

Unveiling Macau Gaming Inspectors: Functions, Conditions and Operations

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Abstract

Macau has seen the rapid development of casinos in the past two decades. Long-established regulatory control of the city's gaming industry ensures compliance with the applicable regulations and standards. Among other regulators and staff, gaming inspectors are responsible for the first-line supervision of gaming operations across Macau casinos. This paper is the first attempt to review the casino regulatory inspection in Macau with a particular focus on the functions and practices of gaming inspectors stationed at casinos. Existing internal and external factors affecting the functions of gaming inspectors are identified and discussed in this paper. The authors of this paper consider that high-caliber gaming inspectors play a pivotal role in the regulatory performance of the gaming industry. Suggestions for further improvement are also provided for Macau to develop an effective regulatory inspection system for the gaming industry.

Keywords: Macau gaming control and regulation; Macau gaming regulatory history; casino inspection; gaming regulatory agencies; Macao

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Introduction

Macau, a city and Special Administrative Region (SAR) of the People's Republic of China,¹ currently with an area of 33 square kilometers and a population of around 700 thousand, is located on the southeast coast of China and about 60 kilometers opposite to Hong Kong across the Pearl River Delta. This Chinese city has been known for its legalized gambling industry for more than 170 years under the rule of the Portuguese.² Since the return of Macau to China in 1999, it has become one of the world's largest casino markets³ and the gaming operations in Macau casinos have also become more standardized and increasingly regulated. With the increased regulation, the gaming inspectors have begun to attract more attention due to their role in ensuring the city's casino regulatory system.

The Gaming Inspection and Coordination Bureau (*Direcção de Inspeção e Coordenação de Jogos*, DICJ) is charged with the responsibility of administering and overseeing the city's gaming industry. Specifically, the DICJ has a team of gaming inspectors responsible for the first-line supervision of more than 40 casinos, many of which are clustered in the districts of Macau Peninsula and Cotai.⁴ Gaming inspectors are required to work on a 24/7 shift system to maintain an orderly process of all the gaming activities in Macau (Godinho, 2014). Since these inspectors and their behaviors generally influence the public perception of the government, particularly the effective regulation and supervision of the local casinos, the work of inspectors notably represents the public image of the gaming authorities in Macau.

Nonetheless, little is known about the on-site inspection work in Macau casinos. The present study is the first of its kind to comprehensively investigate and evaluate the work of Macau gaming inspectors in terms of their functions, qualifications, and work practices. Since the authors of this paper have been teaching the gaming management programs at Bachelor's and Master's levels in a local higher education institution, most of our alumni and students are actively engaged in gaming and gaming-related activities across the private and public sectors in Macau. In addition to examining the official documents and government publications, the authors of this review paper also had discussions with the frontline gaming staff and other concerned individuals in casinos to clarify and corroborate the operational practices of on-site gaming inspection in casinos.

Drawing primarily on the legal and regulatory documents (as well as the observations and discussions with the industry participants), this paper identifies and discusses the existing internal and external factors affecting the performance of gaming inspectors in Macau casinos. A set of recommendations is provided for improving the quality and effectiveness of on-site gaming inspection work. The work practices of Macau gaming inspectors could provide valuable insights into the gaming inspection and challenges in other gaming jurisdictions. This research also provides practical implications for the public administration and first-line supervision of the gaming industry and possibly other regulated businesses in Macau and other jurisdictions. Furthermore, similar reviews could be conducted in other major gaming jurisdictions to gain more insight into the duties and performance of gaming inspectors.

¹For simplicity, the status of Macau SAR is referred to as a city throughout this paper.

²Gambling was declared legal in 1847 by the then Portuguese government in order to make up for its fiscal deficit. See e.g. Gaming Inspection and Coordination Bureau. (n.d.) Macao gaming history. Retrieved from <https://www.dicj.gov.mo/web/en/history/index.html>

³The gaming industry in Macau has experienced tremendous growth since the gaming liberalization in 2001. Macau overtook the Las Vegas Strip in gaming revenue to become the largest gaming market in 2006 and has since been one of the major gaming jurisdictions in the world. See, e.g. UNLV Center for Gaming Research. (2019). Macau gaming summary. Retrieved from <https://gaming.unlv.edu/abstract/macau.html>; Barboza, D. (2007, January 23); Macao surpasses Las Vegas as gambling center. The New York Times. Retrieved from <https://www.nytimes.com/2007/01/23/business/worldbusiness/23cnd-macao.html>

⁴There are a total of 42 casinos in Macau, but four of them are not in operation at the time of writing. Most of the traditional casinos were located at Macau Peninsula before 2004. The district of Cotai has been developed for mega casino complexes since the integrated resort The Venetian Macao was opened in 2007.

