

IN THE MATTER of the Gambling Act 2003

AND on a proposal by the Secretary for Internal Affairs to vary the bank account licence conditions attached to the venue and operator's licences for the Auckland, Hamilton, Christchurch, Dunedin, Queenstown and Wharf Casinos

BEFORE THE GAMBLING COMMISSION

Members: G L Reeves (Chief Gambling Commissioner)
L M Hansen
R D Bell
D C Matahaere-Atariki
W N Harvey

Date of Proposal: 19 May 2016

Date of Decision: 9 September 2016

Date of Notification of Decision: 15th September 2016

DECISION ON A PROPOSAL BY THE SECRETARY FOR INTERNAL AFFAIRS TO VARY THE BANK ACCOUNT LICENCE CONDITIONS ATTACHED TO THE VENUE AND OPERATOR'S LICENCES FOR THE AUCKLAND, HAMILTON, CHRISTCHURCH, DUNEDIN, QUEENSTOWN AND WHARF CASINOS

Introduction

1. The Secretary for Internal Affairs (the "**Secretary**") requested, under section 139(1)(e) of the Gambling Act 2003 (the "**Act**"), a variation to the bank account licence conditions attached to the venue and operator's licences for the Auckland, Hamilton, Christchurch, Dunedin, Queenstown and Wharf casinos.

Background to the Secretary's Proposal

2. The proposal followed a letter dated 3 December 2015 by SKYCITY Entertainment Group Limited ("**SKYCITY**") to the Commission. In that letter, SKYCITY noted that:
 - (a) The conditions attached to the operator's licence held by SKYCITY Casinos Management Limited ("**SCML**") for the Auckland casino provide that the Licence Holder shall not open any bank account overseas to facilitate, or in connection with, the operation of the casino, without the approval of the Gambling Commission.

- (b) A company incorporated in Hong Kong, Horizon Tourism Limited ("**Horizon**"), was proposing to open bank accounts at DBS Bank in Hong Kong. Horizon is a wholly owned subsidiary of SKYCITY Wellington Limited, which itself is a wholly owned subsidiary of SKYCITY.
 - (c) The type of accounts to be opened by Horizon would be identical to those currently operated by SKYCITY Auckland Limited ("**SCAL**") at the same bank, and they would be in the following currencies: HKD, USD, NZD, AUD and SGD.
 - (d) Horizon's accounts would be used to facilitate visitation to SKYCITY's casinos in Australia and New Zealand in exactly the same manner as SCAL's accounts currently provide.
 - (e) Because it is not the Licence Holder opening the bank accounts, the proposal appears to fall outside the ambit of Licence Conditions, even though Horizon's bank accounts would be used in connection with the operation of the casino.
 - (f) It nevertheless wanted to draw this matter to the Commission's attention, should it be of interest to the Commission or if the Commission considers that approval is in fact required for Horizon to open the bank accounts.
3. The Commission considered SKYCITY's letter and SCML's licence conditions, and concurred with SKYCITY; namely that Commission approval was not required for Horizon to open bank accounts in Hong Kong.
 4. The Commission conveyed its concurrence to SKYCITY and apprised the Secretary of this matter, as a matter of regulatory courtesy.
 5. The Secretary considered the issue and subsequently wrote to the Commission on 19 May 2016 with a request to vary the bank account licence conditions for all casinos. In making the request, he stated that:

... some visibility around overseas bank accounts that are operated by or for casinos is desirable. We acknowledge that SkyCity has advised the Commission of the current proposal even though it is not technically required to do so. However, the Department does have some concern that allowing a subsidiary company to establish and operate bank accounts for use in connection with casino operations would reduce the visibility of the bank accounts that are used in connection with casino operations and could defeat the purpose of the current licence condition regarding overseas bank accounts.
 6. The Secretary requested that the bank account licence conditions for all casinos be varied to read as follows:



The Licence Holder, its parent company, or any subsidiaries of the Licence Holder or parent company, shall not open any bank account overseas to facilitate, or in connection with, the operation of the casino without the approval of the Commission.

7. The Commission is required, under section 140 of the Act, to notify the Licence Holders and other potentially affected persons of the changes proposed by the Secretary. The Commission did not identify any potentially affected parties, so notified the casinos by letter dated 14 July 2016. The Commission received responses on behalf of all six casinos.

Licence conditions

8. The current bank account licence conditions, with the proposed variations shown in mark-up, are as follows:

Auckland casino bank account licence conditions

Venue licence

22. The Licence Holder, its parent company, or any subsidiaries of the Licence Holder or parent company, shall not open any bank account overseas to facilitate, or in connection with, the operation of the Casino without the approval of the Commission.

