

IN THE MATTER of the Gambling Act 2003

AND on a proposal by the Gambling Commission to amend the approval for the provision of credit for gambling by casino operators

BEFORE THE GAMBLING COMMISSION

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

Date of Proposal: 3 June 2021

Date of Decision: 6 August 2021

Date of Notification of Decision: 24 August 2021

**DECISION ON A PROPOSAL BY THE GAMBLING COMMISSION
TO AMEND THE APPROVAL FOR THE PROVISION OF CREDIT FOR GAMBLING BY
CASINO OPERATORS**

Introduction

1. The circumstances which the Commission has approved, pursuant to section 15(4) of the Gambling Act 2003 (the “**Act**”), for the holders of a casino operator’s licence to offer or provide credit for gambling are set out in the Gambling Commission’s approval dated April 2019 (the “**Current Approval**”) annexed to decision GC06/19 (15 April 2019). Following a major change in practice by New Zealand’s largest casino operator, SKYCITY, the Commission proposed to amend the Current Approval, to remove references to “Overseas Group Commission Programmes”. Overseas Group Commission Programmes in New Zealand are colloquially known as “junkets”.
2. The Commission invited submissions on its proposal from the Secretary for Internal Affairs (the “**Secretary**”), Ministry of Health (“**MoH**”), SKYCITY Casinos Management Limited (“**SCML**”), Christchurch Casinos Limited, Dunedin Casinos Limited, PGF Group and The Salvation Army/Oasis (“**SA**”). It received submissions from the Secretary, MoH, SA and SCML.

Relevant section of the Act

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

15 Providing credit for gambling prohibited

- (1) A person conducting gambling must not offer or provide credit if the person knows or ought to know that the credit is intended to be used for gambling.
- (2) Every person who commits an offence against subsection (1) is liable on conviction to a fine not exceeding \$10,000.
- (3) Subsection (1) does not apply to credit offered or provided by the holder of a casino operator's licence to a person in circumstances that have been approved by—
 - (a) the Authority under section 66 of the Casino Control Act 1990; or
 - (b) the Gambling Commission under subsection (4).
- (4) The Gambling Commission may approve circumstances in which an offer or provision of credit may be made by the holder of a casino operator's licence to a person.

SCML's submissions

4. SCML supported the proposed amendments to the Current Approval. It had decided to cease doing business with Group Commission Operators, which means that it no longer has a need for a Credit Approval which makes provision for such persons to be extended credit.

The Secretary's submissions

5. The Secretary supported the proposal as there are currently no licensed casino operators operating Group Commission Programmes.

MoH's submissions

6. MoH supported the Commission's proposal and additionally noted as follows:

- (a) Casinos will still be able to offer credit to individual short-term overseas visitors, but not groups.
- (b) SKYCITY recently decided to stop dealing with junket operators, which seems sensible as a way of reducing the risk of money laundering; junkets have been highlighted as being at a high risk for this activity.
- (c) Several casinos in Australia have been under scrutiny after evidence of money laundering via junket operators with links to organised crime.
- (d) There do not appear to be any additional risks from a harm minimisation perspective that would be created from approving this proposal.

SA's submissions

7. SA strongly supported the proposed amendment and additionally noted as follows:
- (a) Aside from reflecting current casino practice in New Zealand, the amendment will reduce the risk of exploitation by organised criminal entities, particularly following recent issues with money laundering, poor governance, and the operation of junkets in Australia by people linked to organised crime.
 - (b) It opposes the provision of credit for gambling as it can encourage people to gamble excessively and beyond their means, chase losses, and abandon pre-commitment or limit-setting strategies. Any approval for credit should align with the purposes of Act and minimise the risk of gambling harm.
 - (c) The Current Approval intends to limit the provision of credit to high-value, short-term overseas visitors, while maintaining sufficient controls and oversight to address the concerns about potential harm from gambling on credit. Wealth or financial security do not necessarily preclude people from gambling harm.
 - (d) It maintains concern about the kinds of recovery strategies that may be used against customers who are unable to repay credit.

Analysis

8. In April 2021, SKYCITY determined that it would permanently cease dealing with junket operators and that it would only deal with individual international business patrons. SKYCITY issued a Market Release to the Australian and New Zealand Stock Exchanges to this effect, as follows:

Skycity Entertainment Group Limited (**Skycity**) advises that, following completion of a strategic review into its International Business division, the Skycity Board has determined to permanently cease dealing with all junket operators, effective immediately, and continue to operate its International Business division under a revised operating model.

As previously indicated to the market on 18 February 2021 (as part of Skycity's interim result announcement for the six months ended 31 December 2020), earlier this year Skycity commenced a strategic review of its International Business division.

