

Economic benefits from the gaming sector tourism essay

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In April 2005, Prime Minister Lee Hsien Loong announced the developments of two casinos with associated hotels and malls at Sentosa and Marina South. The aim of these projects is to boost the tourism industry and to strengthen the economic position of Singapore in South East Asia (Caris 2010). Based on the information from Ministry of Trade and Industry Singapore (MTI 2012), the Government announced two Requests for Proposal (RFP) for the Marina Bay Integrated Resort (now known as Marina Bay Sands) and the Sentosa Integrated Resort (now known as Resorts World Sentosa). The bids were evaluated based on the following criteria: Tourism appeal and contribution, Architectural concept and design, Quantum of development investment, Strength of the consortium and partners. On 15 Nov 2005, the RFP for the Marina Bay Integrated Resort was launched. Four parties responded to the RFP which were Las Vegas Sands Corporation, Harrah's Entertainment and Keppel Land, Genting International and Star Cruises as well as MGM Mirage and CapitaLand. The project was eventually awarded to Las Vegas Sands on 26 May 2006, and this gave birth to the Marina Bay Sands. This proposal would remarkably enhance Singapore's reputation as a leading MICE (Meetings, Incentives, Conventions and Exhibitions) destination in Asia. On 28 Apr 2006, the RFP for the IR at Sentosa was launched with proposals from Genting International, Eighth Wonder and Kerzner International with CapitaLand. The project was eventually awarded to Genting International (in cooperation with Star Cruises as a joint consortium) on 8 December, who subsequently named its Integrated Resort as Resorts World Sentosa (RWS). RWS design reflected the government vision for the Sentosa as a large-scale, family resort with world-class family leisure attractions. The Resorts World

Sentosa was first opened on the 20th of January 2010 meanwhile the official Grand Opening of Marina Bay Sands was on June 23 in the same year (Caris 2010). Since then, two IRs have given a huge impact on the development of Singapore society. First, there has been a large amount of jobs created directly and indirectly due to the birth of two IRs. In April 2005, ex-Minister Lim Boon Heng spoke during the casino debate in the Parliament that the decision of opening two IRs was based on the benefit of 35, 000 jobs would be created (Lim 2005). However, in the speech of the Acting Manpower Minister Tan Chuan-Jin at the Parliament on November 12 2012, the real fact is the total number of staffs worked directly under 2 IRs was only 22, 400 which consists 69% (15, 390) are Singaporeans (MOM 2012). The second problem is derived from the first one. Following by the existence of two IRs, there have been more and more foreigners who come to Singapore to work as well as the considerable increasing number of tourist turnovers. It leads to some social negative impacts such as the state of being crowded and chaotic at public transports during peak hours or the unexpected soaring rate of housing and vehicles. According to Singapore's Census of Population (2010), Singapore's population stood at 5. 076 million. Meanwhile, Singapore treated about 11. 6 million tourists arrived the island in the same year which was about 967, 000 per month. The infrastructure system would be strained by this human traffic and could not meet the demand of increasing population in the future (Loh 2011). Besides, the price of residential property in Singapore has surged in the fourth quarter of 2012 due to the unrelentingly low interest rates and endless capital inflows from the foreign investors as well as the expatriates in Singapore. The fourth quarter price increase is the

fastest since the second quarter of 2011, when prices climbed up 2.0% from the quarter before (Wong and Raghuvanshi 2013). Similarly, the price of COE (Certificate of Entitlement) for cars up to 1,600cc rocketed to the sky at S\$92,000, which was another record and almost S\$10,000 more than the previous price. COE for cars above 1,600cc also rose up to S\$96,210 from S\$93,501 previously (Tan 2012). However, the most serious concern among the negative impacts from two casino-based resorts on Singapore society today is the teenager gambling. Over the last three years, the National Addiction Management Service (NAMS) has encountered approximately 130 new cases of gambling problem of people aged between 18 and 35 at the Institute of Mental Health. This figure increased 44 per cent from 90 new cases previously. Naseera MJ Oli, a NAMS counsellor stated that the youngster who came in for treatment were younger and better educated (Chia 2012). In the latter part, the gambling situation in Vietnam as well as the impact of the newly-opened integrated resort MGM Grand Ho Tram Beach on the Vietnamese society will be thoroughly discussed. Vietnam is one of the developing countries which are experiencing a rapid economic growth as well as a boom in population. The government never stops looking for the ways to increase the GDP and at the same time, to solve the problem of high unemployment rate nationwide. Recently, developing integrated resort has been seriously considering and actually implementing in many Asian countries and yet, Vietnam is not the exception. MGM Grand Ho Tram Beach is the first large scale integrated resort in Vietnam which will soon be opened in the first quarter of 2013. This is the first component of the multi-site Ho Tram Strip resort complex invested by Asian Coast Development Ltd.