Macau gaming inspectors: A historical overview

The Macau gaming industry was legalized in 1847 to diversify the local economy and improve government revenues.⁵ While this former Portuguese colony did not see the modern form of casinos until the 1930s, gambling houses could still be found across Macau. These gambling houses were operated by authorized persons on the condition that annual fees were paid to the then colonial government (Godinho, 2020; Wang, 2020). Even after the 1847 gaming legalization, there had been no applicable laws nor on-site inspection agents to oversee the enclave's gaming activities until the 1960s. The present-day gaming industry in Macau began with the granting of the exclusive casino concession to the Sociedade de Turismo e Diversões de Macau (STDM) in 1961. The regulatory role of gaming inspectors was introduced while the local casino market witnessed significant development during STDM's 40-year concession period.

Establishment of gaming inspectors

The Portuguese government appointed Jaime Silvério Marques as the governor of Macau in 1959. The then-new governor overhauled and designated the city's gaming industry as the pillar of the local economy in 1961 by introducing Legislative Regulation No. 1496 (*Diploma Legislativo nº 1496*) entitled "Regulating the Establishment of Games of Fortune" (Ho, 2020; Wang, 2020). This gaming-specific regulation was empowered to establish both the Gaming Inspection Board (*Conselho de Inspeção de Jogos*) and a dedicated team of inspectors responsible for supervising the gaming operations in Macau. The primary duty of these gaming inspectors at the time was to oversee whether casinos were in compliance with the safeguards that prohibited certain persons from entering the casinos.⁶

In 1962, Ordinance No. 7026 was issued to regulate the gaming inspectors.⁷ With an initial team of 12 members, the number of inspectors was subsequently increased to 15 in the same year.⁸ Ordinance No. 8/76 was also published to regulate the conditions for entry and promotion of "Inspectors of Gaming Contracts" (*Inspeção dos Contratos de Jogo*), which was the prototype of the gaming inspectors nowadays. Apart from the general requirements for appointment to civil service positions, prospective applicants were required to be over the age of 21, possess competence in spoken Chinese and English, and be permanent residents of Macau. Priority would also be given to those who had served in the Macau Security Forces.⁹

The Macau gaming industry experienced fast growth and development since STDM was awarded the gaming monopoly in 1961. The colonial government also recognized the need to enhance the coordination of gaming policy and enforcement efforts to reflect the industry developments in the 1980s.¹⁰ Decree No. 28/88/M was subsequently promulgated to restructure the public agency in charge of the city's gaming activities. An industry

⁵Macau's role as the main trading port in the Far East gradually declined at the time particularly after Hong Kong was ceded to the British in 1842. See, e.g. Wang, C. (2020), The casino gaming concession system in Macao: past, present, and future, *UNLV Gaming Law Journal*, 10(2), 219–234; Ho, H.W. (2018). Gaming promoters: The junket operations in Macau casinos. *Gaming Law Review*, 22(9), 549–558.

⁶Article 22 and 23 of Legislative Regulation No. 1496 prohibited certain persons from entering the casinos, e.g., persons under the age of 21, personnel of public bodies, military personnel, and persons in a state of intoxication or engaged in any disturbance.

⁷Portaria no. 7026 — Aprova o regulamento da fiscalização dos jogos de fortuna ou azar [Ordinance No. 7026 — Approving the Regulation of Inspection of Games of Chance]

⁸Portaria no. 7058 — Aumenta de doze para quinze o número de fiscais indicado no artigo 2º do Regulamento de Fiscalização de Jogos, aprovado pela Portaria no. 7026 do corrente ano [Ordinance No. 7058, Increasing the Number of Inspectors from Twelve to Fifteen as Indicated in Article 2 of the Regulation of Inspection of Games, Approved by Ordinance No. 7026 of the Current Year]. The reason for this staffing increase is not clear, and it is the authors' opinion that it might be due to the unforeseen workload before the promulgation of Ordinance No. 7026.

⁹Portaria no. 8/76 — Aprova o regulamento dos concursos de ingresso e de promoção nos quadros da Inspeção dos Contratos de Jogos [Ordinance No. 8/76 Approving the Entry and Promotion Regulations for the Staff of the Games of Fortune Contract Department.]

