

31 January 2020

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AUCKLAND

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Dear Charlotte

Audit findings for SkyCity Auckland

1. SkyCity acknowledges receipt of the Department of Internal Affairs (“**DIA**”) interim audit report of SkyCity Auckland’s Host Responsibility Programme (“**HRP**”). The report, although dated January/February 2019, was received on 19 December 2019. While SkyCity welcomes the DIA’s invitation to provide feedback on the findings, the request to do so by 24 January 2020 has been particularly challenging given the need to canvass the issues widely at a time when many of SkyCity’s staff have opted to take annual leave over the Christmas and New Year period. In that respect we welcome the DIA’s recent decision to extend the timeframe for providing feedback to 31 January 2020.
2. SkyCity recognises that all matters relevant to the implementation of the HRP should be accorded the highest priority and with that in mind it has endeavoured to provide a comprehensive response to the interim report. The audit and adverse findings raise important issues for both the casino operator and regulator alike – we both have an interest in ensuring the delivery of a high quality and compliant HRP and working with one another to ensure that mutual objective is satisfied. In this sense, it is evident that the wide-ranging issues raised in the interim report will require dialogue and engagement before they can be satisfactorily resolved.
3. The report’s executive summary highlights seven areas where the DIA has assessed SkyCity as not having met its obligations and two further areas where it has been assessed as only having partially met its obligations. There is only one area (unattended children) where the DIA considers that SkyCity has fully satisfied its obligations. Collectively these 10 areas comprise 67 individual findings/comments designed to support the ratings applied.

4. SkyCity does not agree with the DIA's position on a number of these issues or at the very least does not have enough information to form a view. SkyCity notes that the last occasion on which DIA undertook a comprehensive audit of the implementation of the HRP was in 2015. Following that audit SkyCity was advised by the then DIA Manager, Casino Compliance Operations (Peter Cowsill) that the HRP audit had assessed SkyCity as having sufficient processes in place to meet the compliance standards required under the HRP. Since that time SkyCity has continued to develop and enhance its operational processes to grow its capability in this area of the business and is concerned to understand how the current DIA audit could arrive at a very different position on SkyCity's level of compliance.
5. In this sense, the starting point in framing this response has been to provide detailed comment, where appropriate, in relation to each of the individual findings.
6. Attached as an appendix to this letter is a table which replicates each of the DIA findings from the interim audit report and SkyCity's response to each of those matters. Where a finding is not contested, we have noted that in the table. In a number of those cases, the individual finding does not, in SkyCity's view, support a position that SkyCity has not met its obligations.
7. Many of the remaining issues can be categorised in one of following ways:
 - (i) the findings do not address an obligation specified in the HRP or Problem Gambling Identification Policy ("**PGIP**"). In this sense it is unclear on what basis the DIA has determined that SkyCity has not met its host responsibility obligations. Irrespective of the merits of the DIA views, it does not seem fair or reasonable that SkyCity should be held to a standard that has never been articulated as a regulatory obligation;
 - (ii) the findings appear to reflect a misunderstanding of the SkyCity processes in place. At least some of these issues may be addressed by the provision of a report or reports which demonstrate the processes in question and where appropriate SkyCity has attached such reports as a schedule to the table;
 - (iii) the findings are based on the DIA's interpretation of the obligations established by the HRP and PGIP which do not always accord with SkyCity's own interpretations;
 - (iv) the findings are subjective and not evidence-based; and
 - (v) the findings are too vague to enable SkyCity to undertake further investigations to inform its response. In these instances, SkyCity asks

to be provided with further particulars, and a reasonable opportunity to respond.

8. As the DIA findings inform the recommended actions set out in the report, SkyCity believes that it would be premature to comment on those recommended actions at this stage. Once DIA has had the opportunity to review its interim findings in the context of SkyCity's comments, provided the further particulars requested in the appendix, given SkyCity a further opportunity to comment, and made any revisions to the interim report that it considers appropriate, SkyCity would be happy to further consider any recommended actions. Principles of fairness and natural justice govern the process. SkyCity notes that the timeframe in respect of some of the recommended actions anticipates implementation before the time specified for providing this feedback and can only assume that is not the DIA's intention. In fact, SkyCity believes that it would be more appropriate to establish reasonable timeframes once the report and recommended actions are finalized, rather than at this interim stage.
9. SkyCity trusts its response to the interim report will assist the DIA. However, given that the respective parties appear to have a very different view across most areas of the audit, we suggest that a meeting to discuss the SkyCity response may be the next logical step, to better understand the respective positions.
10. SkyCity is extremely concerned with the adverse interim findings and the DIA references to its "poor performance" in relation to host responsibility obligations, which SkyCity believes are unjustified.
11. The SkyCity Board and Management are acutely aware of the need to continually focus on SkyCity's social licence to operate – as in the casino industry we have to try harder than most to justify our place in society. Furthermore, because we have exclusive casino licences, we automatically have a community that is ours to look after if we expect to be in business on a sustainable basis – our customers, employees and suppliers are "locals", often with long term relationships.
12. The SkyCity Board and Management are committed to maintaining the highest levels of host responsibility - minimising the impacts associated with problem gambling is an area of primary focus. A dedicated Board Sustainability Committee assists the Board on matters relating to corporate social responsibility, and host responsibility is discussed as a standing agenda item at each scheduled Sustainability Committee meeting.
13. A host responsibility meeting is also held quarterly, and more regularly if required, involving senior SkyCity officers (including the Chief Operating

Officer, General Counsel & Company Secretary, Group GM Risk, Group GM Regulatory Affairs and AML, Exec GM Hospitality Auckland and Group Host Responsibility Manager). The group was convened to ensure an appropriate level of senior management governance and stewardship in this important area. Following receipt of the DIA report, the Chief Executive has now determined that he will chair further meetings of this group to further strengthen the link between management and Board oversight in this area.

