

A Sticky Patch

Singapore

With the new Gambling Regulatory Authority fully up and running, Singapore's gaming sector has seen some tweaks to refine what is already a polished and well-organised operation.



Singapore has had a challenging couple of years. Normally ranked as the fifth least corrupt country, it hit the headlines last year after its squeaky-clean image was tarnished by a string of political scandals and money laundering cases.

A senior minister was arrested after a corruption investigation, whilst two lawmakers, one tipped as a potential Prime Minister, resigned due to extramarital affairs. This undermined the ruling People's Action Party's popularity, which has long prided itself on demanding high moral standards of its lawmakers.

The party has been in power since 1959 and won 83 or 93 seats in the 2020 election.

Singapore's Prime Minister Lee Hsien Loong claims he will hand over the leadership of the People's Action Party before the November 2025 general elections to deputy Prime Minister Lawrence Wong.

Wong would be the second leader not to come from the Lee family. Lee Hsien Loong's father Lee Kuan Yew was the country's founding father and first Prime Minister.

If that wasn't harmful enough Singapore's business hub also came under additional scrutiny mid last year amid what has been called 'the world's biggest money laundering case' after police seized and froze more than S\$2.8bn in luxury properties, cards, gold bars, and cash.

The wealthy Chinese were pouring black money from scams and illegal online gambling in Singapore into the Asian financial hub. This comes after several illegal gambling arrests in the summer of last year also hit the news.

Singapore, often classed as the 'Switzerland of the East' due to its reputation as a well-run low crime economic and business hub has now been undergoing investigations into its financial institutions.

Singapore's largest bank DBS, which was one of several banks which financed properties for those linked to the money laundering scandal, is now conducting a review of its technology and systems to tighten up the scrutiny process for clients.

Singapore has long capitalised on its reputation

for clean governance and zero tolerance to crime. In return this sees foreign investment flood into the country totalling \$1.5 trillion last year. After Hong Kong and Switzerland it is the third most popular place for the rich to send their assets.

The government has now set up a special committee to look at tightening money laundering rules and immigration checks. It also, however, raises concerns for residents worried about rising living costs and inequality.

This once sleepy fishing village has grown into a first world metropolis and today Singapore is one of the world's premier resorts and locations, eager to encourage investment and development with the opening of casinos all part of Singapore's grand plan.

Tourism is vital to Singapore's economy and accounts for about four per cent of the country's GDP. The country is expecting a return to pre-Covid levels by this year. In 2022 there were 6.3 million visitors to Singapore compared to 19.1 million in 2019. Revenue from their spending reached S\$13.8bn compared to pre-Covid levels of S\$27.7bn in 2019.



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SINGAPORE MARKET REPORT

Terminal 2 renovations were completed in November last year after three and a half years of works. The expansion of Terminal 2 adds a capacity of five million passengers annually and this means the four terminals in operation can handle up to 90 million passengers. In theory this means terminal capacity will be 32 per cent more than pre-Covid levels.



Last year (2023) saw 11.2 million visitors to the city-state. There are around 260 hotels and tourism accommodation in Singapore with 63,000 rooms.

The lull was down to further quarantine measures in the first quarter of that year and flight capacity issues. With the Chinese being the largest contributor to Singapore's tourism before the pandemic (3.6 million visitors in 2019) with restricted travel this dropped significantly.

In April 2022 the Vaccinated Travel Framework was launched easing the return of travellers to Singapore by allowing entry without approvals or testing.

After the borders reopened fully there was a rapid, and quicker than expected, recovery for the first full year of post pandemic tourism. The Singapore Tourism Board anticipate that visitor figures would reach pre-pandemic levels by 2024.

It's been a tough couple of years for air travellers. Firstly the cost of air fares has risen whilst flight options have been limited and aircraft full. The supply-demand imbalance has seen record profits for airlines like Singapore Airlines but there has been a lack of aircraft to meet the demand required.

There's also been some big expansion work at Changi Airport causing problems, including the building of a fifth terminal, development of a three-runway system and underground tunnel systems.

