

IN THE MATTER of the Gambling Act 2003
AND of an application by **SKYCITY CASINO MANAGEMENT LIMITED** to vary licence conditions, for approval of a new game mix Annex, and for approval of a new floor plan for the Queenstown casino

BEFORE THE GAMBLING COMMISSION

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

Date of Application: 2 May 2019

Date of Decision: 7 June 2019

Date of Notification
of Decision: 10 June 2019

**DECISION ON AN
APPLICATION BY SKYCITY CASINO MANAGEMENT LIMITED
TO VARY LICENCE CONDITIONS, FOR APPROVAL OF A NEW GAME MIX ANNEX,
AND FOR APPROVAL OF A NEW FLOOR PLAN FOR THE QUEENSTOWN CASINO**

Application

1. SKYCITY Casino Management Limited ("**SCML**") applied to the Commission:
 - (a) to vary conditions 6 and 7 of its operator's licence for the Queenstown casino, and to introduce a new condition, 6AA, pursuant to section 139(1)(d) of the Gambling Act 2003 (the "**Act**");
 - (b) for approval of a new game mix Annex, under condition 9 of its operator's licence for the Queenstown casino; and
 - (c) for approval of a new floor plan, under condition 12 of its operator's licence for the Queenstown casino.

Licence conditions

2. The relevant licence conditions, together with the proposed amendments shown in mark-up, are as follows:

SCML's operator's licence (Queenstown)

6. The number of tables in the Gambling Area shall not exceed 12, except as permitted by condition 6A and 6AA.
- 6A. In addition to the gaming tables specified in condition 6, the Licence Holder may install up to five gaming tables in the alternative gambling area which is also used as a restaurant facility to be used as substitutes for five tables elsewhere on the main gaming floor when some or all of those tables are not in use. The location of the substitute tables will be defined in approved floor plans. The substitute tables are subject to the following requirements:
- (a) they must be clearly identified by the letters "ST" in the approved floor plans;
 - (b) each substitute table must be paired with a table shown in an approved floor plan;
 - (c) a substitute table may only be opened for play when the paired table is closed;
 - (d) each substitute table can only deploy casino games in compliance with an approved game mix for the paired table that is not in use; and
 - (e) they must be entered on the casino system as substitute tables.
- 6AA. In addition to the gaming tables specified in condition 6, the Licence Holder may install one gaming table in the Gambling Area on the Main Gaming Floor to be used as a substitute table for a table elsewhere on the Main Gaming Floor when that table is not in use. The location of the substitute table will be defined in approved floor plans. The substitute table is subject to the following requirements:
- (a) it must be clearly identified by the letters "ST" in the approved floor plans;
 - (b) the substitute table must be paired with a table shown in an approved floor plan;
 - (c) the substitute table may only be opened for play when the paired table is closed;
 - (d) the substitute table can only deploy casino games in compliance with an approved game mix for the paired table not in use; and
 - (e) the substitute table must be entered on the casino system as such.
7. The ratio of gaming machines to gaming tables in the Gambling Area, excluding the tables permitted by condition 6A and 6AA, shall not exceed 15 to 1, except with the approval of the Commission.
9. The Licence Holder may operate on casino gaming tables the game types and game mixes 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.
- ...
12. The Licence Holder shall obtain the approval of the Commission for new floor plans prior to relocating or installing tables or machines in positions not specified in approved floor layouts. When applying, the Licence Holder must submit fresh plans showing the floor layout for the Gambling Area and details of the proposed CCTV layout for the consideration of the Commission. Any changes must comply with the Surveillance Standard. The Executive Director and a single Gambling Commissioner may approve the new floor plans if they are satisfied that the floor layout has no potentially adverse effects. If they are not so satisfied, the proposed floor plan must be referred to the Commission for a decision on approval.

Relevant sections of the Act

3. The relevant sections of the Act is as follows:

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 by SCML

4. SCML submitted, in summary, as follows:

Variation to licence conditions

- (a) Queenstown casino currently has two gambling areas; the Main Gaming Floor ("MGF") and the VIP Horizon Room. The MGF is primarily used for domestic players, and the Horizon Room for VIP and international guests.

