

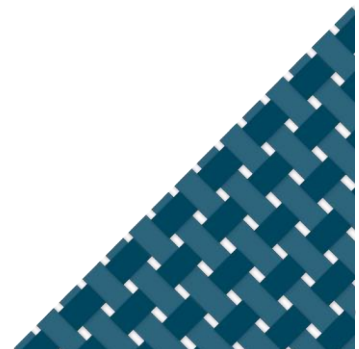


Te Tari Taiwhenua
Internal Affairs

SkyCity Auckland Casino

Final Report

Host Responsibility Programme Audit
January/February 2019



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Auditee	SkyCity Auckland Casino
Auditor	Department of Internal Affairs
Audit date	January/February 2019
Interim audit issue	December 2019
Final audit issue	May 2021

Note: There is a significant period of time between the audit date and the issuance of the interim and final audit reports respectively. This delay was the result of staff resourcing, Covid-19 impacts and the Department of Internal Affairs (the Department)/SkyCity negotiated outcome (the negotiated outcome). The negotiated outcome pertained to a host responsibility/gambling harm matter. This negotiation resulted in uncertainty and delays for formulating the audits final findings.

1. Purpose of the audit

The purpose of this audit is to ensure SkyCity Auckland Casino has implemented its Host Responsibility Programme (HRP) and is meeting its obligations to reduce harm.

SkyCity is required under its operator licence to ensure that it operates in compliance with its Gambling Commission (the Commission) approved HRP.

2. Executive summary

An audit of SkyCity's implementation of its HRP was initiated to ensure that SkyCity is meeting its obligations to minimise gambling harm in its Auckland casino.

This audit found that while SkyCity have good policies and processes in place, there is a significant difference between what is outlined in SkyCity's policy and what it actually does operationally. The Department noted particular concerns around; minimal internal reporting of Problem Gambler Indicators (PGIs), SkyCity staff being dismissive of data, ineffective systems for managing exclusions and long hours of play and ignoring excluded gamblers re-entry plans. A summary of the findings is in the following table:

Area	Finding
Identification of problem gamblers	Not achieved
Exclusion	Not achieved
Unattended children	Achieved
Underage persons	Partially achieved
Long hours of play	Not achieved
Gambling limitation	Not achieved
Loyalty data analytics	Not achieved
Responsible marketing	Not achieved
Learning and development	Partially achieved
Monitoring and reporting	Not achieved

It is the Department's assessment that SkyCity needs to significantly improve its operation to match its processes and policies in regard to its host responsibility obligations. The Department recommends a number of actions to ensure SkyCity improves its operational performance.

The overall effect of SkyCity not meeting the obligations of the HRP is the potential for increased harm to gamblers in its Auckland casino. This is made evident by recent mismanagement of long hours of play and failure to identify excluded gamblers.

The interim report for this audit was sent to SkyCity on 19 December 2019 for comment. The Department received a substantial submission from SkyCity on 31 January 2020 which the Department responded to by providing further rationale and information on the provisional findings of this audit.

In summary SkyCity disagreed with all adverse findings of this audit. It was also noted that SkyCity adopted a very literal interpretation of its obligations under the HRP and in the Department's view, did not give appropriate consideration to the primary objectives of the HRP which is to **“prevent the onset of gambling...related harm and minimising gambling-related harm for customer and other persons potentially affected by their gambling behaviour; and facilitating responsible gambling”**. One of the Department's roles is to prevent and minimise harm from gambling, including problem gambling. Therefore, the Department works to ensure that gambling operators not only meet legal requirements, but also adhere to the spirit and purposes of the Gambling Act.

The Department thoroughly assessed SkyCity's response and found that there was no new information provided that would result in any material changes to the findings of this audit.

Due to the substantial nature of SkyCity's response to the interim findings and the Department's response in kind, they have been added as attachments to this audit report rather than embedded in the report itself.

Since releasing the interim findings of this audit, SkyCity have made several changes to its business to improve its performance in host responsibility. SkyCity have created a new head of host responsibility role to oversee this respective function and its obligations. In addition, they have developed a 12-month plan to improve its host responsibility performance and have indicated they are implementing a 'culture of care'. While this does not change the findings of this audit (i.e. SkyCity's performance at the time of audit), the Department is encouraged by the changes being made at SkyCity in respect of its host responsibility obligations and hopes to see this reflected in future audit results.

SkyCity's progress with improving its host responsibility practices will be assessed at various stages over the next 12 months. In light of the result of this audit, the Department will also reconsider the ongoing frequency in which it audits SkyCity.

3. Background

One of the purposes of the Gambling Act 2003 (the Act) is 'to prevent and minimise harm from gambling, including problem gambling'.

Section 332(c) of the Act specifies that 'A gambling inspector must ensure, to the extent that is reasonably practicable, compliance with this Act by ... conducting compliance audits of all aspects of the operations of gambling operators ... to the extent that is necessary to determine compliance with this Act.'