¹⁰See Decree No. 28/88/M - Cria a Direcção de Inspeção e Coordenação de Jogos [Creating the Gaming Inspection and Coordination Department].

regulator “Gaming Inspection and Coordination Department” (*Direcção de Inspeção e Coordenação de Jogos*) was formed, consisting of the Gaming Inspection Department, Research and Audit Department, Administrative and Finance Division, and Gaming Advisory Board (*DConselho Consultivo de Jogos*). To better regulate and supervise the on-site gaming operations at the time, Decree No. 28/88/M also established the position of 77 gaming inspectors, and the number of these inspectors was further increased to 159 in 1991.¹¹ Unlike their predecessors, which oversaw whether the casinos complied with casino entry rules, the functions of these inspectors were enlarged to “carry out the permanent oversight of the frequency and operation of the gaming halls in casinos and other venues authorized to operate gaming” under Decree No. 28/88/M.

The Macau Special Administrative Region (Macau SAR) was established following China’s resumption of sovereignty over Macau in 1999. Administrative Regulation No. 34/2003 was formulated by the Macau SAR government in 2003 to reinstitute the city’s gaming regulator as “Gaming Inspection and Coordination Bureau” (*Direcção de Inspeção e Coordenação de Jogos, DICJ*), a bureau-level department under the Secretariat for Economy and Finance. The restructured DICJ was then made of four departments: Inspection of Games of Fortune Department, Inspection of Pari-Mutuels Department, Audit Department, Research and Investigation Department, as well as a support unit Administration and Finance Division. While gaming inspectors under both departments were responsible for the on-site inspection of Games of Fortune and Pari-Mutuels,¹² the total number of inspectors remains at 159.¹³ In June 2021, the DICJ underwent a major overhaul of its organizational structure and staffing. According to Administrative Regulation No. 19/2021,¹⁴ the gaming regulator is now divided into six departments: Gaming Inspection, Investigation, Legal and Licensing, Financial and Compliance Audit, Facilities and Information, and Gaming Studies and Liaison.

Status quo of Macau gaming inspectors

DICJ as the gaming regulator has dedicated inspectors to supervise the gaming activities in Macau.¹⁵ Since these gaming inspectors are the on-site representatives responsible for carrying out the administration and supervision in casinos and other regulated gaming venues, their actions and behaviors can influence the public perception and reputation of the gaming authorities. Specifically, except for the surveillance control rooms and the casino count rooms where other DICJ administrative officers are stationed, inspectors associated with the Games of Fortune inspection team are charged with the responsibility of supervising the on-site gaming operations in casinos. While much of on-site gaming regulation occurs outside of the public view, such as casino surveillance or accounting pro-

¹¹This is due to the increasing workload after the establishment of the Gaming Inspection and Coordination Department, and the number of inspectors had since doubled within two years. See Decree No. 12/91/M- *Dá nova redacção aos artigos 3.º, 6.º, 7.º e 8.º do Decreto-Lei n.º 28/88/M, de 5 de Abril (Orgânica da Direcção de Inspeção e Coordenação de Jogos)* [Rewording Articles 3, 6, 7 and 8 of Decree No. 28/88/M, of 5 April (Organisation of the Gaming Inspection and Coordination Department).]

¹²Pari-Mutuels games in Macau refer loosely to all the bettings except the games of fortune and lottery, such as sports betting, horse race betting and greyhound race betting under Law No. 16/2001.

¹³Note that the statutory number of gaming inspectors does not represent the actual number of inspectors deployed to the casinos. Since a small number of senior inspectors assume management roles responsible for coordinating the administrative functions and operational support in the Bureau, the number of on-site gaming inspectors is less than the staffing level (i.e. 159).

¹⁴Since early 2021, the government departments and agencies in Macau have been reorganized their scope of authority and administrative responsibilities. The reorganization covered a wide of areas, including economy, technology, education, culture, etc. The DICJ in particular underwent restructuring and expansion with a view to enhancing its gaming supervision and monitoring, as well as providing necessary assistance in the formulation and implementation of the gaming policy.

¹⁵Under Administrative Regulation No. 19/2021, both the Inspection of Games of Fortune Department and the Inspection of Pari-Mutuels Department have been merged into two designated divisions under the Gaming Inspection Department since June 2021. Given that the scale of pari-mutuels is relatively small, there are only a small number of inspectors, as opposed to the number of inspectors stationed at casinos. The merger is believed to increase the efficiency of the overall inspection work across the gaming activities in Macau.

cedures, gaming inspectors are readily visible to casino patrons and other members of the public. As such, they function as the “public face” of the government’s regulation of casinos. Working four shifts a day, gaming inspectors maintain a continuous 24-hour on-site presence across all Macau casinos.¹⁶

Macau gaming inspectors: What powers do they have?

