

IN THE MATTER of the Gambling Act 2003
AND on an application by **SKYCITY CASINO MANAGEMENT LIMITED**
to deploy roulette games using a wheel with 38 compartments

BEFORE THE GAMBLING COMMISSION

Members: G L Reeves (Chief Gambling Commissioner)
P J Stanley
L M Hansen
R D Bell
A K Foote

Date of Application: 22 December 2011

Date of Decision: 17 February 2012

Date of Notification
of Decision: 23rd February 2012

**DECISION ON AN APPLICATION BY SKYCITY CASINO MANAGEMENT LIMITED
TO DEPLOY ROULETTE GAMES USING A WHEEL WITH 38 COMPARTMENTS**

Introduction

1. SKYCITY Casino Management Limited ("**SCML**") applied to the Commission for approval to deploy Roulette and Electronic Roulette games using a Roulette wheel with 38 compartments. Roulette wheels in New Zealand currently have 37 compartments.

Relevant licence condition

2. The relevant licence condition is as follows:

SCML's operator's licence (Auckland)

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 SCML

3. SCML submitted, in summary, as follows:
 - (a) It recently applied to the Secretary to amend the Rules of Roulette and Electronic Roulette to provide operators with the discretion to use a roulette layout and roulette wheel featuring 38 numbered compartments. Current layouts and wheels feature 37 compartments. The additional number would be marked "00". Double



zero roulette games are common in the United States, and are used in some Australian casinos.

- (b) Double zero roulette improves the house advantage by lengthening the odds on the game. This in turn allows a casino operator to lower the price of playing the game.
- (c) The relevant rule amendments were gazetted by the Secretary in December 2011, so it now wants to adapt some of its Roulette games to the double zero format.
- (d) Condition 10 of its operator's licence provides that Commission approval is required prior to the introduction into the Gambling Area of any changes to table game rules which create new wagering opportunities. In decision GC37/11 the Commission found that the introduction of a "Dragon Bonus" wagering option on Baccarat would slow the game sufficiently so that there would be no overall increase in opportunities for casino gambling. However the introduction of double zero roulette will have no bearing on the game's rate of play.
- (e) There are 156 theoretical wagering combinations on a game of roulette with 37 numbers. This reflects the fact that a player can wager on a single number, or a combination of numbers. The addition of a double zero creates five further wagering combinations. The addition of a double zero increases the number of choices available to a player, but it does not increase casino gambling opportunities; rather it allows a player to substitute one wagering combination for another.
- (f) The extra number will not impact the rate of play, or the number of players that may participate.
- (g) Roulette is not designed to encourage players to wager on all conceivable combinations – to do so would not be economically attractive as a player would be guaranteed to lose. While many players will wager on multiple combinations, those combinations would represent a small portion of the total number of wagering combinations available.
- (h) The economics of the game act as a limitation on the number of wagers a player is likely to make. Furthermore, the rate at which the roulette game is played acts as a further limitation and effectively prevents players from exercising all available wagering opportunities.

- (i) A roulette trial has previously been conducted with four participants generating 16 rounds in a 15 minute period. In terms of that trial, a round of roulette was completed approximately every 56 seconds. That includes the period from which no more wagers may be placed, to the collection/payment of losing and winning wagers to conclude the round, meaning the window in which wagers may be placed is less than 56 seconds. It would not be possible for four participants to each wager on 156 wagering options over the course of such a narrow time period. To test this hypothesis it was arranged for four participants who were familiar with the game of roulette to place as many wagers as possible during a 56 second period on a roulette layout in the Training Room. As already noted, the wagering period is less than 56 seconds, but for the purposes of the trial, wagers were allowed to be placed over the full 56 seconds. The trial was conducted on 22 December 2011 and two DIA inspectors attended and observed. The results were as follows:

	Number of wagers	% of available wagering combinations
Participant 1	78	50
Participant 2	36	23
Participant 3	39	25
Participant 4	36	23

- (j) The trial illustrates that the rate at which roulette is played would not provide a player with sufficient time to wager on all possible wagering combinations even if that is what the player wanted to do. If it is not feasible for a player to wager on all existing roulette combinations then it follows that an increase in the number of available combinations will not increase casino wagering opportunities.