(ACDL), a Canada - based international development company specializing in integrated resort destinations. On November 17, 2008, the Ho Tram Project Company, ACDL's wholly-owned Vietnamese subsidiary, entered into Collaboration and Assistance Agreement and Management Services Agreement with MGM MIRAGE Hospitality International Holdings Limited (MMH), a subsidiary company of MGM Resorts International. Under the terms of the Collaboration and Services Agreement, MMH will support the development and marketing of the first resort, MGM Grand Ho Tram Beach. Under the Management Services Agreement, MMH will brand, operate, and manage the MGM Grand Ho Tram Beach (ACDL 2012). MGM Grand Ho Tram Beach is positioned to be a Las Vegas-style integrated destination resort, offering a unique blend of entertainment, adventure, and beach vacations. MGM Grand Ho Tram Beach is one of only the few large international players which are granted with permission for casino operation in Vietnam recently. In Vietnam, gambling is still a sensitive issue. On October 8 2012, Members of National Assembly's Standing Committee debated a draft decree on electronic gambling for foreigners. Mr. Vuong Dinh Due, Minister of Finance stated that this business was approved 20 years ago to entertain the demand of foreigners and attract more investment to the country. However, there are some current regulations on licensing conditions were not suitable anymore with the upcoming social-economic circumstance and some laws approved recently such as the Investment Law or Enterprise Law. Most members of the Standing Committee supported the new decree, which specify only foreigners and Vietnamese people who hold foreign passports or foreign residency permits are allowed to join the gaming function

(VIETNAMNET 2012). Moreover, there was another draft decree on casino management released by Ministry of Finance stipulating that the foreign investors looking for a chance to open new casinos must inject at least US\$ 4 billion to the project and they can only receive the casino operation licenses after they finish project development (Tu Giang 2012). Despite all strict rules and regulations from the government on this gaming industry, many projects are still on their way to set up or advance their scale of operations. In October 2012, Donaco Singapore which is controlled by two grandsons of Mr. Lim Goh Tong, the founder of Genting Berhad, has announced the share-sale agreement with Australian company Two Way Ltd. in the running of Lao Cai International Hotel, a premises had been licensed of gambling function and located near to the border with China. The hotel operated successfully which generated US\$12.5 million of revenue and net profit after-tax was US\$6.2 million in 2011 (Ngoc Linh 2012). Other large players in this sector are Silver Shores Hoang Dat Co. in Danang, Genting VinaCapital Co. in Hoi An, Royal International Co. in Lang Son and Hai Ninh Loi Lai Co. in Quang Ninh. Following a report by the Ministry of Finance, the revenue from prize electronics games has been risen gradually in recent years of around 10-15 per cent per annum and the total turnover in 2011 hit VND5 trillions (approximately US\$ 240 millions) (Tran Thuy 2013). Meanwhile, ACDL started to kick off the second part of the MGM Grand Ho Tram Beach Project in October 2012 and Mr. Lloyd Nathan, CEO of ACDL, was confident to say that MGM Grand Ho Tram Beach is the only one integrated resort with a major US brand actually opens in Asia during the next five years (Linh Tu 2012). Together with the potential and economic benefits from the gaming

sector, there are some social problems could be solved if the government really open the doors for the Vietnamese citizens to the casinos. In spite of the fact that gambling is illegal in Vietnam, there are many people still take participate in the underground gambling activities throughout the country. On November 29 2012, more than 200 police officers successfully caught over 100 gamblers and seized several billions Vietnamese Dong in the largest-ever gambling den in Northern Vietnam. Local residents believed that this gambling den had operated for decades and attracted gamblers from many provinces in Northern Vietnam (Nhung 2012). Besides, many Vietnamese people have crossed the border to go to Cambodia for gambling. Based on a survey by the Ministry of Public Security's General Department of Crime Prevention and Control, it was estimated that around 3, 600 Vietnamese citizens go to Cambodia on gambling purpose daily, and it could rise up to 5, 000 on Saturdays (Tuoi Tre 2012). Naga Corp., the operator of a casino chain in Cambodia stated that 40% of their revenue came from Vietnamese (Tu Hoang 2012). It could be even worse if the gambler ran out of money in Cambodian gambling premises and he/she was kept by the lenders. Some of them committed suicide after that because they had mortgaged their own life for the betting money (Thanh Nien 2012). All of these issues could be dealt if the government carefully considers allowing the Vietnamese nationals come into the casino in domestic, so it is easier to control the gambler and reduce the negative impacts from illegal gambling. The next part will focus on the operation aspect of MGM Grand Ho Tram Beach to see how they are going to make profit from this project as well as the liabilities towards the society and their stakeholders. MGM Grand Ho

