

IN THE MATTER of the Gambling Act 2003

AND on an application by **SKYCITY CASINO MANAGEMENT LIMITED** for approval of new floor plans which will depict table games at the Auckland casino with blank boxes

BEFORE THE GAMBLING COMMISSION

Members: G L Reeves (Chief Gambling Commissioner)
P J Stanley
L M Hansen
R D Bell
A K Foote

Date of Application: 9 August 2011

Date of Decision: 16 September 2011, 14 October 2011

Date of Notification
of Decision:  November 2011

**DECISION ON AN APPLICATION BY SKYCITY CASINO MANAGEMENT LIMITED
FOR APPROVAL OF NEW FLOOR PLANS WHICH WILL DEPICT
TABLE GAMES AT THE AUCKLAND CASINO WITH BLANK BOXES**

Introduction

1. SKYCITY Casino Management Limited ("**SCML**") applied, pursuant to condition 11 of SCML's operator's licence for the Auckland casino, for approval of floor plans which depict the position of gaming tables at the Auckland casino with blank boxes.
2. The Commission sought submissions on the application from the Secretary for Internal Affairs (the "**Secretary**"), Christchurch Casinos Limited ("**CCL**"), Dunedin Casinos Management Limited, Otago Casinos Limited ("**OCL**"), Problem Gambling Foundation ("**PGF**"), Gambling Helpline ("**GH**") and the Salvation Army, receiving submissions from the Secretary, GH, PGF, OCL and CCL.
3. The Commission first considered SCML's application at its September 2011 meeting but, before reaching a decision, sought additional information from the Secretary and SCML on how the proposal would affect the deployment of Substitute and Fun Play tables, both previously approved by the Commission in decision GC24/11. SCML and the Secretary both provided additional submissions, which the Commission considered at its October 2011 meeting.



Relevant licence conditions

4. The relevant licence conditions are as follows:

SCML's operator's licence

6. The number of gaming tables in the Gambling Area shall not exceed 110, except as permitted by conditions 6A and 6B.
- 6A. In addition to the gaming tables specified in condition 6, the Licence Holder may install 12 gaming tables on levels 2 and 3, to be used as substitutes for the tables in level 5, when some or all of the level 5 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 and defined as substitute tables in the approved floor plans for level 2 or 3;
 - (a) each must be matched or paired with a table of the same design on level 5 for which it may be substituted;
 - (a) each substitute table may only be opened for play when the paired table of the same type is closed on level 5; and
 - (a) they must be entered on the SGM system as substitute tables.
- 6B. In addition to the gaming tables specified in condition 6 and condition 6A, the Licence Holder may install up to 8 further tables on which casino type games may be played in the Gambling Area, provided those tables are not used for gambling purposes and satisfy the following minimum requirements:
- (a) the layout cloths covering the tables shall bear an inscription to the effect, 'Fun Play Only – Not to be Used for Gambling';
 - (b) the tables may only provide for play on casino type games that form part of the approved game mixes specified in Annex A attached to this Licence;
 - (c) the tables shall not have drop boxes attached to them;
 - (d) the tables shall not have drop box slots for the placement of funds;
 - (e) the tables shall not be entered onto the SGM system or any replacement table management system.
11. The Licence Holder shall operate in accordance with approved floor layouts showing the position of gaming tables and gaming machines. The Licence Holder shall obtain approval 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 consideration. Any change 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.

