

IN THE MATTER of the Gambling Act 2003

AND on applications by **SKYCITY CASINO MANAGEMENT LIMITED** and **OTAGO CASINOS LIMITED** to specify the licence conditions of a casino operator's licence, and for approval of a casino venue agreement

BEFORE THE GAMBLING COMMISSION

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

Date of Applications: 13 June 2013, 4 July 2013

Date of Decisions: 13 September 2013, 11 October 2013

Date of Notification
of Decision:  December 2013

DECISION ON APPLICATIONS BY SKYCITY CASINO MANAGEMENT LIMITED AND OTAGO CASINOS LIMITED TO SPECIFY THE LICENCE CONDITIONS OF A CASINO OPERATOR'S LICENCE, AND FOR APPROVAL OF A CASINO VENUE AGREEMENT

Introduction

1. SKYCITY Casino Management Limited ("**SCML**") and Otago Casinos Limited ("**OCL**") (the "**Applicants**") made two related applications to the Gambling Commission in respect of the Wharf casino. First, they applied to the Commission, pursuant to section 139(1)(d) of the Gambling Act (the "**Act**"):
 - (a) to specify, as further licence conditions attached to SCML's operator's licence, the licence conditions currently attached to the operator's licence held by OCL;
 - (b) to vary section 4 of those licence conditions to ensure that "Licence Holder" means "SCML", rather than "OCL"; and
 - (c) to revoke the licence conditions attached to OCL's operator's licence.

Secondly, they applied, pursuant to section 132 of the Act, for approval of a casino venue agreement between them relating to the operation of the Wharf casino.



The Gambling Act

2. The relevant sections of the Act are as follows:

119. Requirements for casino gambling

A casino may be operated only by a person who holds a casino operator's licence—

- (a) if the casino gambling occurs at a place for which the person also holds a casino venue licence; or
- (b) if the casino operator has an approved casino venue agreement with another person who holds a casino venue licence.

124. Suitability requirements

(1) A casino operator's licence must not be granted and a casino venue licence must not be renewed unless the Gambling Commission is satisfied that the applicant and persons with a significant influence are suitable.

(2) In considering whether an applicant or person with a significant influence is suitable, the Gambling Commission must take into account the following matters:

- (a) the honesty of the applicant or person with a significant influence, including—
 - (i) whether the applicant or person with a significant influence has been convicted of a relevant offence; and
 - (ii) whether the applicant or person with a significant influence has been disciplined by a professional body for ethical misconduct; and
 - (iii) whether the applicant or person with a significant influence has been disciplined in any way during previous involvement with a casino; and
 - (iv) any other matters raised in the Police report, and the report of any government agency to which the application is referred, provided under section 125; and
- (b) the financial position of the applicant or person with a significant influence, including—
 - (i) whether the applicant or person with a significant influence has ever been adjudged bankrupt; and
 - (ii) whether the applicant or person with a significant influence has been directly involved in the management of a company that went into receivership or liquidation; and
 - (iii) whether the applicant or person with a significant influence has sufficient financial resources; and
- (c) the business skills of the applicant or person with a significant influence, including—
 - (i) whether the applicant or person with a significant influence has sufficient business management experience; and

- (ii) whether the applicant or person with a significant influence has sufficient experience in casino operation or the operation of similar ventures; and
 - (iii) whether the applicant or person with a significant influence has qualifications relevant to the operation of a casino; and
- (d) the management structure of the applicant, including—
- (i) whether that structure is suitably arranged for effective compliance with this Act; and
 - (ii) the nature of all relevant interests in the financial and management structure of the applicant; and
 - (iii) whether all such interests encourage the applicant's effective compliance with the Act; and
- (e) any other matter the Gambling Commission considers relevant.