The Department conducted an HRP audit of SkyCity in 2015. That audit identified issues with:

- Timely identification of excluded gamblers
- Minimal reporting to assist with identifying problem gamblers
- Reporting and identification of problem gamblers considered as the responsibility of only a select group of staff; and
- Training of staff in host responsibility

SkyCity was identified for this audit because of concerns the Department had on its implementation of harm minimisation practices.

4. Scope of the audit

This audit is limited to a review of SkyCity's host responsibility practices. It will focus on how effectively SkyCity's harm minimisation policies are being implemented.

The Department focused this audit on what it considered to be the greatest areas of risk based on the 2015 audit report and recent incidents at SkyCity Auckland Casino. The following sections of the HRP were not assessed as part of this audit:

- Responsible service of alcohol (3.1.2 HRP)
- Standards of dress and behaviour (3.1.5 HRP)
- Host responsibility information to customers (3.2 HRP)
- Employee gambling-related harm (3.3 HRP)
- Stakeholder engagement (3.4 HRP)
- Environmental design (3.5 HRP)
- Safe gambling environment (3.6 HRP)
- Display of signage and provision of gaming information to customers (3.8 HRP)

5. Methodology

This audit focussed on assessing SkyCity's implementation of its HRP and associated Problem Gambler Identification Policy (PGIP). SkyCity was also assessed for its compliance with the Act and Gambling (Harm Prevention and Minimisation) Regulations 2004 in relation to harm minimisation.

It is the responsibility of SkyCity to provide evidence of compliance with the HRP and other requirements.

In order to obtain the information required for the review, the Department conducted the following activities:

- Reviewed documents/reports/information supplied by SkyCity
- Visited and inspected locations within Auckland Casino
- Interviewed relevant SkyCity managers
- Interviewed front-line staff and observed them at work

This audit report outlines the Department's findings and notes where SkyCity are performing well and where they are not. The report includes recommended actions for how SkyCity can improve its performance.

6. Strong areas

This audit found that SkyCity is performing well in the following areas:

- Robust policies and processes in place to identify potential gambling harm.
- The Clarity and Focal Reports have the potential to provide useful problem gambling indicator reporting tools.
- Robust policies and processes around unattended children and SkyCity are vigilant in their application.

7. Weak areas

The Department found that SkyCity is not meeting its host responsibility obligations in the following ways:

- Minimal reporting of Problem Gambling Identifiers (PGIs) by staff.
- Data indicators are ignored or not responded to i.e. breaches of pre-commitment.
- Minimal analysis of data to effectively identify potential problem gamblers.
- Self-excluded gamblers' re-entry plans not appropriately followed-up by SkyCity staff when spend and visitation restrictions are exceeded.
- Some Customer Service Ambassador (CSA) staff not confident in approaching gamblers despite this being a core capability of the role.
- CSA staff levels are insufficient to cover their respective floor area and effectively identify PGIs.
- Systems to manage exclusions unrealistic and ineffective.
- Entry controls not effective in screening potential underage customers.
- Inability to effectively manage long hours of play and/or exclusions of un-carded customers.
- Staff are not promoting or encouraging use of pre-commitment system.
- Spikes in spend and visitation during promotions not assessed.
- Increases in frequency and expenditure of loyalty customers not being analysed.
- Refresher training for HR2 and HR3 is intermittent.
- Staff training is not sufficient to deal with exclusions and long hours of play.

- Teams within the casino are not working collaboratively and there is some confusion over roles when it comes to host responsibility.
- SkyCity is not effectively assessing its own performance against the HRP.

8. Audit findings

Identification of problem gamblers

Host Responsibility Programme, clause 2.0

Not achieved

Criteria

Section 4 of the Act defines a problem gambler as a person whose gambling causes harm or may cause harm. Harm means harm or distress of any kind arising from, or caused or exacerbated by, a person's gambling; and includes personal, social, or economic harm.

Section 308 of the Act states that the holder of a casino operator's licence must develop a policy for identifying problem gamblers. Staff at the casino must take all reasonable steps to ensure that the policy is used to identify actual or potential problem gamblers.

Section 309 of the Act states that a person acting on behalf of the holder of a casino operator's licence (i.e. staff) must after identifying a potential problem gambler, approach the person and offer information on self-exclusion. Staff may also exclude a gambler for a period of up to two years under this provision.

Section 309A of the Act states that casino staff must take all reasonable steps to assist a person including if appropriate, issue the person with an exclusion order.

Clause 2.0 of the HRP outlines SkyCity's obligations under the Act as above. It has as an appendix to this clause, its *Problem Gambler Identification Policy* (PGIP).

The PGIP outlines how SkyCity is going to fulfil their legal obligation of taking reasonable steps to identify actual or potential problem gamblers and to act on that information.

Finding

The Department is not satisfied that SkyCity is meeting its obligations to effectively identify problem gamblers under clause 2.0 of the HRP.