Submissions by SCML

5. SCML submitted, in summary, as follows:

- (a) At present, its approved floor plans depict gaming tables with shapes peculiar to certain game types. The Commission has indicated that this acts as a limitation on the interchange of some games.
- (b) The interchange of table games within an approved floor plan is an important operational requirement, and its Minimum Operating Standards, approved by the Secretary, specifically provide for these interchanges to take place.
- (c) With this application, it wants to address the ambiguity surrounding its ability to interchange table games within an approved configuration.
- (d) It is aware of at least two casinos which have approved floor plans which depict all tables (other than Electronic Roulette) as having a common shape. This is commonly known as a "blank box" approach. Such an approach would not appear to raise any difficulties in effecting the interchange of game types, subject to the Licence Holder having the necessary approval for the game mix that it wants to operate.
- (e) It seeks approval of a floor plan labelled "September 2011 Blank Box". Once reliant on this plan, all other approved floor plans will cease to be valid.
- (f) It wrote a letter to the Commission dated 24 June 2011, in which it stated that its preference is to retain plans which depict unique table shapes, and requested that the Commission approve such plans on the basis that interchanges can be carried out. To ensure consistency with the approach adopted at other casinos, it has now decided to seek approval for floor plans which depict tables with a blank box which it believes will facilitate the interchange of tables without further recourse to the Commission.

The Secretary's submissions

- 6. The Secretary submitted, in summary, as follows:
 - (a) A blank box approach could promote efficiency and save time for all parties by lessening the frequency of applications to the Commission.
 - (b) While the Auckland casino has more tables than the other casinos which operate using blank box floor plans, his Inspectorate believes that oversight of such an approach would be manageable.
 - (c) The Minimum Operating Standards state that a casino operator must not change the location of any gaming table without first notifying a Gambling Inspector; that



compliance with the Surveillance Standard would follow any change in configuration; and changes in game mixes are notified.

- (d) If a blank box approach is favoured, there should be careful consideration of whether there are particular games that might not be appropriate for substitution. Of note are those table games for which the rules do not control the maximum number of players (such as Roulette), and whether these tables could be relocated into a more spacious area. The Commission has previously acknowledged (in decision GC15/11) that increased space around such tables could have a potential effect on opportunities for casino gambling.

GH's submissions

7. GH had no objections to the application provided SCML conforms to all other requirements of its operator's licence.

PGF's submissions

8. PGF submitted, in summary, as follows:
- (a) The application is dependent on whether its outcomes are consistent with the Act and its purpose.
- (b) In the past SCML has acknowledged that, because of factors such as speed of games and the rate and amount of wagering permitted in the configuration of each game, some games are likely to generate more harm than others.
- (c) The key question is whether the blank box approach would allow the casino to change the mix of games permitted at the casino. If it did not, then it has no objection. If it did, and that change increased the proportion of high speed and higher wagering games to a potentially more hazardous mix, then it opposes the proposal.

OCL's submissions

9. OCL had no objection to the proposal and submitted that a blank box approach would be practical for all casinos.

CCL's submissions

10. CCL had no objection to the proposal and submitted that it would be consistent with the floor plans approved for CCL, whereby most gaming tables are depicted by blank boxes, with just the Rapid Roulette and Money Wheel tables being physically defined.



SCML's submissions In reply

11. In reply, SCML submitted as follows:

- (a) While it acknowledges the need to depict electronic roulette tables on the floor plans given their very distinctive shape, it would defeat the purpose of having a blank box floor plan if it needed to depict other games, particularly roulette, which makes up a significant portion of games at the Auckland casino.
- (b) Other casinos which rely on the blank box model do not depict roulette games.
- (c) While in theory more than 21 people might play a roulette game, that possibility exists irrespective of where the tables are positioned and regardless of whether the tables are identified as roulette tables on the floor plan. Roulette tables are not currently positioned in a manner which ensures no more than 21 people can play them.
- (d) The reality is that roulette tables do not attract this level of play, regardless of where the tables might be positioned. It is the design of the tables and the manner in which the game is played, rather than the surrounding real estate that determines how many people play this game.
- (e) In the high unlikely event that concerns arise around the number of people playing roulette (in the context of the 21 theoretical player spaces it has applied to this game), the Secretary could invite the Commission to revise its thinking on the theoretical opportunities associated with the game, which would likely have consequences for existing and future game mixes.
- (f) In response to PGF's submission, it has never acknowledged that some games are more harmful than others based upon speed, rather it has endeavoured to identify (at the Commission's request) variations in game speed to assist in the determination of whether a particular game mix might increase opportunities for casino gambling. The blank box approach can only ever be used in the context of an approved game mix – presumably this will address PGF's concerns.

