

Proposed Imposition of Casino Entrance Fee*

I. INTRODUCTION

Casino operations in the Philippines is becoming a lucrative, vibrant, and rapidly expanding industry. In fact, Credit Suisse, an investment bank, forecasts Philippine casinos to generate US\$6 billion by 2018, thus, potentially making the country one of the top gaming revenue earners in the world.

Given the industry's high income potential, this paper examines the feasibility of imposing an entrance fee in casinos in the Philippines to raise needed revenue for the government and to regulate entrance thereto.

II. PROFILE OF THE PHILIPPINE CASINO INDUSTRY

A. Number and Gross Gaming Revenue

As of 2016, there were 54 casinos operating in the Philippines, registering a growth rate of 74.2% from 31 in 2007. Of the total, 44 are Philippine Amusement and Gaming Corporation (PAGCOR)-operated casinos and 10 are licensed casinos. Meanwhile, gross gaming revenue (GGR) or gross bets less payouts also grew from PhP35.53 billion in 2007 to PhP128.44 billion in 2016 or by 262% during the 10-year period. In 2016, of the total GGR, 80% was generated by licensed casinos. (Table 1)

Installed capacity of casinos in the Philippines also shows tremendous increases from 2007-2016. From a total of 9,069 in 2007, the number of table games and slot machines more than doubled to 20,551 in 2016 where installed capacity are generally slot machines. (Table 2)

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Table 1. NUMBER AND GROSS GAMING REVENUE OF PAGCOR-OPERATED AND LICENSED CASINOS IN THE PHILIPPINES, 2007-2016

Year	Number of Casinos			Gross Gaming Revenue (In Billion PhP)		
	PAGCOR-Operated Casinos	Licensed Casinos	Total	PAGCOR-Operated Casinos	Licensed Casinos	Total
2007	27	4	31	25.39	10.14	35.53
2008	37	4	41	27.47	14.17	41.63
2009	42	6	48	27.51	30.22	57.73
2010	41	7	48	25.75	36.38	62.13
2011	42	7	49	28.43	46.24	74.67
2012	46	7	53	31.30	44.44	75.73
2013	47	8	55	27.93	53.26	81.19
2014	46	9	55	25.70	69.91	95.61
2015	44	9	53	25.26	82.44	107.70
2016	44	10	54	25.63	102.80	128.44

Source of basic data: PAGCOR

Table 2. INSTALLED CAPACITY OF CASINOS IN THE PHILIPPINES, 2007-2016

Year	PAGCOR-Operated Casinos		Licensed Casinos		Total		Grand Total
	Table Games	Slot Machines	Table Games	Slot Machines	Table Games	Slot Machines	
2007	510	7,832	135	592	645	8,424	9,069
2008	532	9,503	218	827	750	10,330	11,080
2009	560	10,755	442	2,178	1,002	12,933	13,935
2010	589	10,918	583	2,459	1,172	13,377	14,549
2011	634	10,583	571	2,613	1,205	13,196	14,401
2012	638	11,729	572	3,179	1,210	14,908	16,118
2013	608	11,588	870	4,881	1,478	16,469	17,947
2014	595	10,785	1,269	6,781	1,864	17,566	19,430
2015	584	10,495	1,314	6,790	1,898	17,285	19,183
2016	545	10,456	1,392	8,158	1,937	18,614	20,551

Source of basic data: PAGCOR

B. Number of Local Casino Entrants in the Philippines, 2014-2016

The Social Weather Station (SWS), in its survey on gambling done in 2005, estimated that 53% of Filipino adult population engaged in some form of gambling.¹ With a total projected adult population (medium assumption) of 47.14 million in 2005, about 24.98 million were regularly engaged in one or more forms of gambling. On the other hand, a study conducted by the Technavio Research revealed that over 67% of foreign tourists who came the Philippines visited a gaming hub in Manila in 2015.²

Meanwhile, licensed and PAGCOR-operated casinos recorded a total of 16.68 million local entrants from 2014-2016 or an average of 5.56 million annually, 99% of which played at licensed casinos while the remaining 1% were registered patrons of PAGCOR-operated casinos. In 2016, on the average, casinos in the country accommodated around 16,100 daily or 489,300 monthly patrons. The number of local entrants of casinos increased by 5% to 6% annually. (Table 3)