Regulatory functions

The main functions of gaming inspectors are to supervise the daily operations of Macau casinos and prevent any gaming-related illegal activities. According to the provisions of Administrative Regulation No. 19/2021 and the actual on-site inspection work, the day-to-day regulatory functions of gaming inspectors can be summarized as follows:

1. Supervising the operations leading to the generation of gaming revenue. Gaming inspectors confirm and monitor any approved work items at casinos, especially any work associated with the gaming revenue and on-site repair and maintenance projects that may affect the supervision practices or cause any illegal activities. In addition, inspectors make confirmation over a range of gaming activities, including winning payouts (the issuance and receipt of various documents related to any gaming activities), table fills and credits, emergency replacement of casino drop boxes, and the daily operating report of gaming machines, as well as the confirmation and issuance of various jackpot payouts.
2. Handling all kinds of irregular activities or disputes related to gaming activities. If the actions involve criminal violations, cases will be transferred to the Judicial Police for follow-ups.
3. Gathering information and preparing reports for any administrative infractions found in casinos for their superiors’ continuous follow-ups.
4. Providing appropriate instructions to the DICJ and casinos under exceptional circumstances. For instance, inspectors must coordinate the temporary closure of the casinos in the light of actual circumstances during typhoon situations.
5. Assisting and recording the routine inspection work of other public entities at casinos. On-site inspectors also assist other government departments ranging from assisting the Tobacco Prevention and Control Office to carry out the enforcement work to working closely with the Macau Government Tourism Office and the Labour Affairs Bureau to coordinate their routine inspection at casinos.

Scope of authority

The DICJ adopts an on-site approach to casino supervision and control. Gaming inspectors are assigned to an internal DICJ workstation in each local casino. In the event of a situation requiring the DICJ assistance, gaming inspectors will deal with the issues in person at the request of the casino or the concerned patrons. Since gaming inspectors monitor the gaming operations in casinos, matters involving penalties and certification should be reported to the DICJ superiors for further instruction.

Nonetheless, gaming inspectors are given the discretion to deal with various routine work and emergencies. They can make confirmation on behalf of the DICJ when it comes to the approval of some jackpot payouts, opening and suspension of gaming tables, renovation and interior works inside the casinos, as well as the gaming system maintenance and upgrades. Supposing that any undergoing work projects are found to be carried out without prior application or authorization by the DICJ, gaming inspectors can refuse to proceed

¹⁶In addition to the gaming inspectors associated with the Games of Fortune inspection team, there is also a small inspection team responsible for overseeing the operations of pari-mutuels or other gaming activities offered to the public.

with the projects, or they can also issue instructions to the concerned casinos after verifying with their superiors at the bureau.

Note that the current Macau gaming law does not give gaming inspectors the power to conduct criminal investigations. If any incidents related to criminal offenses occur inside the casinos, gaming inspectors will keep a written record of the incidents and collect the relevant information. Incident reports will be prepared by gaming inspectors and submitted to the DICJ, and such reports will be eventually transferred to the judicial authorities for further investigations.

Gaming inspectors can only exercise their administrative powers under the now-defunct Administrative Regulation No. 34/2003 and the current Administrative Regulation No. 19/2021, as opposed to their predecessors who were entrusted with a certain power of arrest at casinos.

Before the reorganization of the DICJ in 2003, gaming inspectors once enjoyed certain police powers, acting not only as supervisors of casinos but also as on-site police officers to arrest offenders at casinos. In particular, the now-defunct Law No. 12/77/M allowed gaming inspectors to apply for firearms for self-defense and carry such weapons both on- and off-duty. These inspectors also had greater powers in the routine supervision at casinos, ranging from making a record of incidents and issuing administrative penalties to expelling any offenders from the casinos temporarily or permanently.¹⁷ In addition, gaming inspectors could take action to punish the offending casinos and their employees, such as suspending the gaming operations or proposing disciplinary actions to casinos for any employees who had committed misconduct. With such administrative and police powers, the DICJ and their gaming inspectors had greater supervisory capacity before the reorganization than their current counterparts, especially to the casino management and any persons engaged in the gaming activities.

