

The Gaming Industry

Gaming industry has a long history in Macao and it was first legalised in mid 19th century. Entering the 21st century, the gaming industry has developed a very close relation with the tourism industry and become a pillar of Macao's economy.

In 2002, the MSAR Government liberalised the gaming industry, bringing new momentum to Macao's gaming sector and the entire economy. Through appropriate competition and modern operating and management models, the Government also expected the new arrangements to create more job opportunities. Before the Handover, the gaming industry's maximum annual gross revenue was 17.78 billion patacas (US\$2.22 billion).

In 2015, downward pressure on the global economy and fluctuating international financial markets affected Macao's economic performance, and resulted in a fall in the gaming industry's gross revenue for several consecutive months. According to statistics provided by the Gaming Inspection and Coordination Bureau (DICJ), the gaming industry's gross income of 2015 was 230.840 billion patacas (US\$28.855 billion), maintaining its place as the largest gaming market in the world. Gaming tax revenues totalled 89.572 billion patacas (US\$11.197 billion).

The industry's gross income for the first six months of 2016 was 107.787 billion patacas (US\$13.473 billion), while gaming tax revenues totalled 42.036 billion patacas (US\$5.2 billion).

From Monopoly to Liberalisation

In 1962, the Sociedade de Turismo e Diversões de Macau (STDM) was granted the casino concession. After a number of extensions, the monopoly expired on 31 March 2002. Under the contract, STDM paid a gaming tax to the Government annually. In 2001, the tax rate, which had been amended several times, was 31.8 percent of the total revenue of the concessionaire. In the 1990s, half of the Government's annual income came from gaming tax, which accounted for one-third of total GDP. In the last few years of STDM's monopoly, the company's gross gaming revenue varied from 13 billion patacas to 18 billion patacas and the gaming tax from 4.2 billion patacas to 5.9 billion patacas.

Other than casino table games, gaming activities in Macao also include horse-racing, greyhound-racing and pacapio lottery. Instant lotteries, soccer and basketball betting are becoming increasingly popular in recent years.

After its establishment, the MSAR Government decided to liberalise the gaming industry once the STDM concession expired. The Government's objectives were to introduce competition in the industry, increase employment and consolidate Macao's position as a gaming centre in the region.

New Pattern in the Gaming Industry

In August 2001, the Legislative Assembly officially passed Law No. 16/2001: Gaming Industry Regulatory Framework. The framework not only clearly defined the meanings of "casino" and "gaming", it also laid out regulations for concessions system and the conditions and process for bidding.

The Casino Concessions Committee, established by an Executive Order on 31 October 2001, was responsible for the work related to tender invitation and bidding. The eight-member committee was chaired by the Secretary for Economy and Finance, Francis Tam Pak Yuen.

After a series of international tender invitation and evaluation, the Chief Executive issued an Executive Order to grant provisional casino concessions to Sociedade de Jogos de Macau (SJM, a subsidiary of STDM), Wynn Resorts (Macau) and Galaxy Casino Company on 8 February 2002.

The MSAR Government signed the Concession Agreements on Operating Games of Luck and Other Games in Casinos in the Macao Special Administrative Region with Sociedade de Jogos de Macau in March 2002, and with Wynn Resorts (Macau) and Galaxy Casino Company three months later.

However, after granting concession to three operators, the MSAR Government agreed to allow Galaxy, SJM and Wynn to each grant a gaming sub-concession to one other operator, to meet Macao's changing needs. In December 2002, the MSAR Government and Galaxy agreed to amend its concession contract. The Venetian Group was authorised to operate casino gaming in Macao under a sub-concession. With the permission of the MSAR Government, in April 2005 SJM signed a sub-concession contract with MGM Grand Paradise, and in September 2006 Wynn signed a contract with Melco PBL Gaming (Macau).

Timely Control of the Scale of the Industry

After a few years of rapid development, the MSAR Government

found it was time to review and evaluate the present and future development of the gaming industry. On 22 April 2008, the Chief Executive announced that no new gaming licences would be granted in the near future, as a means of regulating the operations of the industry. In February 2010, the Government restructured the Gaming Committee, which is now chaired by the Chief Executive. The committee is charged with policy-making in gaming related issues, oversight of the gaming industry, and formulation of related regulations and guidelines.

Monitoring of Gaming under new circumstances

Two casino projects opened in 2015. At the end of the year, Macao had 36 casinos, with a total of 5,957 gaming tables and 14,578 slot machines. The Government continues to strengthen and update monitoring mechanisms of the gaming sector to facilitate its development.

In 2015, the Government initiated the amendment procedure for By-law No. 6/2002, Regulation of Casino Gaming Promotion Activities. Meanwhile the Gaming and Inspection Bureau began regularly gathering data and information on non-gaming facilities and local procurement exercises of casino operators, as well as local SME facilities at casinos, in a bid to more efficiently monitor casino operators' performance of their obligations in the concession contracts and their investments in non-gaming elements. Through this, the bureau could help small and medium-sized enterprises to seize opportunities arising from the development of gaming tourism.

In July 2015, the amendment bill to the Law on Tobacco Control, which proposes a smoking ban on all areas in casinos, passed its first reading at the Legislative Assembly.

For more information:

Statistic and Census Service (<http://www.dsec.gov.mo>)

Monetary Authority of Macao (<http://www.amcm.gov.mo>)

Gaming Inspection and Coordination Bureau (<http://www.dicj.gov.mo>)

8/2016