

IN THE MATTER of the Gambling Act 2003
AND of an application by
SKYCITY AUCKLAND LIMITED to establish a
cashiering facility on the
main gaming floor

BEFORE THE GAMBLING COMMISSION

Members: P Chin (Chief Gambling Commissioner)
K M Ford
M M Lythe
P Stanley
G Reeves

Date of Application: 3 September 2004 (filed 6 September 2004)

Date of Decision: 22 October 2004

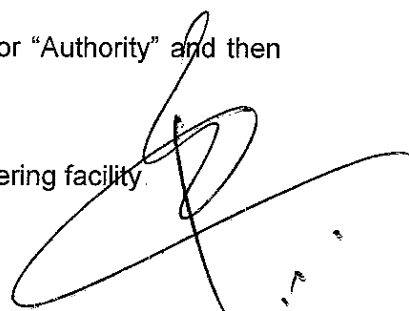
Date of Notification of Decision: 19 November 2004

DECISION

**ON APPLICATION BY SKYCITY AUCKLAND LIMITED TO ESTABLISH
CASHIERING FACILITY ON THE MAIN GAMING FLOOR**

Application

1. SKYCITY Auckland Limited (the "**applicant**") applied to the Gambling Commission (the "**Commission**") on 3 September 2004 for approval under Conditions B1, B5 and I1 of its casino premises licence to establish a cashiering facility, to be located in the VIP gaming machine enclosure at the northern end of the main gaming floor at SKYCITY Auckland Casino (the "**Casino**"). The applicant submitted that the Commission had power to grant the approvals sought under the Gambling Act 2003 (the "**Act**") by reading "Commission" for "Authority" in the existing licence conditions.
2. If this position was not accepted by the Commission, the applicant applied, in the alternative, under section 139 of the Act for the Commission to:
 - (a) amend Conditions B5 and I1 to substitute "Commission" for "Authority" and then grant the approvals sought; or
 - (b) specify new Conditions I1a and B5B providing for the cashiering facility.



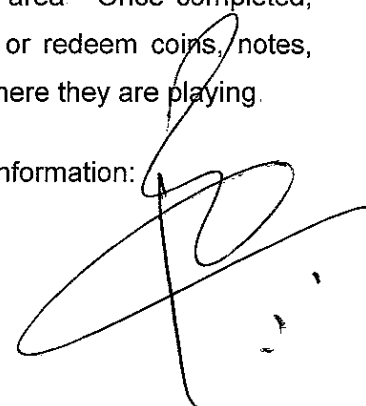
3. Plans of the cashiering facility submitted for approval under Condition B5 comprised plans A1501, A1601, A1801 and A1802 rev A dated 3/09/04 attached to the applicant's letter dated 16 September 2004.
4. The application was accompanied by a letter in support of the new facility from SKYCITY Casino Management Limited, the operator of the Casino. The applicant submitted that there were no persons apart from the Secretary and licence holder affected by the proposal.

Licence Conditions

5. Conditions B1, B5 and I1 are set out in Annex 1 to this decision.
6. Condition B1 relates to the approval by the Casino Control Authority (the "**Authority**") of specifications for security and surveillance installations, and requires approval to be obtained for "all drawings and specifications ... relating to ... cashier cages, count rooms, security and access thereto...". The applicant advised that it did not consider approval under this condition to be necessary for the CCTV cameras to be established in the cashiering facility. The applicant noted that changes to the CCTV layout at SKYCITY (and all other casinos) had never previously been the subject of applications to the Authority in terms of this condition, but had instead been notified to the Department of Internal Affairs in accordance with Minimum Operating Standards.
7. Condition B5 requires Authority approval to be obtained for cashiering facilities which do not meet the general specifications for cage/chip bank facilities. The proposed cashiering facility does not comply because it does not have accommodation for chip bank cashiers, or an interconnect door entry and exit system.
8. Condition I1 prohibits the alteration or extension of the gaming area of the casino, areas in which money counting, surveillance, storage and other activities relating to the conduct and playing of games are carried on, and the facilities provided therein, unless approval of the Authority is obtained.

Reasons for the application

9. The applicant wishes to establish the cashiering facility in order to enhance the level of service provided to customers using the VIP gaming machine area. Once completed, players will be able to use the facility to purchase, exchange or redeem coins, notes, tokens, tickets and winning payment slips in close proximity to where they are playing.
10. On request, the applicant provided the following supplementary information:

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- The facility is approximately 7 square metres in size.
- The proposed facility has seating and a cash drawer for one cashier only. The cashier will be able to serve both customers from two sides of the enclosure, inside the VIP enclosure, and outside it.
- The new facility is designed to enhance customer service levels in respect of the new VIP gaming machine facility rather than to address any operational bottlenecks. Having a second window outside the VIP enclosure is intended to enhance service to those gaming machine players using machines in the general vicinity.
- To accommodate the installation of the facility, 5-7 machines will be relocated to other parts of the casino.
- CCTV cameras to be installed in the proposed new cashiering facility are in accordance with established practices and regulatory standards as set out in the Authority's Surveillance Policy. The new facility will be equipped with both PTZ and fixed camera equipment. Changes to the existing CCTV layout to accommodate the placement of cameras in the new location will be notified to the Department in accordance with Minimum Operating Standards.

