

**IN THE MATTER** of the Gambling Act 2003  
**AND** on an application by **SKYCITY CASINO MANAGEMENT LIMITED**  
for approvals relating to the  
Queenstown casino

**BEFORE THE GAMBLING COMMISSION**

Members: P Chin (Chief Gambling Commissioner)  
M M Lythe  
P J Stanley  
G L Reeves  
M J Richardson

Date of Application: 7 October 2009

Date of Decision: 4 December 2009

Date of Notification  
of Decision: 21 December 2009

**DECISION ON AN APPLICATION BY SKYCITY CASINO MANAGEMENT LIMITED  
FOR APPROVALS RELATING TO THE QUEENSTOWN CASINO**

**Introduction**

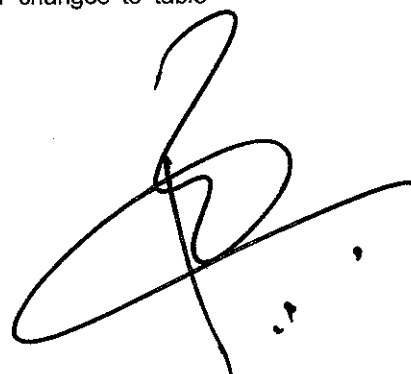
1. SKYCITY Casino Management Limited ("**SCML**") applied to the Commission:
  - (a) for confirmation of its ability to operate automatic shufflers on no more than 50% of the Black Jack games specified in game mixes; and
  - (b) for approval, under condition 10 of its operator's licence for the Queenstown casino, to use an automatic shuffler on its Caribbean Stud Poker game ("**CSP**").

**Licence condition**

2. The relevant licence condition is as follows:

**SCML Operator's Licence (Queenstown)**

10. The approval of the Commission is required prior to the introduction into the Gambling Area of any electronic version of the game types specified in condition 9 above or electronic aids or enhancements or changes to table game rules which create new wagering opportunities.



### Submissions by SCML

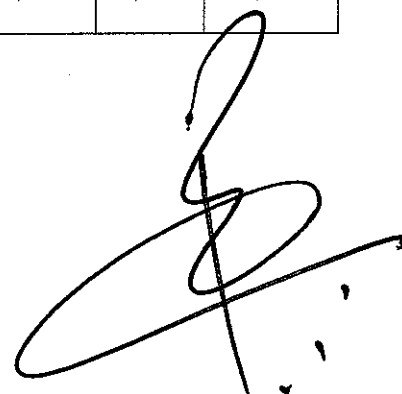
3. SCML stated that:

- (a) The explanatory notes attached to its approved floor plans do not record its ability to operate automatic shufflers on “no more than 50% of the Black Jack games specified in the game mixes”, which it wants confirmed.
- (b) It wants to introduce an automatic shuffler on its CSP game.

4. SCML submitted that:

- (a) Its ability to offer automatic shufflers on its Black Jack tables has previously been recognised by the Commission in decision GC21/07, but appears to have been omitted following subsequent changes to its floor plans and game mixes.
- (b) Condition 10 of its operator’s licence specifies that Commission approval is required prior to the introduction into the Gambling Area of any electronic aids or enhancements.
- (c) CSP has been ascribed a rate of play of 26 games per hour without the use of an automatic shuffler. SKYCITY Auckland recently undertook a number of trials to facilitate a review of play rates which show that the hourly rate of play on CSP increased by 20% when an automatic shuffler was used. This suggests that the introduction of an automatic shuffler on CSP would generate a theoretical increase of five games per hour, to 31 games per hour.
- (d) The introduction of an automatic shuffler on its CSP table will not increase opportunities beyond game mix A, the regulatory benchmark for the Queenstown casino, so there is no increase in overall casino gambling opportunities, as follows:

Game mix	A	B	B (Alternative)	C	C (Alternative)	D	D (Alternative)
Rounds per hour	592	552	531	585	564	408	387
Overall opportunities	12,842	11,712	10,793	12,405	11,486	7,072	6,153

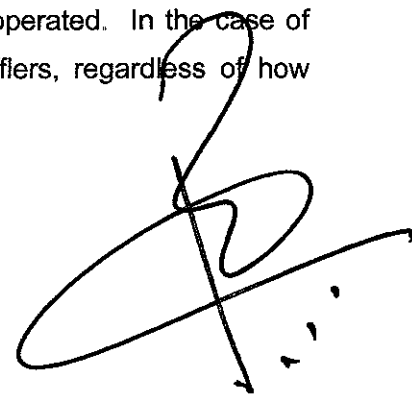


**The Secretary's submissions**

5. The Secretary submitted that:
- (a) the Explanatory Note attached to SCML's game mixes should be amended to reflect what was approved by the Casino Control Authority ("CCA") as at September 2003;
  - (b) he concurred with SCML's submission that the introduction of an automatic shuffler to CSP would not increase opportunities beyond those provided by game mix A.