125. Gambling Commission must investigate application concerning casino licences

- (1) On receiving an application for a casino operator's licence or for renewal of a casino venue licence, or for approval of a proposed transferee or alienee of a casino licence, the Gambling Commission must investigate the applicant, the proposed transferee or alienee, and persons with a significant influence.
- (2) Without limiting subsection (1), the Gambling Commission—
- (a) may require the applicant, the proposed transferee or alienee, and persons with a significant influence to consent to having their photograph and fingerprints taken; and
 - (b) may require the applicant, the proposed transferee or alienee, and persons with a significant influence to provide further information; and
 - (c) must refer a copy of the application, and any photographs, fingerprints, or other information obtained in the investigation, to the Police and any government agency (not including the Inland Revenue Department) that the Gambling Commission considers relevant.
- (3) The Police and any government agency to whom the application is referred must inquire into, and report to the Gambling Commission on, the applicant, the proposed transferee or alienee, and persons with a significant influence.
- (4) The Gambling Commission may refuse to grant a casino operator's licence or renew a casino venue licence or approve a proposed transferee or alienee of a casino licence if the applicant, transferee or alienee, or persons with a significant influence fail to provide information requested by the Gambling Commission or refuse to have fingerprints or a photograph taken.
- (5) Fingerprints and photographs provided by the Gambling Commission to the Police or other government agency must be returned to the Gambling Commission for destruction under subsection (6).
- (6) Fingerprints and photographs required by the Gambling Commission must be destroyed immediately after the Gambling Commission has made a decision as to whether or not to grant a casino operator's licence or renew a

casino venue licence or approve a proposed transferee or alienee of a casino licence.

132. Approval of casino venue agreement

- (1) Casino licence holders who propose to enter into a casino venue agreement must apply to the Gambling Commission for approval of the agreement before entering into it.
- (2) A party to a casino venue agreement who seeks to amend that agreement must apply to the Gambling Commission for approval of the amendment before the amendment is made.
- (3) An application for approval under subsection (1) or subsection (2) must be on the relevant form.

133. Consideration of application

- (1) An application under section 132 for the approval of a casino venue agreement or of an amendment to a casino venue agreement must be considered by the Gambling Commission.
- (2) The Gambling Commission may require the applicant to provide a copy of the proposed agreement and any other relevant information to assist the Gambling Commission to consider the application.
- (3) In considering an application, the Gambling Commission must have regard to any suitability requirements specified in section 124 that the Gambling Commission considers relevant.
- (4) The Gambling Commission must not approve a casino venue agreement or an amendment to a casino venue agreement unless it is satisfied that the agreement is conducive to the conduct of responsible gambling in the casino.

139 Conditions of casino licence

- (1) The Gambling Commission may specify the conditions of a casino licence or vary or revoke the conditions of a casino licence in the following circumstances:
 - (a) on granting a casino operator's licence;
 - (b) on renewing a casino venue licence;
 - (c) on approving a casino venue agreement or an amendment to it;
 - (d) on application by the holder of the casino licence;
 - (e) on its own initiative or on the request of the Secretary.
- (2) A condition of a casino licence specified under subsection (1)—
 - (a) must be consistent with this Act; and
 - (b) must contribute to achieving the purposes of this Act; and
 - (c) must contribute to the efficient and effective administration of this Act; and
 - (d) must not permit an increase in the opportunities for casino gambling; and
 - (e) may relate to any matter, including the matters specified in Schedule 1, within the confines of paragraphs (a) to (d).

Licence conditions

3. The relevant licence conditions are as follows:

Operator's licence (Auckland casino)

31. The Licence Holder shall notify the Commission and the Secretary in writing as soon as possible of any change in the state of affairs of the Licence Holder which has a significant bearing on the holding of the Casino Operator's licence, including any person ceasing to be an associated person of the Licence Holder.
32. The Licence Holder, immediately on becoming aware of such an occurrence, shall notify the Commission and Secretary in writing if the Licence Holder or an associated person of the Licence Holder is involved in any:
- (a) conviction for an offence involving dishonesty;
 - (b) censure or disciplinary action by a professional body for ethical misconduct;
 - (c) censure in any way in relation to a casino in another jurisdiction;
 - (d) current investigation (other than routine or periodical inspections) by any governmental or statutory body; and
 - (e) bankruptcy, receivership or liquidation.

Operator's licence (Queenstown casino)

33. The Licence Holder shall notify the Commission and the Secretary in writing as soon as possible of any change in the state of affairs of the Licence Holder which has a significant bearing on the holding of the Casino Operator's licence, including any person ceasing to be an associated person of the Licence Holder.
34. The Licence Holder, immediately on becoming aware of such an occurrence, shall notify the Commission and Secretary in writing if the Licence Holder or an associated person of the Licence Holder is involved in any:
- (a) conviction for an offence involving dishonesty;
 - (b) censure or disciplinary action by a professional body for ethical misconduct;
 - (c) censure in any way in relation to a casino in another jurisdiction;
 - (d) current investigation (other than routine or periodical inspections) by any governmental or statutory body; and
 - (e) bankruptcy, receivership or liquidation.