14. We look forward to an early opportunity to meet with you to discuss these issues further.

Yours sincerely

A handwritten signature in black ink, appearing to read 'P O'Connell', written in a cursive style.

Phil O'Connell
Group General Manager, Regulatory Affairs and AML

HRP Audit 2019 Interim Report - SkyCity Auckland Responses

1. Identification of Problem Gamblers

CI 2.0

Not Achieved

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

Identification of Problem Gamblers	
DIA Findings	SkyCity Response
<p>a) 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.</p>	<p>The basis for this finding is not made clear in the report. SkyCity really needs further information to understand and respond to the DIA’s specific concerns in this regard.</p> <p>SkyCity uses its customer data and systems to actively identify actual or potential problem gamblers. Pursuant to section 3.1.8 of the SkyCity Auckland Host Responsibility Programme (“HRP”), SkyCity operates an analytical model (“Focal Model”) which uses customer loyalty data to build multi-level algorithms to assist Host Responsibility (“HR”) executives to identify potential problem gambling.</p> <p>In summary, the Focal Model identifies high risk gambling behaviour using a customer’s personal loyalty data. This information is used as the basis for a customer interaction and the results of the interaction are factored into an HR risk and harm assessment.</p> <p>SkyCity utilises the Focal Model diligently in accordance with the HRP.</p> <p>The Focal Model was first implemented in the Auckland casino in 2014 as a SkyCity initiative. SkyCity has, since implementation, worked collaboratively with the Canadian provider, Focal Research, to explore ways in which the Focal Model could be enhanced to improve SkyCity’s ability to identify potential at-risk gamblers.</p> <p>The Focal Model was upgraded in May 2019 to reflect ongoing development and improvement to the algorithms and such enhancements became fully operational at SkyCity in September 2019.</p>

HRP Audit 2019 Interim Report - SkyCity Auckland Responses

Identification of Problem Gamblers	
DIA Findings	SkyCity Response
<p>b) 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.</p>	<p>As far as SkyCity is aware, all reports and information requested by the DIA as part of its audit were provided by SkyCity inclusive of risk and harm assessment documentation.</p> <p>A copy of a risk and harm assessment is attached by way of further example as Schedule 1 and additional assessments can be made available to the DIA if required.</p> <p>Risk and harm assessments are required to be undertaken by HR executives having regard to a variety of different types of information as outlined in section 4 of the SkyCity Auckland Problem Gambler Identification Policy (“PGIP”), which is attached as Appendix B to the HRP, including changes in patterns of play. All risk and harm assessments should therefore include information relevant to changes in patterns of play, which incorporates visitation and spend characteristics of the relevant customers.</p>
<p>c) 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.</p>	<p>SkyCity does not use customer ethnicity as a risk criterion when analysing player data and there is, in fact, no requirement to do so under the HRP.</p> <p>As noted above, risk and harm assessments are required to be undertaken by HR executives having regard to the different types of information outlined in section 4 of the PGID, which predominantly relate to the behavioural patterns and affordability of the relevant customers. These assessments are intended to identify potential and actual problem gamblers, regardless of ethnicity - the mix of ethnicities evident in annual reporting of persons actually excluded reflects this.</p> <p>SkyCity notes that “<i>ethnic or national origins, which includes nationality or citizenship</i>” is one of the prohibited grounds of discrimination in the Human Rights Act 1993. The use of a customer’s ethnicity as a risk criterion when analysing player data may well be contrary to that legislation.</p>

HRP Audit 2019 Interim Report - SkyCity Auckland Responses

Identification of Problem Gamblers	
DIA Findings	SkyCity Response
<p>d) Breaches of pre-commitment and the disabling of limits is not used to assess customer risk of harm.</p>	<p>All customers who exceed pre-commitment limits are automatically notified to the HR team and this information is entered into iTrak as a general indicator of harm consistent with the procedure set out in section 2 of the PGIP. Those customers are then subject to a risk and harm assessment in accordance with section 4 of the PGIP.</p> <p>A copy of a risk and harm assessment is attached by way of example as Schedule 2 and additional assessments can be made available to the DIA if required.</p>
<p>e) 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.</p>	<p>No information has been provided in support of the DIA's finding that the number of problem gambling indicators ("PGI") entered into iTrak is "significantly low". SkyCity really needs further information to understand and respond to the DIA's specific concerns in this regard.</p> <p>In any event, this finding does not in SkyCity's view accurately reflect the actual number of PGIs entered into iTrak and reported to the HR team.</p> <p>As noted in the most recent annual HRP report provided to the Gambling Commission ("Commission") for the 12 months ended 31 December 2018, 22,288 observed PGIs were reported to the HR team over the period.</p> <p>For the 12 months ended 31 December 2019, an estimated 19,117 observed PGIs were reported to the HR team over the period (the 2019 HRP report has not yet been submitted to the Commission).</p> <p>Similarly, no information has been provided in support of the DIA's finding that only one PGI was entered into iTrak by a customer services ambassador ("CSA") in the preceding month (including the name of the individual and the relevant period) and, accordingly, SkyCity is unable to comment on the accuracy of the finding or the particular circumstances relating to the CSA (including, for example, whether the CSA was on leave over the period).</p>