After the promulgation of Administrative Regulation No. 34/2003, the police powers of gaming inspectors were revoked,¹⁸ and all criminal cases related to the gaming activities are under the authority of the Judiciary Police.¹⁹

Work location and shift pattern

The DICJ organizes the operations of gaming inspectors and their on-site casino inspection and monitoring work.²⁰ Working four shifts a day, gaming inspectors are generally assigned to the designated DICJ workstations across Macau casinos on a six-hour shift ro-

¹⁷Law No. 16/2001 - Legal Framework for the Operations of Games of Fortune in Casinos specifies that the power to prohibit any persons from entering the casinos is reserved to the Director of DICJ, and such entry prohibition shall not exceed two years.

¹⁸There is no official document indicating the revocation of the police powers of the Macau gaming inspectors. All casino-related investigations have been under the authority of the Gaming-related Crime Division of the Judiciary Police since 2003. Yet, it is widely believed that this was due to the late-1990s organized crime associated with VIP gaming, which led to the reform of the city's gaming industry in 2001 and the subsequent reorganization of DICJ in 2003.

¹⁹Note that the functions and responsibilities of Macau gaming inspectors are generally similar to the functions and responsibilities of gaming inspectors in other major gaming jurisdictions, such as the U.S. state of Nevada and Singapore. However, what distinguishes the enclave's gaming inspectors from other jurisdictions is marked by the exercise of police powers. Nevada's Gaming Control Act confers on the state's gaming inspectors the power to arrest offenders at casinos and conduct relevant criminal investigations. These enforcement agents act as the "plainclothes police officers" inside Nevada casinos. Likewise, gaming inspectors in Singapore are also empowered to arrest and investigate offenders under its Casino Control Act. Specifically, Section 182(2A) of Singapore's Casino Control Act specifies that inspectors and other authorized persons with such police powers are considered the police officers "not below the rank of inspector of police." For further details on the casino inspection and their inspectors in Nevada and Singapore, visit the official webpages of the gaming regulators, respectively at <https://gaming.nv.gov/> and <https://www.cra.gov.sg/>. See also Cabot, A.N. (1996), *Casino Gaming: Policy, Economics, and Regulation*; Lionel Sawyer & Collins (2000), *Nevada Gaming Law*; Rose, I.N. (1980), The legalization and control of casino gambling, *Fordham Urban Law Journal*, Vol. 8 No. 2, pp. 245-300; Clinton, P. (2013), Nevada's Gaming Control Board, *Police Magazine*. Retrieved from <https://www.policemag.com/340882/nevadas-gaming-control-board>.

²⁰Note that the gaming inspectors in question refer to the DICJ agents associated with the gaming inspection at casinos, as opposed to the inspectors responsible for first-line supervision of Pari-Mutuels.

tation. At present, the entire gaming inspection unit workforce comprises 159 posts, but the actual number of on-site gaming inspectors is less than this staffing level.²¹ With more than 40 casinos and each casino needing at least four inspectors per 24 hours, the staffing situation is obviously tight and deploying one gaming inspector to each local casino is not possible. There are not enough inspectors to monitor the casinos as required by the city's gaming regulations. In practice, an inspector has to inspect more than one casino as there are not enough inspectors on duty to monitor all the casinos in operation. This may also leave one or more casinos without an on-site inspector during the time the inspector is at another casino.²² In addition to oral communication, on-site inspectors generally adopt paper-based work processes at casinos. Information dissemination and work messages are mostly in written form, and such manual document system could impede the efficient workflow of the gaming inspection and even cause communication breakdowns during shift changes.

Macau gaming inspectors: What qualifications do they need?

Education and technical skills

Gaming inspectors as the "first-line regulators" play a critical role in the day-to-day supervision of Macau casinos. An adequate inspection of casino operations hinges on the quality of inspectors who possess a variety of gaming expertise, relevant work experience, and technical skills.