Applicants' submissions

Specifying and revoking licence conditions

4. In respect of the first application, the Applicants submitted, in summary, as follows:

- (a) SCML holds a casino operator's licence. Three sets of licence conditions are currently attached to this licence; one each for the Auckland, Hamilton and Queenstown casinos.
- (b) OCL is subject to the licence conditions attached to its operator's licence in respect of the Wharf casino.
- (c) SKYCITY Entertainment Group Limited has purchased all the shares in OCL. This transaction is conditional upon certain approvals being obtained, the most significant being Commerce Commission approval.
- (d) Subject to obtaining all of the necessary approvals, the intention is for SCML to operate the Wharf casino from the settlement date of the purchase. The operation of the casino could continue under the existing operator's licence of OCL (which will also be owned by the parent of SCML), but the preference is for SCML to operate the casino for operational efficiencies. SCML and OCL are both reporting entities for the purposes of the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 ("**AMLCFT Act**"), so this necessitates two separate AML programmes and reporting processes. Also, the Wharf casino has a Host Responsibility Programme which differs from the Host Responsibility Programmes in place at SKYCITY's casinos.
- (e) To avoid unnecessary duplication, and for consistency and branding, they want SCML to operate the Wharf casino. This would mean specifying new conditions to be added to SCML's operator's licence covering the operation of the Wharf casino. The proposed new conditions would replicate the conditions currently attached to OCL's operator's licence.
- (f) A consequential amendment would be required to section 4 of those licence conditions; namely replacing the reference to "OCL" with "SCML".
- (g) On adding the new conditions to SCML's operator's licence, the conditions attached to OCL's operator's licence would become redundant and should be revoked.

Approval of venue agreement

5. In respect of the second application, the Applicants submitted, in summary, as follows:
- (a) SCML has applied to add OCL's operator's licence conditions to SCML's operator's licence and to remove those conditions from OCL's operator's licence. In the event that the application is successful, use of the amended SCML



operator's licence to conduct the operation of casino gambling at Wharf casino would require an approved casino venue agreement between the holder of the casino venue licence for the Wharf casino, OCL and the holder of an operator's licence with applicable conditions, namely SCML.

- (b) SCML has developed a venue agreement which is modelled on an existing approved venue agreement between it and Queenstown Casinos Limited.
- (c) In considering an application under section 132 of the Act, the Gambling Commission must have regard to any suitability requirements specified in section 124 that the Commission considers relevant.
- (d) The application specifies three persons who have a significant influence in both SCML and OCL; namely Nigel Morrison, Peter Treacy and Michelle Baillie. Mr Morrison and Mr Treacy are each already approved by the DIA as an "Associated Person" for all of SKYCITY's New Zealand casinos, while Ms Baillie is already approved as an "Associated Person" for SKYCITY's Queenstown casino.
- (e) Pursuant to condition 32 of SCML's operator's licence for the Auckland casino and condition 34 of SCML's operator's licence for the Queenstown casino, SCML is obliged to notify the Commission and the Secretary in writing if the Licence Holder or an Associated Person of the Licence Holder is involved in any:
 - (i) conviction for an offence involving dishonesty;
 - (ii) censure or disciplinary action by a professional body for ethical misconduct;
 - (iii) censure in any way in relation to a casino in another jurisdiction;
 - (iv) current investigation (other than routine or periodical inspections) by any governmental or statutory body; and
 - (v) bankruptcy, receivership or liquidation.

SCML has complied with the requirements of the licence conditions. Because no such events have occurred, no notifications have been made in respect of Mr Morrison, Mr Treacy or Ms Baillie.

- (f) Each of these three people has confirmed that there has been no change to their circumstances which would impact any of the matters set out in the licence conditions. On that basis, SCML is satisfied that each of the three Associated Persons continues to fulfil the suitability requirements set out in section 124 of the Act.