- SkyCity are not proactively using customer data and systems to identify actual or potential problem gamblers and to act on that information to minimise harm (**Appendix A**, paragraphs 6, 32, 39 and 47) (**Appendix Y**, paragraph 1) (**Appendix AJ**).
- Despite stating that they use player intensity and frequency of play in risk assessments, SkyCity were unable to produce a report providing a risk assessment of either indicator (**Appendix B**, paragraph 5) (**Appendix A**, paragraph 8).
- Ethnicity of players such as Māori and Pacific Islanders (who have a higher prevalence of problem gambling), is not used as a risk criterion when analysing player data (**Appendix A**, paragraph 22) (**Appendix AI**).
- Breaches of pre-commitment and the disabling of limits is not used to assess customer risk of harm (**Appendix A**, paragraph 32).

- There has been a significantly low number of PGIs entered into the iTrack system by staff. One PGI was entered into iTrack from a CSA in the preceding month (**Appendix C**, paragraph 3) (**Appendix A**, paragraphs 42 and 48).
- Due to the low number of entries of information, data is not going to be reliable in building a picture of gamblers' behaviour to identify problem gambling (**Appendix D**, paragraph 3) (**Appendix E**, paragraph 1).
- No reporting back on the effectiveness of practices SkyCity have in place to identify problem gamblers (**Appendix E**, paragraph 9).
- SkyCity stated that there are very few risk and harm assessments carried out, also referred to as section 309 assessments (**Appendix A**, paragraph 23).
- There are no meetings between the floor staff and management of security, surveillance, table games, Electronic Gaming Machines (EGMs) and Host Responsibility Executives (HREs). Teams act in isolation and information sharing is restricted and intermittent (**Appendix F**, paragraph 1) (**Appendix A**, paragraph 35).
- Not all CSAs are confident in approaching customers – impacting their ability to have interactions with potential problem gamblers as outlined in the HRP (**Appendix C**, paragraph 3) (**Appendix AL**, page 5).
- Staff levels of CSAs are insufficient to cover the large gambling floor area therefore limiting the ability of staff to observe PGIs (**Appendix G**, paragraph 3) (**Appendix E**, paragraph 5) (**Appendix H**, paragraph 3) (**Appendix I**, paragraph 1).
- For the preceding three months, only four out of 86 Gambler of Interest (GOI) files were created by SkyCity staff observations (the others were for customer self-exclusions).
- GOI files reviewed by the Department showed that customers who had been previously excluded and exceeded their visitation/spend plans were not flagged for interactions by Host Responsibility (**Appendix J**, paragraph 5).
- There was a noted dismissive attitude toward gambling harm and PGIs (**Appendix A**, paragraphs 43, 44 and 49) (**Appendix AM**, paragraph 19).

SkyCity response

SkyCity disagreed with this finding and its associated rationale (refer Attachment 1).

Conclusion

SkyCity have processes in place around identification of PGIs and were able to talk the Department through these during the audit. However, when verifying how effectively SkyCity are actually doing this, the Department found minimal reporting of PGIs. This indicates potential issues with processes, staff training/capability, reporting to management and organisational commitment to harm minimisation.

SkyCity are not initiating interactions with all returning excluded gamblers who breach their initiation/spend plans. Excluded gamblers can be at risk of gambling harm and the Department is concerned by SkyCity's behaviour in this regard.

The Department is not satisfied that SkyCity are proactively using the information available to them to identify problem gamblers and where appropriate, offer exclusion.

The Department also noted that SkyCity staff were dismissive of data, stating that certain entries such as race/ethnicity and breach of pre-commitment thresholds are entered incorrectly by the customer. SkyCity did not verify why they believed this to be the case.

Exclusion

Host Responsibility Programme, clause 3.1.1

Not achieved

Criteria

Clause 3.1.1 of the HRP states that SkyCity must provide the facility for self-exclusion of gamblers from the gaming area of the casino.

Exclusion is for a period of two years and the gambler must meet re-entry conditions imposed by SkyCity or made by regulations under section 316(1)(e) of the Act.

SkyCity can issue an exclusion where a problem gambler does not take up the offer of self-exclusion. Whether they are considered a problem gambler (as defined by the Act) is assessed by SkyCity.

Only *Host Responsibility Level 3* trained staff may undertake exclusions with customers.

SkyCity are required to enforce exclusion and be vigilant for any excluded customers who attempt to re-enter the gambling areas.

Finding

The Department is satisfied that SkyCity is meeting its obligations providing the facility for self-exclusions and is excluding customers who they have assessed as problem gamblers under the Act.

- SkyCity staff understand the exclusion process, why it is important and were able to explain their exclusion identification and re-entry processes set out in the HRP.
- At the time of this audit, 129 customers requested self-exclusion and 53 customers were excluded by SkyCity over the three months prior.
- Staff who undertake exclusions are trained according to the requirements set out in the HRP. The Department reviewed training records to ensure that staff identified as being able to process exclusions have been trained to HR Level 3.

The Department is not satisfied that SkyCity is managing its obligations in enforcing exclusions and preventing re-entry into the casino.

- SkyCity stated that very few risk and harm assessments (also referred to as section 309 assessments) are carried out (**Appendix A**, paragraph 23).
- SkyCity advised that to ensure excluded customers do not re-enter the casino:
 - Photos of excluded players are shown during management and department meetings (**Appendix K**, paragraph 8).
 - A scrolling screen showing photos of excluded persons in the Surveillance room (the photos are only the top 10 to 20 excluded customers that Host Responsibility consider to be at highest risk of re-entry) (**Appendix L**, paragraph 2).

