

IN THE MATTER of the Gambling Act 2003


AND on an application by **SKYCITY CASINO MANAGEMENT LIMITED** for approval to introduce new surveillance technology to the Wharf casino, and to amend the Surveillance Standard

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 Application: 14 November 2014

Date of Decision: 5 December 2014

Date of Notification
of Decision:  December 2014

DECISION ON AN APPLICATION BY SKYCITY CASINO MANAGEMENT LIMITED FOR APPROVAL TO INTRODUCE NEW SURVEILLANCE TECHNOLOGY TO THE WHARF CASINO, AND TO AMEND THE SURVEILLANCE STANDARD

Introduction

1. SKYCITY Casino Management Limited ("**SCML**") applied to the Commission:
 - (a) under condition 20 of SCML's operator's licence for the Wharf casino, for approval to introduce new surveillance technology to the Wharf casino; and
 - (b) under condition 18 of SCML's operator's licence for the Wharf casino, to amend the Surveillance Standard ("**Standard**").
2. The relevant licence conditions are as follows:

SCML operator's licence – Wharf casino

18. The Surveillance Standard may be substituted or amended by the Commission at the request of the Secretary, on an application by the Licence Holder, or at its own initiative. The Commission will seek submissions from the Licence Holder, the Secretary and any other affected person before deciding on a proposed substitution or amendment.
20. The Licence Holder shall obtain the approval of the Commission prior to the introduction into the Casino of new surveillance technology of a type not currently in operation in the Casino. Camera upgrades that comply with the



requirements of the Surveillance Standard do not require prior approval. When applying for approval, the Licence Holder shall supply sufficient information to enable the Commission properly to assess the application under the Surveillance Standard. Information will include details relating to equipment type and operation, and the proposed location of equipment. The Licence Holder shall allow the Commission or staff of the Commission Secretariat, or any other person authorised by the Commission, to test any technology or equipment.

Submissions by SCML

3. SCML submitted, in summary, that:
- (a) It wants to introduce new surveillance technology of a type not currently in operation at the Wharf casino.
 - (b) It is proposing to replace the current "CCTV Matrix Switcher" as this is now obsolete and is no longer supported.
 - (c) It also wants to replace its digital video recorder ("DVR") with two Dallmeier DVRs. The Dallmeier DVRs will record in 4 CIF resolution, as is the case at present, and in real time 25 frames per second. Images will continue to be stored in the secure Surveillance Suite for a minimum of seven days, as is the case at present.
 - (d) The Dallmeier DVRs will be managed by Dallmeier's SeMSIII (Security Management System) video management software and a Virtual Digital Matrix. The software enables login access rights locally and from remote connections.
 - (e) The upgrade will facilitate any future migration from analogue CCTV cameras to full digital high definition CCTV cameras.
 - (f) The Commission has previously approved the installation of the same surveillance technology at the Auckland, Hamilton and Queenstown casinos.
 - (g) In conjunction with the abovementioned CCTV upgrade, it also wants to upgrade Wharf's Security and Access control system, and its Radio Transmission system. These changes will ensure compatibility with systems in place at its other Queenstown casino, and will allow the Wharf casino to be monitored from the Surveillance Monitor Room at the Queenstown casino. It would also establish the necessary infrastructure to enable both of its Queenstown casinos to be monitored from its Auckland casino.
 - (h) The link between the two Queenstown casinos will be achieved through the secure wide area network ("WAN") between the two sites. The WAN is currently



used for SKYCITY's corporate network traffic. The link will be managed and administered by SKYCITY's IT department.