**SCML's submissions in reply**

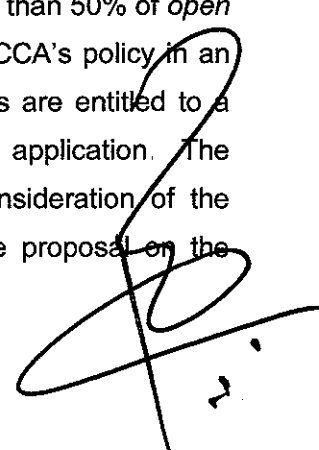
6. In reply, SCML submitted that:
- (a) The CCA approval allowed the Licence Holder to operate automatic shufflers on no more than 50% of open Black Jack tables. The reason for the 'open' stipulation was to ensure that card counters could access a game without an automatic shuffler being deployed.
  - (b) The CCA's protection of card counters has not been adopted by the Commission, as evidenced by its decision to allow SKYCITY Auckland to operate automatic shufflers on all of its Black Jack tables.
  - (c) The key issue arising from the CCA's approval is in terms of its impact on casino gambling opportunities. In assessing the opportunities associated with each game mix, it looks at the maximum theoretical opportunities, based on the assumption that all tables are open. If it assumes that all Black Jack tables associated with the regulatory benchmark will be open for play, that means that 50% of those tables may be operated with automatic shufflers. In essence, the CCA approval establishes how many automatic shufflers can be used on Black Jack games without impacting on casino gambling opportunities.
  - (d) While it would be correct to say that 50% of open Black Jack tables may be equipped with automatic shufflers in respect of game mix A, the Explanatory Note in respect of subsequent game mixes which include Black Jack games should specify the number of automatic shufflers that may be operated. In the case of Queenstown casino, this would be two automatic shufflers, regardless of how many tables are open.

A large, stylized handwritten signature in black ink, located in the bottom right corner of the page. The signature is highly cursive and appears to be a personal name, possibly 'R. ...'.

## Analysis

7. SCML applied to the Commission for confirmation of its ability to operate automatic shufflers on no more than 50% of its Black Jack games, submitting that its ability to do so was previously recognised by the Commission, but that more recent decisions have not reflected this.
8. Casino operators are presently entitled to operate automatic shufflers on their Black Jack games pursuant to a CCA approval from 2001. The Commission became aware of this approval in 2005 when it reviewed licence conditions for the Auckland casino. Paragraph 15.2 of its Final Decision on the Auckland review, dated 27 March 2006, provides that SCML is able to use these shufflers on up to 50% of open Black Jack tables pursuant to the CCA approval. The Commission amended Annex A to SCML's operator's licence for the Auckland casino to record this. The footnote provides, *inter alia*, as follows:

The Licence Holder is permitted to operate automatic shufflers on ... 50 percent of open Black Jack tables specified in game mixes ...
9. Following its review of licence conditions for the Hamilton and Queenstown casinos, the Commission included similar footnotes in decision GC21/07 but inexplicably, those footnotes did not include the word "open" for either casino. Both footnotes need to be amended to reflect the CCA approval. The Queenstown Footnote is amended by this decision, while the Hamilton Footnote will be corrected in the future.
10. The Commission also notes that the footnote for the Christchurch casino does not include the word "open", while the footnotes for Dunedin casino and Lasseters Wharf casino do not reflect the approval at all. The Commission will also need to address these.
11. In its submissions in reply, SCML submitted that the Queenstown casino should be allowed to deploy two automatic shufflers on its Black Jack tables for its operational game mixes regardless of how many Black Jack tables are open, because even with two automatic shufflers in use, these game mixes would not exceed the regulatory benchmark.
12. The Commission was not prepared to grant the request made in the reply submission. The resulting change would extend the approval beyond what was granted or intended by the CCA; namely that automatic shufflers may be operated on no more than 50% of *open* Black Jack tables. The fact that the Commission departed from the CCA's policy in an application by the Auckland casino does not mean that other casinos are entitled to a similar departure from their current conditions and approvals without application. The Commission approved the departure in Auckland only after full consideration of the application (which included supporting evidence on the effect of the proposal on the