- Excluded gambler details are also on iTrack and staff are encouraged to use this system regularly to keep up with new excluded customers (**Appendix K**, paragraph 8).
- When the Department visited the Surveillance room, the scrolling screen was not working, and we were advised that there were technical issues (**Appendix A**, paragraph 31) (**Appendix AH**, paragraph 2).
- The responsibility of identifying excluded customers is on staff to remember from photos. In the preceding three months there were over 180 new excluded customers that staff were expected to remember (**Appendix M**, paragraph 15) (**Appendix G**, paragraph 7). SkyCity stated that thousands of customers are currently excluded from the casino (**Appendix L**, paragraph 2).
- A specific example of an excluded gambler accessing the gaming area at SkyCity for extended amounts of time (and on multiple occasions), shows poor performance in managing and identifying excluded gamblers (**Appendix AL**).
- The *NZICC Agreement 2013*, stated that facial recognition technology was to be trialled to identify and prevent excluded customers gaining entry to SkyCity Auckland Casino (**Appendix N**).
- Facial recognition technology has been trialled at the casino on a small scale¹, and the trials identified excluded persons gambling. In a trial where 100 excluded gamblers were entered into the facial recognition system, eight of those 100 people were identified in the gambling area over the course of the trial (**Appendix M**, paragraph 16).

SkyCity response

SkyCity disagreed with this finding and its associated rationale (refer Attachment 1).

Conclusion

Excluded gamblers are those identified as experiencing significant harm from gambling. If excluded gamblers who breach or attempt to breach their exclusion orders are not identified by SkyCity in a timely manner, there is the high likelihood of increased harm to those individuals.

SkyCity's systems to manage exclusions are not robust and its reliance on visual identification of excluded gamblers by staff members is not effective. Expecting staff to remember the faces of upwards of 180 excluded customers is unrealistic and unreasonable. This process relies heavily on clear role delineation and clear communication between several different casino departments.

Historic and recent issues indicate that SkyCity's processes to identify excluded gamblers are deficient. The number of excluded gamblers identified when trialling facial recognition software is evidence of this deficiency.

¹ SkyCity launched Facial Recognition Technology across its casinos at the end of November 2019. This is not within scope of this audit period.

The Department notes it has taken SkyCity six years from the *NZICC Agreement 2013* to roll out facial recognition technology, showing a lack of urgency or an unwillingness to invest in the systems required to manage breaches of exclusion effectively.

Unattended children

Host Responsibility Programme, clause 3.1.3

Achieved

Criteria

Clause 3.1.3 of the HRP states that SkyCity does not allow children to be left unattended on any part of its premises. SkyCity's approach is that:

- Employees must report to Security any incident where it is apparent that a child has been left unattended.
- Security Officers must intervene and take all practicable steps to locate an adult responsible for an unattended child.
- Security must contact the Police and trespass the customer in every case where there is an absence of a reasonable explanation for the child being left unattended.
- In all instances of unattended children, the Host Responsibility team must be notified as soon as practicable to follow up potential problem gambling issues.
- Security Officers must patrol the SkyCity car parks and environs to detect any unattended children in vehicles.

Finding

The Department is satisfied that SkyCity is meeting its obligations under the HRP in respect of unattended children.

- SkyCity reports to the Department and to the Police any incident involving an unattended child left on the casino premises. The reporting includes children left unattended in a hotel room or lobby and in cars parked in its carpark or on the streets near the casino.
- There were nine incidents of unattended children for the three months preceding this audit. The Department was notified of all of these and for each incident the notes describe the situation and in most cases the timeframe from identification of the unattended child to the time they were re-united with their caregiver.
- If SkyCity confirms that the parent of an unattended child was gaming, they are excluded from SkyCity and trespassed for two years.
- SkyCity displays signs specifying caregivers' obligations at the carpark, lobby and at the casino entry. There are brochures displayed at the lobby and an audio loop in the casino clearly stating that children must not be left unattended.

Conclusion

SkyCity have in place robust policies and processes around unattended children and are vigilant in their application.

Underage persons

Host Responsibility Programme, clause 3.1.4

Partially achieved

Criteria

Section 303 of the Act states that every holder of a casino operator's licence commits an offence who allows a person under 20 years to participate in gambling or to enter or remain in the gambling area of a casino.

Clause 3.1.4 of the HRP states that SkyCity will rigorously enforce the prevention of underage gambling in its casinos. It will do this by:

- taking all reasonable steps to restrict gambling activities only to those persons legally permitted by age (20 and over) to enter the gambling facilities.
- asking for verification of identify and proof of age for anyone who appears under the age of 25.
- taking all reasonable steps to restrict access to 'supervised areas' (i.e. the bar) only to those persons legally permitted by age to enter (18 and over)
- training gaming and security staff to be particularly vigilant for the presence of underage persons.
- having authority to approach suspected underage persons and seek identification for proof of age.