Changi Airport opened a third runway in October 2020. This was an existing runway used only by the military and has been extended to handle larger aircraft. However the airport then had to close the other two runways to support construction work relating to the new Terminal 5. It is said this terminal will open in the mid-2030s. Until all three runways are operational by around 2025 there will still be a limit to capacity it can handle.

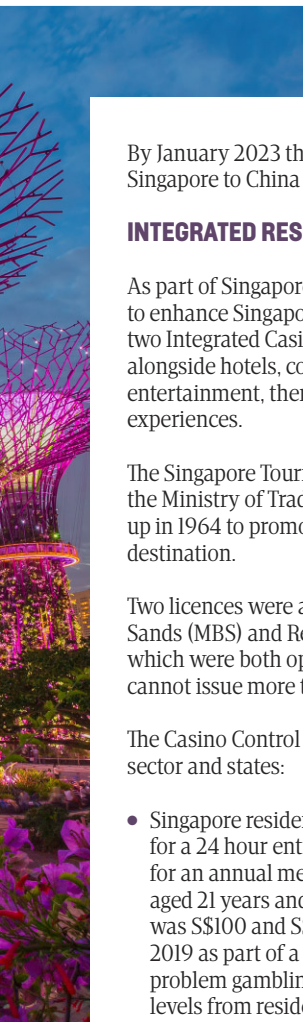
In 2019 there were some 68.3 million passengers through the airport. This dropped significantly during 2020 and 2021 to 11.8 million and three million respectively. By 2022 the figure was up to 32.2 million and by September 2023 there were 42.9 million. Pre-pandemic there were between five and six million passengers on average per month moving through the airport.

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Changi Airport passenger traffic was around 90 per cent pre-Covid levels by September 2023 and expected to reach 100 per cent this year.

The problem at the moment is the bottleneck at the two runways which limits the number of flights and leads to congestion and delays. The number of flight movements is about 89 per cent of 2019 levels.





By January 2023 there were 38 flights from Singapore to China weekly.

INTEGRATED RESORTS

As part of Singapore's overall tourism strategy to enhance Singapore's destination appeal the two Integrated Casino Resorts were developed alongside hotels, convention facilities, entertainment, theme parks, retail, and dining experiences.

The Singapore Tourism Board (STB) runs under the Ministry of Trade and Industry and was set up in 1964 to promote Singapore as a tourist destination.

Two licences were awarded to Marina Bay Sands (MBS) and Resorts World Sentosa (RWS) which were both opened in 2010. The GRA cannot issue more than two licences until 2031.

The Casino Control Act of 2006 governs the sector and states:

- Singapore residents/citizens must pay S\$150 for a 24 hour entry to the casino or S\$3,000 for an annual membership. Entry is only for aged 21 years and over. Previously the rate was S\$100 and S\$2,000 but was increased in 2019 as part of a commitment to keep problem gambling under control. Visitor levels from residents actually remains low

and is said to be around 3.2 per cent of the Singapore adult population (104,000) in 2022 compared to around 127,000 (4.1 per cent of the adult population) in 2018.

- There is a goods and service tax of seven per cent imposed on GGR which from January 2023 was increased to eight per cent.
- A casino tax is then also imposed on GGR (after the goods and service tax) which was increased in 2022 (with a 10 year moratorium) and is:
 1. For premium players – Eight per cent on GGR up to S\$2.4bn and 12 per cent for GGR in excess of this amount.
 2. For mass players – 18 per cent on GGR up to S\$3.1bn or 22 per cent on GGR in excess of this amount.
 3. If the IR fails to meet their tax requirements a flat rate of 12 per cent will apply on the entire GGR from premium gaming and 22 per cent for mass gaming.

RESORTS WORLD SENTOSA is owned by Genting Singapore, part of the Genting Group, and located on the resort island of Sentosa. It spans 49 hectares and is home to Universal Studios Singapore, SEA Aquarium, Dolphin Island and Adventure Cove Waterpark.

There are six luxury hotels with 1,600 rooms, 45 retail outlets and more than 60 restaurants, cafes, and bars plus the MICE facilities via Resorts World Convention Centre. The casino has 550 tables and 2,400 slots and electronic table games.

The group recently bumped up its investment in its RWS2.0 mega expansion programme from an original S\$4.5bn announced back in 2019 to S\$6.8bn.