Additional submissions by SCML

12. In response to a request from the Commission for additional information, SCML submitted, in summary, as follows:



Fun Play tables

- (a) A blank box approach would be unproblematic for the installation of Fun Play tables. Licence conditions allow Fun Play tables to be deployed as long as the Fun Play tables deploy games that are part of an approved game mix. There is no reason to denote the specific games to be played on the Fun Play tables on the approved floor plan – a Gambling Inspector can easily determine whether the Fun Play tables offer games that form part of an approved game mix, and the tables themselves are easily identifiable as Fun Play tables because of the markings on their layout cloth.
- (b) However, it has no objection to identifying the location of Fun Play tables on a floor plan. It could do so by specifying the letters “FP” within the relevant blank boxes. This would allow SCML the necessary flexibility to change the game types that may be played on the Fun Play tables without recourse to the Commission.
- (c) Currently no Fun Play tables are deployed.

Substitute tables

- (d) It currently has an application before the Commission to amend the licence condition relating to the deployment of Substitute tables. The proposed amendment would see the number of Substitute tables reduced from 12 to eight but more importantly, the amendment would recognise that the games that may be played on those Substitute tables match games that form part of the approved game mix for the relevant level 5 salons, rather than the actual tables deployed in those salons.
- (e) A blank box approach lends itself to this arrangement as the game types that may be played on Substitute tables could change (but always within the constraints of the approved game mixes for the salons) without recourse to the Commission. This would also enable the game types played on the Substitute tables to differ from the game types deployed in the salons at any one time, but match the game types that may be deployed in those same areas.
- (f) However, again, it has no objection to the Substitute tables being identified in the floor plans – indeed licence condition 6A requires it. It will identify Substitute tables as “ST” within the relevant blank box, along with the salon that the table would act as a substitute for. For example, the two Substitute tables for Salon 82 would be labelled “ST – Salon 82”. The two tables with this label could operate any of the specific game mixes approved for Salon 82 when that salon was closed for business (and so on for the other salons).



- (g) Again, it would be a simple task for a Gambling Inspector to confirm that the game types deployed on the Substitute tables were consistent with the game types approved for the relevant salon and that those games were only operated when the salon in question was closed.
- (h) This approach will not impact on casino gambling opportunities because the only game types that would be used on the Substitute tables would be those that had already been approved as suitable for deployment in the casino.
- (i) The only game type that would not be identified as a generic blank box would be the electronic roulette table.

Additional submissions by the Secretary

13. In response to a request from the Commission for additional information, the Secretary submitted, in summary, as follows:
- (a) A blank box approach does not pose problems for casino gambling opportunities as SCML must comply with its approved game mixes.
 - (b) The Fun Play and Substitute tables could be depicted on floor plans with different coloured shading so that the different types of tables can be clearly identified on the floor plans, or alternatively, they could be marked with an "S" for Substitute tables, and an "F" for Fun Play tables.
 - (c) A blank box approach may make it more difficult to track the locations of the various games, but his Inspectorate has indicated that it should manage.
 - (d) In reality, SCML's proposal only slightly extends the Inspectors' current oversight to the extent that Baccarat and Roulette tables would become as generic as the "half round" tables. The inspectorate plans to address any change by increasing the focus and frequency of audits, and also intends to discuss with SCML a simpler numbering system for its floor plans.
 - (e) Finally, should the inspectorate experience difficulties in administering the licence conditions, he can apply to revert to the current system.