- (b) During high demand periods there are insufficient gaming tables in the Horizon Room to accommodate the VIP demand and in these circumstances some players will visit the MGF to conduct their wagering.
- (c) The game mixes used on the MGF are targeted at the domestic market and do not always suit the temporary influx of VIP patrons from the Horizon Room. A new game mix which provides for the use of an additional Midi Baccarat table on the MGF is part of the solution but having to remove one table and replace it with another, often at very short notice and for what may be a very short period, means wider changes are needed to manage this issue.
- (d) It is currently permitted to install up to five gaming tables in the alternative Gambling Area to be used as substitutes for five tables on the MGF, when some, or all, of those tables are not in use. This condition was designed to facilitate international poker tournaments and facilitate an efficient transition from the standard mix to the mix to be used in the poker tournament. It has yet to rely on this condition because, to date, no international poker tournaments have been staged at the Queenstown casino.
- (e) Substitute tables have been successfully used at the Auckland casino to facilitate a change to the game mix at short notice without having to remove and deploy new tables to the floor. The rationale for substitute tables at the Auckland casino recognised the sporadic nature of international business and the significant periods when international tables are not required for play. While those tables could potentially be relocated to other parts of the casino where there might be demand for them, the impracticality of physically moving the tables and having new floor plans approved at short notice led to the development of the substitute table arrangement. This has worked well over the years, and has not created any compliance issues.
- (f) What is being proposed at SKYCITY Queenstown is slightly different and recognises that there are sometimes circumstances where higher than usual demand from international/VIP players creates an “overflow”, which sees some of these customers move out of the Horizon Room and onto the MGF. The mix of games on the MGF is not well suited to such an overflow, and a new game mix to accommodate the variation in demand is the best means of addressing the temporary change to the customer demographic. However, the practical difficulties in physically replacing tables at short notice, particularly where the change may necessitate a variation to the floor plan, have prevented SKYCITY from accommodating the overflow to date.

- (g) Allowing it to install an extra table on the MGF that may only be operated in circumstances where another "paired" table is closed represents the ideal solution to such an occurrence. It is the most efficient means of transitioning to a new game mix and floor plan at short notice.
- (h) There is provision in the licence conditions for the Queenstown casino to deploy substitute tables, but currently only in relation to the alternative Gambling Area (condition 6A). There has not previously been a need to provide for tables on the MGF.
- (i) The proposed new licence condition would allow it to deploy an additional gaming table on the MGF. The additional table could only be used when a "paired" table on the MGF was closed. The substitute table would have signage installed in the float tray, to the effect that it could not be operated unless its "paired table" was closed. The proposed substitute table (Midi Baccarat) would be paired with a Caribbean Stud Poker ("CSP") table also deployed on the MGF. In those circumstances where an additional Midi Baccarat table was required, the CSP table would be closed, enabling the substitute Midi Baccarat table to be opened. This arrangement would provide SCML with the flexibility to change its game mix at short notice to address VIP overflow from the Horizon Room.
- (j) The proposed change would not increase opportunities for casino gambling.

Game mix Annex

- (k) In order to give effect to the substitute table arrangement, it also seeks approval for a variation to its approved game mixes. It seeks two changes to Annex A, as follows:
 - (i) adding a new game mix, G2, to the MGF, G2 would consist of four Midi Baccarat games (2 x 6-box and 2 x 8-box), two Black Jack games, and two Roulette games; and
 - (ii) an additional Note at the foot of the Annex, specifying that when game mix G2 is deployed, the four Midi Baccarat games will comprise two games, with no more than six boxes, and two games with no more than eight boxes.
- (l) It is currently reliant on approved game mix E2 on the MGF. The revised Annex with game mix G2 (in conjunction with the substitute table provision) would enable it to transition from game mix E2 to game mix G2 by closing the CSP table and opening the substitute Midi Baccarat table at short notice. Once the temporary

demand for the additional Midi Baccarat table had been satisfied, the table would be closed and the CSP table reopened. It would then once again be reliant on game mix E2.

- (m) Game mix E2 allows the operator to use up to three nine-box Midi Baccarat table games. Game mix G2 limits the four Midi Baccarat games to two eight-box games and two six-box games. The substitute table will be a six box game. To facilitate the transition from one game mix to the other, the three Midi Baccarat games currently on the floor (E2) may have their layouts changed to two eight-box games and one six-box game. Alternatively, the layouts will be changed before completing the transition to comply with game mix requirements.
- (n) The proposed new game mix will have no adverse impact on gambling opportunities. Game mix G2 has less player spaces and gambling opportunities than approved game mix E2.
- (o) As noted in previous applications, by combining the game mix with the most player spaces and gambling opportunities in Horizon with the game mix with the most player spaces and gambling opportunities on the MGF, the resulting combination has fewer player spaces and gambling opportunities than the regulatory benchmark.
- (p) It is satisfied that the new game mix will not increase gambling opportunities.