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Identification of Problem Gamblers	
DIA Findings	SkyCity Response
	As noted above, in total, a significant number of PGIs were entered into iTrak and reported to the HR team during the 2018 and 2019 calendar years.
f) 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.	Refer to SkyCity's response in section 1(e) above.
g) No reporting back on the effectiveness of practices SkyCity have in place to identify problem gamblers.	<p>Section 4 of the HRP outlines how SkyCity is to evaluate its performance against the objectives of the HRP, which includes reporting annually to the Commission on the specific areas set out in that section.</p> <p>SkyCity has reported annually to the Commission in accordance with section 4 of the HRP to date, with the annual report for the 2019 calendar year to be provided to the Commission in due course.</p>
h) SkyCity stated that there are very few risk and harm assessments carried out, also referred to as section 309 assessments.	<p>In the absence of information to support the DIA's finding, including the name(s) of the individual(s) spoken to and the relevant period(s), SkyCity is unable to comment on the accuracy of the finding or the particular circumstances relating to the individual(s).</p> <p>"SkyCity", as an entity has not advised DIA that there are "very few risk and harm assessments carried out". Even if this comment can be attributed to a SkyCity staff member, it does not represent corporate advice to DIA. In our view it is not appropriate to take an unsubstantiated claim by a staff member and treat it as a statement of fact espoused by the Company.</p> <p>There are a number of other findings where statements have been incorrectly attributed to SkyCity as an entity and we request this issue be addressed before the report is finalised, and SkyCity be given a further opportunity to comment. Section 2 of the PGIP includes a list of visible signs and behaviours that may be indicators of gambling-related harm.</p> <p>All observations of PGIs, together with self and third-party disclosures concerning gambling related harm (with the exception of self-exclusion</p>

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Identification of Problem Gamblers	
DIA Findings	SkyCity Response
	<p>requests), are the subject of a risk and harm assessment by the HR team in accordance with section 4 of the PGIP.</p> <p>For the 12 months ended 31 December 2019, an estimated 19,117 observed PGIs were reported to the HR team over the period (the 2019 HRP report has not yet been submitted to the Commission). There will be a similar number of risk and harm assessments carried out over that same period (bearing in mind some PGIs in respect of a customer may be the subject of multiple reports)</p>
<p>i) 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.</p>	<p>The HRP does not prescribe or require internal processes for information sharing within SkyCity and in this sense it is unclear how this statement contributes to the finding that SkyCity has not met its obligations under the HRP.</p> <p>Notwithstanding, SkyCity has robust processes in place to support the work of its various departments in meeting SkyCity's HR obligations. For example, a briefing is held on the Main Gaming Floor at 9pm each evening with senior representatives from the Security, Surveillance, Table Games, Electronic Gaming Machines and HR teams in attendance. These meetings facilitate the sharing of information on any matters of significance, concern and/or interest arising over the course of the day and for that evening. Teams within SkyCity are encouraged to work collaboratively. The only restrictions applied to the sharing of information are to satisfy SkyCity's customer privacy obligations and they have no bearing on the obligations to identify problem gamblers.</p>
<p>j) Not all CSAs are confident in approaching customers – impacting their ability to have interactions with potential problem gamblers as outlined in the HRP.</p>	<p>SkyCity acknowledges that the confidence levels of individual CSAs will be influenced by their level of “on the job experience” and those with less experience may not be as effective in the short-term as those with more. However, that applies to almost every other position within in the organisation. Any assessment of an individual's level of confidence is also</p>

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Identification of Problem Gamblers	
DIA Findings	SkyCity Response
	<p>necessarily subjective and, depending on the particular circumstances in which that individual was observed or spoken to, may not reflect their usual level of confidence.</p> <p>Section 3.9 of the HRP requires that <i>“all staff who have contact with gambling customers, including [CSAs], in the casino are required to be trained in problem gambling awareness and how to approach customers to offer information and assistance about problem gambling”</i>. There is no specific requirement as regards the level of confidence that an individual is required to have.</p> <p>In the absence of information to support the DIA’s finding, including the name(s) of the CSA(s) observed and/or spoken to, SkyCity is unable to comment on the accuracy of the finding or the particular circumstances relating to the CSA(s).</p>
k) Staff levels of CSAs are insufficient to cover the large gambling floor area therefore limiting the ability of staff to observe PGIs.	<p>Neither the HRP nor the PGI requires a minimum number of CSAs to be employed by SkyCity or located on the casino floor at any one time.</p> <p>CSAs were originally introduced as a SkyCity initiative to grow the level of interactions with uncarded players.</p> <p>All SkyCity staff (not just CSAs) act as the “eyes and ears” for observing and identifying PGIs. As required by section 3.9 of the HRP, <i>“all staff, regardless of position, are trained to identify indicators of harm”</i> and all <i>“staff are expected to refer the observation of indicators to a supervisor/manager”</i>.</p>
l) 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).	<p>Any customer who is the subject of a PGI is a person of interest to SkyCity and subject to a risk and harm assessment. It is not clear to SkyCity how the number of GOI files created by SkyCity in response to reported PGIs versus those created in response to customers returning from self-exclusions is relevant to SkyCity’s obligations to identify problem gamblers.</p> <p>The PGIs, risk and harm assessments and customer interventions already provide customer monitoring in iTrak, and provide a sound basis for</p>