The plans include new attractions such as re-branding and transforming SEA Aquarium into the Singapore Oceanarium which will be three times bigger and support marine conservation. Also included in the plan is the completion of the Universal Studio's Minion Land is due to open in early 2025 with the world's first original ride plus the Equarius Hotel extension including health and wellness centre.

The company has also refurbished three of its hotels in phases - Hard Rock Hotel was revamped and reopened in May 2022 while Festive Hotel reopened in May 2023 after being refashioned into a business-leisure and work-vacation style hotel called Hotel Ora. Other components of the RWS transformation include the new Waterfront hotel development which will comprise of 700 rooms hotel and waterfront sculpture construction and is due to begin this year.



The RWS 2023 Q3 report stated: “We are confident that this investment will firmly anchor RWS as the most sought after tourism destination in Asia and propel the group’s strong future growth.”

After a buoyant few years between 2017–2019 the gaming world ground to a halt in 2020 and operations at RWS were closed from April to June of that year. Business began to improve in 2022 after a difficult two years following the easing of the Covid restrictions.

For FY 2022 the group saw revenues of S\$1.73bn, up 62 per cent on the previous year (S\$1.07bn) with a net profit of S\$340m (S\$183.3m in 2021).

Of this gaming revenues reached S\$1.22bn compared to S\$802.5m in 2021 and, as a comparison, S\$1.61bn in 2019.

As part of its licensing agreement in 2019, MBS entered into an agreement with the Singapore Tourism Board for the Second Development Agreement under the MBS Expansion Project which included a 1,000 room hotel tower plus rooftop attraction, convention and meeting facilities and 15,000 seat live entertainment area.

For the first half of 2023 revenues reached S\$1.08bn (up 63 per cent on last year H1 figures) with a GGR of S\$746.9m - 57 per cent higher than the same half year period in 2022.

2023 Q3 results show S\$689.8m in revenues of which S\$459.5m are from gaming – up 20 per cent on 2022 Q3 results.

MARINE BAY SANDS is one of six IRs operated by Las Vegas Sands Corp (five in Macau and one in Singapore) and is located on the Marina Bay waterfront and just 20 minutes from Changi Airport.

The resort is made up of 2,561 hotel rooms across three 55 storey hotel towers topped with the unique Sands SkyPark with 150 metre long infinity pool is the focal point alongside the ArtScience museum, convention centre, The

Shoppes retail area, restaurants, theatre and Banyan Tree spa. The casino area is 160,000sq.ft with around 500 tables and 2,900 slots and this underwent some renovations within its high limit gaming area.

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In addition to the expansion project the company has also invested US\$1bn to renovate and upgrade rooms in Towers One and Two.

The MICE area saw 2,164 events hosted at Sands Expo in 2022. Hotel occupancy in 2022 was at 93 per cent with US\$1.68bn in casino revenue.

Casino revenues at MBS in 2022 amounted to US\$1.68bn up 85 per cent on 2021 figures of US\$905m. This compares to US\$2.16bn in 2019.

The 2023 H1 results showed net revenues of US\$1.77bn compared to US\$1.07bn for the same period in 2022. The first nine months of 2023 results were US\$2.78bn compared to US\$1.83bn in 2022.

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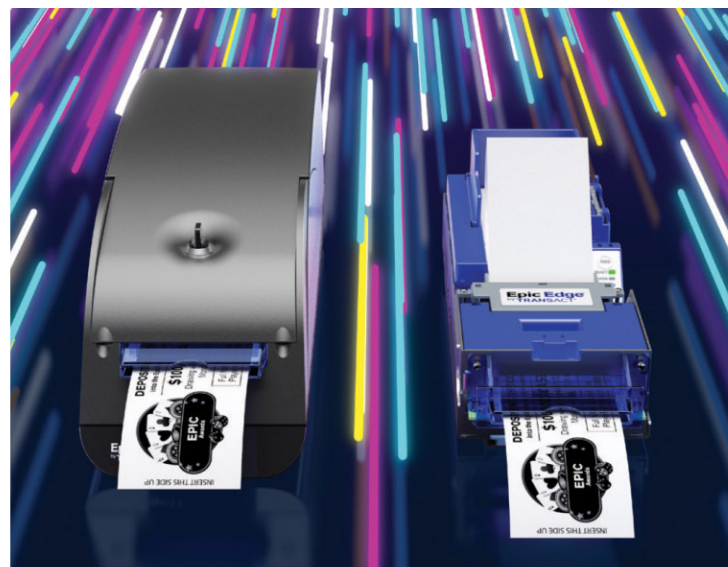
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Singapore