New floor plan

- (q) It is currently reliant on floor plans "Standard Gambling Area Floor Layout 2009" and "Alternative Standard Gambling Area Floor Layout 2009 Version 2".
- (r) Should the Commission approve its application to vary the conditions of its casino operator's licence, it wants to replace "Standard Gambling Area Floor Plan Layout" with "2019 001 QTN".
- (s) Proposed new floor Plan "2019 001 QTN" has an additional table installed on the MGF and is allocated as a Substitute Table (ST). The table it will be paired with is also identified on the proposed new floor plan (PT).
- (t) At all times the number of tables, including substitute tables, will comply with the requirements of its licence conditions. Similarly, the mix of table games will also comply with approved game mixes.

Submissions by the Secretary

5. The Secretary had no regulatory concerns with the proposal.

Analysis

6. SCML seeks increased flexibility at the Queenstown casino in order to accommodate periods of high demand by its VIP customers.
7. SCML's initial application is to amend the licence conditions to introduce a paired, substitute table on the MGF. The deployment of a substitute table raises no issues of regulatory concern for the Commission, or the Secretary. Substitute tables have been deployed for many years at the Auckland casino without generating any regulatory issues.
8. The amendments proposed to the licence conditions to facilitate this change do not raise any issues of regulatory concern. The drafting of condition 6AA is based upon a similar condition attached to SCML's operator's licence for the Auckland casino, while the amendments to conditions 6 and 7 are minor only, and are to accommodate the insertion of condition 6AA.
9. With an application to introduce a new game mix, the Commission's usual approach is to compare what is proposed with the approved game mix that provides the most opportunities for casino gambling and form a view, in the round, on whether it will increase opportunities for casino gambling. As with the Auckland casino, the Queenstown casino has area-specific game mixes, so the Commission is required to identify the game mix at each area which generates the most casino gambling opportunities and player spaces, and then combining them, before comparing the combined mix with the casino's benchmark mix.
10. Game mix A is the casino's benchmark game mix. It is not area specific. Game mix A is as follows:

	A
Midi Baccarat (9 Box, Style A)	3
Black Jack (manual shuffle)	3
Black Jack (automatic shuffler)	2
Roulette	3
Caribbean Stud Poker	1
Poker	0

11. SCML has approval to operate game mixes A1-H1 in the casino's Horizon Room, as follows:

	A1	B1	C1	D1	E1	F1	G1	H1
Midi Baccarat (7 Box, Style B)	2	2	3	3	4	1	0	1
Black Jack (auto shuffler)	1	0	0	1	0	1	0	2
Roulette	1	2	1	0	0	2	0	1
Poker	0	0	0	0	0	0	4	0

12. On the MGF, SCML has approval to operate six game mixes, A2-F2, and seeks approval for a seventh game mix, G2. These game mixes are as follows:

	A2	B2	C2	D2	E2	F2	G2
Midi Baccarat	1	2	0	4	3	2	4
Mini Baccarat	0	0	0	0	0	1	0
Black Jack (auto shuffler)	3	3	3	1	2	2	2
Roulette	2	2	2	2	2	2	2
Caribbean Stud Poker	1	1	1	1	1	1	0
Poker	1	0	2	0	0	0	0

13. The Commission considered the game mixes for the MGF and the game mixes for the Horizon Room, and compared them with game mix A. The Commission was satisfied, in the round, that no combination of game mixes from the MGF (including proposed game mix G2) and the Horizon Room would generate more opportunities for casino gambling than game mix A. The Commission made this assessment on a common sense basis, in the round, rather than by calculating opportunities based upon tables of data or upon a formula.
14. The Commission noted SCML's submission (paragraph 5(m) above) in relation to the table layout of the three Midi Baccarat tables deployed with game mix E2. The Commission urges SCML to settle this matter, perhaps with oversight from the DIA's inspectors, in order to have regulatory certainty and ensure that it does not inadvertently deploy more gaming positions than it intended.
15. The Commission was satisfied that the proposed floor plan would generate no potentially adverse effects and approved it pursuant to condition 12.