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Identification of Problem Gamblers	
DIA Findings	SkyCity Response
	<p>determining whether, in addition, a GOI file should be established as a means of instituting a more formal monitoring process in respect of the customer.</p> <p>Existing systems provide a robust process for the identification of problem gamblers.</p>
<p>m) 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.</p>	<p>In the absence of information to support the DIA's finding, including the relevant GOI file(s), SkyCity is unable to comment on the accuracy of the finding or the particular circumstances relating to the GOI file(s).</p> <p>Although the Gambling Act 2003 includes provision for the making of regulations in relation to re-entry conditions for excluded gamblers, no such regulations have ever been made.</p> <p>The HRP does not address the scope or design of re-entry conditions, but nonetheless SkyCity has elected not to allow excluded gamblers to return to its casinos (following the expiry of their exclusion periods) unless it is satisfied that it is safe for them to do so.</p> <p>In some cases, SkyCity will insist that a customer adopts a visitation/spend plan as a means of encouraging a disciplined approach to the customer's gambling choices. Where conditional re-entries such as these are adopted, HR staff are expected to review the customer's progress against the agreed plan each month for the first six months and to stage an intervention where there are indications that a customer has acted outside the agreed boundaries.</p> <p>It would be helpful if DIA could provide further information in relation to the case files it has reviewed and found this process has not been satisfied.</p>
<p>n) There was a noted dismissive attitude toward gambling harm and PGIs.</p>	<p>In the absence of information to support the DIA's finding, including the name(s) of the individual(s) observed and/or spoken to and the basis for the finding, SkyCity is unable to comment on the accuracy of the finding or the</p>

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Identification of Problem Gamblers	
DIA Findings	SkyCity Response
	<p>particular circumstances relating to the individual(s). Any assessment of an individual's attitude is also necessarily subjective.</p> <p>However, if the DIA observed a dismissive attitude toward gambling harm and PGIs from identifiable staff member(s), then SkyCity requests that the DIA provides sufficient detail to enable SkyCity to investigate and take any required action, including disciplinary proceedings where appropriate. SkyCity does not condone or tolerate such behaviours.</p> <p>All SkyCity staff undertake training to identify indicators of harm and all staff are expected to refer the observation of indicators to a supervisor/manager.</p>

2. Exclusion

CI 3.1.1

Not Achieved

A. *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.*

Exclusion A	
DIA Findings	SkyCity Response
a) 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.	This finding is not contested.
b) At the time of this audit, 129 customers requested self-exclusion and 53 customers were excluded by SkyCity over the three months prior.	This finding is not contested.
c) Staff who undertake exclusions are trained according to the requirements set out in the HRP. The Department reviewed	This finding is not contested.

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Exclusion A	
DIA Findings	SkyCity Response
training records to ensure that staff identified as being able to process exclusions have been trained to HR Level 3.	

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

Exclusion B	
DIA Findings	SkyCity Response
a) SkyCity stated that very few risk and harm assessments (also referred to as section 309 assessments) are carried out.	<p>In the absence of information to support the DIA’s finding, including the name(s) of the individual(s) observed and/or spoken to and the basis for the finding, SkyCity is unable to comment on the accuracy of the finding or the particular circumstances relating to the individual(s).</p> <p>In terms of the statement being attributed to “SkyCity”, refer comments in section 1 (h).</p> <p>As also noted in SkyCity’s response in section 1(h) above, section 2 of the PGIP includes a list of visible signs and behaviours that may be indicators of gambling-related harm. All observations of PGIs, together with self and third-party disclosures concerning gambling related harm (with the exception of self-exclusion requests), are the subject of a risk and harm assessment by the HR team in accordance with section 4 of the PGIP.</p> <p>For the 12 months ended 31 December 2019, an estimated 19,117 observed PGIs were reported to the HR team over the period (the 2019 HRP report has not yet been submitted to the Commission). There will be a similar number of risk and harm assessments carried out over that same period (bearing in mind that some PGIs in respect of a customer may be the subject of multiple reports).</p>

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Exclusion B	
DIA Findings	SkyCity Response
<p>b) SkyCity advised that to ensure excluded customers do not re-enter the casino:</p> <ul style="list-style-type: none"> • Photos of excluded players are shown during management and department meetings. • 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). • Excluded gambler details are also on iTrack and staff are encouraged to use this system regularly to keep up with new excluded customers. 	<p>This finding is not contested other than to note that the scrolling screen has not been used since the introduction of facial recognition as set out in the following section</p>
<p>c) When the Department visited the Surveillance room, the scrolling screen was not working, and we were advised that there were technical issues.</p>	<p>SkyCity acknowledges that the scrolling screen was not working at the time of the DIA’s visit – however, this was a temporary outage that was remedied promptly thereafter. Following the introduction of facial recognition in November 2019, the scrolling screen no longer serves a purpose and has been discarded.</p>
<p>d) 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. SkyCity stated that thousands of customers are currently excluded from the casino.</p>	<p>In terms of the statement that has been attributed to SkyCity that “thousands of customers are excluded” refer comments in section 1 (h).</p> <p>The actual exclusion numbers from 2008 to 2018 are set out in the most recent annual HRP report to the Commission for the 12 months ended 31 December 2018 – the figures are replicated in the table below.</p>

