

IN THE MATTER of the Gambling Act 2003

AND

on an application by **SKYCITY CASINO MANAGEMENT LIMITED** for approval of Annex A (to remove five game mixes, include automatic shufflers on its Caribbean Stud Poker tables and its Baccarat tables, and for three new game mixes)

BEFORE THE GAMBLING COMMISSION

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

Date of Application: 4 May 2007

Date of Decision: 22 June 2007

Date of Notification
of Decision: 4 July 2007

DECISION

ON AN APPLICATION BY SKYCITY CASINO MANAGEMENT LIMITED FOR APPROVAL OF ANNEX A (TO REMOVE FIVE GAME MIXES, TO INCLUDE AUTOMATIC SHUFFLERS ON ITS CARIBBEAN STUD POKER TABLES AND ITS BACCARAT TABLES, AND FOR APPROVAL OF THREE NEW GAME MIXES)

Application

1. SKYCITY Casino Management Limited (the "**Applicant**") applied to the Gambling Commission (the "**Commission**"), under condition 9 of its operator's licence, for approval of a new Annex A to its operator's licence which:
 - (a) removes five approved game mixes;
 - (b) includes automatic shufflers on up to 10 Caribbean Stud Poker ("**CSP**") tables and up to 24 Baccarat tables; and
 - (c) includes three new game mixes B, C and D.

Licence conditions

2. The relevant licence conditions are as follows:

SCML operator's licence

9. The Licence Holder may operate on casino gaming tables the game types and game mix(es) specified in Annex A attached to this Licence. The Licence Holder shall obtain the prior approval of the Commission for any change to the game types and/or game mixes specified.
10. The approval of the Commission is required prior to the introduction in to the Gambling Area of any electronic version of game type specified in condition 9 above or electronic aids or enhancements or changes to table game rules which create new wagering opportunities.

Submissions by the Applicant

Removal of game mixes

3. The Applicant stated that it has nine approved game mixes, five of which (B, D(i), D(ii), E and F) are not being utilised. It wants to remove these game mixes from Annex A, leaving four game mixes, which it wants to amend and rename A, B, C and D.

Automatic shufflers on CSP and Baccarat tables

4. The Applicant stated that game mix A, which is the game mix representing the greatest level of opportunity for casino gambling at the Auckland casino, contains no reference to the use of automatic shufflers on either its CSP or Baccarat games and should be amended to do so. The Applicant submitted that:
 - (a) game mix A should record the use of automatic shufflers on 10 CSP and 24 Baccarat tables;
 - (b) game rules have, and continue to provide for the unrestricted use of automatic shufflers on both games;
 - (c) it has, over a long period, used automatic shufflers on all of its CSP and some of its Baccarat tables;
 - (d) it should be permitted to operate automatic shufflers on its CSP and Baccarat tables in other game mixes, provided it does not deploy more than 10 for CSP and 24 for Baccarat;
 - (e) any change to rate of play arising from the full utilisation of automatic shufflers on its CSP and Baccarat games in game mix A is of no relevance as the true regulatory benchmark includes automatic shufflers on these tables.

Continuous automatic shufflers on Black Jack tables

A decision by the Casino Control Authority ("CCA") in July 2000 restricts it to operating continuous automatic shufflers on 50% of its open Black Jack tables. It wants to lift this

restriction and operate continuous shufflers on all of its Black Jack tables. The Applicant submitted that:

- (a) allowing the use of automatic shufflers would increase the integrity and fairness of its Black Jack games and protect it from card-counters;
- (b) continuous shufflers limit opportunities for crime or dishonesty;
- (c) table games (including Black Jack) are generally associated with relatively low levels of harm;
- (d) its surveillance footage indicates that continuous shufflers do not discourage patrons from taking breaks in play;
- (e) introducing continuous shufflers on Black Jack tables for game mixes B, C, and D will not increase opportunities for casino gambling as any increase in speed would be offset by the introduction of 16 five-box Black Jack tables (it will install 16 new inserts into its Black Jack tables which will allow five players, rather than the usual seven to play);
- (f) game mixes B, C and D will not increase opportunities for casino gambling, compared to game mix A, as each has fewer wagering opportunities, as follows:

Game mix	A	B	C	D
Player numbers	3,909	3,794	3,802	3,789
Rate of play per hour	5,967	6,383	6,383	6,309
Wagering opportunities	125,569	124,938	125,330	123,616

Submissions by the Secretary

Removal of game mixes

6. The Secretary submitted that the reduction and renaming of approved game mixes was sensible.

Automatic shufflers on CSP and Baccarat tables

The Secretary supported the Applicant's submission that automatic shufflers be recognised on Mini Baccarat and CSP tables, as they appear to have been in use on these games well before the prohibition on increases in opportunities for casino gambling came into effect on 19 September 2003. He does not support the recognition of automatic shufflers on Midi Baccarat tables on the basis of longstanding use as they do not appear to have been used on Midi Baccarat tables. However, he supported the

inclusion of automatic shufflers on Midi Baccarat tables as they would not increase the rate of play because of the Applicant's current use of pre-shuffled cards on this game.