Finding

The Department is satisfied that SkyCity have directed staff to request proof of age from those seeking entry who appear to be under the age of 25

- Security staff undertake checks at the casino entrance and any customer that looks to be under the age of 25 must have their identity and age verified before they are permitted to enter.
- All companies and contractors are informed of the age restrictions before they commence work and have their identification and age verified before they can access the gaming floor.
- If an underage person presents false identification to gain access to the casino, the identification is confiscated. The identification is released to the true owner after an interview with the Security shift manager.
- If an underage person managed to enter the gaming area it is considered a Security breach and the Department is advised.

The Department is not satisfied that SkyCity has taken all reasonable steps to restrict access to gambling facilities to only those 20 years and over.

- A security staff member advised there are times when the entrance is busy, and they are unable to clearly see customers arriving (**Appendix O**, paragraphs 1).

- SkyCity's own internal review of a recent breach of exclusion, showed that an excluded customer easily gained access to the casino by walking behind other customers (**Appendix AL**). The Department considers that an underage customer could also be successful in obtaining entry this way.
- SkyCity advised that three children walked onto the gaming floor while security staff were busy or distracted by other customers (**Appendix AK**).
- There is minimal signage at the premises to state the age restrictions to gain access to the gambling areas of the casino. No signage was found in the lobby and one sign was displayed at the casino entry but was not visible to customers entering. Another sign was displayed at the Baccarat Room entry which was clearly visible.

SkyCity response

SkyCity disagreed with this finding and its associated rationale (refer Attachment 1).

Conclusion

SkyCity have processes in place and understand the importance of ensuring that underage customers do not enter the gambling areas. However staffing levels, entry controls and signage are not sufficient and need to be improved. As a result of these issues, there is high likelihood that unidentified underage customers are in the casino during busy times. Therefore, the Department cannot be satisfied that SkyCity is effectively controlling entry of underage customers into the gaming area of the casino.

Long hours of play

Host Responsibility Programme, clause 3.1.6

Not achieved

Criteria

Clause 3.1.6 of the HRP states that *continuous presence* is where a customer is present at the casino for a period of 12 hours or more:

- All reasonable endeavours must be made to interact promptly with the customer
- The customer should be encouraged to take breaks by SkyCity staff
- If any concern arises about the customer in relation to problem gambling, Host Responsibility must proceed as required by the Act and the HRP.
- If at the casino for more than 24 hours, the customer must be requested to leave for at least 24 hours.

Clause 3.1.6 of the HRP states that *continuous play* is where a customer is gaming continuously for five hours or more:

- All reasonable endeavours must be made to interact promptly with a customer who has been gaming continuously without a break of at least 30 minutes.
- The customer must be encouraged to take breaks and staff must continue to monitor the customer.
- If any concern arises about the customer in relation to problem gambling, Host Responsibility must proceed as required by the Act and the HRP.
- Customers with a loyalty card who have been gaming continuously for 10 hours with out breaks, must be requested to leave the casino for at least 24 hours

SkyCity staff must report uncarded players for *continuous play* and *continuous presence* so that they are treated as set out above.

Finding

The Department is not satisfied that SkyCity is meeting its obligations under 3.1.6 of the HRP.

- Identifying continuous play of un-carded customers is reliant solely on staff observations (**Appendix E**, paragraph 2 and 7) (**Appendix S**, paragraph 7).
- SkyCity staff advised that it is difficult for CSAs to recognise and keep track of uncarded players, especially if they move between areas in the casino (**Appendix D**, paragraph 3).
- CSAs are only required to interact with all un-carded players between 4:30am and 10am when the casino is less busy (**Appendix G**, paragraph 5).

- The SkyCity surveillance team is not often asked by other departments within SkyCity (notably the Gaming Machine team) to check how long uncarded customers have been playing (**Appendix G**, paragraph 12) (**Appendix E**, paragraph 2). The surveillance manager could not confirm how often they received such requests (**Appendix F**, paragraph 1).
- The Department points to a recent incident where an excluded customer was playing un-carded and gaming at the casino for 14.5 hours and 28 hours in two separate incidents within a three-month period (**Appendix AL**) (**Appendix AM**).
- The issue of uncarded customers playing for long hours has been raised with SkyCity numerous times in the past, including in its HRP audit in 2015 (**Appendix P**, pages 12 and 30). In correspondence with the Department at the time, SkyCity acknowledged a collective failure to identify this player and promised a review of the floor supervisory model with proposals to emerge from the review process (**Appendix P**, page 12). No improvements have been noted in relation to this issue.

SkyCity response

SkyCity disagreed with this finding and its associated rationale (refer Attachment 1).

Conclusion

SkyCity has shown that it is unable to effectively identify gamblers that have been playing and/or at the casino for long periods of time. Recent examples are evidence of this. This matter has been raised in previous audits and SkyCity has not effectively addressed this. The Department considers that this is not an isolated issue.

Continuous play is a significant indicator of a problem gambler. Problem gamblers who play for long hours and are not approached by SkyCity staff for intervention are at increased likelihood of gambling harm (as recent examples prove).