The Secretary's submissions

6. The Secretary submitted, in summary, as follows:
- (a) SCML proposes to become the new operator of the Wharf casino and has applied to the Commission for approval to attach OCL's operator's licence conditions to SCML's operator's licence.
 - (b) His views on the application depend upon the outcome of SCML's application for approval of a venue agreement between SCML and OCL. If the Commission approves the venue agreement, he would not object to the application to attach OCL's licence conditions to SCML's operator's licence.
 - (c) Mr Morrison was approved as an Associated Person in relation to the SKYCITY casinos on 28 May 2008, and in relation to the Christchurch casino on 28 July 2010.
 - (d) Mr Treacy was approved as an Associated Person in relation to the SKYCITY casinos on 9 March 2007 and 28 July 2010. Mr Treacy was also approved as an Associated Person in relation to the Christchurch casino on 28 July 2010.
 - (e) Ms Baillie was approved as an Associated Person in relation to the SKYCITY Queenstown casino on 31 July 2008.
7. The Secretary also noted that the proposed venue agreement requires a number of minor amendments. For example, the term "Authority" in the interpretation section has been defined to mean "the Department of Internal Affairs". This is not strictly correct as some of the functions previously exercised by the Casino Control Authority are now exercised by the Gambling Commission.
8. Subsequent to the Secretary filing his submissions, the Applicants provided the Commission with additional correspondence from the Secretary, in which the Secretary approved Mr Morrison, Mr Treacy and Ms Baillie each as an Associated Person for the Wharf casino on 31 July 2013.

Analysis

Introduction

9. SKYCITY Entertainment Group Limited has agreed to purchase all shares in OCL, which holds both the operator's and venue licences for the Wharf casino. It also owns all of the shares in SCML. OCL presently operates the Wharf casino but, for reasons of efficiency, SCML wishes to assume the role of operator from settlement of the purchase transaction.

The Applicants therefore applied to attach a fourth set of licence conditions to SCML's operator's licence; namely the licence conditions currently attached to OCL's operator's licence, and to remove those same licence conditions from OCL's operator's licence.

10. Upon receipt of the application, the Commission informed the Applicants that they required more than the addition of specific licence conditions to SCML's operator's licence to operate the Wharf casino. Section 119 of the Act provides that a casino can only be operated by a person who holds a casino operator's licence if the gambling occurs at a place for which the person also holds a venue licence, or if the casino operator has an approved venue agreement with another person who holds a casino venue licence. As OCL holds the casino venue licence for the Wharf casino, to be able to operate Wharf casino, SCML would need to enter into an approved venue agreement with OCL.
11. The Applicants subsequently submitted, for Commission approval, a venue agreement between SCML and OCL which was based upon an existing casino venue agreement between SCML and Queenstown Casinos Limited in respect of the SKYCITY Queenstown casino.

Specifying and revoking licence conditions

12. The addition of the licence conditions from OCL's operator's licence to SCML's operator's licence does not raise any issues of regulatory concern for the Commission. The licence conditions to be attached are those currently applicable to the Wharf casino, with the only exception being a minor change to recognise that SCML will be the Licence Holder rather than OCL.
13. The Applicants submitted that once OCL's licence conditions are added to SCML's operator's licence, the licence conditions attached to OCL's operator's licence should be removed. SCML advanced this aspect of the application on the basis that the addition of the conditions to SCML's licence necessitated the removal of the same licence conditions from OCL's licence as redundant. The Commission does not agree, for the following reasons:
 - (a) There is nothing to prevent the attachment of two sets of licence conditions to two different operator's licences in respect of the same venue.
 - (b) Whether the operator's licence terms are operative, in the sense that the Licence Holder may conduct gambling there, depends on section 119. The casino venue agreement proposed by the Applicants would make the SCML Wharf conditions operative if approved.