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Exclusion B																											
DIA Findings	SkyCity Response																										
	<table style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th style="border: none;"></th> <th style="border: none; text-align: center;">Total</th> </tr> </thead> <tbody> <tr><td style="border: none;">2008</td><td style="border: 1px solid black; text-align: center;">428</td></tr> <tr><td style="border: none;">2009</td><td style="border: 1px solid black; text-align: center;">459</td></tr> <tr><td style="border: none;">2010</td><td style="border: 1px solid black; text-align: center;">523</td></tr> <tr><td style="border: none;">2011</td><td style="border: 1px solid black; text-align: center;">544</td></tr> <tr><td style="border: none;">2012</td><td style="border: 1px solid black; text-align: center;">589</td></tr> <tr><td style="border: none;">2013</td><td style="border: 1px solid black; text-align: center;">558</td></tr> <tr><td style="border: none;">2014</td><td style="border: 1px solid black; text-align: center;">596</td></tr> <tr><td style="border: none;">2015</td><td style="border: 1px solid black; text-align: center;">646</td></tr> <tr><td style="border: none;">2016</td><td style="border: 1px solid black; text-align: center;">737</td></tr> <tr><td style="border: none;">2017</td><td style="border: 1px solid black; text-align: center;">783</td></tr> <tr><td style="border: none;">2018</td><td style="border: 1px solid black; text-align: center;">724</td></tr> <tr> <td style="border: none;">TOTAL</td> <td style="border: 1px solid black; text-align: center;">6,587</td> </tr> </tbody> </table> <p style="margin-top: 10px;">This represents a total of 6,587 exclusions over 10 years for exclusion periods ranging from 3 - 24 months.</p> <p>Prior to the introduction of facial recognition technology in November 2019, staff recall was the primary mechanism for identifying excluded persons returning to the casino in breach of their exclusion orders. As noted in the most recent annual HRP report to the Commission for the 12 months ended 31 December 2018, 743 such breaches were detected over that period.</p> <p>Facial recognition technology was implemented in November 2019 following an in-depth review and trial of various facial recognition technology offerings which commenced in December 2018. SkyCity had previously carried out an earlier facial recognition technology review and trial in mid-2014 – however, at that time, a suitably accurate solution for the casino environs was not able to be identified.</p>		Total	2008	428	2009	459	2010	523	2011	544	2012	589	2013	558	2014	596	2015	646	2016	737	2017	783	2018	724	TOTAL	6,587
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HRP Audit 2019 Interim Report - SkyCity Auckland Responses

Exclusion B	
DIA Findings	SkyCity Response
	<p>While it is still early days, SkyCity's initial experience with the new technology suggests that it will grow its capability to identify persons breaching their exclusion orders.</p>
<p>e) 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.</p>	<p>SkyCity presumes this finding relates to a customer who is currently the subject of an enquiry being undertaken by the DIA. As the DIA is yet to formally respond to SkyCity on that matter, it would be prudent for SkyCity to respond to the DIA on that matter in the context of that enquiry.</p> <p>SkyCity does not agree that specific examples of excluded customers accessing the casino (including for an extended amount of time or on more than one occasion) shows poor performance in managing and identifying excluded gamblers. No system is 100% fool proof.</p> <p>As noted in the most recent annual HRP report to the Commission for the 12 months ended 31 December 2018 and above, 743 exclusion breaches were detected over that period.</p> <p>Despite SkyCity having robust procedures in place to prevent excluded persons from entering, or remaining in, the casino and taking all reasonable steps to ensure that those procedures are complied with, it is still nonetheless possible for excluded persons to re-enter the casino - particularly where individuals take steps to conceal their true identities. With the size of our customer base and premises, it can be a challenge to identify excluded customers immediately. We do all we can to prevent this from happening – all casino supervisors and floor security staff are provided with up-to-date information on customers (including photographs). However, we largely rely on our casino staff, security and surveillance teams using photographs to recognise excluded people.</p> <p>As outlined in the previous section, facial recognition technology will assist SkyCity to recognise excluded customers. However, despite our best</p>

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Exclusion B	
DIA Findings	SkyCity Response
	<p>efforts and procedures, some individuals may nonetheless find ways to elude staff and re-enter the casino.</p>
<p>f) 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.</p>	<p>Section 6.5 of the NZICC Agreement dated 5 July 2013 provides that <i>“incidental to, but not forming part of this Agreement and having no contractual effect as between SkyCity and the Crown, SkyCity has agreed that it will trial the use of further available measures to identify and prevent excluded Problem Gamblers from gaining entry to the Auckland Casino”</i>.</p> <p>In mid-2014, SkyCity subsequently undertook a review and trial of facial recognition technology. However, at that time the technology was still in its infancy and a suitably accurate solution for the casino environs was not able to be identified.</p> <p>Technological advances since 2014 were the catalyst for a further in-depth review and trial of facial recognition technology commencing in December 2018. Following that review, a vendor was selected and the technology was subsequently implemented in November 2019 across all the SkyCity casinos, including the Auckland casino.</p> <p>While, ideally SkyCity would have liked to deploy a suitable facial recognition system earlier, it has been reluctant to rush a solution in circumstances where the efficacy of the technology has never been clear-cut and the variable standards apparent in different vendor solutions. Further, installing an off-the-shelf solution has never been an option given the need to integrate the technology with SkyCity’s wider host responsibility systems in order to realise the maximum benefits associated with the use of the technology both now and into the future.</p>
<p>g) Facial recognition technology has been trialled at the casino on a small scale, and the trials identified excluded persons gambling. In a trial where 100 excluded gamblers were entered into the facial</p>	<p>As outlined above, SkyCity’s preferred solution was deployed in November 2019 following a further in-depth review and trial of facial recognition technology. While still early days, SkyCity is satisfied that the measured</p>

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Exclusion B	
DIA Findings	SkyCity Response
recognition system, eight of those 100 people were identified in the gambling area over the course of the trial.	approach to its introduction will add considerable value to its efforts to detect, deter and prevent excluded persons from re-entering its casinos.