Under the revised operating model, Skycity will deal directly with International Business patrons after appropriate know your customer and customer due diligence requirements are satisfied.

Skycity will consult with its gaming regulators in New Zealand and South Australia in relation to its revised operating model.

9. As SKYCITY operates four of the six casinos in New Zealand, and neither Christchurch or Dunedin casinos offer Overseas Group Commission Programmes, the Commission proposed to amend the Current Approval to remove references to Overseas Group Commission Programmes, in order to reflect current casino practice. The Commission consulted widely on the application and provided a copy of the Current Approval with the proposed amendments shown in mark-up. All submitters supported the proposal and no unforeseen issues were identified. The Commission amended the Current Approval in the manner proposed.

Decision

10. The Commission amended, pursuant section 15(4) of the Gambling Act 2003, the Approval for the Provision of Credit for Gambling by Casino Operators, to remove references to Overseas Group Commission Programmes. The updated Approval is **annexed** to this decision.

Right of appeal

11. 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.



Lisa Hansen
Chief Gambling Commissioner

for and on behalf of the
Gambling Commission

24 August 2021



**APPROVAL OF THE COMMISSION UNDER SECTION 15(4) OF
THE GAMBLING ACT 2003
AUGUST 2021**

PURPOSE

This approval covers a limited range of circumstances for the provision of credit by casino operators for use in gambling. The intent of the approval is to allow the extension of credit to high-value, short-term overseas visitors while maintaining sufficient controls and oversight to address the concerns about potential harm from gambling on credit which underpins the conditional statutory prohibition on the provision of credit for casino gambling.

APPROVAL

Pursuant to section 15(4) of the Gambling Act 2003, the Gambling Commission approves the offer and provision by the holder of a casino operator's licence of credit intended to be used for gambling in the following circumstances only:

1. A casino operator may offer or provide credit by any means to any short-term overseas visitor to New Zealand.
2. A short-term overseas visitor to New Zealand is defined as someone who has in-bound and out-bound travel arrangements showing a total expected duration of stay in New Zealand of no more than 28 days, and is travelling on a foreign passport.
3. To ensure that credit is provided appropriately, before providing credit the casino operator must sight, **take** and retain a copy of the foreign passport, and incoming and outgoing travel arrangements for the applicant for the credit.
4. A credit facility may only be provided to an individual for his or her personal gambling use and no credit facility may be "on-lent" or otherwise made available to facilitate gambling by any other individual.
5. The casino operator must monitor, by opening and maintaining a Gambler of Interest file, the activities of every patron to whom it has extended credit in any of the following circumstances:
 - (a) where the patron has not repaid the amount of any credit arrangement within the time originally agreed for repayment;
 - (b) where the patron remains indebted to the casino operator or to any associated entity in any amount for a period of 30 days or more; or
 - (c) where the patron's initial credit arrangement is extended at any time, either in amount or by time to repay.

For the avoidance of doubt, the obligation to monitor by use of a Gambler of Interest file in the above circumstances is additional to monitoring otherwise required by the casino operator's own host responsibility programme.

6. With regard to all monitoring required by clause 5:
 - (a) the monitoring by gambler of interest file must continue until the indebtedness to the casino operator or any associated entity is discharged in full;

- (b) the casino operator must comply with all requirements relating to gamblers of interest in its approved host responsibility programme including monitoring, recording of relevant activities and information, ongoing assessment (by the casino operator's host responsibility team), recording of assessments and interventions and reporting to the Commission; and
 - (c) for the avoidance of doubt, the obligation to open a Gambler of Interest file applies to all such patrons, without any other reason to suspect them of problem gambling and regardless of credit control assessment; and operational monitoring by the casino operator's staff and management is additional to, and is not a substitute for, formal harm monitoring and assessment by the casino operator's host responsibility team.
7. In order to allow the Commission to keep the ongoing suitability of the terms of this policy under consideration, the casino operator must deliver quarterly to the Department of Internal Affairs and to the Gambling Commission, a table format report in which every individual credit arrangement subject to approval under section 15(4) is shown on a separate line with the following information recorded in separate columns.
- (a) Column 1: a unique customer ID. This may be the patron's name (if sufficiently unique) or may be some other unique identifier from which the patron's personal details can be provided if required.
 - (b) Column 2: the casino site.
 - (c) Column 3: the amount of credit extended under a single credit arrangement.
 - (d) Column 4: the date on which the credit was extended.
 - (e) Column 5: the date on which the credit was repaid in full.
 - (f) Column 6: an indication whether a GIO file was opened.