Affairs and the Police have been studying the possible impact of a casino on the law and order situation in Singapore. Some research studies in other countries have shown that the casino factor has accounted for an increase in crime rates. For example, the Australasian Centre for Policing Research found what appears to be a causal link between excessive gambling behaviour and criminal activity. The nature and frequency of criminal activity seems to be directly related to the extent and duration of involvement in gambling activities.

On the other hand, other studies have shown that communities with casinos are not worse off compared to those without casinos. The U.S. National Gambling Impact Study Commission's 1999 report analyzed data from 100 communities with varying degrees of proximity to casino gambling and concluded that casino gambling has had no effect on the rates of serious violent or property crimes.

The evidence from the various research studies is therefore inconclusive. It would appear that, while having a casino in Singapore raises the possibility that there could be a negative impact on the law and order situation here, it is not a foregone conclusion. Study visits by the Ministry of Home Affairs and the Police to various jurisdictions with casinos in the U.S., Australia and U.K. seem to suggest that, with proper controls and adequate resources, casino-related law and order problems are manageable and can remain largely under control.

Singapore's record in dealing with crime

Singapore has been able to deal with other social vices and negative addictions in the past. Our response to narcotics and illegal drugs, which are a highly lucrative businesses controlled by international syndicates, has been decisive and effective. Sustained action against secret societies and organized crime has kept the situation under control.

We will adopt the same strategy of comprehensive, tough and decisive action

against any threats to our law and order situation arising from the casino. We will also work closely with the Ministry of Community Development, Youth and Sports and the Ministry of Health to implement the comprehensive national framework to deal with the social impact of gambling, including casino gambling. While the Ministry of Home Affairs will oversee the regulatory and enforcement aspects of casino gambling, the Ministry of Community Development, Youth and Sports will cover the social safeguards and preventive public education aspects. In addition, the Ministry of Community Development, Youth and Sports and the Ministry of Health will look at the treatment of those with gambling problems. All three ministries will work closely together to implement this framework.

MHA's plan of action

Let me now highlight what the Ministry of Home Affairs plans to do to deal with potential law and order issues relating to the casino.

Singapore will not be the first country to have a casino. We can therefore benefit from benchmarking ourselves against other jurisdictions that have much more experience in regulating casino operations. The Ministry of Home Affairs and the Police have studied the structures and strategies of law enforcement agencies in the U.S., Australia and U.K. We will adapt the best practices for Singapore. As we gain greater experience, we will refine them to fit our social context and circumstances.

Casino Regulatory Authority

One of the key institutions to help manage the social impact of having a casino in Singapore will be the casino regulator. The Ministry of Home Affairs will set up a new regulatory agency to regulate the casino. The casino regulator will put in place a strict regulatory regime to ensure that the casino remains free from criminal influence and that illegal activities on the premises are kept under control.

The full details on the casino regulatory regime are still being worked out. Today, I shall highlight some key measures that the regulator will implement to regulate the casino operations.

We recognize that having the right owners, managers and employees will be important to pre-empt the infiltration of criminal elements and money laundering syndicates into the casino operations. The regulator will therefore screen the principal shareholders, directors, key managers and employees involved in gaming, not just once-off but over regular intervals.

The regulator will also monitor the casino's relationship with its vendors, suppliers and agents. Contracts between the casino and its vendors and suppliers above a certain threshold will be scrutinized. The regulator will have the right to require that the casino does not enter into contracts with vendors and suppliers which are deemed unsuitable due to suspicious backgrounds or known involvement in criminal activities. Casino agents or junket operators who bring in premium

players from overseas will also be screened and licensed.

To combat money laundering activities, we will adopt international best practices in tracking suspicious transactions. The regulator will require the casino to record transactions of S\$5,000 and above. Transactions of S\$10,000 and above and all other suspicious transactions will have to be reported to the regulator. The casino will also be required keep all relevant records for a minimum period of seven years.

In addition, the casino will be required to set up a dedicated security team and a comprehensive CCTV surveillance system to ensure security within the casino premises.

The regulator will also work closely with the Ministry of Community Development, Youth and Sports to ensure that the social safeguards are strictly enforced. The Minister for Community Development, Youth and Sports has elaborated on the social safeguards we will put in place.

Enhanced Law Enforcement

The regulator will work closely with the Police to manage the law and order situation within the casino. In addition, Police will implement measures to ensure that the overall law and order situation remains under control.

Police will set up a dedicated Casino Investigation Branch within the Criminal Investigation Department (CID) to detect and investigate crimes that take place in the casino. We will have Police presence on the periphery of the casino to deter robbery and snatch theft cases, as well as prevent the proliferation of vice and illegal money lending activities. Where necessary, CCTV systems will be installed in the surrounding areas to enhance security. Police will also build up its intelligence capabilities and strengthen cooperation with other police forces to exchange information and intelligence on gaming syndicates and other related criminal activity.

Police will take sustained enforcement actions against prostitution, adopting a zero-tolerance approach towards women soliciting in the areas around the casino. The casino will also be required to take the necessary measures to prevent women from soliciting within the casino.

On the issue of illegal money lending, we will take a holistic approach to tackle the situation. The Ministry of Home Affairs has been studying this issue for some time now. Last year, independently from the casino debate, Police established a dedicated taskforce to look into measures to deal more resolutely with illegal money lending and harassment activities. We are exploring the introduction of tougher legislation to deal with illegal money lenders. Other measures being studied include tightening the change of address procedures and installing CCTVs when innocent victims are harassed by illegal money lenders.

Strong action will be taken against any criminal syndicate leaders, whether local or foreign, who try to exploit the presence of casino operations. If necessary, we will detain them under the Criminal Law (Temporary Provisions) Act and confiscate ill-gotten gains using the Corruption, Drug Trafficking and other Serious Crimes (Confiscation of Benefits) Act. In addition, we will consider enacting new laws or amending existing ones to deal with any threat to the law and order situation.

On Problem Gamblers

Although the Ministry of Home Affairs' focus is primarily on managing the law and order issues, it will also be working closely with the Ministry of Community Development, Youth and Sports and the Ministry of Health to implement a comprehensive framework to deal with problem gambling. According to the Ministry of Community Development, Youth and Sports survey, the majority of Singaporeans do gamble. While the percentage of those who become compulsive and problem gamblers is low, it is by no means insignificant. Every effort will be made to address the treatment needs of this group. However, we must also pro-actively develop our understanding how we can prevent or minimize the risks of those for whom harmless, recreational gambling can become compulsive and pathological.

As part of the Ministry of Home Affairs' efforts to assess the potential impact of casino gambling, the Commercial Affairs Department recently interviewed ten prison inmates who had committed commercial crimes like criminal breach of trust, money laundering, cheating and forgery and who had gambling problems. The study aimed to gain a better understanding of the factors that led such persons to become pathological gamblers and eventually, resort to crime.

More of such studies need to be conducted. Singaporeans must be aware of the dangers and the warning signs so that they can keep themselves, as well as their family members and friends, out of trouble by seeking timely help in counseling and treatment when needed.

Conclusion

Dealing with casino-related criminal activities will be a new and challenging task for the Ministry of Home Affairs and the Police. We will be scaling up our capabilities and preparing ourselves to deal with the situation.

Our study of other jurisdictions with casinos shows that, with proper controls and adequate resources, casino related law and order problems can be kept under control. Also, our proven track record in clamping down on secret societies and drug syndicates gives us a measure of confidence that our Police can deal firmly with these problems.

I would like to assure this House and the people of Singapore that my Ministry

will spare no effort to help ensure that Singapore remains a safe and secure best home for all Singaporeans.