- (c) However, under section 119, OCL's operator's licence (including the attached conditions) would also remain operative as it OCL continue to hold the casino venue licence.
- (d) If the OCL operator's licence conditions were removed, OCL's statutory entitlement to operate the casino would continue but unconstrained by the usual conditions attaching to operator's licences. That is not an acceptable position.
14. The stated purpose of SCML operating the Wharf casino is to avoid unnecessary reporting duplication and to achieve operational consistency, with the implication being that maintaining duplicate licence conditions would produce a materially opposite effect. However, on examination of the operator's licence conditions, the only reporting requirement is in condition 28; an annual report to the Commission on the operation of the Host Responsibility Programme.
15. The current HRP for Wharf casino was approved by the Commission in September 2012. It will remain in effect, until approval of further amendments by the Commission, irrespective of whether SCML or OCL operates the casino. For the avoidance of doubt, the Commission will amend the definition of HRP in the new SCML Wharf terms. If both SCML and OCL have the same licence conditions in respect of Wharf casino, both would be required to lodge an annual HRP report. The Commission cannot see why the annual report cannot be submitted on a joint (or, alternatively, duplicated) basis as the content is bound to be the same. With respect, that does not strike the Commission as unduly onerous. It is easier than grappling with the complexities involved in drafting the necessary amendments, none of which have been put forward by the Applicants, to effect some form of contingent obligation.
16. It was unclear to the Commission how SCML's operation of the Wharf casino would avoid unnecessary reporting duplication in relation to the AMLCFT Act. SCML and OCL each hold a casino operator's licence under the Gambling Act and, as a result, each is a reporting entity under that Act. The Commission is unable to see how OCL's reporting obligation would be altered by SCML operating the Wharf casino (or any possible outcome of either application), but that is not a matter for the Commission.
17. The Commission sees no issue in amending SCML's operator's licence by adding the Wharf conditions with necessary amendments but it declines to remove the conditions from OCL's operator's licence. If OCL finds the terms of its operator's licence too burdensome but wishes to continue to hold it, OCL will need to apply for suitable amendments to the conditions. Any such amendments would need to recognise its



continuing statutory entitlement to operate the Wharf casino, despite the venue agreement with SCML.

Approval of casino venue agreement

18. The application for approval of a casino venue agreement is intended to allow SCML, as the holder of a casino operator's licence, to operate the Wharf casino by agreement with OCL, which holds of the venue licence for the Wharf casino, in order to meet the requirements of section 119 of the Act.
19. Licence Holders who propose to enter into a casino venue agreement must apply to the Commission for approval of the agreement pursuant to section 132(1) of the Act.
20. In considering any such application, section 133 provides that the Commission:
 - (a) may require a copy of the proposed venue agreement and any other relevant information to assist it in its consideration of the application;
 - (b) must have regard to any suitability requirements specified in section 124 of the Act that the Commission considers relevant; and
 - (c) must not approve a casino venue agreement unless it is satisfied that the agreement is conducive to the conduct of responsible gambling in the casino.
21. The Commission received a copy of the proposed venue agreement with the application and commenced its consideration of the application by examining the suitability requirements under section 124 of the Act.

Suitability requirements

22. Section 124 requires the Commission to consider whether an applicant or a person with significant influence is suitable.
23. Suitability under section 124 is not limited to applications for approval of venue agreements, but is utilised in a number of different areas in the Act. For example, an application for the grant of a new casino operator's licence under section 130, and an application for renewal of a casino venue licence under section 135, both require the Commission to determine the suitability of the parties involved.
24. Separately, under section 149 of the Act, the Secretary must not approve a person as an Associated Person unless he is satisfied that the person meets the suitability requirements specified in section 124.



25. The application of section 124 in relation to the approval of a venue agreement differs from its application to sections 130, 135 and 149. When considering an application for the approval of a venue agreement, section 133(3) of the Act provides that:

The Commission must have regard to any suitability requirements specified in section 124 that the Gambling Commission considers relevant. [emphasis added]

That is, the Commission need not consider every matter identified by section 124, but only those matters that it considers to be relevant. The other applications do not contain such discretion, and the Secretary or the Commission must be satisfied that the appropriate people are suitable in terms of all requirements set out in section 124.