Essential information and facts

Capital	N/A
Total Area	719sq.km
Population	5.97 million
Median Age	35.6 years
Religion	Buddhist, Christian, Muslim
Ethnic Groups	Chinese (74%), Malay (13%) others
Languages	English (official), Mandarin, other
Currency	Singapore Dollars (SGD)
Government type	Parliamentary republic
Chief of State	President Tharman Shanmugaratnam (since 2023)
Head of Government	Prime Minister Lee Hsien Loong (since 2004)
Elections	Cabinet appointed by President on advice of Prime Minister. Next President election will be in 2029. Leader of majority or majority coalition appointed Prime Minister.
Unemployment	2%
Tourism	19.1m (2019)



THE GAMBLING AUTHORITY

The Ministry of Home Affairs regulates the gambling sector via the Gambling Regulatory Authority (GRA) which was set up in August 2022 after replacing the Casino Regulatory Authority (CRA) which was set up in 2008 under the Casino Control Act 2006 to regulate the two IRs.

The Gambling Regulatory Authority of Singapore Act and the Gambling Control (GC) Act were introduced at that time to set up the GRA to cover the sectors and update the laws to deal with the changes and advancement in technology and emerging blurred boundaries between gambling and gaming.

The GC Act of 2022 repeals the Betting Act and the Common Gaming Houses Act enacted in 1960 and 1961 respectively and the Remote Gambling Act of 2014 whilst changes were made to the Casino Control Act of 2006.

The aim of the GRA was to create a single statutory board to cover the gambling landscape in Singapore and alongside its fairly strict oversight of the casino sector the GRA's remit also includes the lotteries and betting offered by Singapore Pools and gaming machine rooms. A new class licence was also introduced under the GRA Act to regulate lower risk gambling activities such as remote games of chance designed as part of interactive games (for

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Previously the gambling regulation was overseen by various government agencies such as the CRA which regulated the casinos, the Gambling Regulatory Unit (GRU) which regulated remote gambling and slot machines whilst the Singapore Totalisator Board (STB) governed terrestrial gambling services operated by Singapore Pools. The Singapore Police Force takes care of enforcement issues.

This worked fairly successfully over the years – according to the MHA illegal gambling decreased by 28 per cent between 2011 and 2019, whilst casino crimes contributed less than one per cent of overall crime – however, Singapore hadn't

really kept up with the growth of gambling in non-traditional products whilst the line between gambling products and skill based gaming had become "blurred."

Teo Chun Ching, Chief Executive of GRA said in the 2022 annual report: "One key tenet of our framework is to adopt a risk based approach towards gambling regulation. This means the GRA requires higher risk gambling services such as lottery, betting, and gaming machine rooms to be licensed, while lower risk gambling such as trade promotion games of chance and fundraiser lotteries are regulated under a class licence regime."

The GRA has been streamlining its process for licensing approvals and tightening up regulation