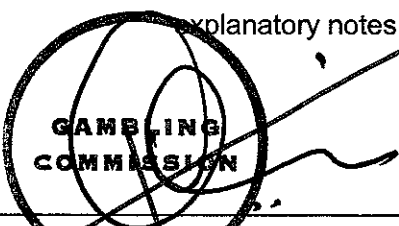


casino operation and gambling opportunities) and submissions from the Secretary. Such changes cannot be sought by an attempt to extend the original application by raising a proposal in submissions in reply.

13. If SCML wants to vary the CCA approval for Queenstown, either as it suggested, or to operate automatic shufflers on all of its open Black Jack tables as in the Auckland casino, it should apply to the Commission to do so with appropriate evidence in support.
14. The second part to SCML's proposal is to introduce an automatic shuffler on its CSP table. Commission approval is required before SCML can introduce this device, as the effect of its introduction may be to increase the rate of play of CSP.
15. The Commission's approach when determining whether a game mix will result in an increase in opportunities for casino gambling is to compare what is proposed against the approved game mix that provides the greatest level of opportunities for casino gambling. Game mix A provides the greatest level of opportunities. Compared with game mix A, the addition of an automatic shuffler on the CSP table for game mixes B, B(Alt), C, C(Alt), D and D(Alt) will not increase opportunities for casino gambling.

#### **Decision of the Commission**

16. The Commission:
  - (a) confirmed SCML's ability to operate automatic shufflers on no more than 50% of its open Black Jack games;
  - (b) approved, under condition 10 of SCML's operator's licence for the Queenstown casino, the use of an automatic shuffler on the CSP table. The approved explanatory notes annexed to the existing approved floor plans are **attached**.



**GAMBLING  
COMMISSION**

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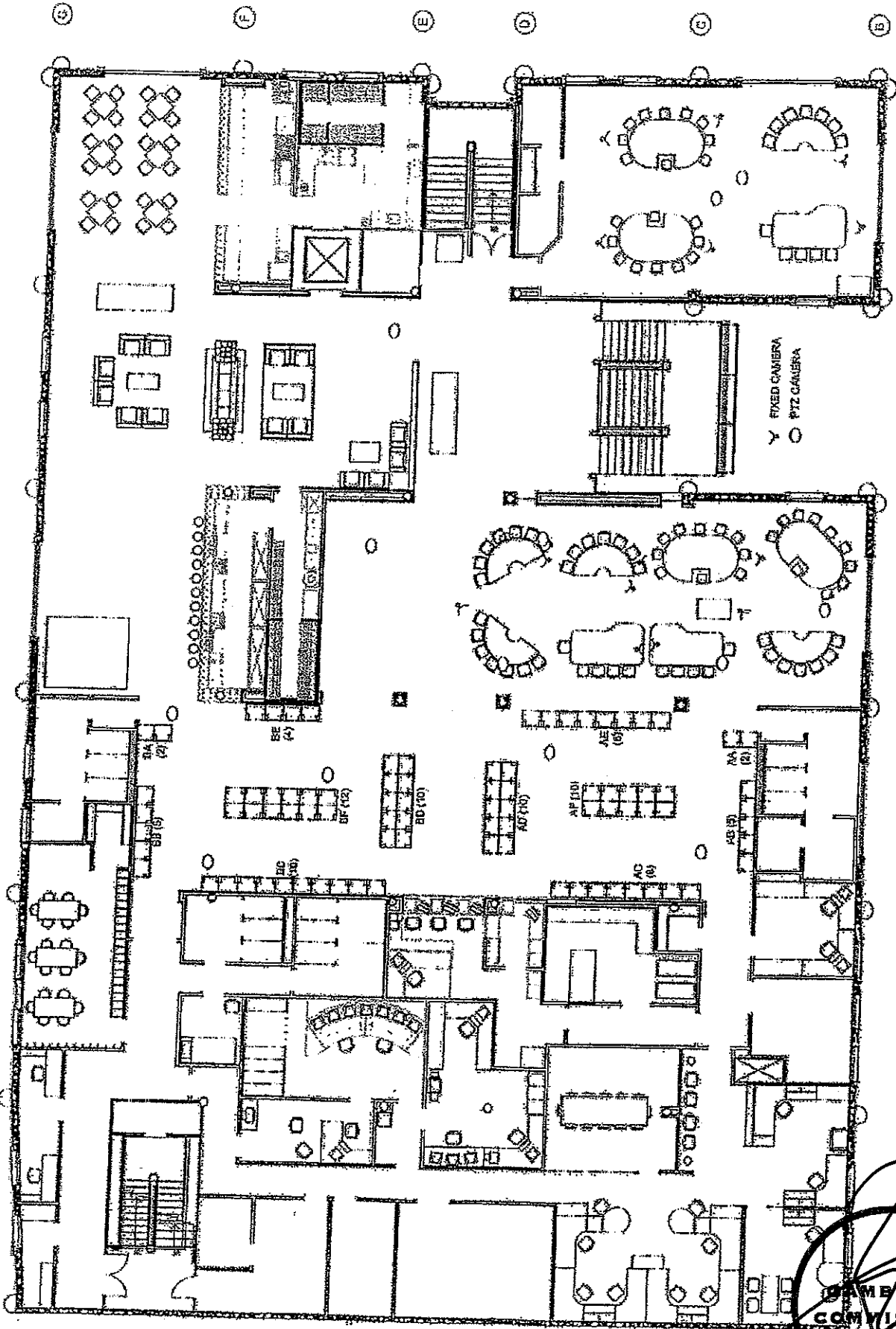
Peter Chin  
Chief Gambling Commissioner