26. Section 124(2) provides that, when considering whether an applicant or person with a significant influence is suitable, the Commission can take into account the following matters:

- (a) the honesty of the applicant or person with a significant influence (including whether they have been convicted of a relevant offence, whether they have been disciplined by a professional body, whether they have been disciplined during previous involvement with a casino, and whether there are any other matters raised by the Police or other government agency);
- (b) the financial position of the applicant or person with a significant influence (including whether they have ever been adjudged bankrupt, whether they have been involved in the management of a company that has gone into receivership or liquidation, and whether they have sufficient financial resources);
- (c) the business skills of the applicant or person with a significant influence (including whether they have sufficient business management experience, whether they have sufficient experience in operating a casino or similar venture, and whether they have qualifications relevant to operate a casino);
- (d) the management structure of the applicant (including whether the structure is suitably arranged for effective compliance with the Gambling Act, the nature of all relevant interests in the financial and management structure of the applicant, and whether all such interests encourage effective compliance with the Act); and
- (e) any other matter the Commission considers relevant.

27. The Commission considered that the requirements specified in section 124(2)(a) to (d) were all relevant to the application. These matters are addressed below. The Commission did not identify any other matter of relevance under section 124(2)(e).



28. Surprisingly, the Applicants did not address the suitability of the parties to the venue agreement, particularly the proposed new operator, SCML. The Applicants instead identified Mr Morrison, Mr Treacy and Ms Baillie as people who will have significant influence at the Wharf casino. The Applicants pointed out that they have all have been approved by the Secretary as Associated Persons under section 149 (with the most recent approvals being on 31 July 2013 when the Secretary approved each of them as an Associated Person in relation to the Wharf casino), and that SCML has not been required to give notice that any of them have been involved in any of the matters identified by licence conditions 32 and 34; namely:
- (a) conviction for an offence involving dishonesty;
 - (b) censure for disciplinary action by a professional body for acts including misconduct;
 - (c) censure in any way in relation to a casino in another jurisdiction;
 - (d) current investigation (other than routine or periodical inspections) by any government or statutory body);
 - (e) bankruptcy, receivership or liquidation.
29. Despite the Applicants' exclusive focus on the persons with significant influence, for the following reasons, the Commission is satisfied about the suitability of the Applicants and the named persons with significant influence.
30. The Commission has had numerous previous dealings with the Applicants, most particularly SCML, which holds a casino operator's licence that attaches conditions approved by the Commission in respect of the Auckland, Hamilton and Queenstown casinos. The persons of significant influence have been associated with SCML for five years or more.
31. The Applicants have had extensive relevant experience. SCML and OCL have been operating casinos in New Zealand for more than a decade. SCML currently has operational responsibility for three of the six casinos in New Zealand and the proposed venue agreement would add a fourth casino to its responsibilities. The Commission's past experience of dealing with SCML in relation to its current responsibilities provide it with a sufficient basis to be satisfied about its honesty, financial position, business experience and management structure, and about the honesty and business experience of the persons with significant influence.
32. Since 1993, Mr Morrison has held posts with casino operators in Australia, Macau/Hong Kong and New Zealand. Mr Treacy has been with SKYCITY since 2005 (with an absence

of approximately one year from July 2007), while Ms Baillie has worked in the casino in New Zealand industry since 1994.

33. The Secretary has, on multiple occasions and over many years, considered Mr Morrison, Mr Treacy and Ms Baillie against the requirements of section 124(2) and approved each as an Associated Person, as follows:
- (a) Mr Morrison was approved as an Associated Person in relation to:
 - (i) SKYCITY's Auckland, Hamilton and Queenstown casinos on 28 May 2008;
 - (ii) the Christchurch casino on 28 July 2010; and
 - (iii) the Wharf casino on 31 July 2013.
 - (b) Mr Treacy was approved as an Associated Person in relation to:
 - (i) SKYCITY's Auckland, Hamilton and Queenstown casinos on 9 March 2007 and again on 28 July 2010;
 - (ii) the Christchurch casino on 28 July 2010; and
 - (iii) the Wharf casino on 31 July 2013.
 - (c) Ms Baillie was approved as an Associated Person in relation to:
 - (i) the SKYCITY Queenstown casino on 31 July 2008; and
 - (ii) the Wharf casino on 31 July 2013.
34. In providing these approvals, the Secretary was required to consider every requirement under section 124(2) and, as noted above, the approvals in relation to the Wharf casino were very recent; namely on 31 July 2013. As part of its disclosure of information to the Commission, the Secretary provided copies of the applications by Mr Morrison, Mr Treacy and Ms Baillie for approval as an Associated Person. These applications contained information on the financial position of each person.
35. Section 124(2)(a)(iv) allows the Commission to take into account information provided by the NZ Police and any Government agency. The Commission asked the NZ Police to provide any information of relevance on Mr Morrison, Mr Treacy and Ms Baillie. By letter dated 8 August 2013, the Police reported that it is "aware of no issues or concerns that would have a bearing on the suitability of these parties."
36. The Department of Internal Affairs (as a Government agency) raised no issues of concern in relation to the Applicants or the Associated Persons.