- (i) As noted above, the proposed arrangements would allow SKYCITY to surveill the Wharf casino from the Queenstown casino, or for SKYCITY to surveill both Queenstown casinos from the Auckland casino. In these circumstances there may not be a need to retain surveillance personnel at one or both Queenstown casinos. Such an approach would represent a departure from the longstanding model adopted in New Zealand casinos, where each site undertakes its own surveillance operations.
- (j) The Commission's Standard does not address this issue directly but does recognise that the control system for the operation of the CCTV system shall be within two permanent and secure monitoring rooms in the casino – one for the use of the casino's surveillance personnel, and the other for the DIA. The DIA now conducts its casino surveillance from off-site premises, so the Surveillance Standard appears to be somewhat out of date.
- (k) To ensure that the Standard does not represent a barrier to its proposal to monitor the Wharf casino from the Queenstown, and then to monitor both Queenstown casinos from the Auckland casino, it proposes modifications to the Standard.
- (l) Pursuant to condition 18 of Wharf's operator's licence, the Standard may be substituted or amended by the Commission on application by the Licence Holder or at the Commission's own initiative. The Commission can seek submissions from the Licence Holder, the Secretary and any other affected person before deciding on a proposed amendment.
- (m) It wants to amend the Standard to accommodate the possibility of remote surveillance in place of localised surveillance.
- (n) It also proposes a number of minor updates to the Standard.
- (o) If it is to adopt a remote surveillance model at one or both Queenstown casinos (which could also be extended to the Hamilton casino), then changes to the DIA's Minimum Operating Standards will be necessary. The scope and detail of the necessary changes will be discussed with the Secretary.

The Secretary's submissions

4. The Secretary submitted, in summary, that:



- (a) SCML has applied to upgrade its CCTV technology. This equipment has been approved for SCML's other casinos, and he supports its introduction to Wharf casino.
- (b) SCML has also applied to upgrade Wharf's Security and Access control system and the Radio Transmission system, which would allow Wharf to be monitored from the Queenstown Surveillance Room. To the extent that this improved technology would facilitate surveillance monitoring from any approved off-site functionality, he supports such upgrades.
- (c) However, the significant aspect of the application is to amend the Standard, which currently requires the provision of "two permanent and secure monitoring rooms" in casinos, to allow for the possibility of remote surveillance monitoring as the only form of coverage.
- (d) To date, while SCML has engaged in some remote surveillance without any major technical issues or failures (to the Department's knowledge) there has remained in all casinos a dedicated surveillance suite for casino employees. The rationale to date for remote surveillance (as recorded in decisions GC07/13 and GC28/13) was to allow Auckland casino surveillance staff to assist other SKYCITY properties in mitigating risk associated with international/VIP customers "from time-to-time". However, the current proposal lays the groundwork for a fundamental shift in approach.
- (e) SCML is correct to note that his Department now conducts some of its casino surveillance off-site and that the Standard is therefore somewhat out of date. However, while he does not have an in-principle objection to the proposal, he considers that such a shift requires careful consideration.
- (f) Of particular concern is understanding and being satisfied of SCML's proposed business continuity protections. Currently, if the link between sites were to be disrupted, the local surveillance suite can still be manned by trained personnel, so the continuity of monitoring is preserved. Also, the operational repercussions of a major outage can be catered for in Minimum Operating Standards. For example, current requirements for power outages include the discontinuation of gambling or a requirement for increased and dedicated supervision at tables.
- (g) However, he considers it appropriate that technical details are supplied on SCML's assessment of the risk of a network outage and proposed resilience and mitigation strategies for consideration by the Commission before agreeing to this fundamental shift in the policy. In the same vein, he considers it appropriate that

the discussions around potential changes to the Minimum Operating Standards occur prior to a decision being made. This would allow for better informed submissions and consideration.

- (h) To this end, he suggests that the Commission delay consideration of this aspect of the proposal. As noted above, he does not have an in-principle concern with the proposal but considers such technical details appropriately fall within the information anticipated by licence condition 20. That is, the supply of "sufficient information to enable the Commission properly to assess the application ... [including] details relating to equipment type and operation."
- (i) SCML has also proposed a number of updates to the Standard. In considering this proposal, the Department has also begun identifying further areas where the Standard could usefully be amended for clarity of outcomes. A delay in consideration could allow a more general review to take place.
- (j) If the Commission agrees to his approach, approval could still be given for the proposed equipment upgrades. Further, under the current Standard, SCML would not be inhibited from progressing the establishment of a network between the Queenstown sites in the interim.