for and on behalf of the  
Gambling Commission

21 December 2009



Standard Gambling Area Floor Layout 2009



GAMBLING  
COMMISSION

## ANNEX A

The Licence Holder may operate no more than 86 gaming machines and 12 table games in the configuration shown in the plan. The following table game mixes are approved for operation.

### 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 4 games  
Roulette – up to 3 games  
Midi Baccarat – up to 3 games  
Caribbean Stud Poker – up to 1 game  
Poker – up to 1 game

### Game Mix C

Black Jack – up to 5 games  
Roulette – up to 2 games  
Midi Baccarat – up to 3 games  
Caribbean Stud Poker – up to 1 game  
Poker – up to 1 game

### Game Mix B (Alternative)

Black Jack – up to 4 games  
Roulette – up to 3 games  
Midi Baccarat – up to 2 games  
Caribbean Stud Poker – up to 1 game  
Poker – up to 2 games

### Game Mix C (Alternative)

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

### Notes

1. The Licence Holder is permitted to change between the game mixes specified in A, B and C subject to providing the Commission and the Inspectorate with a minimum of 5 working days notice in writing of its intention to do so, unless a shorter notice period is agreed with the Inspectorate on a case-by-case basis.
2. The Licence Holder is permitted to change between the game mixes specified in B and B(Alternative) and C and C(Alternative) subject to the requirements specified by way of minimum operating standards.
3. The Licence Holder is permitted to operate automatic shufflers on no more than 50% of open Black Jack games specified in game mixes A, B, B(Alternative) C, and C (Alternative).
4. The Licence Holder is permitted to operate an automatic shuffler on one Caribbean Stud Poker game specified in game mixes B, B(Alternative), C and C(Alternative).



The Licence Holder may operate no more than 86 gaming machines and 12 table games in the configuration shown in the plan. The following table game mixes are approved for operation with this plan.

**Game Mix D**

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

**Game Mix D (Alternative)**

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

**Notes**

1. The Licence Holder is permitted to change between the Standard Plan and this Alternative Plan subject to providing the Commission and the Inspectorate with a minimum of 5 working days notice in writing of its intention to do so, unless a shorter notice period is agreed with the Inspectorate on a case-by-case basis.
2. The Licence Holder is permitted to operate automatic shufflers on no more than 50% of open Black Jack games specified in Game Mix D and Game Mix D(Alternative).
3. The Licence Holder is permitted to operate an automatic shuffler on one Caribbean Stud Poker game specified in game mixes D and D(Alternative).

**Consolidated to 4 December 2009**