Table 3. ESTIMATED NUMBER OF LOCAL CASINO ENTRANTS IN THE PHILIPPINES, 2014-2016

Year	Licensed Casinos ^{1/}	PAGCOR-Operated		Total	Growth Rate (%)
		Table Games ^{2/}	Slot Machines ^{3/}		
2014	5,214,797	48,479	10,069	5,273,345	-
2015	5,475,286	49,038	11,554	5,535,878	4.98
2016	5,807,142	51,593	12,897	5,871,632	6.07
Total	16,497,225	149,110	34,520	16,680,855	-
Average	5,499,075	49,703	11,507	5,560,285	5.52

Notes: ^{1/} - Based on reports submitted by licensees to PAGCOR except for Resorts World Manila (RWM) and Solaire Resort & Casino which include both foreign and local entrants. Fifty percent (50%) is assumed to be the number of local entrants.

^{2/} - Carded guests based on player tracking system; count is per person.

^{3/} - Estimated by dividing total slot machines occupancy by the average number of plays per player per visit as provided by PAGCOR.

Source of basic data: PAGCOR.

III. PROPOSED CASINO ENTRANCE FEE ON LOCAL RESIDENTS

In this 17th Congress, there are two bills filed in the House of Representatives proposing the imposition of entrance fee for residents of the Philippines who patronize casinos namely, House Bill (HB) No. 2062³ refiled by Representative Peter M. Unabia in

¹ Steven Stradbroke, "Philippines gambling survey says cockfighting more popular than bingo", October 02, 2010.

² Technavio Research, "Changes in Player Demographics to Create Opportunities for the Casino Gaming Market in the Philippines Through 2020", June 14, 2016.

³ Entitled "An Act Imposing the Payment of Entrance Fee to Residents of the Philippines Who Patronize Casinos, amending for The Purpose Presidential Decree No. 1869, As Amended, Also Known as The Charter of the Philippine Amusement and Gaming Corporation".

2016 and HB 5871⁴ recently filed by Representative Rodolfo T. Albano III on June 8, 2017 following the June 2, 2017 Resorts World Manila attack. The features of the bills are as follows: (Table 4)

Table 4. BILLS ON CASINO ENTRANCE FEE ON LOCAL RESIDENTS FILED IN THE 17th CONGRESS

House Bill No.	Proponent	Proposed Fee / Features / Objective/s
HB 4859 (16 th Congress) / HB 2062 (17 th Congress)	Rep. Peter M. Unabia	Proposes to impose an entrance fee of PhP3,500 for all Filipino residents who patronize casinos to serve as deterrent for local patrons from entering gambling casinos. It also authorizes the PAGCOR to increase the entrance fee every five years. The amount realized in imposing the proposed entrance fee will serve as additional revenues for the socio-civic programs of the government as mandated by PD 1869 (PAGCOR Charter).
HB 5871 (17 th Congress)	Rep. Rodolfo T. Albano III	Proposes to impose an entrance fee of PhP3,000.00 on every person entering any casino to deter the poor from engaging in gambling. It also mandates the creation of a special fund from the entrance fee which will be used for the establishment and maintenance of children and youth welfare centers under the supervision of the Department of Social Welfare and Development (DSWD). It also provided that 50% of the amount collected in any casino shall be for children and youth welfare programs in the city or municipality where the casino is located.

It may also be worth mentioning that on October 2, 2017, the Quezon City Council passed the Quezon City Responsible Gaming Ordinance on second reading subject to third and final reading before its approval. Under the proposed Ordinance, a PhP500.00 entrance fee shall be collected on any individual who enters an electronic bingo establishment in Quezon City. Further, every individual who enters a casino located in Quezon City is obliged to pay a PhP1,500.00 entrance fee.⁵