Analysis

Introduction

14. SCML applied for approval of a floor plan for the Auckland casino which depicts the position of all of its gaming tables (except electronic roulette) with "blank boxes". Current floor plans for the Auckland casino depict the location of gaming tables with different



shapes. Some tables have a unique shape making it obvious that only a specific game can be played on that table (for example, roulette). Other tables have a more generic shape meaning that several games can be played on that table (for example a number of different games can all be played on a "half-round" shaped table).

15. If approved, SCML's proposal would extend its current flexibility by allowing it to position its gaming tables (except electronic roulette) in the location of any blank box depicted on the floor plan, without the need to first seek Commission approval for the change.

Background

16. The application has its genesis in SCML's earlier application to deploy area specific game mixes. The application led to decision GC11/11. In that application, SCML submitted that it required area specific game mixes to obtain the necessary flexibility to deploy gaming tables in its VIP salons at short notice in order to cater for the demands of its VIP customers. In its consideration of that matter, the Commission noted that SCML required floor plan flexibility, as well as game mix flexibility, to do this but left it to SCML to bring a further application to provide that flexibility. This application is the result.
17. By way of further background, one of the Commission's core functions since it commenced its work in 2004 has been to assess whether any proposals put forward by casino operators would increase opportunities for casino gambling, such increases being prohibited by section 11 of the Act. Since 2006, the predominant means of control over opportunity has taken the form of game mixes.
18. Prior to the Commission's review of the licence conditions for the Auckland casino in 2006, the floor plans originally approved by the Casino Control Authority (with subsequent changes approved by the Commission) regulated both the position of gaming tables and machines, and opportunities for casino gambling.
19. In 2006, the Commission decoupled game mixes from floor plans with the result being that floor plans are no longer utilised to control opportunities; opportunities are now regulated by precisely defined game mixes annexed to SCML's operator's licence. Floor plans now simply depict the position of the tables and machines at the casinos.

Key Issues

20. The following key issues required Commission consideration:
 - (a) Will SCML's proposal increase opportunities for casino gambling?
 - (b) Is the proposal consistent with the Act and its purpose?



- (c) Will there be an adequate oversight of the table games if a blank box approach is deployed?

Increase in opportunities

21. PGF submitted that it was opposed to the application if a blank box approach resulted in an increase in opportunities for casino gambling. SCML responded by stating that a blank box approach can only ever be used in conjunction with an approved game mix, and as the Commission provides approval of game mixes, there will not be any increase.
22. SCML is correct in this submission. As noted above, the Commission now oversees opportunities for casino gambling through game mixes, not floor plans. There is a possible exception to this rule, which the Secretary raised in his submissions and which PGF previously raised in its submissions leading to decision GC33/10; namely that it is possible that the decongestion of a gambling area could result in an increase in player spaces at table games which have no limit on the number of players permitted to play.
23. The rationale behind the submission is that an operator could relocate a gaming table with no player limits from a very congested part of a casino to an area with considerable space, thereby creating the possibility that more players could play that table than was previously the case. This might constitute an increase in opportunities for casino gambling.
24. In decision GC33/10, the Commission acknowledged this submission and noted that it would remain cognisant of the issue and consider it carefully as part of any future application for approval of a revised floor plan. As SCML has now sought approval of a new floor plan, it is appropriate for the Commission to reconsider this matter.
25. The Commission was of the view that SCML's proposal would not result in the type of decongestion raised by the Secretary and PGF. This is because the plan that SCML seeks approval for, "September 2011 Blank Box", does not seek to place any blank box in an area of the casino that could be considered "very spacious", or indeed any more spacious than the area in which any such table is currently positioned. This means that regardless of where on the floor plan SCML elects to place its tables with no player limits, there will be no increase in space, and therefore no increase in opportunities.
26. The Commission was accordingly satisfied that the proposal would not increase opportunities for casino gambling.