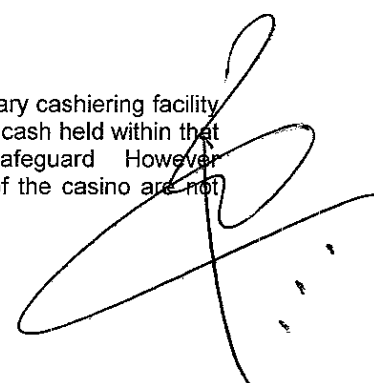
Statutory criteria

11. The Commission has in previous decisions discussed section 122 of the Act and its application to licence conditions.
12. Similarly, sections 139 and 140, and the process for specifying, revoking and varying licence conditions, has been set out in earlier decisions.

Submissions by the applicant

13. In terms of non-compliance with Condition B5, the applicant submitted that accommodation for chip bank cashiers was unnecessary as there will be no chip transactions conducted from the facility.
14. The applicant also submitted that an interconnected door entry and exit system (known as a man trap) "would not ... offer any tangible benefits". In this regard, the applicant stated that:

This type of access system is traditionally associated with a primary cashiering facility which also houses a soft count room. Given the large quantity of cash held within that area, a man trap is seen by some as an additional security safeguard. However, dedicated satellite cashiering facilities servicing specific areas of the casino are not



subject to the same level of risk and traditionally have a more open design which would mean that this type of door system would serve no purpose and indeed would not be practical given the design constraints for such a small facility.

The critical issue in terms of security are the cameras that will record activity in this area, the silent alarm system which the cashier can operate and which is connected to the surveillance suite, and the fact that any cash, tokens or tickets would be locked in secure storage when the area was not staffed

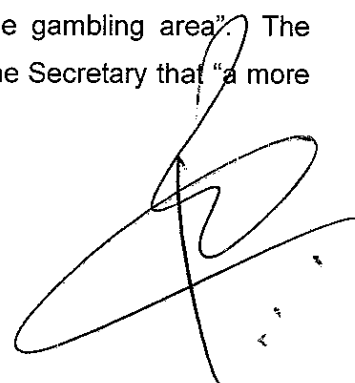
15. The applicant submitted that the proposal was consistent with section 139(2) criteria as follows:
- (a) the proposal was not inconsistent with the Act;
 - (b) the proposed variation (or specification) of licence conditions contributed to the purposes of the Act because the standard of the facility was consistent with limiting the opportunities for crime or dishonesty associated with gambling;
 - (c) the variation (or specification) of conditions contributed to effective and efficient administration of the Act by ensuring regulatory oversight of issues of significance affecting the casino premises;
 - (d) the facility would not increase opportunities for casino gambling as it was intended to enhance the service provided rather than address an operational bottleneck;
 - (e) the variation (or specification) of conditions related to matters set out in Schedule 1 of the Act.

Submissions by the Secretary

16. The Department stated in its letter dated 6 October that:

... the Secretary has no objection to the substance of SKYCITY's application for the approval of a new cashiering facility in the VIP Gaming Machine enclosure as outlined in Appendix 1 of the relevant cover letter dated 3 September 2004. Whilst neither facility will have a chip bank or an interconnect door entry and exit system ("man trap"), the local Inspectorate has considered the reasons put forward by SKYCITY, viewed the physical locations and determined that any risks posed are indeed minimal.

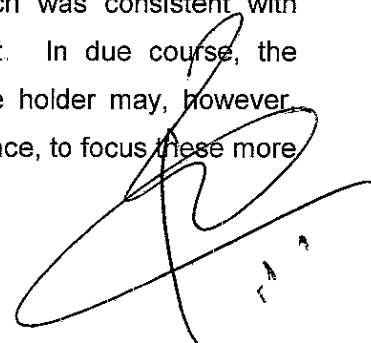
17. The Department also indicated that it was the Secretary's preference for the Commission to amend Conditions B5 and I1 to provide the Commission with powers of approval, rather than specifying new conditions each time new facilities or changes were agreed. The Secretary reasoned that "the practical reality is that casinos do from time to time change, relocate, update or modify various facilities within the gambling area". The relative frequency with which change may occur suggested to the Secretary that "a more flexible approach to approvals may be appropriate".