CCL's submissions

- 5. CCL submitted, in summary, that:
 - (a) It supports the proposed changes to the Standard.
 - (b) The technology SCML wants to introduce is the same brand and type that it is considering for the Christchurch casino.
 - (c) Its discussions with the Secretary have indicated that he is likely to proceed down the path of remote monitoring of the Christchurch casino. The proposed changes to the Standard will assist in facilitating this.

SCML's submissions in reply

- 6. SCML submitted, in reply, as follows:
 - (a) The Secretary appears to be concerned with the proposed removal of the need for each casino to retain a secure monitoring room as he sees the removal of such a room as representing a fundamental shift in the way that surveillance is implemented at casino properties.



- (b) To address this concern, it would be happy to retain a requirement for a permanent and secure monitoring room within the casino (two are not necessary as the DIA surveillance facilities are off-site).
- (c) The reinstatement of the requirement for an on-site monitoring room now means that there are no substantive changes to the document and there is no reason to defer consideration of it. To the extent that the Secretary also wishes to pursue changes to the Standard, he can do so at any time.
- (d) It will not make any fundamental changes to its surveillance operations at any site without fully engaging with both the DIA and the Gambling Commission to ensure that both parties are completely satisfied with the model it wants to rely upon. The proposed changes to the Standard and the upgrade to CCTV facilities at the Wharf casino are the first step in this process.
- (e) The technical details the Secretary refers to will be supplied in conjunction with any proposed changes to Minimum Operating Standards to give effect to the new model. As noted in the application, that will be the subject of discussion with the Secretary and ultimately may require a further application to the Commission.

Analysis

7. SCML has made two applications to the Commission, the first being to introduce surveillance technology of a type not currently in operation at the Wharf casino. The new technology is in the form of CCTV hardware, together with equipment that will allow for the external surveillance of the Wharf casino (from the SKYCITY Queenstown casino) and the external surveillance of both Queenstown casinos (from the SKYCITY Auckland casino).
8. The Commission has previously considered and approved the introduction of this technology in relation to SKYCITY's other properties. The Commission was satisfied that the equipment proposed for the Wharf casino met the requirements of the Surveillance Standard, and represented an improvement on the hardware presently deployed. The Commission therefore grants the application but, as with previous similar applications, it is a condition of the approval that SCML must report to the Commission and the Secretary on the successful deployment of the new equipment.
9. The second part of SCML's application was to amend the Standard. Condition 18 requires the Commission to seek submissions from the Licence Holder, the Secretary and any other affected person before deciding on a proposed amendment. The Commission



consulted with CCL, DCML, as well as with the Secretary, receiving submissions from CCL and the Secretary, but not from DCML.

10. By way of background, the Casino Control Authority ("CCA") developed a policy in 1994 to outline the minimum surveillance standards and requirements for the first two casinos in New Zealand. The outcomes sought from that policy were as follows:
 - gaming in casinos is conducted in accordance with rules and procedures;
 - gaming disputes are resolved by the casino operator in a fair and impartial manner;
 - the operation of the casino is consistent with the operator's regulatory obligations;
 - illegal activity in casinos is detected and appropriately dealt with;
 - a compliance culture is instilled throughout the casino organisation.
11. This policy was intermittently amended by the CCA, and the Commission understands that the CCA's last amendment took place in December 2003. The policy has remained in place since that time and has been overseen by the Gambling Commission.
12. The Commission has amended the Standard on only one occasion, in 2009, to allow for the introduction of fun-play tables into the Auckland casino. Those amendments were discrete and related only to the use of various cameras surveilling the fun-play tables.
13. SCML initially applied for one substantive amendment to the Standard (to remove the requirement for casinos to provide "two permanent and secure monitoring rooms ... one for the use of the [casino's] Surveillance Department and the other for the use of the [DIA] Inspectorate ..."), together with a number of minor amendments, but following the Secretary's submissions, proposed to retain one monitoring room for use by the casino's Surveillance Department.
14. The Commission first considered whether it should amend the Standard in the manner proposed by SCML, or whether it should defer any amendment until a thorough review has been undertaken, as suggested by the Secretary.
15. The Commission decided that, rather than amending the Standard on an *ad hoc* basis, it is preferable to undertake a single, comprehensive review. The Commission reached this decision for several reasons. First, it is not clear when the last comprehensive review took place, but it certainly has not been in the time that the Commission has been in existence (from February 2004). The Commission considers that such a review is long overdue and should now be undertaken.
16. Secondly, the Commission was persuaded by the Secretary's submission that no amendments to the Standard should take place until a thorough review has been