The Secretary's submissions

4. The Secretary submitted, in summary, as follows:

- (a) On the face of it, the introduction of Double Zero Roulette could lead to an increase in the opportunities for casino gambling. This is because each Double Zero game introduces new wagering opportunities by including an additional compartment.
- (b) SCML has put forward a compelling argument that, in practice, it is unlikely the proposal will lead to an increase in gambling opportunities.
- (c) SCML's argument is sensible, and in practice it is unlikely that the new layout will lead to an increase in the number of wagers that customers are able or willing to place during each round of Roulette, because of the economic and time constraints that SCML describes.

- (d) While SCML's trial tested manual Roulette only, he assumes that the conclusions drawn from the trial also apply to Electronic Roulette.
- (e) If the Commission disagrees with this assessment, and considers that the introduction of Double Zero amounts to an increase in gambling opportunities, any increase in gambling opportunities seems minimal.

SCML's submissions in reply

5. In reply SCML submitted, in summary, as follows:

- (a) It cannot add anything to its original submission – its position is that Double Zero Roulette will not increase casino gambling opportunities. Even a minimal increase, as alluded to by the Secretary, would be contrary to the requirements of the Act.
- (b) It had not considered conducting a further trial on Electronic Roulette, but will now do so.

SCML's additional submissions

6. Following the Secretary's submission in relation to Electronic Roulette, SCML submitted, in summary, as follows:

- (a) Its earlier trial was in respect of manual Roulette. As wagers on Electronic Roulette are made using electronic terminals rather than manual placement, the same variables do not apply.
- (b) It therefore conducted a further trial to see how many wagers could be placed on a game of Electronic Roulette. In earlier trials of this game, 18 games were conducted in a 15 minute period, which equates to one game every 50 seconds (compared with 1 game every 56 seconds for manual Roulette). The electronic terminals are set up so that wagers may only be placed on each game within a 30 second window.
- (c) Four SKYCITY staff members were allocated an identical number of chips and then invited to place as many wagers as they could within the 30 second window. The trial was observed by two DIA Inspectors. The results were as follows:



	Number of wagers	% of available wagering combinations
Participant 1	38	24
Participant 2	59	38
Participant 3	78	50
Participant 4	64	41

- (d) The trial illustrates that the rate at which Electronic Roulette is played does not provide sufficient time for a player to wager on all possible wagering combinations even if that player was inclined to do so. If it is not feasible for a player to wager on all existing combinations then it follows that an increase in the number of available combinations will not increase casino wagering opportunities. As is the case with the manual version of this game, the extra combinations created by the introduction of the double zero would not increase opportunity, but rather would allow a player to substitute one wagering combination for another.

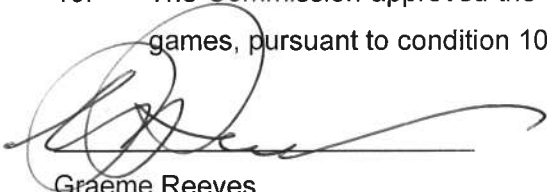
Analysis

7. SCML's application seeks the Commission's approval to deploy Double Zero Roulette games using a wheel with 38, rather than the usual 37, compartments. The necessary changes to the Game Rules to allow the Double Zero variation have already been approved by the Secretary. A licence condition requires the Commission's prior approval of the implementation of new variations. The condition allows the Secretary to effect Game Rule changes without having to be concerned about increases in the opportunities for casino gambling (as they will be separately considered by the Commission at the point, and in the circumstances, of implementation) and ensures that the Commission's ongoing control and assessment of opportunities remains current. The issue for the Commission to consider was whether the deployment of Double Zero Roulette would, in the round, increase opportunities for casino gambling.
8. The effect of the change is to increase the theoretical number of wagers in a game but, as the Commission has often found previously, opportunity is concerned not simply with what is possible but what is possible within a fixed period of time. Additional wagering options which extend the playing time of a game proportionally to their exercise do not increase opportunities in the round. The Commission considered that increasing the number of possible wagers placed in a game of roulette would increase the playing time of the game proportionally so that the introduction of Double Zero would not increase the opportunities for casino gambling.
9. In addition, the Commission agrees with SCML that the introduction of option will not have any increase in practice in the exercise of opportunities because it is not expected to affect the number of wagers placed or the speed of the games played. As a result, the

common sense assessment of opportunities does not produce a different answer from the assessment based on purely theoretical assumptions.

Decision

10. The Commission approved the introduction of Double-Zero Roulette on SCML's Roulette games, pursuant to condition 10 of SCML's operator's licence for the Auckland casino.



Graeme Reeves
Chief Gambling Commissioner

for and on behalf of the
Gambling Commission

23rd February 2012

