

IN THE MATTER of the Gambling Act 2003

AND on an application by **SKYCITY CASINO MANAGEMENT LIMITED** for approval to introduce a new wagering option on its Baccarat games

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: 26 October 2011

Date of Decision: 9 December 2011

Date of Notification
of Decision: 21 December 2011

**DECISION ON AN APPLICATION BY SKYCITY CASINO MANAGEMENT LIMITED
TO INTRODUCE A NEW WAGERING OPTION ON ITS BACCARAT GAMES**

Introduction

1. SKYCITY Casino Management Limited ("**SCML**") applied to the Commission for approval to introduce a new wagering option on its Baccarat games – "Dragon Bonus".

Relevant licence condition

2. The relevant licence condition is as follows:

SCML's operator's licence (Auckland)

10. The approval of the Commission is required prior to the introduction in to the Gambling Area of any electronic version of game type 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 submitted, in summary, as follows:
 - (a) Under section 11B of the Baccarat Game Rules, a casino operator may offer players the opportunity to place "Dragon Bonus" wagers during a Baccarat game. Dragon Bonus is an optional wagering option where winning wagers are paid if the selected hand for the Dragon Bonus wager is a "natural winner", or wins by 4 or more points.



- (b) The Dragon Bonus option is offered in a number of Australian casinos and it wants to introduce it on its Baccarat games at the Auckland casino.
- (c) Condition 10 of its operator's licence provides that Commission approval is required prior to the introduction into the Gambling Area of any changes to table game rules which create new wagering opportunities. The new wagering option will be conducted under existing approved game rules. In this sense it does not represent a change to those rules, so it is unsure whether it requires Commission approval to deploy the option under condition 10. However it seeks Commission approval if it is required.
- (d) In decision GC17/05 the Commission considered the implications of the Secretary amending game rules to provide for new wagering opportunities. In that case the Commission determined, by majority decision, that the proposed rule amendments would not increase gambling opportunities. No decisions have been located involving applications from casino operators to change a game to accommodate wagering opportunities that the rules already allow for.
- (e) In its application for approval of new game mixes, determined by the Commission in decision GC17/10, it was submitted that different games present players with a different range of wagering opportunities and that the impact of those choices on the rate of play is unlikely to be material. This is because dealers are trained to control the pace of games and as a consequence, a player's wagering choices would not have any significant impact on the rate of play. Accordingly, applications for changes to the game mixes tend to focus only on the number of player spaces associated with each game and the theoretical rate of play.
- (f) While new wagering options are unlikely to have any significant bearing on the rate of play, it would expect that they would slow the pace of the game when they are used in addition to existing wagers. In this sense the new wagering option would theoretically be offset by fewer gambling opportunities over time. To test this hypothesis, a trial was conducted on 26 October 2011 in its Training Room. Initially a game of Style A Baccarat was conducted for 15 minutes involving four players. No optional wagers were offered and each player was restricted to placing a wager on Player, Banker or Tie. Over the course of that 15 minute trial, 39 rounds were completed. A second trial was then conducted, this time with players being allowed the opportunity to make an optional side wager on Dragon Bonus in addition to their initial wager on Player, Banker or Tie. Over the course of the second 15 minute trial, 31 rounds were completed.



- (g) The reduction in game speed suggests that the introduction of the Dragon Bonus option will not increase casino gambling opportunities even if additional wagering options are considered to have the potential to increase such opportunities.
- (h) The trial was attended by a DIA inspector and conducted under the same general conditions as earlier rate of play trials. The first 15 minute trial involving the 'standard' Baccarat game generated 39 rounds compared with the trial conducted in 2010 when 45 rounds were generated over that same period for this game. Even when variables affecting rate of play are minimised it is therefore apparent that trial results may still show some disparity.
- (i) It appears odd that incorporating an additional wagering option allowed by the rules could be seen to increase casino gambling opportunities when the number of wagering options associated with each of the games in the game mix has never traditionally been factored into calculations of casino gambling opportunities.