Before Macau's return to Chinese sovereignty in 1999, most gaming inspectors were former members of the security forces. They were generally composed of male Macanese (persons of mixed Chinese and Portuguese descent) possessing semi-militarized expertise and knowledge. Education requirements and gaming knowledge for gaming inspectors were rather not emphasized at the time, and a majority of these inspectors only had a junior high school diploma. Most of them spoke Portuguese, and their Chinese proficiency was relatively weak. On the contrary, non-Portuguese inspectors at the time were faced with some language barriers in their daily work and communications. Albeit with the basic Portuguese proficiency, there had inevitably been some inconvenience and even misunderstanding among some non-Portuguese inspectors as the official documents were mainly written in Portuguese.²³

The Macau gaming industry has entered a new era after the city was returned to China. While the powers and functions of the DICJ were reinstated in 2003, the Macau SAR government has not made any job-specific requirements concerning the gaming inspection agents' professional knowledge, skills, and abilities. Prospective inspectors must meet the minimum standards for general civil service positions.²⁴ Shortlisted candidates are first invited to attend the written examination and professional interviews during the selection process. Finalists are then selected for an in-house professional training and internship program organized by the DICJ. Appointments will be offered to the candidates who have successfully completed the internship and passed the assessment.

Take the recent inspector recruitment as an example, the gaming regulator announced to recruit 50 gaming inspector interns in October 2016.²⁵ A total of 4,101 applications met the eligibility criteria in March 2017, and only 173 candidates were shortlisted for interviews after qualifying the written entrance examination in September of the same year. A group of 50 interns was selected to attend the inspector internship program in April 2018.

²¹ See note 13 above

²² Due to the limited staffing level, a gaming inspector generally has to cover 2 to 4 small casinos or one large-scale casino resort on their shift, particularly when other inspectors take sick or annual leave.

²³ Portuguese was the sole official language until 1991, and both Chinese and Portuguese now serve as the two official languages of Macau.

²⁴ Candidates for positions in civil service must be permanent residents of Macau and meet the minimum education requirements (senior secondary education for gaming inspectors).

²⁵ Note that the DICJ announced to recruit 50 interns for future employment as gaming inspectors, and a total of 26 gaming inspectors were initially planned to hire upon completion of the six-month internship program under the DICJ Notice dated October 19, 2016.

Most of them were eventually appointed to be gaming inspectors in February 2019 after a six-month internship and professional training.²⁶

Personal and moral character

Gaming inspectors supervise the day-to-day casino operations on behalf of the Macau SAR government. Acting as the representatives of the DICJ, inspectors' work involves frequent or regular contact with casino personnel and patrons, their morality and personal behavior have a certain impact on the public perception of the gaming authorities and the Macau government.

During the Portuguese colonial period, gaming inspectors filled an authoritative role with significant power: casino personnel, patrons, and even individuals affiliated with the triads avoided crossing the inspectors.²⁷ The DICJ experienced an overhaul of its inspection system and standards, especially after its reorganization in 2003; in particular, some corruption cases were found to involve gaming inspectors who misused their positions or abused their power entrusted to make personal gains.²⁸

Most gaming inspectors now possess a high level of educational qualifications. Most of them have improved their service quality and work performance since the organizational overhaul. With the widespread use of the Internet, more patrons publicly resort to voicing their dissatisfaction on social media. Gaming inspectors nowadays address and resolve casino issues in strict accordance with the applicable laws; moreover, they are generally customer service-oriented and no longer rely on their "authoritative powers" as much as in the past.

Discussion: What factors affect the performance of gaming inspectors in Macau casinos?

The casino operations in Macau have become more standardized after Macau's return to Chinese sovereignty in 1999. In addition to the 2001 gaming liberalization with the entry of foreign casino operators, gaming inspectors play a pivotal role in ensuring the city's casino regulatory system. However, it is argued that specific internal and external factors affect the functions of gaming inspectors, as discussed in the following sections.

Staffing shortage

Macau has a total of 42 casinos.²⁹ Adequate supervision cannot be achieved as there is insufficient staffing to deploy one gaming inspector to a workstation at each casino

²⁶The recruitment and selection process of gaming inspectors at the time was based on written knowledge examination (60%), professional interviews (30%), and the candidates' curriculum vitae (10%). Among the 50 interns, 49 passed the internship program. Most of them eventually joined the DICJ and became gaming inspectors. For details, see Recruitment, Gaming Inspection and Coordination Bureau at <http://www.dicj.gov.mo/web/en/recruitment/index.html>.

²⁷As mentioned in the previous section, gaming inspectors once enjoyed certain police powers and generally acted on-site police officers at casinos before 2003. Given the powers of gaming inspectors in the Portuguese colonial period. Anyone found to have violated the laws and regulations, especially the nuisance cases, were yelled at by the inspectors; in severe cases, offenders would be forced to leave the casino premises.