Decision

16. The Commission:
- (a) varied licence conditions 6 and 7 of SCML's operator's licence for the Queenstown casino, and introduced condition 6AA, pursuant to section 139(1)(d) of Act for the Queenstown casino. Conditions 6, 6AA and 7 now read as follows:

6. The number of tables in the Gambling Area shall not exceed 12, except as permitted by condition 6A and 6AA.

6AA. In addition to the gaming tables specified in condition 6, the Licence Holder may install one gaming table in the Gambling Area on the Main

Gaming Floor to be used as a substitute table for a table elsewhere on the Main Gaming Floor when that table is not in use. The location of the substitute table will be defined in approved floor plans. The substitute table is subject to the following requirements:

- (a) it must be clearly identified by the letters "ST" in the approved floor plans;
 - (b) the substitute table must be paired with a table shown in an approved floor plan;
 - (c) the substitute table may only be opened for play when the paired table is closed;
 - (d) the substitute table can only deploy casino games in compliance with an approved game mix for the paired table not in use; and
 - (e) the substitute table must be entered on the casino system as such.
7. The ratio of gaming machines to gaming tables in the Gambling Area, excluding the tables permitted by condition 6A and 6AA, shall not exceed 15 to 1, except with the approval of the Commission.
- (b) approved the new game mix Annex, under condition 9 of its operator's licence for the Queenstown casino. The new Annex is **attached**;
 - (c) approved new floor plan "2019 001 QTN", under condition 12 of its operator's licence for the Queenstown casino. A copy of the new floor plan is **attached**.

Right of appeal

17. 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.



Graeme Reeves
Chief Gambling Commissioner

for and on behalf of the
Gambling Commission

10

June 2019



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:

Game Mix A

Black Jack – up to 5 games
Roulette – up to 3 games
Midi Baccarat – up to 3 games
Caribbean Stud Poker – up to 1 game

Game Mix B

Black Jack – up to 2 games
Roulette – up to 2 games
Midi Baccarat – up to 1 game
Caribbean Stud Poker – up to 1 game
Poker – up to 6 games

Game Mix C

Black Jack – up to 2 games
Roulette – up to 2 games
Caribbean Stud Poker – up to 1 game
Poker – up to 7 games

Game Mix D

Black Jack – up to 2 games
Roulette – up to 2 games
Midi Baccarat – up to 2 games
Caribbean Stud Poker – up to 1 game
Poker – up to 5 games

FURTHER ALTERNATIVE GAME MIXES

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

In the area designated as the Horizon Room, any one of the following 4 table game mixes:

	A1	B1	C1	D1	E1	F1	G1	H1
Midi Baccarat	2	2	3	3	4	1	0	1
Black Jack	1	0	0	1	0	1	0	2
Roulette	1	2	1	0	0	2	0	1
Poker	0	0	0	0	0	0	4	0
Total	4	4	4	4	4	4	4	4