8. The Secretary suggested that as game mixes B, C and D all have 25 Baccarat tables, and the use of automatic shufflers on these tables will not increase their rate of play above the figures that have previously been represented for Mini and Midi Baccarat, the Applicant's regulatory benchmark could be extended to include automatic shufflers on 25 Baccarat tables, rather than 24, as sought by the Applicant.

Continuous automatic shufflers on Black Jack tables

9. The Secretary submitted that:
- (a) he concurred with the Applicant's submission that game mixes B, C and D will not increase opportunities for casino gambling;
 - (b) the benefits of introducing continuous automatic shufflers would outweigh any detriment, and their introduction would not affect most Black Jack players;
 - (c) the use of Black Jack with five-box tables inserts, rather than seven-box insert, would not cause confusion to patrons or present any regulatory problems for his Inspectors.

Analysis

10. The Commission considered that the application to remove the five redundant game mixes did not raise any regulatory issues, and was sensible.
11. The Applicant sought approval for automatic shufflers on CSP and Baccarat on the basis that it had them on these tables in game mix A as at 19 September 2003, or was entitled to have them under game rules, and as such, the question of increase in opportunities does not arise.
12. The Commission did not accept the argument that because game rules provide for automatic shufflers, the Applicant is entitled to fully deploy them. This is because game mix is controlled at a level below game rules, with the Commission having the ability to approve deployment of automatic shufflers up to, but not beyond, what game rules specify.
13. In considering an application for approval of electronic aids and enhancements, the Commission is required to consider whether the Applicant's proposal will give rise to any increase in opportunities for casino gambling, prohibited with effect from 19 September 2003. In this instance, the Commission considered that no increase would arise in

respect of electronic aids and enhancements deployed as part of the game mix prior to 19 September 2003, or which the Applicant was entitled, under game rules, to deploy at that time.

14. The Commission considered that it generally would not reduce the level of opportunity available at 19 September 2003 without a reason to do so, and no reason had been made here. Accordingly, the Commission approved automatic shufflers on the 10 CSP and 24 Baccarat tables existing as at 19 September 2003.
15. It follows that the Applicant is permitted to operate automatic shufflers on 10 CSP and 24 Baccarat tables, specified in other approved game mixes.
16. When considering any application to approve the deployment of electronic aids and enhancements after 19 September 2003, the Commission must ensure that the deployment does not give rise to an increase in opportunity which is not otherwise offset. The Secretary raised the possibility of the Commission approving the use of an automatic shuffler on a further Baccarat table for game mixes B, C and D. The Commission considered that any such the application should come from the Licence Holder, together with submissions in support of why the proposal would not constitute an increase in opportunities.
17. The application for approval of game mixes B, C and D arises following a CCA restriction in July 2000 in which the CCA allowed the use of continuous automatic shufflers on Black Jack tables, subject to the proviso that they not be used on at least 50% of open tables. The CCA appears to have imposed this restriction as it formed the view that it would be unfair to skilled Black Jack players (who are sometimes known as "card-counters") if continuous shufflers were on all Black Jack tables.
18. The Commission considered that there are benefits to introducing continuous automatic shufflers on all Black Jack tables, outweighing any detriment to skilled players, and that the partial restriction on the deployment of continuous automatic shufflers need not remain.
19. The purpose of the Act includes (at section 3(e)) "ensuring the integrity and fairness of games" and (at section 3(f)) "limit[ing] opportunities for crimes and dishonesty". The introduction of continuous automatic shufflers on all Black Jack tables would help to achieve these purposes, and would not affect the vast majority of Black Jack players.
20. In relation to rate of play, the Applicant accepted that the introduction of continuous shufflers on all its Black Jack tables would likely increase opportunities for casino

gambling, but submitted that these would be offset by the introduction of five-box Black Jack tables, instead of the usual seven-box Black Jack, on 16 tables.

21. The Commission has previously rejected proposals to regulate player spaces by limiting player numbers at tables. Those proposals involved the closure of player spaces at tables and were criticised by the Commission as being vague, uncertain and involving a degree of regulation not contemplated in section 12 of the Act.
22. The Commission considered that the Applicant's proposal would be sufficiently permanent and clear to both the playing public and the Secretary's Inspectors, and would not cause confusion of the type it had previously criticised.
23. The Commission compared game mixes B, C and D with game mix A and noted that they all have fewer player numbers (game mix B having 115 fewer players, game mix C having 107 fewer players, and game mix D having 120 fewer players), but all have higher rates of play (game mixes B and C having 416 more rounds per hour, and game mix D having 342 more rounds), than game mix A.
24. In previous applications for approval of game mixes, the Commission has been able to determine whether, or not, a proposal would increase opportunities based upon player spaces and rate of play. However, it was not readily apparent to the Commission that game mixes B, C and D would not increase opportunities, based solely on this information.
25. In order to assist the Commission, the Applicant provided additional data by calculating the number of wagering opportunities available on each game mix. These calculations, which the Secretary concurred with, showed that game mixes B, C and D all have fewer wagering opportunities than game mix A, with game mix A having 125,569 wagering opportunities per hour, game mix B having 124,938, game mix C having 125,330 and game mix D having 123,616.
26. Based upon the information before it, the Commission considered it unlikely that proposed game mixes B, C and D would increase opportunities for casino gambling, compared with game mix A.

