

Expert panel discusses impacts of local gaming in Vietnam

The Hospitality Investment Conference in Ho Chi Minh City, staged on 12 and 13 July 2016, hosted a round-table conversation on reforms and investment attraction centered on the development of the nation's fledgling gaming industry.

Chairing the panel was Mr. Pham Quang Vinh, Senior Advisor to Michael Kelly, the Executive Chairman of Ho Tram Project Company, who noted that to date, the company was the only committed and sustained investor in the country's industry.

The panel discussed at length the economic consequences of the current prohibition of the local entry to prized gaming areas. Indeed Professor Augustine Vinh, speaking from the panel, and author of a 1,500 page white paper on the topic led the way by commending the developers of the Ho Tram Strip for their willingness to host a pilot program that would allow future regulations to be tested in the state of the art, international standard facility that has been developed there.

He elaborated on this, explaining the varying levels under which the state views gaming, as well as his chronology of the development of the industry, ultimately noting that: "Many provinces are seeking permission to add gaming as a means to attract tourists to both their areas and the nation, and Ho Tram is a great case study here, having already invested approximately US\$800 million into the country, and making itself available to local government to run a pilot program for locals to game in the nation, to understand the demographics of gaming here, the size of the industry, means in which its social consequences can be monitored and mitigated, as well as decrease both cross border and illegal gaming in the country."

Architect from the Ho Tram Project Company, Mr Gary Martin indicated that the lack of a clear and robust regulatory framework was presently proving to be a deterrent to potential investors in the space, but that his own project had amended its focus in recent months.

"We have an exceptionally strong and visionary leadership team under Michael Kelly now in place. Under this team, we have moved away from being a casino-resort toward being a resort with a casino, which is the essence of an integrated resort," he said, acknowledging a slew of new family amenities at the 164 acre site less than two hours from HCMC which employs a team of over 1,500. "We are working extremely hard on future developments for the project and committed to continuing to invest above and beyond almost US\$800 million that we have already put into the ground here with an additional US\$300 million in announced expansion projects for a total investment exceeding US\$1billion. Our second tower together with our expanded entertainment offerings, and our residential development, these are all huge developments in which we are investing, and amendments to local gaming legislation is set to provide a significant windfall to local taxation revenues. We have everything in place now to demonstrate this, an exceptional team of international experts working to the highest international standards who are ready to test the means in which local gaming can be rolled out here."

His co-panelist, Mr. Nguyen Dinh Chuc discussed the impacts of current gaming prohibition, saying: "We know, just from declared sources, that Vietnamese gaming in Cambodia alone is worth US\$250 million. We cannot measure the widespread illegal gaming industry here, however from the Ministry of Public Security and various media sources, there are around 200

illegal lottery houses in the country, and just in the recent European Championship, there were estimates as high as US\$500 million spending. This is a huge industry where there is no decree, nor structure to manage it.”

Professor Vinh further acknowledged that his research concluded that in excess of US\$800 million was lost from state coffers due to capital flight.

Mr. Chuc highlighted some of the successes from previous liberalization of gaming legislation here, noting that state sanctioned lotteries were already a US\$3 billion industry contributing US\$1 billion to the state; foreigner only electronic gaming was a US\$260 million business which brought US\$51 million in tax revenues; and the fledgling casino business was already generating US\$50 million, and US\$15 million to the state.

Panelists were unanimous in calling for a clear regulatory framework, with international architect Ms. Mary Beth Powell capturing the sentiment succinctly, remarking that central to develop the industry was to “understand and master plan” for the market.

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The first phase of its development – The Grand Ho Tram Strip – opened its doors in 2013 and includes a 541 room five-star hotel, a world-class entertainment facility, restaurants, high-tech meeting space, an exclusive VIP area, three swimming pools, as well as a variety of beach-front recreation activities. Adjacent to The Grand, the 18 hole Greg Norman designed Championship golf course – The Bluffs – opened for play in early 2014.

Construction is underway on a second tower at The Grand, with an additional 559 rooms, bringing the resort’s total to 1,100 as well as on a condotel and vacation home development. Later phases will include a second integrated resort similar in size and scale to The Grand, and additional five star resorts.

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