Gambling limitation

Host Responsibility Programme, clause 3.1.7

Not achieved

Criteria

Clause 3.1.7 of the HRP states that SkyCity offer a voluntary pre-commitment system that is available to all casino customers and allows them voluntarily to set limits on how much they spend and how long they play for on gaming machines.

SkyCity staff must proactively encourage the use of the voluntary pre-commitment system where appropriate during interactions with customers.

Access to and management of the pre-commitment system is via SkyCity's loyalty card programme.

Finding

The Department is not satisfied that SkyCity is meeting its obligations under 3.1.7 of the HRP.

- SkyCity's data for the preceding three months (Nov 18-Jan 19) shows that more than half of the people enrolled in the pre-commitment system have breached their pre-commitment limits (**Appendix Q**).
- SkyCity advised that most pre-commitment breaches result in no further action as Host Responsibility believes they are mistakes by the customer (they did not substantiate this statement) (**Appendix R**, paragraph 2) (**Appendix A**, paragraph 32). The pre-commitment level is either removed or raised.
- As SkyCity believe most customers who sign up to the pre-commitment system do so in error, no customer who has breached their pre-commitment levels has been noted as a Gambler of Interest (GOI) (**Appendix A**, paragraph 32). However, the Problem Gambler Identification Policy (PGIP) sets out that this is a general indicator of gambling harm and should be part of the overall risk and harm assessment of a customer's play.
- Host Responsibility will not usually suggest customers put in place pre-commitment limits as they consider most players see a stigma attached to the system (**Appendix S**, paragraph 9). Therefore, SkyCity are not pro-actively encouraging the use of the voluntary pre-commitment system where appropriate during their interactions with customers.

SkyCity response

SkyCity disagreed with this finding and its associated rationale (refer Attachment 1).

Conclusion

SkyCity staff are not encouraging use of the pre-commitment system. SkyCity advised that its belief is that those who sign up to pre-commitment do so in error and therefore breaches of pre-commitment are not taken seriously and considered as risks of gambling harm.

Loyalty data analytics

Host Responsibility Programme, clause 3.1.8

Not achieved

Criteria

Clause 3.1.8 of the HRP states that SkyCity uses its Focal Model² to assist Host Responsibility Executives to identify potential problem gambling risk among casino customers who have loyalty cards.

It is a tool designed to identify and prevent high-risk gambling and to alert staff to those players most likely to be high-risk.

Finding

The Department is not satisfied that SkyCity is using its Focal Tool effectively in which to meet its obligation under the HRP.

- Based on reports and information provided to the Department, Focal is underutilised. Further in-depth analysis would allow SkyCity to meet its responsibility under the HRP to act on that information and reflect a better duty of care (**Appendix T**, paragraph 17, 18 and 26) (**Appendix U**, paragraphs 17 and 23) (**Appendix A**, paragraph 6).
- As noted above, there are a low number of PGIs reported by SkyCity.
- SkyCity does not as a matter of process look at harm prevention considerations for customers who move up tiers in the loyalty programme, nor is this data analysed (**Appendix T**, paragraphs 17 and 18) (**Appendix V**, paragraph 17) (**Appendix AJ**).
- As noted above, SkyCity staff are dismissive of pre-commitment breaches reported by Focal and these are not followed up appropriately.

SkyCity response

SkyCity disagreed with this finding and its associated rationale (refer Attachment 1).

Conclusion

The Focal Model produces in depth information about the behaviour of gamblers on the loyalty card programme. However, the effectiveness of the Focal Model depends solely on how that information is analysed and the subsequent application of that analysis. Currently SkyCity are not utilising the potential of this system to reduce potential harm to those identified as at risk. As already noted, there is a lack of PGI reporting by SkyCity which includes the information obtained from the Focal algorithm.

² An analytical model which uses customer loyalty data to build sophisticated multi-level algorithms (Page 19 HRP)

Responsible marketing

Host Responsibility Programme, clause 3.7

Not achieved

Criteria

Clause 3.7 of the HRP states that SkyCity will not pursue marketing initiatives which:

- Target groups at increased risk of experiencing gambling harm.
- Target minors or advertise on tv/radio at a time when minors are more likely to be exposed.
- Encourage or reinforce gambling behaviours that may be associated with harm.
- Present gambling in an unrealistic, misleading or deceptive way.

SkyCity will ensure internal processes are followed to ensure minimisations are considered in the development of its marketing.

Regulations 9 and 10 of the Gambling (Harm Prevention and Minimisation) Regulations 2004 state that a casino must ensure that:

- Advertising relating to gaming machine jackpots is not visible or audible to people outside the casino.
- Advertising relating the word “jackpot” is not published in a way the explicitly or implicitly conveys the impression that there is a gaming machine jackpot at the casino.

Finding

The Department is not satisfied that SkyCity is meeting all its obligations under clause 3.7 of the HRP.