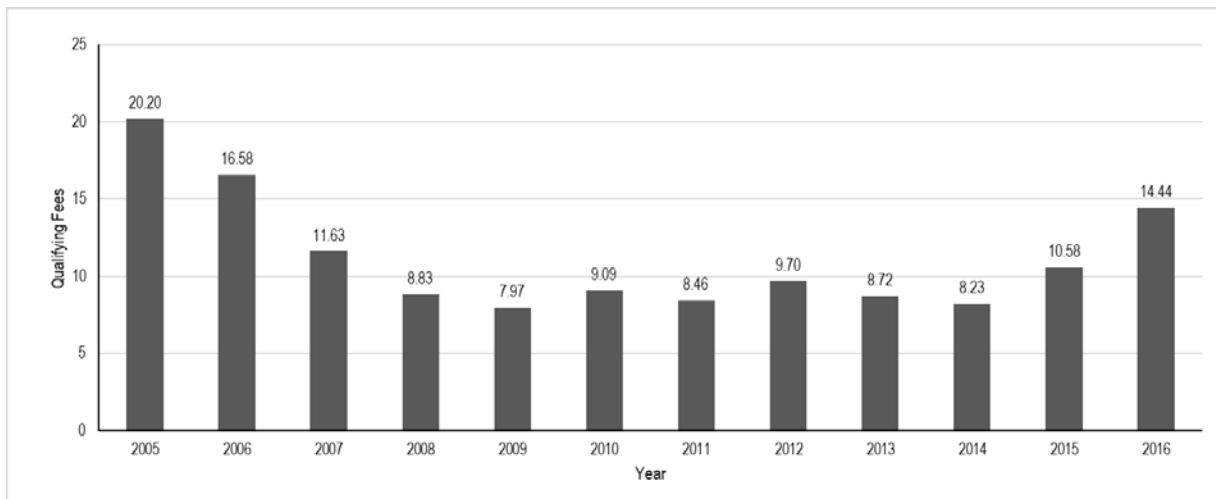
⁴ Entitled “An Act Authorizing the Collection of a Casino Entrance Charge in The Amount of Three Thousand Pesos (PhP 3,000.00) From All Persons Entering Any and All Casinos and Similar Gaming Establishments for The Purpose of Engaging in Gambling and Related Gaming Activities Therein and for Other Purposes”.

⁵ Jhesset O. Enano “QC council reopens draft gambling ordinance for fresh discussion” October 29, 2017.

Presently, under Section 14(3) of PD 1869 only tourists and/or foreigners who are not residents of the Philippines, and residents who are at least 21 years old with gross income for the previous year of at least PhP50,000.00, as certified by the Bureau of Internal Revenue (BIR), are allowed to play in the country's casinos. As can be noted, unlike foreigners who are free to play in casinos without any condition, Filipino residents are required to show a proof of income for the previous year before they can play in the casinos in the country. However, in practice, said requirement is neither observed nor imposed.

It may be worth highlighting though that under Executive Order (EO) No. 48 series of 1993⁶, PAGCOR may collect a qualifying fee in the form of coupons to be issued to players entering casinos in the country. The collection of a qualifying fee is aimed to raise additional revenue for the government. As per said Order, the amount of the qualifying fee as determined by the Department of Finance (DOF) shall not be less than PhP100.00 per player. The BIR, on the other hand, is responsible for the printing and distribution of the coupons to PAGCOR and the monitoring of its collection of qualifying fee through the PAGCOR's filing of BIR Payment Form 0605 (under the code QP-Qualifying fees-PAGCOR). The collection has been declining from PhP20.2 million in 2005 to a range of PhP8 million to PhP10.6 million in the succeeding years. In 2016, total collection reached PhP14.44 million. (Figure 1) The collection is remitted to the National Treasury and forms part of the general fund. However, there is no breakdown on the amount of the qualifying fee collected from local and foreign entrants.

**Figure 1. QUALIFYING FEES COLLECTED BY PAGCOR, 2005-2016
(Amounts in Million Pesos)**



⁶ Entitled, "Requiring the Collection of Qualifying Fees for Players Entering the Casino", approved January 19, 1993.

Albeit EO 48 requirement of the collection of qualifying fee from casino players, it was gathered that said fee may be waived as is being done in Waterfront Airport Hotel and Casino Mactan as well as those located in Entertainment City, e.g. City of Dreams, Okada Manila, and Resorts World Manila. In fact, under Regulation 15 of the Casino Regulatory Manual for Entertainment City, Clark, and Fiesta Casino licensees, there is no amount of qualifying fee indicated.

It is likewise noted that as presently worded under EO 48 the collection of the qualifying fee may be viewed as optional. The EO provides the following:

“Whereas, to raise additional revenue for the government, PAGCOR *may* collect a qualifying fee from players entering the casinos;”
(Italics supplied)

In view of EO 48, there is no need for a bill that would mandate PAGCOR to collect a casino entrance fee. Perhaps what can be done is to make the collection of qualifying fee compulsory for players in all casinos operating in the Philippines whether PAGCOR-operated casinos or licensed casinos. The amount may also be increased since it has not been adjusted for more than two decades now. If indexed to inflation, the amount would be around PhP320.00 but may be rounded off to PhP500.00 or to as high as PhP1,500.00 similar to what Quezon City is proposing. The rates proposed by the bills may also be an option but said amounts may already be considered too high by casino players.