3. Unattended Children

CI 3.1.3 Achieved

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

Unattended Children	
DIA Findings	SkyCity Response
a) 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.	This finding is not contested.
b) 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.	This finding is not contested.
c) If SkyCity confirms that the parent of an unattended child was gaming, they are excluded from SkyCity and trespassed for two years.	This finding is not contested.
d) SkyCity displays signs specifying caregivers' obligations at the carpark, lobby and at the casino entry. There are brochures	This finding is not contested.

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Unattended Children	
DIA Findings	SkyCity Response
displayed at the lobby and an audio loop in the casino clearly stating that children must not be left unattended.	

4. Underage Persons

CI 3.1.4 Partially Achieved

A. *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.*

Underage Persons A	
DIA Findings	SkyCity Response
a) 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.	This finding is not contested.
b) 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.	This finding is not contested.
c) 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.	This finding is not contested.
d) If an underage person managed to enter the gaming area it is considered a Security breach and the Department is advised.	Such matters are notifiable to the DIA pursuant to the DIA's minimum operating standards.

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B. 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.

Underage Persons B	
DIA Findings	SkyCity Response
<p>a) A security staff member advised there are times when the entrance is busy, and they are unable to clearly see customers arriving.</p>	<p>A significant number of persons visit SkyCity Auckland Casino every year. Although the precise number of visitors is difficult to identify as many leave temporarily and then return and may therefore be counted twice, estimates are well in excess of 5,000,000 visitors per annum.</p> <p>Despite SkyCity having robust procedures in place to prevent minors from entering the casino and taking all reasonable steps to ensure that those procedures are complied with, it is still nonetheless possible for minors to enter the casino – particularly during peak periods of visitation.</p> <p>There have been rare occasions in the past where minors have gained access to the gaming floor as detailed in the most recent annual HRP report to the Commission for the 12 months ended 31 December 2018 and transposed below for completeness:</p>

HRP Audit 2019 Interim Report - SkyCity Auckland Responses

Underage Persons B																																								
DIA Findings	SkyCity Response																																							
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">20. Number of internal and external underage incidents</td> <td colspan="2">Number of underage (or unable to prove age) incidents where customers found on gaming floor and number of underage (or unable to prove age) persons declined entry.</td> </tr> <tr> <td></td> <td style="text-align: center;">Found on gaming floor</td> <td style="text-align: center;">Declined casino entry</td> </tr> <tr><td>2008</td><td style="text-align: center;">17</td><td style="text-align: center;">40,779</td></tr> <tr><td>2009</td><td style="text-align: center;">6</td><td style="text-align: center;">37,963</td></tr> <tr><td>2010</td><td style="text-align: center;">6</td><td style="text-align: center;">38,150</td></tr> <tr><td>2011</td><td style="text-align: center;">10</td><td style="text-align: center;">33,029</td></tr> <tr><td>2012</td><td style="text-align: center;">5</td><td style="text-align: center;">29,817</td></tr> <tr><td>2013</td><td style="text-align: center;">21</td><td style="text-align: center;">24,810</td></tr> <tr><td>2014</td><td style="text-align: center;">26</td><td style="text-align: center;">24,514</td></tr> <tr><td>2015</td><td style="text-align: center;">23</td><td style="text-align: center;">20,716</td></tr> <tr><td>2016</td><td style="text-align: center;">14</td><td style="text-align: center;">19,797</td></tr> <tr><td>2017</td><td style="text-align: center;">19</td><td style="text-align: center;">19,541</td></tr> <tr><td>2018</td><td style="text-align: center;">25</td><td style="text-align: center;">18,438</td></tr> </table>	20. Number of internal and external underage incidents	Number of underage (or unable to prove age) incidents where customers found on gaming floor and number of underage (or unable to prove age) persons declined entry.			Found on gaming floor	Declined casino entry	2008	17	40,779	2009	6	37,963	2010	6	38,150	2011	10	33,029	2012	5	29,817	2013	21	24,810	2014	26	24,514	2015	23	20,716	2016	14	19,797	2017	19	19,541	2018	25	18,438
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	<p>Commentary Of the 25 incidents of underage patrons on the gaming floor throughout the year only 3 were gambling related. These incidents include underage contractors and accidental access to the gambling areas. SKYCITY takes this very seriously and will continue to monitor the effectiveness of access prevention.</p> <p>However, SkyCity has a very strong record in identifying and turning away minors endeavouring to enter the casino as outlined in the table above. For example, in 2018, 25 minors accessed the gaming floor (of which only three incidents were gaming related) relative to the 18,438 persons declined entry by security staff on suspicion of being minors (ie, 0.14%).</p> <p>SkyCity is satisfied that it currently has robust procedures in place and deploys adequate staff members to restrict access to gambling facilities to those who are 20 years and over.</p>																																							
b) 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. The Department considers that an underage customer could also be successful in obtaining entry this way.	<p>SkyCity does not agree that specific examples of excluded customers or minors accessing the casino shows poor performance in managing and identifying excluded gamblers or minors. No system is 100% fool proof.</p> <p>As noted above, despite SkyCity having robust procedures in place to prevent excluded persons and minors from entering, or remaining in, the casino and taking all reasonable steps to ensure that those procedures are complied with, it is still nonetheless possible for an excluded person or</p>																																							