The Secretary's submissions

4. The Secretary submitted, in summary, as follows:

- (a) SCML is unsure whether Commission approval is required. However, he considers the intent of condition 10 to be quite clear when referenced to the Commission's review of licence conditions for SCML in 2006 – approval is required when there is a change to game rules which creates new wagering opportunities.
- (b) His Inspectorate attended the trial described by SCML and confirms the results as presented in the application. If additional wagering options are taken as discrete representations of opportunities for casino gambling, then the additional wager would, on its face, represent an increase. However, the wagering options associated with each game have never traditionally been factored into calculations. To date, the Commission has not been provided with a breakdown of the myriad of wagering opportunities that exist within each game.
- (c) Following the Commission's decision GC17/05, a reduction in game speed would suggest there would not be an increase in opportunities for casino gambling if this application were to be approved. The trial evidence supplied for Perfect Pairs in Black Jack showed a reduction in game speed that, on average, was roughly similar to that in the current trial. To that extent, a similar "in the round" generic game mix finding would appear to be available on this application.



Analysis

5. The application raised two issues for consideration, as follows:
- (a) whether Commission approval is required to deploy the new wagering option; and
 - (b) if the new wagering option is deployed, will there be an increase in opportunities for casino gambling?

Is Commission approval required?

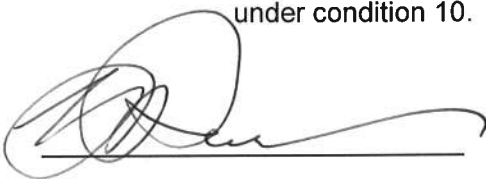
6. SCML expressed uncertainty whether Commission approval is required in order for it to introduce the Dragon Bonus wagering option. The Commission can confirm that approval is indeed required.
7. The Commission has considered this issue previously, deciding that all wagering options new to a casino must be approved by the Commission before they are deployed, and inserting licence conditions accordingly. The reason for this is straightforward – a wagering option that is new to a casino has the potential to increase opportunities for casino gambling, which is prohibited by section 11 of the Act. Decisions on what constitutes an increase in opportunities for casino gambling are a function and responsibility of the Gambling Commission, pursuant to section 12 of the Act.
8. In decision GC17/05, SKYCITY applied to the Secretary for approval to introduce the “Perfect Pairs” wagering option to Baccarat and the “Pontoon Pandemonium” wagering option for Pontoon. Before considering SKYCITY’s request, the Secretary sought the Commission’s views on whether the additional options would increase opportunities for casino gambling.
9. SKYCITY opposed the Commission’s consideration of the matter, stating that game rules were a matter for the Secretary exclusively and that the Commission had no jurisdiction to consider whether the proposed new options represented an increase in opportunities.
10. The Commission formed the view that approval of game rules is a matter for the Secretary (under section 367 of the Act), while the deployment of them is a matter for the Commission. This approach ensures that the Secretary can approve a game rule without having to be concerned about casino gambling opportunities as the Commission will consider this as part of an application to deploy the rule. This view was enshrined in licence conditions when the Commission reviewed them in 2006, and amended condition 10 contains the newa requirement (see the Commission’s decision dated 27 March 2006).

Whether the new option will increase opportunities

11. The Secretary approved the Dragon Bonus rule in 2008 so it was for the Commission to consider whether the deployment of that option would, in the round, increase opportunities for casino gambling. The Commission considered that it would not because, although an additional wagering option would be introduced, the deployment of that option would slow the game sufficiently that there would be no overall increase in opportunities for casino gambling. The data submitted by SCML supported this assessment.
12. The assessment is similar to that made by the Commission in decision GC17/05 when the Commission considered, on balance, and on the basis of the limited information before it, that the introduction of the Perfect Pairs and Pontoon Pandemonium options would not increase opportunities for casino gambling because the likely reduction in game speeds would offset the introduction of two new wagers.
13. Finally, and as both parties submitted, the Commission has not, to date, become immersed in the detail of the gambling options – this is consistent with the Commission’s practice of making a commonsense, in the round, appraisal. This is because many variations in gambling (such as increases in betting options or player numbers) come with an offset in overall speed.

Decision

14. The Commission:
 - (a) confirmed that SCML required Commission approval, under condition 10 of SCML’s operator’s licence for the Auckland casino, to introduce the “Dragon Bonus” wagering option to its Baccarat games; and
 - (b) approved the introduction of the Dragon Bonus option to its Baccarat games, under condition 10.



Graeme Reeves
Chief Gambling Commissioner

for and on behalf of the
Gambling Commission

21 December 2011