²⁸It was not uncommon for some gaming inspectors to engage in corrupt practices at casinos, according to our discussions with the industry veterans. After the reorganization of DICJ in 2003, the Macau government determined to prevent and eliminate the corrupt practices among the inspectors. In particular, the city's anti-corruption body Commission Against Corruption (CCAC) began to investigate casino cases involving some inspectors demanding money from players or other corruption offenses, and they were later found guilty of abusing power. See, e.g., Commission Against Corruption. (2004, December 16). Two inspectors of the Gaming Inspection and Coordination Bureau stationed in Galaxy Waldo Hotel and Resort allegedly abused their power and demanded money from a player last night (15th December). They were arrested by the CCAC investigators on the spot. The case was transferred to the Public Prosecutions Office today (16th December) [Press release] Retrieved from https://www.ccac.org.mo/en/news_details/article/kbag0jba.html; Commission Against Corruption. (2007, March 21). A civil servant working for the Gaming Inspection and Coordination Bureau refused to cooperate in an investigation and attacked CCAC investigators [Press release]. Retrieved from https://www.ccac.org.mo/en/news_details/article/kbag0ns7.html.

²⁹See note 4 above.

premises. As noted above, gaming inspectors assigned to cover more than one casino during a single shift plainly cannot be in two places at once, requiring individual inspectors to exercise discretion on how best to perform the supervision duties in multiple locations. This could result in risks such as the underreporting of patron complaints if there is no inspector on-site at the time of the complaint or patron dissatisfaction with the DICJ's on-site presence. Work situations like these affect the performance of on-site inspection at casinos and thus tarnish the image of the DICJ, to a certain extent negatively impacting the development of the gaming industry in Macau.

Administrative Regulation No. 19/2021 has recently increased the statutory number of gaming inspectors from 159 to 324. The increase in staffing seeks to address the existing staffing shortage and would potentially solve the problem once the statutory quota is filled. As noted above, the previous inspector recruitment in 2016 took more than two years to recruit, select and train the inspectors. The recruitment and staffing processes are not yet announced at the time of writing. It might take some considerable time for the gaming regulator to recruit qualified candidates and for these new recruits to take up their inspector duties. Therefore, the current staffing shortage is expected to continue for at least a couple of years.

Inadequate inspection

The lack of sufficient inspectors makes it challenging to preempt any casino-related infractions and offenses in Macau. Since gaming inspectors are required to supervise more than one casino premises concurrently, a detailed on-site inspection might not be guaranteed as a result of time constraints. In addition, there are other factors associated with the efficiency and effectiveness of gaming inspection as follows:

1. Some large-scale casino resorts have multiple gaming floors and some designated gaming areas (i.e., VIP rooms) are far from the main casino halls. As such, it is difficult for gaming inspectors to conduct frequent and regular inspections across the casino premises during a single shift.
2. For the sake of maintaining their employment, it is not uncommon for casino employees, despite witnessing the violations, to avoid taking the initiative to prevent or correct any illegal behaviors. Some gaming staff also choose to make anonymous reports of misconduct to the authorities after the incidents.
3. Some casino executives may intend to avoid reporting any violations so as to maximize gaming revenue and retain customer loyalty. Whenever inspectors make spot checks and inspections on casinos, management inside and across several casinos would inform one another via the communication devices. As a result, it is more challenging for gaming inspectors to identify any violations owing to this "special" industry-wide collaboration and cooperation.

The abovementioned on-site factors have turned the gaming inspection work into "routine tasks", and the on-site inspection duties have thus become less effective in deterring the violations at casinos.

Inspection work disrupted by external political pressure and culture

Gaming inspectors generally deal with disputes between casinos and patrons. Patrons and stakeholders usually file formal complaints against or voice their dissatisfaction with the inspectors on social media. Such a culture of complaints is often assisted by the labor and interest groups representing various segments of the gaming industry. The DICJ and its inspectors cannot avoid such external political pressure exerted by various industry stakeholders. As first-line regulators, gaming inspectors not only shape the public's perception of the government's regulation of casinos, but they can also bear the brunt of public

dissatisfaction, whether filed through formal or informal processes. Matters of public interest are consequently dealt with expeditiously to prevent the issues from escalating. Any slight negligence in the handling process could result in unreasonable complaints, which could have a deterrent effect on effective regulation. Therefore, gaming inspectors often turn to mediation as a way to resolve disputes, and these inspectors might be more inclined to side with patrons in order to avoid any complaints. However, there is no guarantee that mediation and even conciliation will always lead to a final resolution. Complaints against the inspectors also arise when both parties' expectations are not met.