HRP Audit 2019 Interim Report - SkyCity Auckland Responses

Underage Persons B	
DIA Findings	SkyCity Response
	<p>minor to enter the casino – particularly during peak periods of visitation and where individuals take steps to conceal their true identities. SkyCity does all it can to prevent this from happening, but despite this, there are rare occasions on which such incidents can occur.</p> <p>However, any such breach is subject to a comprehensive review and security staff may be held liable and face disciplinary action for failures in these areas.</p>
<p>c) SkyCity advised that three children walked onto the gaming floor while security staff were busy or distracted by other customers.</p>	<p>Refer to SkyCity’s responses in sections 4(B)(a) and (b) above.</p> <p>In terms of the statement being attributed to “SkyCity”, refer comments in section 1 (h).</p>
<p>d) 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.</p>	<p>Neither the HRP nor the PGIP require specific signage requirements in relation to the age restriction.</p> <p>Currently, signage is displayed at all public entrances to the casino denoting the age restriction. The age restriction is also noted in all casino advertising. Although there is absolutely no guarantee that more prominent signage would further mitigate the risk of minors endeavouring to access the gaming floor, SkyCity has undertaken an immediate review of the placement of all existing signage to ensure the age restriction is more prominently displayed where appropriate.</p>

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Long Hours of Play

CI 3.1.6 Not Achieved

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

Long Hours of Play	
DIA Findings	SkyCity Response
a) Identifying continuous play of un-carded customers is reliant solely on staff observations.	<p>This finding is not contested.</p> <p>Whether technology may provide a better solution in this regard is an area that SkyCity is continuing to explore and SkyCity is currently looking at a facial recognition trial to see whether that may offer some capability in this area. Cellular technology may also have some potential and is an area that SkyCity is monitoring.</p>
b) 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.	<p>Tracking the movements of uncarded players in a large casino like Auckland has always represented a significant challenge and one that is common to large casinos throughout the world.</p> <p>As noted above technology may ultimately offer greater capability in this regard and this is an area that SkyCity is continuing to explore.</p>
c) CSAs are only required to interact with all un-carded players between 4:30am and 10am when the casino is less busy.	<p>This finding is incorrect and does not reflect SkyCity's practices. The basis for the finding is not specified in the interim report.</p> <p>While the early hours of the morning have been noted as a key time for engaging with customers, it has never been expressed as the only time for such interactions.</p> <p>CSAs previously formed part of the Electronic Gaming Machine team, but their reporting line was changed in April last year and they now report to the Group Host Responsibility Manager. In terms of the new reporting line, the need for CSAs to interact with customers throughout their shifts has been reiterated.</p>

HRP Audit 2019 Interim Report - SkyCity Auckland Responses

Long Hours of Play	
DIA Findings	SkyCity Response
<p>d) 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. The surveillance manager could not confirm how often they received such requests.</p>	<p>Neither the HRP nor the PGIP prescribes a minimum number of requests to be made to the Surveillance team.</p> <p>SkyCity acknowledges that the Surveillance team is an important resource when undertaking reviews where staff observations create a suspicion that a customer has been on site for extended periods. However, the need to liaise with the Surveillance team will depend on the particular circumstances in each case.</p>
<p>e) 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.</p> <p>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. 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. No improvements have been noted in relation to this issue.</p>	<p>SkyCity presumes this finding relates to a customer who is currently the subject of an enquiry being undertaken by the DIA. As the DIA is yet to formally respond to SkyCity on that matter, it would be prudent for SkyCity to await DIA's response to that enquiry before commenting further.</p> <p>It would be helpful if DIA could reference the correspondence it refers to and the undertakings provided, to enable SkyCity to review this issue further.</p> <p>Following the 2015 audit we wrote to the DIA on 19 February 2016 and advised it that we had commenced trialling a new table games alert system which allows gaming staff to discreetly notify supervisors and host responsibility executives, in real time, about players who may need host responsibility assistance. That trial was useful in highlighting a range of challenges associated with the technology and process. That led to a number of refinements and we are satisfied this technology is now working satisfactorily and has added to SkyCity's arsenal of tools in monitoring uncarded play.</p>

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6. Gambling Limitation

CI 3.1.7 Not Achieved

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

Gambling Limitation	
DIA Findings	SkyCity Response
<p>a) 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.</p>	<p>SkyCity acknowledges that customers utilising the pre-commitment facility do on occasion exceed their pre-commitment limits.</p> <p>All such instances are automatically notified to the HR team who then take the action specified in the following section.</p>
<p>b) 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). The pre-commitment level is either removed or raised.</p>	<p>This finding does not reflect SkyCity’s practices</p> <p>In terms of the statement being attributed to “SkyCity”, refer comments in section 1 (h).</p> <p>SkyCity does not simply remove or raise the pre-commitment level of a customer in response to circumstances where a customer’s spend exceeds their level of pre-commitment.</p> <p>In fact, all instances where a customer’s spend exceeds their level of pre-commitment are automatically notified to the HR team and the relevant customers are then entered into iTrak and subject to a risk and harm assessment pursuant to section 4 of the PGIP.</p> <p>The risk and harm assessment prepared by HR executives is informed by a variety of different types of information held in respect of the customer and the team’s own experience in interpreting the severity of the presenting indicator(s).</p>