IV. REVENUE IMPACT

Based on the 5.56 million annual average number of local entrants of licensed casinos and PAGCOR-operated table games and slot machines from 2014-2016, (Table 3) the mandatory imposition of the qualifying fee of PhP100.00 in all casinos would generate PhP556 million revenue for the government. On the other hand, a qualifying fee of PhP500.00 may discourage local people from entering casinos, particularly low-income earners, hence, the number of local entrants would be reduced. Assuming a 50% reduction in the number of entrants, the estimated revenue would PhP1.39 billion.

Aligning it to Quezon City’s proposed rate at PhP1,500.00 could greatly discourage local people from playing in the casino since even without gambling yet, they could already lose in a sense PhP1,500.00. Assuming an 80% reduction in the number of local entrants, the revenue that would be generated would amount to PhP1.67 billion. On the other hand, the proposal under the two bills to impose PhP3,000.00 or PhP3,500.00 is seen to be too high and will effectively restrict entrance to casinos of residents except for those who have extra money to spend.

V. COUNTRIES IMPOSING CASINO ENTRANCE FEE⁷

In Singapore, citizens and permanent residents are allowed to enter casinos as long as they purchase and hold a valid Casino Entry Levy. Singapore offers daily or annual casino entry levy. The daily entry levy costs S\$100 (PhP3,743) which is valid for 24 consecutive hours starting from the first entry into the casino and expires if entry has not taken place by the end of the 30th day after the date of purchase. The annual casino entry levy costs S\$2,000 (PhP74,863) which is valid for 12 months starting from either the time of first entry into the casino or 90 days after the date of payment, whichever is earlier.

Casino Carnival in India subjects all its guests above 21 years old to a government entry tax at the rate of Rs.1,000 (PhP796). The said tax is a multiple entry voucher that remains valid until 8:00 am on the following day of purchase. Meanwhile, Grand 7 Casino, collects an entry fee amounting to Rs. 1,500 (PhP1,195) from all its guests above 21 years of age. The said entry fee includes Rs. 1,000 worth one time play chips.

The Vietnamese government issued Decree No. 03/2017/ND-CP (Decree 03) on January 16, 2017 effective March 15, 2017 allowing its citizens to gamble at the country's casinos on a three-year trial. Vietnamese citizens must be at least 21 years old to enter casinos, earn a regular monthly income of at least VND10 million (PhP22,000.00), and be subject to taxation from Level 3 or higher as determined by the Law on Personal Income Tax. Entry to casinos costs VND1 million (PhP2,200.00) per person for 24 hours or VND25 million (PhP55,000.00) per month with no objections in writing from siblings, spouses and/or biological and adopted parents.⁸

Most of European countries also impose casino entrance fee. In Greece, the casino fee is at € (PhP361). The ticket is valid for 24 hours for multiple visits to the gaming area of the casino and automatically becomes null and void in case of exit from the gaming area and once the 24-hour validation period has expired. Re-entry to the gaming area during the 24-hour period will only be permitted upon presentation of the ticket.

In Denmark, casino entrance fee varies depending on the casino establishment. The casino entrance fee ranges from DKK 50 to DKK 1,750 (PhP404 to PhP14,146) depending on the validity. Germany's casino entrance fee not only varies per casino establishment but also per type of casino game to be played which ranges from € (PhP60) to € (PhP301). In Italy and Netherlands, casino entrance fee is € (PhP301). Switzerland's casino entrance fee likewise varies per casino establishment which ranges from CHF5 (PhP264) to CHF10 (PhP528). In Sweden, the fee amounts to SEK60 (PhP378) for daily pass and SEK150 (PhP945) for the annual card. Spain has four varied rates of casino entrance fee depending on the length of its validity, i.e., daily pass, € (PhP181); weekly pass, €15 (PhP903); monthly pass, €30 (PhP1,807); and yearly pass, €75 (PhP4,517).

⁷ See Annex A.

⁸ Dang Ding Truong, "Vietnamese citizens allowed to game at casinos", In House Community, April 18, 2017.