together with



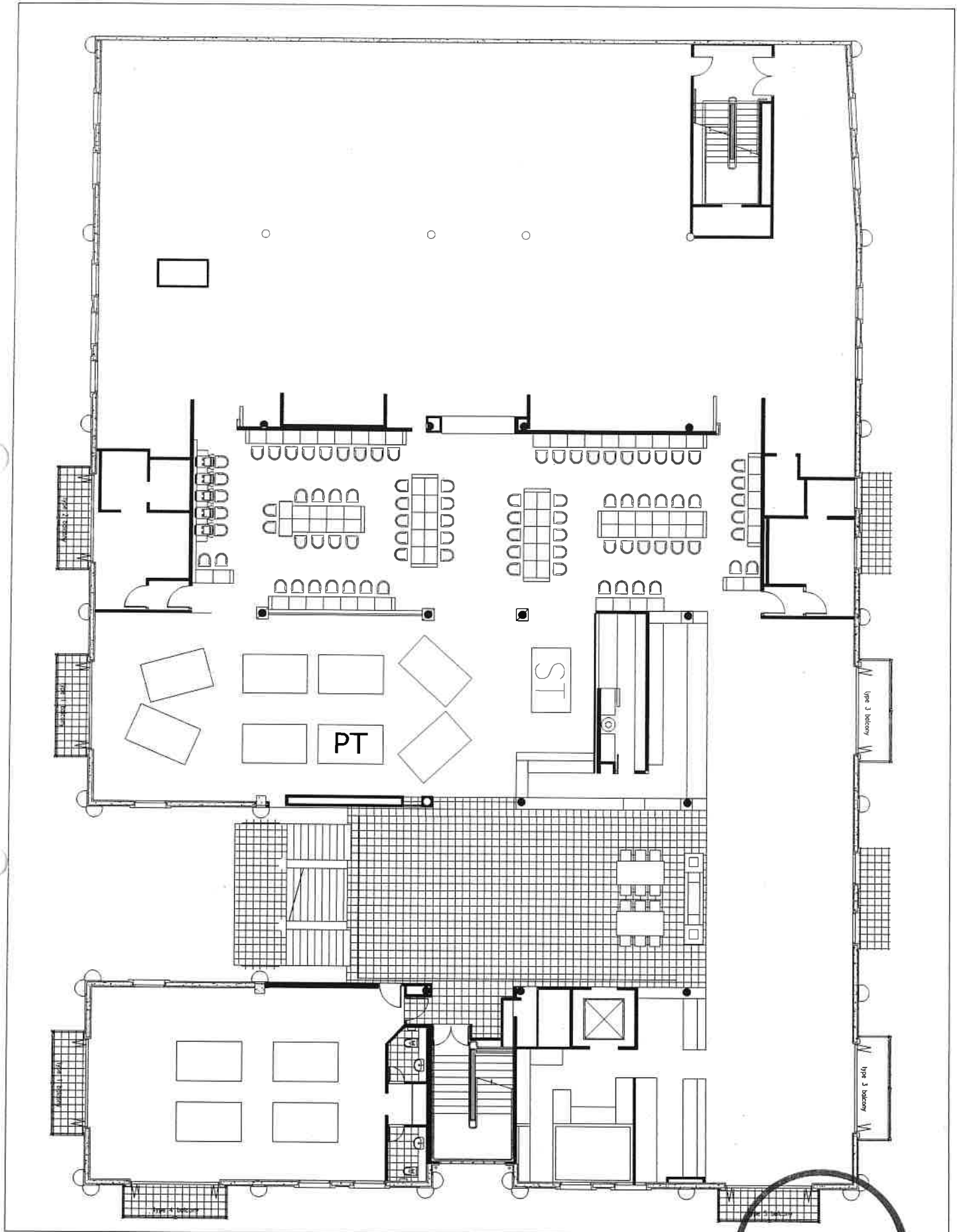
In the Gambling Area on the main floor, any one of the following 8 table game mixes:

	A2	B2	C2	D2	E2	F2	G2
Midi Baccarat	1	2	0	4	3	2	4
Black Jack	3	3	3	1	2	2	2
Roulette	2	2	2	2	2	2	2
Caribbean Stud Poker	1	1	1	1	1	1	0
Poker	1	0	2	1	0	0	0
Mini Baccarat	0	0	0	0	0	1	0
Total	8	8	8	8	8	8	8

Notes

1. The Licence Holder is permitted to operate automatic shufflers on 50% of open Blackjack tables and all Caribbean Stud Poker and Baccarat tables set out in Game Mix A.
2. The Licence Holder is permitted to operate an automatic shuffler on one Caribbean Stud Poker game and on all Baccarat, Poker and Black Jack games set out in all other game mixes.
3. The Licence Holder is permitted to change between the game mixes specified subject to providing the Inspectorate with prior notice.
4. Any flip top tables forming part of a game mix must be operated in accordance with the requirements of the relevant minimum operating standards.
5. All Midi Baccarat games specified in the further alternative game mixes and operating in the Horizon Room shall be conducted in accordance with either dealing style B or (where permitted by the Baccarat rules) dealing style D.
6. All Midi Baccarat games specified in the further alternative game mixes and operating in the Horizon Room shall have no more than 7 boxes.
7. When game mix D2 is deployed in the gambling area on the main floor, at least two of the four Midi Baccarat games shall have no more than 7 boxes.
8. When game mix G2 is deployed in the gambling area on the main floor, the four Midi Baccarat games will be comprised of two games with no more than six boxes and two games with no more than eight boxes.
9. U-Spin devices approved by the Department of Internal Affairs may be used on any Roulette games.





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