- SkyCity does not assess spikes in spend and visitation data when running promotions (**Appendix T**, paragraphs 26, 27 and 29) (**Appendix W**, paragraph 9) (**Appendix X**, paragraph 4). These are indicators of potential harm. The Department recommended implementation in the 2015 audit and this has not been actioned.
- SkyCity’s Power Play promotion offered an instant prize (woks, toasters etc.) whilst playing an EGM (**Appendix X**, paragraph 6). International studies indicate that problem gamblers are more likely to play EGMs, and this coupled with the instant gratification of winning a potential instant prize could lead to further harm.
- Promotional pre and post assessments do not include any detailed feedback and a record of any problem gambling issues identified through the promotion (**Appendix Y**, paragraph 3) (**Appendix Z**, paragraph 5).
- Staff briefings on promotions are focussed on the rules of the competition. There are no references to host responsibility or reminders about the signs of gambling harm (**Appendix AA**) (**Appendix AB**).

- SkyCity does not track increases in frequency and expenditure around loyalty customers' tier movement as a potential indicator of harm (**Appendix Y**, paragraph 3) (**Appendix X**, paragraph 4) (**Appendix A**, paragraph 9).
- SkyCity could not produce any reports that tracked loyalty customer play for any harmful PGIs around increased frequency and spend in relation to tier movement (**Appendix T**, paragraph 18). SkyCity's PGI states that, "SkyCity must monitor the amount of money spent over time proactively using the loyalty programme".
- The Department was not able to assess how SkyCity manages its HRP obligations for VIP Black tier or junkets customers as there is no clear process.
- Post assessments of promotions by the Host Responsibility Team are essentially a tick-box exercise with minimal analysis based on information provided by SkyCity. A SkyCity post-evaluation assessment showed a single sign-off for 135 different promotions. There were no comments included that indicated any analysis had gone into the assessment (**Appendix AC**).
- No monitoring of promotions. Loyalty and Customer Insights stated that Host Responsibility undertake this, however Host Responsibility stated that they did not (**Appendix T**, paragraph 5) (**Appendix U**, paragraph 6) (**Appendix W**, paragraph 31) (**Appendix AD**, paragraph 6).
- Host Responsibility advised that they do not consider promotions their concern as they believe they are not related to gambling (**Appendix T**, paragraph 31 and 32) (**Appendix AD**, paragraph 10).

SkyCity response

SkyCity disagreed with this finding and its associated rationale (refer Attachment 1).

Conclusion

SkyCity do have processes in place to assess its promotion in relation to gambling harm, however the Department is of the view that these are not being used to effectively assess gambling harm. SkyCity is not using data available to it to analyse its promotions more effectively such as spend and visitation data. The view of Host Responsibility's role in gambling promotions is of concern to the Department and indicates a fundamental lack of understanding around gambling harm.

Post-promotion assessments are minimal and indicate that no real consideration has been given to gambling harm that may result from SkyCity promotions.

Promotions by their very nature are designed to bring in more customers to the casino. If not managed with a host responsibility lens, there is the increased risk of gambling harm to those vulnerable to problem gambling.

Learning and development

Host Responsibility Programme, clause 3.9

Partially achieved

Criteria

Clause 3.9 of the HRP states that SkyCity is committed to developing staff in host responsibility with respect to gambling harm. Learning includes a mix of classroom-based, multi-media and on-the-job coaching. Resources and training are tailored to the roles and responsibilities of the staff.

SkyCity is to provide refresher training on an ongoing basis and evaluation measures to improve the quality of the learning and development.

Finding

The Department is not satisfied that SkyCity is meeting all its obligations for learning and development under clause 3.9 of the HRP.

- As noted above, CSA have a great deal of responsibility in identifying PGIs (**Appendix R**, paragraph 11) (**Appendix H**, paragraph 1) (**Appendix M**, paragraph 10) and some are not confident in approaching customers directly (**Appendix AL**).
- As noted above, there are a low number of PGIs entered into iTrack indicating a lack of training around host responsibility. Several SkyCity staff noted only a customer requesting high amounts of cash as a PGI (**Appendix AE**, paragraph 2) (**Appendix AF**, paragraph 2) (**Appendix AG**, paragraph 5).
- The Host Responsibility trainer advised that refresher training for HR2 occurs every 4-5 years or by request only (**Appendix C**, paragraph 3) (**Appendix A**, paragraph 33).
- Excluding HR1 training, no refresher training had occurred in the last year with the exception of an active listening course run at the request of the EGM Manager (**Appendix A**, paragraph 33).
- An internal report by SkyCity into a breach of exclusion matter found that the excluded (and trespassed) customer came into contact with SkyCity staff on 17 occasions, however she was not spoken to or identified for 28 hours (**Appendix AL**).
- The EGM team run 'rapid-fire' quizzes on a regular basis to help staff to identify any observational or behavioural indicators. The Department noted that these rapid-fire scenarios were based mainly on verbal indicators (**Appendix G**, paragraph 6).
- Host Responsibility runs mystery shopper exercises for the floor staff. Both the Gaming Machines Manager and Host Responsibility Team Leader noted that the majority of the scenarios utilised involved verbal cues only (**Appendix S**, paragraph 8) (**Appendix G**, paragraph 9).

- There has been an observed dismissive attitude by some SkyCity staff toward various aspects of host responsibility e.g. data, pre-commitment and un-carded play (**Appendix A**, paragraph 36) (**Appendix AM**, paragraph 19).