It is worthy to mention that although not imposing a casino entrance fee, patrons of Casino du Liban in Lebanon must first obtain a membership card. Membership is open to all persons over the age of 21 except for Lebanese military personnel, government and banking employees and those who earn a yearly salary of less than LBP30,150,000 (PhP1 million).⁹

On the other hand, Thailand in 2015 proposed to impose a casino entrance fee of \$150 (PhP7,645) on permanent residents to discourage poor people from entering the casino and permitting only those who are really capable of spending money inside the casino resort.¹⁰ Thailand aims to follow Singapore as its model.

Table 6. CASINO ENTRANCE FEE PER DAY IN SELECTED COUNTRIES

Country	Rate Per Day	
	In Local Currency	In PhP
Singapore	S\$100	PhP3,743
India	Rs.1,000 or Rs. 1,500 ^{1/}	PhP796 or PhP1,195
Vietnam	VND1 million	PhP2,200
Greece	€	PhP361
Denmark	DKK50-95 ^{2/}	PhP404- PhP768
Italy	€	PhP301
Netherlands	€	PhP301
Switzerland	CHF5-10 ^{2/}	PhP264-PhP528
Sweden	SEK60	PhP378
Spain	€	PhP181

Notes: ^{1/} - Includes Rs. 1,000 worth of one time play chips.

^{2/} - Rate differs depending on the casino.

VI. CONCLUSION AND RECOMMENDATION

The government may take advantage of the country's vibrant gaming industry to help raise needed revenue to finance its development projects such as its Build Build Build program as the country gears towards achieving the "Golden Age of Infrastructure".

The proposal to impose an entrance fee in casinos is no longer necessary since there is already a qualifying fee being collected by PAGCOR since 1993. It is recommended that the same be strictly enforced in all casinos operating in the Philippines. Also, the existing rate of PhP100.00 may be raised to PhP500.00 to factor in the effect of inflation when the fee was first imposed in 1993. Higher rates of say PhP1,500.00 can also be an option to discourage low-income earners from engaging in casino gambling.

Notwithstanding its contribution to the country's economic growth and potential to generate government revenue, gambling also has its attendant social costs which must be managed carefully. The collection of higher qualifying fee in all casinos could be a practical way to discourage those who do not have enough money to spend in casinos.

⁹ Kirsten Van Ry, "Where Islam Meets the West: A Recommendation for the United Arab Emirates and Dubai in Implementing Casino-Style Gaming", 30 April 2013.

¹⁰ Renee Kingsley, "Finance Minister Wants Casino Approval in Thailand", World Casino News, June 23, 2015.

Annex A. COUNTRIES IMPOSING CASINO ENTRANCE/ADMISSION FEE

Country	Entrance / Admission Fees	Exchange Rate ^{1/}	In PhP Equivalent	Notes
Singapore (Sands Casino)	S\$100 valid per day or S\$2,000.00 per annum	S\$1 : ₱37.43	₱3,743 for 24 hrs. or ₱74,863 per annum.	The daily entry levy amounting to S\$100, and is valid for 24 consecutive hours starting from the time of first entry into the casino. The daily entry levy will expire if entry has not taken place by the end of the 30th day after the date of purchase. On the other hand, the annual entry levy of S\$2,000 is valid for 12 months starting from either on the time of first entry into the casino or 90 days after the date of payment, whichever is earlier.
India (Grand 7 Casino)	Rs. 1500	Rs1 : ₱0.80	₱1,195	The entry is inclusive of Rs. 1,000 (₱780) worth of time play chips.
India (Casino Carnival)	Rs. 1,000.00	Rs1 : ₱0.80	₱796	
Vietnam	24 hrs: VND1 million Monthly: VND25 million	VND1 : ₱0.0022	24 hrs.: ₱2,200 Monthly: ₱55,000	To enter casinos, Vietnamese citizens must be at least 21 years old, earn a regular monthly income of at least VND10 million (PhP22,000.00), and be subject to taxation from Level 3 or higher as determined by the Law on Personal Income Tax.
Greece (Casino Rodos)	€6.00	€1 : ₱60.22	₱361	The ticket is valid for 24 hours for multiple visits to the gaming area of the casino. The ticket automatically becomes null and void in case of exit from the gaming area and once the 24-hour validation period has expired. Re-entry to the gaming area during the 24 hour period will only be permitted upon presentation of the respective ticket.
Greece(Casino Corfu)	€6.00	€1 : ₱60.22	₱361	
Denmark (Casino Odense)	Day Ticket: DKK 70 Weekly Ticket: DKK 120 Monthly Ticket: DKK 300 Annual card: DKK 1,200	DKK1 : ₱8.08	Day Ticket: ₱566 Weekly Ticket: ₱970 Monthly Ticket: ₱2,425 Annual card: ₱9,700	Early bird provides free entrance between 7pm to 4am. After 9pm normal admission fee is charged.
Denmark (Casino Marienlyst)	Daily: DKK 50 Weekly: DKK 100 Yearly: 250	DKK1 : ₱8.08	Daily: ₱404 Weekly: ₱808 Yearly: ₱2,021	Minimum age: 18 years.
Denmark (Casino)	Day cards/day: DKK 60	DKK1 : ₱8.08	Day cards/day:	Sunday: Free access to entire casino; Sunday to Thursday: Fee access to