Suggestions for improvement

This paper reviewed the powers and qualifications of Macau gaming inspectors and identified the internal and external factors affecting their inspection duties in casinos. With the aim of improving the overall quality of gaming inspectors and the regulatory supervision of the Macau gaming industry, the present paper puts forward a new approach to on-site gaming inspection at casinos in the following aspects:

1. *Adjusting the form of personnel arrangements* To address the staffing shortage and inadequate inspection issues, the Macau authorities should consider rescinding the model of deploying gaming inspectors stationed at casinos. Mobile on-site inspection and mobile offices for gaming inspectors should be established in the city's two central casino districts: Macau Peninsula and Cotai. Each mobile office operates 24/7 with a duty supervisor, and gaming inspectors on duty will be assigned to work in the mobile office designated for a particular district. When the duty supervisor receives a request for assistance from a casino in the designated district, an appropriate number of inspectors will be deployed to address the issues depending on the circumstances of individual cases. This mobile inspection model was once employed during the colonial period before 1999, but it was limited to one casino (i.e., Lisboa Casino, the largest at the time). It is suggested that the DICJ reconsider this model of operation to cope with the current workforce shortage.
2. *Increasing professional training* To address the efficiency and effectiveness of the on-site inspection, more professional training programs should be organized to acquaint inspectors with the latest industry developments. Various technology solutions have been adopted by Macau casinos to solve labor shortages and improve work efficiency. Casino technological innovations are generally gaming-specific, such as electronic gaming machines, electronic gaming tables, and player rating systems. While most gaming inspectors have substantial experience in enforcement and dispute resolution, the educational background of some inspectors as mentioned above might hinder the effective regulation of casinos. Though there are in-house training programs for the inspectors to keep abreast of developments in the gaming industry, most courses are voluntary and participation is not mandatory;³⁰ moreover, the course contents are introductory and thus might not be of practical use for inspection work. Therefore, the DICJ should organize more professional seminars and training courses on gaming activities, laws and regulations, and technology. With regular and mandatory professional training, gaming inspectors' overall gaming knowledge level can be significantly enhanced, and better inspection performance can be achieved.
3. *Establishing an electronic information system* On-site information dissemination and work messages concerning gaming inspection are mainly in written and oral communication as indicated above. To increase the regulatory efficiency and avoid any possible human errors or omissions, it is recommended that the gaming regulator

³⁰It is the authors' opinion that Macau might be out of step with other major gaming jurisdictions in not mandating ongoing professional training for gaming inspectors. Unlike Macau, the gaming inspectors in Nevada must complete an annual 24-hour professional training to ensure that they have the latest gaming knowledge.

expedite the establishment of an electronic management system. Internal communications ranging from official dispatches to notices and guidelines can be retrieved from the encrypted computers at each casino's DICJ workstation. This proposed information system allows the first-line DICJ personnel to have direct access to a variety of regulatory information, streamlining the work arrangements and avoiding misdirected documents.

4. *Implementing more surprise inspections* The daily inspection work of gaming inspectors is conducted routinely as discussed in the previous sections. In addition to performing the pre-announced routine checks, surprise inspections are recommended to ensure the effectiveness of the regulatory supervision and deter any continuing and future violations at casinos. Gaming inspectors should be led by a duty supervisor to carry out simultaneous surprise inspection visits to casinos, and it would be difficult for casinos to fully grasp the routes of such unannounced inspections, making the on-site violations easier to be detected and thus creating a deterrent effect on the casino personnel and patrons.

Conclusion

Gaming inspectors generally act as the first-line supervisor of casinos and their inspection performance has a considerable impact on the overall gaming industry. By reviewing the gaming inspection practices in Macau casinos, existing on-site inspection issues are identified and discussed. In addition, we also provide practical recommendations for the gaming authorities to address the inspection issues and improve the overall quality of the on-site regulatory supervision in casinos, including personnel arrangements, professional training, electronic information system, and the use of surprise inspections.

Apart from a sound legal system for casino gaming, it is argued that an on-site inspection team comprised of well-qualified gaming inspectors will play a pivotal role in continuously improving the regulatory performance and ensuring the sustainable development of the gaming industry. Furthermore, only with an effective casino regulatory system can the regulatory performance continue to improve and thus enhance the industry's healthy development in the future. Such issues as staffing shortage and inadequate inspection highlighted in this paper might also exist in other countries and territories. The regulation, work practices and discussion of Macau gaming inspectors may therefore provide valuable insights into the overall public administration and the practical casino inspection and challenges in other gaming jurisdictions.

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