Tram Beach, located in the Ba Ria - Vung Tau province, is the first phase of Ho Tram Strip complex to be managed and branded by MGM Resorts International. It consists of 541 luxury guestrooms and suites in a hotel tower and 13, 600 square metres are of gaming space which lays down 90 tables and 500 electronic gaming machines. There are also a 4, 000 square metres conference and convention center which features state-of-the-art audio/visual equipment and lighting facilities. In addition, MGM Grand Ho Tram Beach comfort its guests by a full range of nine world-class restaurants which serves various kinds of cuisine such as Vietnamese, Cantonese, Japanese, French and three differently designed bar, lounge and ultra-lounge. All other facilities such as spa, retail shopping areas and beach recreational activities which are expected in any destination resort are also available to entertain all visitors. The second tower of MGM Grand Ho Tram Beach contains 559 guestrooms and suites will bring the total room complement to 1, 100 (ACDL 2012). Compared to other gaming hubs in Asia such as Macau or Singapore, the unique factor of this project is the site itself. " It is one of stunning beauty—2. 2km of beach. So whereas there are many resorts that are looking to create artificial beaches and artificial wave pools, we actually have the real thing on our doorstep", said Mr. Nathan Lloyd, CEO of ACDL (Jalal 2012). This is the wonderful place appeal to people to take their family vacation. Although the gaming sector is expected to have higher contribution to the revenue of the resort, non-gamers are still the important target. Within around 8 million Vietnamese people visiting Ba Ria - Vung Tau province annually and many people go there as a weekend getaway, MGM Grand Ho Tram Beach with excellent non-gaming amenities would be the

best choice of destination (ACDL 2012). On the gaming side, premium players are expected to come from places such as Mainland China, Korea, Japan, Thailand and India as well. There are around 6 million foreign tourists come to Vietnam annually and many expatriates living in Vietnam would be the main source markets for the casino operation. The other source could be about 3.5 million Vietnamese people overseas who hold foreign passports or foreign residency permits and tend to come back to Vietnam at the Lunar New Year (Jalal 2012). Another key factor which could attract both gaming and non-gaming visitors to MGM Grand Ho Tram beach is the well-known MGM tradition of performances and live concerts around the year. These various activities would happen in many different places inside the resort such as ballroom, bar, ultra-lounge and beachside. The Greg Norman designed 18-hole Championship golf course which is expected to be completed in this year could be also the favorite destination of many VIP guests as well as golf players in the Asia region (Van 2012). In the other hand, MGM Grand Ho Tram Beach puts a great concern to its staffs and the local community. ACDL has created around 4,000 construction jobs and hired 2,000 people to work in the first phase of the MGM Grand Ho Tram. Mr. John Shigley, President and COO of MGM Grand Ho Tram, said the training programs would focus on the local market and be ongoing for the management and staff hired. After that, all staffs would receive extensive training in computer skills, language skills, customer service and all technical aspects of their jobs (Van 2012). MGM Resorts International also offered training and curriculum to many young Vietnamese students in a number of colleges and universities in Vietnam to work and make a strong start for their

career (Jalal 2012). Beside the career development, MGM has some of the most strict and rigorous regulations and standards to monitor the gambling in casinos. MGM is interested in creating a regulated, secure and safe environment for gamers. There are measures would be taken to ensure only persons who could properly game would be allowed to do so. " Whether Vietnamese can play or not depends on the laws of Vietnam, but we only allow foreigners", said CEO Nathan Lloyd (Tu Giang 2012). Asian Coast Development Limited, the owner of this Ho Tram Strip project, has shown its social responsibilities by many activities such as donation of 10 houses to Xuyen Moc Commune to improve the life of disadvantaged people in the local community. In October 17 2009, the Company visited and aided the flood victims in Quang Ngai Province with VND360 million in funds directly to the families worst affected by the storm. Also in October 2009, ACDL held a party for Ho Chi Minh City's Dieu Giac orphanage after funding to provide an entirely new roof to the school and supply new recreational facilities for 126 children in this center (ACDL 2012). In the early of January 2013, MGM Grand Ho Tram Beach successfully completed a customer simulation in preparation for the opening of the first phase of the resort. Mr. John Shigley, COO and President of MGM Grand Ho Tram, said the official opening date could be around Tet (Lunar New Year) 2013 and he is really looking forward to welcome the guests to the resort (Hoang Anh 2013). With all 541 luxury guestrooms, gaming facilities, nine restaurants, lounges and bars, conference and convention center, a spa, three swimming pools, teen's and children's areas and luxury retail shops, the guests will be indulged with the world-class services in the unparalleled luxury accommodations. From now

on until June 29 2013, customers have been able to make a reservation for a perfect getaway in MGM Grand Ho Tram with the three unparalleled opening packages: US\$168 for one night at Grand Room with US\$30 food and beverage credit, 3-night package at a 2-night rate with US\$60 food and beverage credit and US\$100 per night upgrade to the luxury retreat at Grand Suite (Citrinot 2012). Besides, MGM is well-known with the all-year-round performances and live concerts and MGM Grand Ho Tram Beach is not the exception. Live concerts, mix martial arts, music award shows and famous DJs will be featured in the Ho Tram ballroom together with 6-night per week live music, DJs and dancing in Lion's Bar (Van 2012). Another major event is that in 2014, the Greg Norman designed 18-hole Championship golf course which features spectacular rolling dunes and sensational ocean views could be the host of one of the world's biggest and most prestigious amateur golf tournament, Heineken World Golfers Championship. In recent years, golf has become one fastest growing sport among business top executives and decision-makers from the all sectors of the society. This tournament has been successfully operated in 2011 and 2012 in Vietnam and it is expected that this one of the best golf course in Asia will bring this event into a new height and also, this event could gain a high reputation for MGM Grand Ho Tram Beach (the poster of the event could be seen in the next page).