Operator's licence

37. The Licence Holder, its parent company, or any subsidiaries of the Licence Holder or parent company, shall not open any bank account overseas to facilitate, or in connection with, the operation of the Casino without the approval of the Commission.

Hamilton casino bank account licence conditions

Venue licence

22. The Licence Holder, its parent company, or any subsidiaries of the Licence Holder or parent company, shall not open any bank account overseas to facilitate, or in connection with, the operation of the Casino without the approval of the Commission.

Operator's licence

38. The Licence Holder, its parent company, or any subsidiaries of the Licence Holder or parent company, shall not open any bank account overseas to facilitate, or in connection with, the operation of the Casino without the approval of the Commission.

Christchurch casino bank account licence conditions

Venue licence

20. The Licence Holder, its parent company, or any subsidiaries of the Licence Holder or parent company, shall not open any bank account overseas to facilitate, or in connection with, the operation of the Casino without the approval of the Commission.

Operator's licence

37. The Licence Holder, its parent company, or any subsidiaries of the Licence Holder or parent company, shall not open any bank account overseas to facilitate, or in connection with, the operation of the Casino without the approval of the Commission.

Dunedin casino bank account licence conditions**Venue licence**

22. The Licence Holder, its parent company, or any subsidiaries of the Licence Holder or parent company, shall not open any bank account overseas to facilitate, or in connection with, the operation of the Casino without the approval of the Commission.

Operator's licence

38. The Licence Holder, its parent company, or any subsidiaries of the Licence Holder or parent company, shall not open any bank account overseas to facilitate, or in connection with, the operation of the Casino without the approval of the Commission.

Queenstown casino bank account licence conditions**Venue licence**

23. The Licence Holder, its parent company, or any subsidiaries of the Licence Holder or parent company, shall not open any bank account overseas to facilitate, or in connection with, the operation of the Casino without the approval of the Commission.

Operator's licence

38. The Licence Holder, its parent company, or any subsidiaries of the Licence Holder or parent company, shall not open any bank account overseas to facilitate, or in connection with, the operation of the Casino without the approval of the Commission.

Wharf casino bank account licence conditions**Venue licence**

21. The Licence Holder, its parent company, or any subsidiaries of the Licence Holder or parent company, shall not open any bank account overseas to facilitate, or in connection with, the operation of the Casino without the approval of the Commission.

Operator's licence

36. The Licence Holder, its parent company, or any subsidiaries of the Licence Holder or parent company, shall not open any bank account overseas to facilitate, or in connection with, the operation of the Casino without the approval of the Commission.

Relevant sections of the Act

9. Sections 139 and 140 of the Act are set out below:

139 Conditions of casino licence

- (1) The Gambling Commission may specify the conditions of a casino licence or vary or revoke the conditions of a casino licence in the following circumstances:
- (a) on granting a casino operator's licence;
 - (b) on renewing a casino venue licence;
 - (c) on approving a casino venue agreement or an amendment to it;
 - (d) on application by the holder of the casino licence;
 - (e) on its own initiative or on the request of the Secretary.
- (2) A condition of a casino licence specified under subsection (1)—
- (a) must be consistent with this Act; and
 - (b) must contribute to achieving the purpose of this Act; and
 - (c) must contribute to the efficient and effective administration of this Act; and
 - (d) must not permit an increase in the opportunities for casino gambling; and
 - (e) may relate to any matter, including the matters specified in Schedule 1, within the confines of paragraphs (a) to (d).

140 Procedure for specifying, varying, or revoking casino licence conditions

- (1) The Gambling Commission must notify the holder of the relevant casino licence, the Secretary, and any other person who it considers is affected by a proposal to specify, vary, or revoke the conditions of a casino licence.
- (2) Notification under subsection (1) must include—
- (a) the reason for the proposal; and
 - (b) the procedure to be followed before the Gambling Commission makes a decision relating to the proposal.
- (3) The holder of the casino licence, the Secretary, and any other person affected may make written submissions to the Gambling Commission concerning the proposal within 20 working days after the date of the notice under subsection (1) or within any longer period that the Gambling Commission allows.
- (4) The Gambling Commission must consider any submissions made under subsection (3) and may, if it considers it appropriate, seek comment from the casino licence holder on the submissions received from the Secretary or other persons affected.
- (5) The Gambling Commission must notify the holder of the casino licence, the Secretary, and other persons affected of—
- (a) its decision concerning the proposal and the reasons for the decision; and
 - (b) the right to appeal the decision and the process for an appeal.