SkyCity response

SkyCity disagreed with this finding and its associated rationale (refer Attachment 1).

Conclusion

The Department acknowledges that SkyCity has a training programme in place and the majority of its staff are provided some training in accordance with their respective roles. However key roles in identifying PGIs such as CSAs and security staff need to be provided additional training to be effective in these roles. Additionally, SkyCity management need to set the tone from the top and emphasise the importance of host responsibility. Staffing levels need to be appropriate so that staff can effectively utilise their training.

Monitoring and reporting

Host Responsibility Programme, clause 4.0

Not achieved

Criteria

Clause 4.0 of the HRP states that SkyCity will evaluate its performance against the objectives of the HRP.

SkyCity is to report annually to the Gambling Commission on the implementation of the HRP.

Finding

The Department is not satisfied that SkyCity is accurately evaluating its performance against the objectives of the HRP.

- This audit has identified a number of failings of SkyCity to effectively meet its HRP obligations (**The Department notes the findings of this HRP audit**).
- Several concerns and recommendations were put to SkyCity following its 2015 audit which have not been implemented (**Appendix P**).

Conclusion

This audit did not assess SkyCity against all areas of the HRP. For the areas that were assessed, significant shortcomings were identified. Therefore, the Department is not satisfied that SkyCity has effective practices in place to evaluate its performance against the objectives of the HRP.

Ineffective self-evaluation prohibits SkyCity from obtaining an accurate picture of how it is meeting its HRP obligations and where it is not, how to effectively remedy them.

9. Recommendations

Area	Required action
Identification of problem gamblers	<ul style="list-style-type: none"> • Implement a robust system to analyse data to ensure consistent identification of problem gamblers • Implement policy and processes requiring formal interactions with returning excluded gamblers who breach their safety/re-entry plans • Use intensity and frequency of play data as indicators of problem gambling. • Use player ethnicity as risk criteria, particularly for Maori, Pacific and Asian players. • Utilise data more effectively to support host responsibility obligations. • Provide increased training of staff to improve the quality and consistency of PGI data. • Increase staff levels of CSAs to more effectively cover the floor area. • Implement structured HRP meetings with relevant team managers and front-line staff to increase understanding of their host responsibility obligations and effectiveness.
Exclusion and Long Hours of Play	<ul style="list-style-type: none"> • Improve processes and systems to identify excluded gamblers • Review and implement improved processes and systems for monitoring un-carded players to ensure they are effective and fit-for-purpose • Facial recognition software data is analysed and used to improve identification of problem gamblers. • Ensure that existing systems such as the scrolling screen in the security room are functioning. • Consider increasing staffing levels, especially in the CSA role to provide better coverage for identifying PGIs of un-carded players. • Consider more effective use of security and surveillance teams to help proactively monitor un-carded players.
Underage persons	<ul style="list-style-type: none"> • Review entry controls in respect of staffing, training or entrance layout and remedy accordingly • Ensure signs stating the age restriction of the casino are visible at the entrance and gaming areas.
Gambling limitation	<ul style="list-style-type: none"> • Encourage and proactively promote the voluntary pre-commitment system

	<ul style="list-style-type: none"> • SkyCity management issue comms to staff to remind them of the importance of pre-commitment and for it to be treated seriously.
Loyalty data analytics	<ul style="list-style-type: none"> • Effectively use loyalty data to identify potential problem gamblers • Improve the range and quality of data collected to enable the Focal Model to be more effective.
Responsible marketing	<ul style="list-style-type: none"> • Assess spend and visitation data when running promotions to determine whether there are indicators of additional gambling harm • Initiate post-promotion assessments that consider that assess the impacts of the promotion in relation to gambling harm • Ensure information and reminders are included about host responsibility and signs of gambling harm when briefing staff on promotions.
Learning and development	<ul style="list-style-type: none"> • Review the workloads and priorities of staff and staff levels to ensure that there is opportunity to utilise their training • Training of staff to improve the quality and consistency of PGI data • Training of staff to be confident in their roles, especially around approaching gamblers • Compulsory regular refresher training of HR2 and HR3 • CSAs receive additional training to improve the identification of potential problem gambling. • Consider reviewing the mystery shopper scenarios to ensure they are realistic and challenge staff.
Monitoring and reporting	<ul style="list-style-type: none"> • Improve self-evaluation practices to ensure that shortcomings and failure to meet obligations in the HRP are identified and remedied accordingly
General	<ul style="list-style-type: none"> • Leadership and culture – as noted, there is an observed dismissive attitude toward host responsibility and gambling harm at SkyCity Casino. If any effective changes are to be made there needs to be a shift in SkyCity’s attitude • Messaging needs to be provided to SkyCity staff to re-emphasise the importance of Host Responsibility. Setting the tone from the top sends an important message to staff around how seriously SkyCity take gambling harm. • There has been an observed dismissive attitude toward aspects of host responsibility by some SkyCity staff. Management need to be vigilant in identifying and addressing these behaviours/misunderstandings as the need arises.