Consistent with the Act and its purpose

27. The Commission next considered whether SCML's proposal was consistent with the Act and its purpose. The purpose of the Act is set out at section 3 and provides as follows:

3. Purpose

The purpose of this Act is to—

- (a) control the growth of gambling; and
- (b) prevent and minimise the harm caused by gambling, including problem gambling; and
- (c) authorise some gambling and prohibit the rest; and
- (d) facilitate responsible gambling; and
- (e) ensure the integrity and fairness of games; and
- (f) limit opportunities for crime or dishonesty associated with gambling; and
- (g) ensure that money from gambling benefits the community; and
- (h) facilitate community involvement in decisions about the provision of gambling.

28. The Commission was of the view that only subsection (b) is relevant; namely, the Commission must be satisfied that the proposal will not increase the harm caused by gambling, including problem gambling.
29. There was no information before the Commission to indicate that SCML's proposal would increase the risk of harm. The Commission noted that none of the problem gambling service providers expressed concern about this.
30. The Commission also noted that blank box floor plans are currently deployed at the Hamilton, Wharf and Christchurch casinos without suggestion that their use generates more harm than floor plans depicting specific tables.
31. The Commission was also of the view that a blank box approach would result in a more efficient system, as SCML would no longer need to seek Commission approval to move gaming tables from one approved location to another.
32. The Commission was therefore satisfied that the proposal was consistent with the Act and its purpose.

Oversight of gaming floor

33. The main effect of the proposal is that it will provide SCML with increased flexibility by allowing it to deploy its gaming tables anywhere in the Gambling Area where there is a blank box. The Commission wanted to be satisfied that the proposal would not result in the casino Inspectorate having difficulty overseeing the movement of tables on the floor.
34. The Secretary submitted that, although the Auckland casino is larger than the other casinos which deploy blank boxes, the oversight of table games would be "manageable", and in truth, would represent only a small extension on the current oversight



responsibilities. As the Secretary also points out, if difficulties emerge in the future, he can raise the issue with the Commission and seek the necessary changes.

Substitute and Fun Play tables

35. Following a request from the Commission for additional information on Substitute and Fun Play tables, both SCML and the Secretary proposed that they be depicted on floor plans with appropriate letters identifying their location. The Commission was satisfied with this proposal. Condition 6A of SCML's operator's licence already requires SCML to clearly identify its Substitute tables on the approved floor plans and the Commission agrees that the appropriate means of doing so is that suggested by SCML (see paragraph 12(f) above). The Commission amends condition 6A accordingly and amends condition 6B to impose the same requirement for Fun Play tables, with the proposed changes shown in mark-up as follows:

- 6A. In addition to the gaming tables specified in condition 6, the Licence Holder may install 12 gaming tables on levels 2 and 3, to be used as substitutes for the tables in level 5, when some or all of the level 5 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 and defined as substitute tables by the letters "ST" in the approved floor plans for level 2 or 3;~~
 - (b) each must be matched or paired with a table of the same design on level 5 for which it may be substituted;
 - (c) each substitute table may only be opened for play when the paired table of the same type is closed on level 5; and
 - (d) they must be entered on the SGM system as substitute tables.
- 6B. In addition to the gaming tables specified in condition 6 and condition 6A, the Licence Holder may install up to 8 further tables on which casino type games may be played in the Gambling Area, provided those tables are not used for gambling purposes and satisfy the following minimum requirements:
- (a) the layout cloths covering the tables shall bear an inscription to the effect, 'Fun Play Only – Not to be Used for Gambling';
 - ~~(b) they must be clearly identified by the letters "FP" in the approved floor plans for level 2 or 3;~~
 - (c) the tables may only provide for play on casino type games that form part of the approved game mixes specified in Annex A attached to this Licence;
 - (d) the tables shall not have drop boxes attached to them;
 - (e) the tables shall not have drop box slots for the placement of funds;
 - (f) the tables shall not be entered onto the SGM system or any replacement table management system.