Country	Entrance / Admission Fees	Exchange Rate ^{1/}	In PhP Equivalent	Notes
Aalborg)	Weekly card/week: DKK 120 Monthly pass/month: DKK 300 Season Pass/year: DKK 600		₱485 Weekly card/week: ₱970 Monthly pass/month: ₱2,425 Season Pass/year: ₱4,850	automation hall; and Free access to vending machines all days, except Friday to Saturday.
Denmark (Casino Munkebjerg)	Discount card: DKK 50 Day ticket DKK 80 Week pass: DKK 160 Monthly pass: DKK 400 Poker card: DKK 600 Early card: DKK 900 Annual pass: DKK 1,200 Gold card: DKK 1,750	DKK1 : ₱8.08	Discount card: ₱404 Day ticket ₱647 Weekly pass: ₱1,293 Monthly pass: ₱3,233 Poker card: ₱4,850 Early card: ₱7,275 Annual pass: ₱9,700 Gold card: ₱14,146	The entrance includes free coffee, tea and ice-water from the buffet.
Denmark (Casino Copenhagen)	Day ticket: DKK 95 Weekly pass: DKK 265 Season ticket: DKK 2,095	DKK1 : ₱8.08	Day ticket: ₱768 Weekly pass: ₱2,142 Season ticket: ₱16,935	Minimum of 18 years of age
Germany (Casino Baden-Baden)	Classical Games: € Slot Machines: €1	€1 : ₱60.22	Classical Games: ₱301 Slot Machines: ₱60	
Germany (Casino Constance)	Classic game and automat game Pavilion: €3.00 Automobile game Jackpot at the station: €1.00	€1 : ₱60.22	Classic game and automat game Pavilion: ₱181 Automobile game Jackpot at the station: ₱60	With a classic game day ticket, visit to automat game is free of charge.
Germany (Spielbank Stuttgart)	Classic Games: €2.5 Automated game: €1	€1 : ₱60.22	Classic Games: ₱151 Slot Machines: ₱60	Those who paid the Classic Game Day ticket can visit the automat game for free.
Italy (Casino Divenezia)	€5.00	€1 : ₱60.22	₱301	

Country	Entrance / Admission Fees	Exchange Rate ^{1/}	In PhP Equivalent	Notes
Netherlands (Holland Casino)	€5.00	€1 : ₱60.22	₱301	
Switzerland (Grand Casino Baden)	CHF 10	CHF1 : ₱52.81	₱528	
Switzerland (Grand Casino Bern)	CHF 10	CHF1 : ₱52.81	₱528	
Switzerland (Casino Interlaken)	CHF 5	CHF1 : ₱52.81	₱264	
Switzerland (Grand Casino Luzern)	CHF 10	CHF1 : ₱52.81	₱528	
Sweden (Casino Cosmopol)	Daily pass: SEK 60 Annual card: SEK150	SEK1 : ₱6.30	Daily pass: ₱378 Annual card: ₱945	The imposition of the entrance fee is one of the conditions in Swedish Government's license to operate casinos. Holders of annual card are given free admission for 12 months at all Casino Cosmopol.
Spain	Daily pass: €3 Weekly pass: €15 Monthly pass: €30 Yearly pass: €75	€1 : ₱60.22	Daily pass: ₱181 Weekly pass: ₱903 Monthly pass: ₱1,807 Yearly pass: ₱4,517	
Lebanon	None.	LBP1 : ₱0.034		Access to gaming rooms of casinos in the country is granted to all individuals over the age of 21 with the exception of the following: Lebanese nationals and residents: 1. Government/Public Sector employees and/or Military personnel 2. Cashiers in banks or any commercial establishment 3. Earning an income below LBP30 million per annum (PhP1.02 million)

Note: ^{1/} - Average exchange rate as of August 2017.