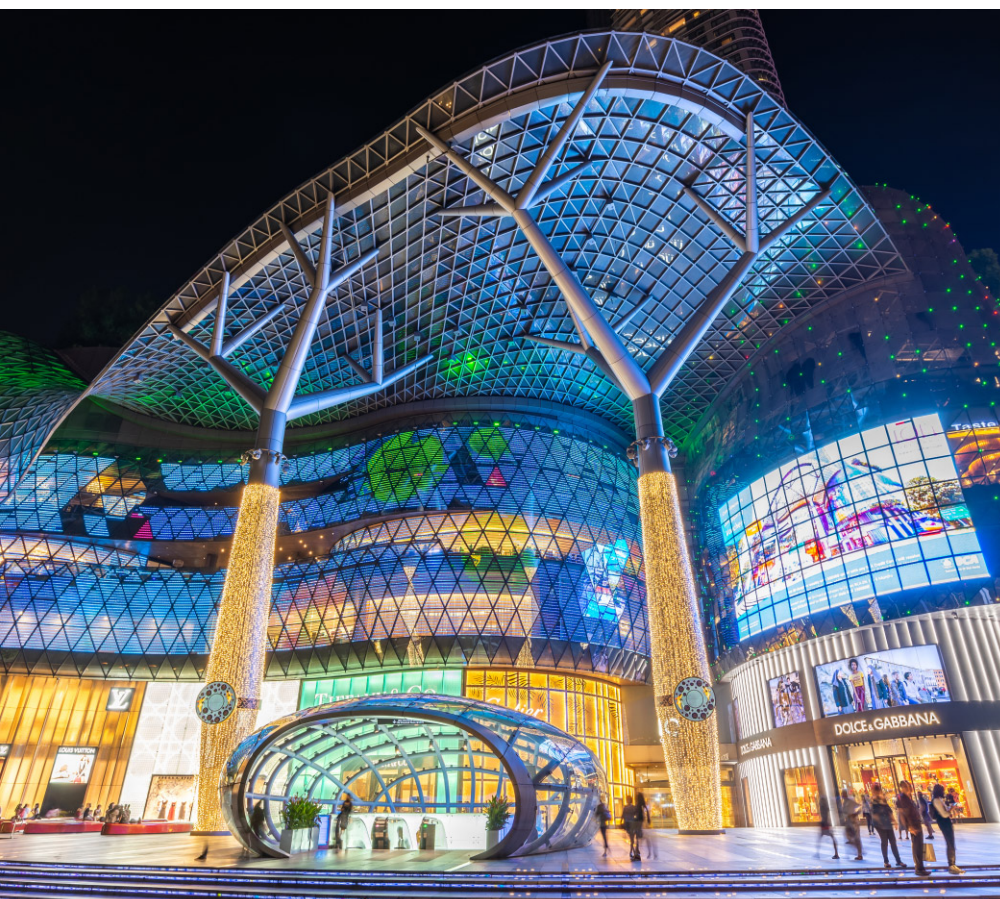


RWS FINANCIAL DATA (\$\$)

	2023 H1	2022	2021	2020	2019
Revenues	1.08bn	1.72bn	1.06bn	1.06bn	2.48bn
Gaming	746.9m	1.22bn	802.5m	700.8m	1.61bn
Non-gaming	333.1m	478m	245.7m	284.5m	832.3m
Gross profit	403.2m	601.8m	326.8m	231.8m	1.03bn
Net profit	276.6m	340.1m	183.3m	69.2m	688.6m

MBS FINANCIAL DATA (\$\$)

	2023 Q3	2022	2021	2020	2019
Net revenues	1.01bn	2.51bn	1.37bn	1.26bn	3.10bn
Casino	698m	1.68bn	905m	872m	2.16bn
Rooms	125m	285m	139m	136m	404m
Mall	68m	226m	176m	112m	185m
Dining	89m	234m	106m	97m	241m
Convention	35m	91m	44m	44m	104m



to address risks posed by online gambling. At the moment online gambling is illegal through sites other than legal operator Singapore Pools.

New laws were introduced last year to clamp down on illegal online gambling with fines of up to S\$200,000 and five years in prison for operators whilst gamblers can face fines of up to S\$10,000 and six months in prison.

One 'blurred line' is the topic of loot boxes in video games. These are not considered gambling if they do not contain prizes which are money or the equivalent value.

Also there is the issue of problem gamblers which numbered around 800 to 1,000 people annually seeking help from agencies between 2020 and 2022. At least half said they had participated in illegal online gambling.

By September 2023 more than 1,900 remote gambling websites had been blocked by the GRA and more than 260 bank accounts. Since August 2022 until the end of last year the GRA claims it received 70 reports relating to illegal online gambling.

Under the new GRA licensing regime, the licence to operate the wagering operations of 4D, Toto, Sports betting, Singapore Sweep Lotteries and Horse Racing is now granted directly to Singapore Pools Ltd which received a licence renewal in 2022.