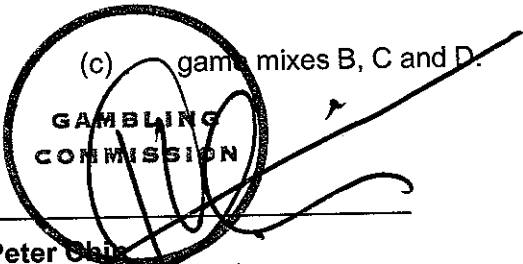
Decision

27. The Commission decided unanimously to approve Annex A (**attached** to this decision), under condition 9 of the Applicant's operator's licence, and in particular to approve:

(a) the removal of five redundant game mixes;

(b) the use of automatic shufflers on 10 CSP and 24 Baccarat tables;

(c) game mixes B, C and D.



Peter Clark
Chief Gambling Commissioner

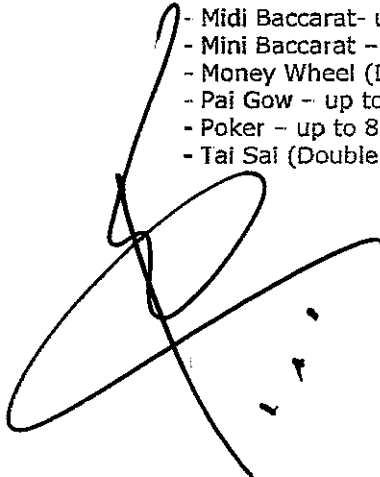
for and on behalf of the
Gambling Commission

4 July 2007

ANNEX A

Pursuant to condition 9 the following game mixes may be operated by the Licence Holder on casino gaming tables subject to the following conditions and requirements:

- A
- Blackjack/Pontoon - up to 44 games
 - Roulette - up to 24 games
 - Touchbet Roulette - 1 game with up to 14 player spaces
 - Caribbean Stud Poker - up to 10 games
 - Midi Baccarat- up to 17 games
 - Mini Baccarat - up to 7 games
 - Pai Gow - up to 4 games
 - Tai Sai (Double Side) - 1 game
 - Tai Sai (Single Side) - 1 game
 - Money Wheel (Double Side) - 1 game
- B
- Blackjack/Pontoon ('7 Box') - up to 25 games
 - Blackjack/Pontoon ('5 Box') - up to 16 games
 - Roulette - up to 22 games
 - Touchbet Roulette - 1 game with up to 14 player spaces
 - Rapid Roulette - 1 game with up to 20 player spaces
 - Caribbean Stud Poker - up to 7 games
 - Midi Baccarat- up to 18 games
 - Mini Baccarat - up to 7 games
 - Money Wheel (Double Side) - 1 game
 - Pai Gow - up to 4 games
 - Poker - up to 6 games with up to 10 player spaces
 - Tai Sai (Single Side) - 1 game
 - Tai Sai (Double Side) - 1 game
- C
- Blackjack/Pontoon ('7 Box') - up to 25 games
 - Blackjack/Pontoon ('5 Box') - up to 16 games
 - Roulette - up to 22 games
 - Rapid Roulette - up to 2 games with up to 21 player spaces
 - Caribbean Stud Poker - up to 7 games
 - Midi Baccarat- up to 18 games
 - Mini Baccarat - up to 7 games
 - Money Wheel (Double Side) - 1 game
 - Pai Gow - up to 4 games
 - Poker - up to 6 games with up to 10 player spaces
 - Tai Sai (Single Side) - 1 game
 - Tai Sai (Double Side) - 1 game
- D
- Blackjack/Pontoon ('7 Box')- up to 24 games
 - Blackjack/Pontoon ('5 Box') - up to 16 games
 - Roulette - up to 23 games
 - Rapid Roulette - up to 2 games with up to 21 player spaces
 - Caribbean Stud Poker - up to 7 games
 - Midi Baccarat- up to 18 games
 - Mini Baccarat - up to 7 games
 - Money Wheel (Double Side) - 1 game
 - Pai Gow - up to 3 games
 - Poker - up to 8 games with up to 10 player spaces
 - Tai Sai (Double Side) - 1 game



Notes

- 1 The Licence Holder is permitted to change between the game mixes specified in A, B, C and D subject to providing the Commission and the Inspectorate with a minimum of 5 working days notice in writing of its intention to do so

- 2 The Licence Holder is permitted to operate automatic shufflers on:
 - the Poker tables specified in Game Mixes B, C and D; and
 - 50% of open Blackjack tables specified in Game Mixes A;
 - all Blackjack tables specified in Game Mixes B, C and D;
 - CSP and Baccarat tables specified in each of the game mixes, provided that no more than 10 such shufflers are operated on CSP games and no more than 24 such shufflers are operated on Baccarat games.



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