18. The applicant advised by email dated 13 October 2004 that it did not wish to make any comments in response to the Secretary's submissions

Analysis

19. The Commission noted the Secretary's confirmation that the proposed cashiering facility was satisfactory from an operational perspective, and that any risks were minimal. The Secretary did not comment on the applicant's submission that approval was not required under Condition B1, and it was noted that the applicant intended to notify the Secretary of surveillance arrangements under Minimum Operating Standards. Against this background the key issue for the Commission was the form in which approval should be granted.
20. For reasons set out in earlier decisions, the Commission elected to treat the application as being appropriately made under section 139
21. Under section 139, the Commission was invited by the applicant either to amend Conditions B5 and I1, to provide itself with the same approval powers as the Authority (and grant the approvals sought), or to specify new conditions specifically approving the facility. The preference of the Secretary was for the former.
22. Generally, the Commission is of the view that the extensive use of secondary approval processes can lead to difficulties from a legal and policy viewpoint:
- (a) It may deprive interested parties of the right to be heard on substantive issues if substantive matters are dealt with in the secondary approval phase; and
 - (b) It can lead to practical difficulties in administering and enforcing the regulatory regime in that it can become difficult to determine precisely what has been approved without an extensive review of all correspondence.
23. In the current circumstances, the Commission noted that the Commission had already amended Condition B5 to provide it with the approval powers formerly held by the Authority in the context of an earlier decision. It resolved to amend I1 as requested, and grant the approvals sought under both of the Conditions. This was considered preferable in the circumstances, to avoid a potential proliferation of conditions over time explicitly authorising amendments to the way in which the gambling area is used
24. In doing so, the Commission was satisfied that this approach was consistent with achieving the efficient and effective administration of the Act. In due course, the Commission anticipates that either the Secretary or the licence holder may, however, wish to apply to amend B5 and I1 and other conditions of the licence, to focus these more

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narrowly on matters requiring regulation by the Commission, and to reflect, as appropriate, the desirability of consultation with the Secretary on operational matters when approvals are sought

Decision of Commission

25. For the reasons set out above, the Commission decided unanimously to:
- (a) amend Condition I1 to substitute references to the "Authority" with "Commission"; and
 - (b) grant approvals under B5 and I1 to establish a cashiering facility in the VIP gaming machine enclosure at the northern end of the Main Gaming Floor in general accordance with plans A150, A1601, A1801 and A1802 rev A dated 3/09/04.

Right of appeal

26. Pursuant to section 235 of the Act, a person affected by this decision may appeal that decision to the High Court. An appeal must be made within 15 working days of the date of notice of the Commission's decision, or any longer period that the High Court may

allow.

Peter Chin
Chief Gambling Commissioner

for and on behalf of the
Gambling Commission

19 November 2004

ANNEXURE 1**B1 Approval of specifications for security and surveillance installations**

The licence holder shall submit to the Authority for approval all drawings and specifications (except as provided in B2) relating to:

- (a) Gaming Area floor layouts showing gaming tables, gaming machines and close circuit television cameras;
- (b) lighting and any cat walks or viewing panels;
- (c) cashier cages, count rooms, security areas and access thereto;
- (d) areas for inspectors and casino security staff;
- (e) electrical installations, telephone installation, auxiliary power; and
- (f) the master key system or access control system

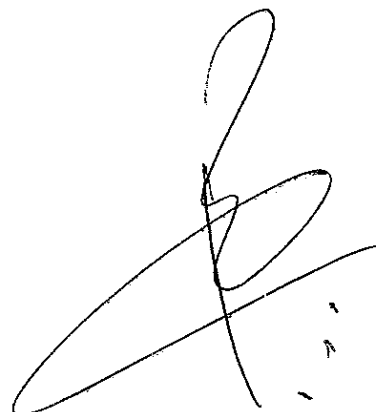
B5 General specifications for cage/chip bank facilities

The licence holder shall maintain at least one principal cashiering facility on each level of the gaming floor which is clearly visible to patrons. Each such cashiering facility shall as a minimum requirement include the following:

- (a) accommodation for chip bank cashiers and general cashiers (which shall be physically segregated from each other unless the Authority approves otherwise);
- (b) storage facilities for cage inventory;
- (c) a separate locked compartment for storage of chips and plaques held in reserve and not used for active gaming in at least one facility;
- (d) manually triggered and automatic silent alarm systems connected directly to monitor rooms of the security and surveillance departments; and
- (e) interconnect door entry and exit system (man trap) that which not permit a person to pass through the second door until the first door is securely locked.

The licence holder may also maintain additional cashiering facilities in other parts of the gaming floor to service dedicated areas or rooms but where those additional facilities do not meet the minimum requirements for the principal facilities they shall require the approval of the Authority. The approval of the Authority shall be revocable in the discretion of the Authority and shall be subject to such conditions as the Authority from time to time imposes.

- I1 The gaming area of the casino, areas in which money counting, surveillance, storage, and other activities related to the conduct and playing of games are carried on, and the facilities provided therein shall not be altered or extended in any way without the approval of the Authority.

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