Submissions from the casinos

10. None of the six casinos objected to the amendments proposed by the Secretary.

Analysis

11. As noted in the Background above, the Secretary's request to vary the bank account licence conditions had its genesis in SKYCITY's letter dated 3 December 2015, in which SKYCITY notified the Commission that Horizon would be opening foreign currency accounts in Hong Kong in order to advance SKYCITY's international business out of Asia.
12. SKYCITY was entirely transparent in relation to the Horizon proposal and quite rightly notified the Commission of this matter. The Secretary acknowledged this openness in his request to the Commission, but nonetheless considered it prudent to amend the Bank Account licence conditions in order to retain "some visibility around overseas bank accounts operated by or for casinos."
13. The Commission amended the licence conditions, under section 139(1)(e) of the Act as requested. The Commission accepted that the Secretary's rationale for the proposed amendments was sound, and noted that his Department supervises casinos in relation to AML and CFT, which may also have contributed to his desire to amend the conditions. The Commission also noted that the Secretary's proposal did not generate any objections by the casino operators themselves.

Decision

14. Pursuant to section 139(1)(e) of the Act, the Commission varied the bank account licence conditions attached to the venue and operator's licences for the Auckland, Hamilton, Christchurch, Dunedin, Queenstown and Wharf casinos. The conditions for each casino now provide as follows:

Auckland casino bank account licence conditions

Venue licence

22. The Licence Holder, its parent company, or any subsidiaries of the Licence Holder or parent company, shall not open any bank account overseas to facilitate, or in connection with, the operation of the Casino without the approval of the Commission.

Operator's licence

37. The Licence Holder, its parent company, or any subsidiaries of the Licence Holder or parent company, shall not open any bank account overseas to facilitate, or in connection with, the operation of the Casino without the approval of the Commission.

Hamilton casino bank account licence conditions

Venue licence

22. The Licence Holder, its parent company, or any subsidiaries of the Licence Holder or parent company, shall not open any bank account overseas to

facilitate, or in connection with, the operation of the Casino without the approval of the Commission.

Operator's licence

38. The Licence Holder, its parent company, or any subsidiaries of the Licence Holder or parent company, shall not open any bank account overseas to facilitate, or in connection with, the operation of the Casino without the approval of the Commission.

Christchurch casino bank account licence conditions

Venue licence

20. The Licence Holder, its parent company, or any subsidiaries of the Licence Holder or parent company, shall not open any bank account overseas to facilitate, or in connection with, the operation of the Casino without the approval of the Commission.

Operator's licence

37. The Licence Holder, its parent company, or any subsidiaries of the Licence Holder or parent company, shall not open any bank account overseas to facilitate, or in connection with, the operation of the Casino without the approval of the Commission.

Dunedin casino bank account licence conditions

Venue licence

22. The Licence Holder, its parent company, or any subsidiaries of the Licence Holder or parent company, shall not open any bank account overseas to facilitate, or in connection with, the operation of the Casino without the approval of the Commission.

Operator's licence

38. The Licence Holder, its parent company, or any subsidiaries of the Licence Holder or parent company, shall not open any bank account overseas to facilitate, or in connection with, the operation of the Casino without the approval of the Commission.

Queenstown casino bank account licence conditions

Venue licence

23. The Licence Holder, its parent company, or any subsidiaries of the Licence Holder or parent company, shall not open any bank account overseas to facilitate, or in connection with, the operation of the Casino without the approval of the Commission.

Operator's licence

38. The Licence Holder, its parent company, or any subsidiaries of the Licence Holder or parent company, shall not open any bank account overseas to facilitate, or in connection with, the operation of the Casino without the approval of the Commission.

Wharf casino bank account licence conditions

Venue licence

21. The Licence Holder, its parent company, or any subsidiaries of the Licence Holder or parent company, shall not open any bank account overseas to



facilitate, or in connection with, the operation of the Casino without the approval of the Commission.

Operator's licence

36. The Licence Holder, its parent company, or any subsidiaries of the Licence Holder or parent company, shall not open any bank account overseas to facilitate, or in connection with, the operation of the Casino without the approval of the Commission.

Right of appeal

15. Pursuant to section 235 of the Act, a person affected by the decision recorded in paragraph 26 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.



Graeme Reeves
Chief Gambling Commissioner

for and on behalf of the
Gambling Commission

15th September 2016