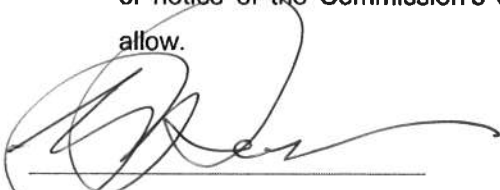
Decision

36. The Commission approved floor plan "September 2011 blank box" (**attached**), pursuant to section 11 of SCML's operator's licence for the Auckland casino. Once SCML is fully reliant on this floor plan, all previously approved floor plans cease to be valid.
37. The Commission amended conditions 6A and 6B of SCML's operator's licence, to provide as follows:
- 6A. In addition to the gaming tables specified in condition 6, the Licence Holder may install 12 gaming tables on levels 2 and 3, to be used as substitutes for the tables in level 5, when some or all of the level 5 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 for level 2 or 3;
 - (b) each must be matched or paired with a table of the same design on level 5 for which it may be substituted;
 - (c) each substitute table may only be opened for play when the paired table of the same type is closed on level 5; and
 - (d) they must be entered on the SGM system as substitute tables.
- 6B. In addition to the gaming tables specified in condition 6 and condition 6A, the Licence Holder may install up to 8 further tables on which casino type games may be played in the Gambling Area, provided those tables are not used for gambling purposes and satisfy the following minimum requirements:
- (a) the layout cloths covering the tables shall bear an inscription to the effect, 'Fun Play Only – Not to be Used for Gambling';
 - (b) they must be clearly identified by the letters "FP" in the approved floor plans for level 2 or 3;
 - (c) the tables may only provide for play on casino type games that form part of the approved game mixes specified in Annex A attached to this Licence;
 - (d) the tables shall not have drop boxes attached to them;
 - (e) the tables shall not have drop box slots for the placement of funds;
 - (f) the tables shall not be entered onto the SGM system or any replacement table management system.

Right of appeal

38. 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.