Conducive to the conduct of responsible gambling in the casino

37. The Applicants also failed to address this requirement in the application and supporting submissions. The Commission was nonetheless satisfied that approving the venue agreement would be conducive to the conduct of responsible gambling in the Wharf casino. The Commission is familiar with SCML's host responsibility practices, having undertaken a considerable amount of work in this area over the previous two years. For example, the Commission has undertaken reviews of, and approved, new Host Responsibility Programmes for the SKYCITY Auckland, Hamilton and Queenstown casinos which are operated by SCML. The process to approve the HRP for the Auckland casino was particularly thorough, involving very wide consultation and the input of an external expert from South Australia. The expert described SCML's practices as being "world-leading".
38. The Commission approved a new HRP for the Wharf casino in September 2012 which will remain in force irrespective of the approval of the casino venue agreement. The Commission notes that the HRPs for the SKYCITY Hamilton and Queenstown casinos are due for review from May 2014. It may be convenient for SCML to review the HRP for the Wharf casino at the same time.
39. The Commission considers that approving the proposed venue agreement is conducive to the conduct of responsible gambling at the Wharf casino.

Proposed venue agreement

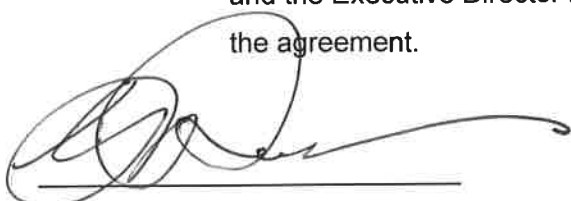
40. The proposed venue agreement is based upon an operational venue agreement between SCML and Queenstown Casinos Limited in relation to the SKYCITY Queenstown casino.
41. The Secretary raised no issues in relation to the proposed venue agreement other than to note that it requires a number of minor amendments to reflect changes since the agreement was executed between SCML and QCL. For example, in the interpretation section, "Authority" previously referred to the Casino Control Authority, but has been amended to refer to the Department of Internal Affairs. The Secretary pointed out that such an amendment is not strictly correct because the functions previously exercised by the CCA are now exercised by both the DIA and the Commission.
42. Similarly, the Commission notes that the definition of "premises" in the proposed venue agreement is inconsistent with that contained in the venue licence for the Wharf casino.
43. Other than amendments of this type, the Commission is broadly satisfied with the terms of the proposed venue agreement. However, the Commission's approval is subject to the Applicants conducting a thorough review of the document to eliminate all errors or

inconsistencies, and resubmitting it for approval by the Chief Gambling Commissioner and the Executive Director. Once they have confirmed that they are satisfied that the errors and inconsistencies have been cured, the Commission's approval under section 132 will take effect.

44. Finally, when these applications were filed, SKYCITY Entertainment Group's purchase of the Wharf casino was conditional upon a number of approvals being obtained. SCML has since informed the Commission that those approvals have now been granted, including that from the Commerce Commission.

Decision

45. The Commission:
- (a) specified, as further licence conditions attached to SCML's operator's licence, the licence conditions currently attached to OCL's operator's licence;
 - (b) varied section 4 of those licence conditions to replace the reference to "Licence Holder" with "SCML", rather than "OCL", and the definition of "host responsibility programme" to read "the Wharf Casino Responsible Gambling Program approved by the Commission on 14 September 2012 (and notified on 28 September 2012 in Commission decision GC27/12)";
 - (c) approved, under section 132 of the Act, the application for approval of a new casino venue agreement between SCML and OCL in respect of the Wharf casino, but with the approval being conditional upon the Chief Gambling Commissioner and the Executive Director being satisfied that the errors have been removed from the agreement.



Graeme Reeves
Chief Gambling Commissioner

for and on behalf of the
Gambling Commission

20th December 2013