conducted. The Secretary indicated that he intends to propose a number of amendments himself, but did not do so in his submissions to the Commission. The Commission considered it sensible to make all amendments at once.

17. Thirdly, the Commission was also persuaded by the Secretary's submission that any consequential changes to the Minimum Operating Standards should be clarified before the Standard is amended. This seemed imminently sensible given the Secretary's concerns should there be a major network outage. Undertaking a comprehensive review would create sufficient time for these conversations to take place between the Secretary and casino operators.
18. Fourthly, in its reply, SCML amended its initial proposal and introduced a requirement for the casinos to provide a single monitoring room, rather than the existing obligation to provide two monitoring rooms. However, this submission failed to recognise that the Department now conducts only "some of its casino surveillance off-site", with two rooms still required for surveillance purposes at both the Christchurch and Dunedin casinos at least. The Commission contacted staff at both venues, who confirmed that two separate monitoring rooms are still occupied at these sites; at Christchurch casino two rooms are permanently occupied, while at Dunedin casino, the Secretary's Inspectors are mostly based off-site, but they still use the second room on occasion. On this basis alone, the substantive amendment sought by SCML cannot be approved, as the Standard applies to all casinos nationwide, not just to the Wharf casino, or to the SKYCITY casinos. There appears to be little doubt that, in time, the DIA's Inspectors will be increasingly based away from the casinos, but this position has yet to be reached at all sites and at all times.
19. Fifthly, the Commission could see no negative effects if it were not to make the amendments suggested by SCML. SCML will be required to provide two rooms for surveillance purposes, but the requirement and the rooms already exist, and SCML can, in the meantime continue to progress its network between the Wharf casino and the Queenstown casino, and the Queenstown casinos and the Auckland casino.
20. Finally, the circumstances of SCML's application meant that there was little time for all parties to consider the proposed amendments to the Standard. This is because, although SCML submitted its application on 16 October 2014, for reasons which it cannot establish, it was not received by the Commission until 14 November 2014. SCML wanted this application to be considered by the Commission at its December meeting, which meant that neither the Secretary nor the other casino operators had much time to consider SCML's proposals (six working days only), and whether any other amendments should be made. This is clear from the Secretary's submission, in which he stated that "The Department has also begun identifying further areas where the Standard could be



usefully amended for clarity of outcomes. A delay in consideration could allow a more general review to take place." But as noted above, the Secretary's submissions did not include any of his proposed amendments.

21. The lack of time may also have impacted upon DCML's ability to provide a submission at all, and for CCL to suggest amendments to the Standard.
22. The Commission therefore declined to amend the Standard in the manner proposed and will, in 2015, undertake a thorough review of the Standard and issue a full reasoned decision on any amendments made and the reasons for them.

Decision of the Commission

23. The Commission:
 - (a) approved the introduction of the proposed new surveillance technology to the Wharf casino, under condition 20 of SCML's operator's licence for the Wharf casino, on condition that SCML reports to the Commission and the Secretary on the implementation of the approved changes;
 - (b) declined to amend the Surveillance Standard in the manner proposed, under condition 18 of SCML's operator's licence for the Wharf casino.

Right of appeal

24. 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

17th December 2014