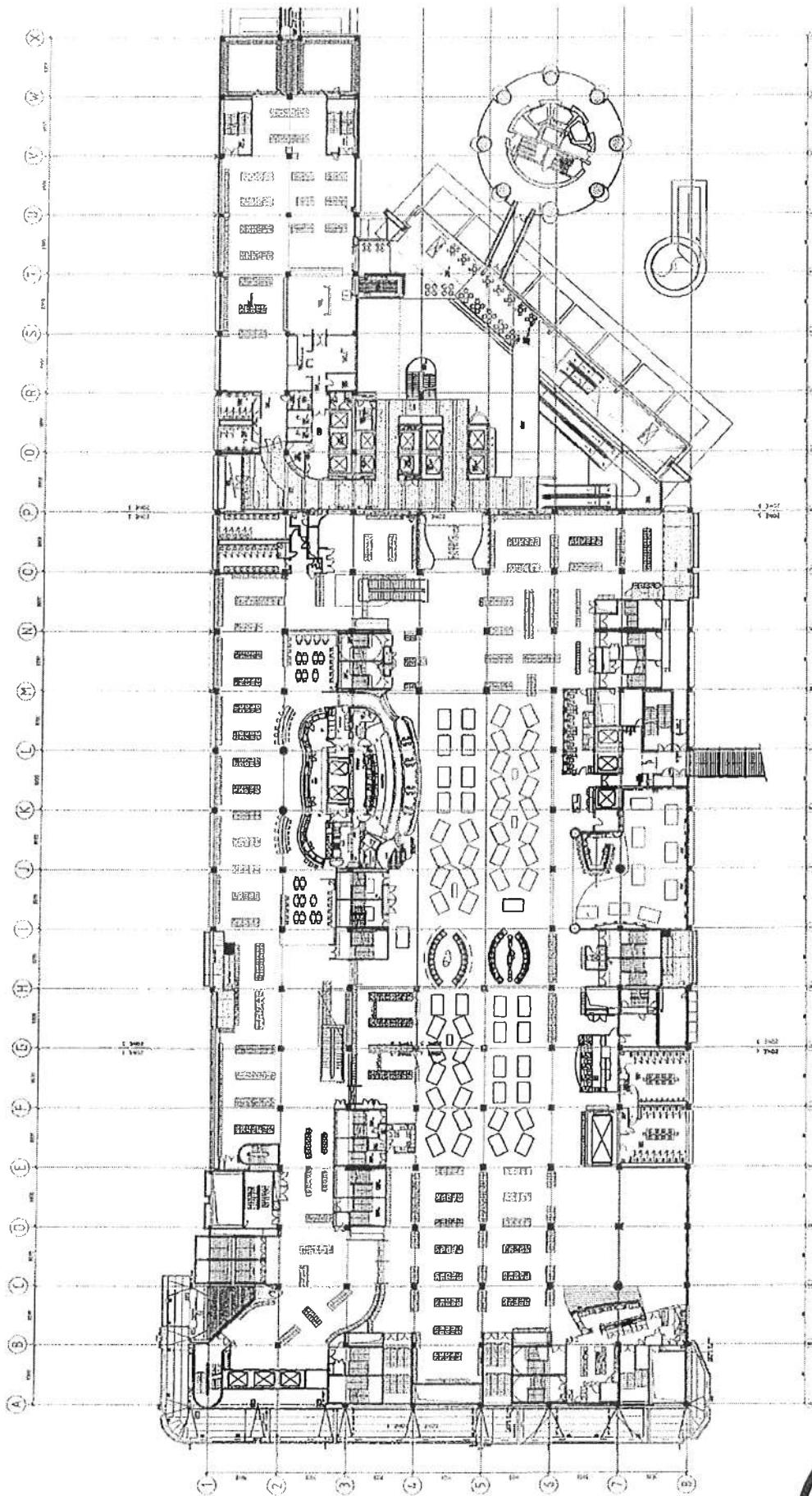


Graeme Reeves
Chief Gambling Commissioner

for and on behalf of the
Gambling Commission

18 November 2011





DATE: 04/08/2011
 DRAWN BY: [Name]
 CHECKED BY: [Name]
 PROJECT: SKYCITY - DIAMOND ROOM
 SHEET: 5132C

Level 2 Gaming Layout
 SKYCITY - Diamond Room
 Gaming Machine Removal
 04/08/2011 STAGE 1