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SINGAPORE MARKET REPORT

Mid-last year the Ministry of Finance with the Ministry of National Development announced Singapore Turf Club will close its Kranji racecourse by March 2027. The 120 hectares of land will be returned to the government for housing. The last race meeting is scheduled for October this year featuring the 100th Grand Singapore Gold Cup.

SINGAPORE BETTING

The Singapore Totalisator Board, a statutory board of the Ministry of Finance, was established in 1988 to oversee the operations of the Singapore Turf Club and Singapore Pools which are the two main gambling operators in the country conducting horse racing and betting activities.

Under the changes, STB's principal activities now include supporting public, social and charitable purposes via grants, working with the GRA to foster responsible gambling and to conduct equine research and racing club improvements via Singapore Turf Club.

Mid-last year the Ministry of Finance with the Ministry of National Development announced Singapore Turf Club will close its Kranji racecourse by March 2027. The 120 hectares of land will be returned to the government for housing. The last race meeting is scheduled for October this year featuring the 100th Grand Singapore Gold Cup.

The club spent S\$500m opening the site at Kranji in the year 2000 after moving from the more central Bukit Timah location (which was also earmarked for housing) and this will now be redeveloped for public and private residential needs.

Singapore Turf Club was founded in 1842 and is Singapore's only horse racing club. In-person attendance at the racecourse has been declining over the past decade at the five-storey 30,000-capacity stadium.

Previously, the turf club saw average crowds of around 6,000 to 11,000, although this has dropped, particularly since Covid hit, to around 2,600 in 2022. Around 700 racehorses will now need to be sent abroad, and there are job losses in terms of trainers and riders.

It is said the government hasn't helped the racing industry with its restrictive tax and long-standing restrictions preventing the turf club from promoting and marketing the sport to the



STB BETTING AND GAMING ACTIVITIES INCOME (\$S)

	TOTALISATOR	LOTTERIES/SPORTS BETTING	TOTAL
GROUP 2023			
Turnover	1.11bn	10.29bn	11.4bn
Dividends/prizes	(882.3m)	(7.53bn)	(8.41bn)
Income	234.6m	2.75bn	2.99bn
BOARD 2023			
Turnover	368.5m	3.08bn	3.45bn
Dividends/prizes	(291.4m)	(2.23bn)	2.52bn)
Income	77.1m	850.8m	928m
GROUP 2022			
Turnover	817.8m	9.23bn	10bn
Dividends/prizes	(646.7m)	(6.66bn)	(7.3bn)
Betting tax	(41.3m)	(1.9bn)	(1.9bn)
Commission	-	(42.1)	(42.1)
Other	(688.1m)	(8.61bn)	(9.3bn)
Income	129.7m	619.9m	749.7m
BOARD 2022			
Turnover	817.8m	9.23bn	10.05bn
Dividends/prizes	(646.7m)	(6.66bn)	(7.31bn)
Betting tax	(41.3m)	(1.9bn)	(1.94bn)
Other	(688.1m)	(8.57bn)	(9.26bn)
Income	129.7m	662.1m	791.9m

city-state. Densely populated Singapore means there are almost six million people living on a 700 sq.km island. With land constraints and rising house prices more housing is required as many Singaporeans live in apartments built and subsidised by the government.

Meanwhile, Singapore Pools Ltd was set up in 1968 and celebrated its 55th anniversary in May last year. It is a fully owned subsidiary of the

around S\$5m a year to support charities and community programmes. The company has been digitalising its outlets since 2021 with the introduction of an ePayment system. In early 2022 they installed 1,300 Unified Betting Terminals across their retail outlets. The UBT consolidates sales of all games – lottery, sports and horse betting – into single user-friendly terminals.

Operators wishing to operate a slot hall need to be licensed via the GRA and licences issued under the new GRA were effective from November 2022 for three years. There are currently 23 operators which are found in private social and recreational clubs across the country and entry is restricted to members and in some cases, registered guests.

Tote Board and operates Toto, Singapore Sweep, 4D, Sports and horse Racing operating 84 branches, three Livewire venues, 9 off-course betting centres and racecourse betting centre and 200 authorised retailers.

Singapore Pools is the only lottery operator and turnover in 2023 was S\$11.4bn. They contribute

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