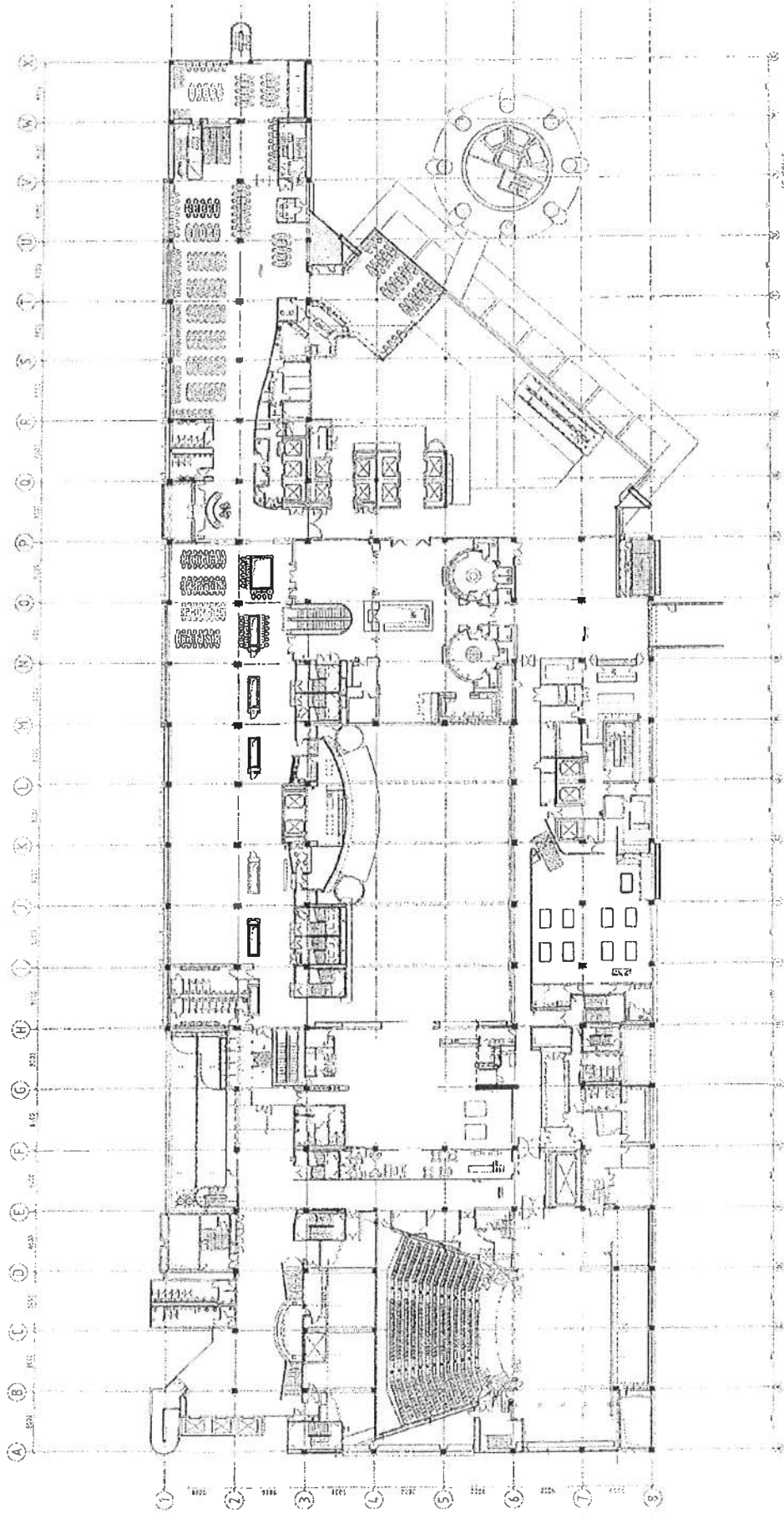
PROJECT: SKYCITY - DIAMOND ROOM
 SHEET: 5132C
 DATE: 04/08/2011
 STAGE: 1

Sky City Entertainment Group
 Gaming Layouts
 SKYCITY ENTERTAINMENT GROUP

Call 416 337-0885
 Fax 416 337-7685

Moller Architects
 GAMBLING COMMISSION





DATE: 09/01/11
 DRAWN BY: [Name]
 CHECKED BY: [Name]
 PROJECT: SKYCITY
 SHEET: 5132C
 SCALE: 1/8" = 1'-0"

NO.	DESCRIPTION	DATE
1	ISSUED FOR PERMITS	09/01/11
2	ISSUED FOR PERMITS	09/01/11
3	ISSUED FOR PERMITS	09/01/11
4	ISSUED FOR PERMITS	09/01/11
5	ISSUED FOR PERMITS	09/01/11
6	ISSUED FOR PERMITS	09/01/11
7	ISSUED FOR PERMITS	09/01/11
8	ISSUED FOR PERMITS	09/01/11

SKYCITY
 Level 3 Gaming Layout
 SKYCITY
 Fortuna Stage 2 DIA 4/07/2011

NO.	DESCRIPTION	DATE
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2	ISSUED FOR PERMITS	09/01/11
3	ISSUED FOR PERMITS	09/01/11
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7	ISSUED FOR PERMITS	09/01/11
8	ISSUED FOR PERMITS	09/01/11

SKYCITY
 Sky City Entertainment Group
 Gaming Layouts

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