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Gambling Limitation	
DIA Findings	SkyCity Response
<p>c) 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). 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.</p>	<p>As noted above, risk and harm assessments are undertaken for every customer who exceeds their pre-commitment level in accordance with the terms of the PGIP. The iTrak database now provides a system of customer monitoring in addition to GOI files.</p> <p>In terms of the belief being attributed to "SkyCity", refer comments in section 1 (h).</p>
<p>d) 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. Therefore, SkyCity are not pro-actively encouraging the use of the voluntary pre-commitment system where appropriate during their interactions with customers.</p>	<p>This finding does not reflect SkyCity's practice and the basis for the finding is not made clear in the report. SkyCity really needs further information to understand and respond to the DIA's specific concerns in this regard.</p> <p>All EGMs in the casino have a scrolling screen displaying host responsibility messages. When a customer inserts their loyalty card, additional messaging is displayed on the scrolling screen which invites customers to activate a "Set Limits" button on the machine if they want to enrol in pre-commitment. That scrolling message remains on screen until the customer's card is removed.</p> <p>During the course of interactions with EGM players, HR executives encourage the use of the pre-commitment facility in accordance with section 3.1.7 of the HRP. This will often involve giving the customer a wallet-sized card entitled "Your guide to setting playing limits on gaming machines". That said, much of the response from SkyCity's customers to that encouragement has been a marked reluctance to use technology as a substitute for self-managing their own time and money. The stigma that some customers associate with the use of this facility represents a barrier to growing its use, but has not impacted SkyCity's efforts to encourage persons to try it.</p>

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7. Loyalty Data Analytics

CI 3.1.8 Not Achieved

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

Loyalty Data Analytics	
DIA Findings	SkyCity Response
<p>a) 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.</p>	<p>The basis for this finding is not made clear in the report. SkyCity really needs further information (including which reports and information the DIA specifically refers to) to understand and respond to the DIA's specific concerns in this regard.</p> <p>As noted in SkyCity's response in section 1(a), SkyCity uses its customer data and systems to actively identify actual or potential problem gamblers. Pursuant to section 3.1.8 of the HRP, SkyCity operates the Focal Model to build multi-level algorithms to assist HR executives to identify potential problem gambling by identifying high risk gambling behaviour.</p> <p>As also noted in SkyCity's response in section 1(a), SkyCity has, since implementation of the Focal Model in 2014, worked collaboratively with the Canadian provider, Focal Research, to explore ways in which the Focal Model could be enhanced to improve SkyCity's ability to identify potential at-risk gamblers.</p>
<p>b) As noted above, there are a low number of PGIs reported by SkyCity.</p>	<p>No information has been provided in support of the DIA's finding that the number of PGIs reported by SkyCity is "low". SkyCity really needs further information to understand and respond to the DIA's specific concerns in this regard.</p>

HRP Audit 2019 Interim Report - SkyCity Auckland Responses

Loyalty Data Analytics	
DIA Findings	SkyCity Response
	<p>As noted in SkyCity's response in section 1(e), this finding does not in SkyCity's view accurately reflect the actual number of PGIs entered into iTrak and reported to the HR team.</p>
<p>c) 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.</p>	<p>Neither the HRP nor the PGIP requires SkyCity to review harm prevention considerations or analyse data for customers who move up tiers in the loyalty programme.</p> <p>However, all customers moving up in tier are required by SkyCity to complete a declaration confirming that their gambling is within their means and not harmful to themselves or others. In addition, changes in gambling patterns are factored into the Focal Model algorithms. SkyCity's existing HR obligations to take all reasonable steps to identify potential and actual problem gamblers apply to all customers, regardless of tier.</p>
<p>d) As noted above, SkyCity staff are dismissive of pre-commitment breaches reported by Focal and these are not followed up appropriately.</p>	<p>In the absence of information to support the DIA's finding, including the name(s) of the individual(s) spoken to, SkyCity is unable to comment on the accuracy of the finding or the particular circumstances relating to the individual(s).</p> <p>In terms of the statement being attributed to "SkyCity", refer comments in section 1 (h).</p> <p>For clarification, the Focal Model is not used to report pre-commitment breaches – automatic alerts in this respect are generated by a different system.</p> <p>As noted in SkyCity's response in section 6(b), all breaches of pre-commitment are automatically notified to the HR team and the relevant customers are then entered into iTrak and subject to a risk and harm assessment pursuant to section 4 of the PGIP.</p>

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8. Responsible Marketing

CI 3.7

Not Achieved

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

Responsible Marketing	
DIA Findings	SkyCity Response
<p>a) SkyCity does not assess spikes in spend and visitation data when running promotions. These are indicators of potential harm. The Department recommended implementation in the 2015 audit and this has not been actioned.</p>	<p>Spikes in spend and visitation data are not expressly included as indicators of problem gambling as set out in SkyCity’s PGIP. But the analysis of player data (including spend and visitation) through the Focal Model and SkyCity’s own risk and harm assessments (which include changes in patterns of play) do not, in SkyCity’s view, need to be supplemented with additional processes.</p> <p>SkyCity has also been unable to identify any recommendation from the 2015 DIA audit that addresses this issue. DIA wrote to SkyCity by letter dated 25 January 2016 and advised it that the 2015 HRP audit had assessed SkyCity as having sufficient processes in place to meet the compliance standards required under the HRP. The letter included four observations which DIA used to frame four requests and recommendations. Those matters were addressed in SkyCity’s response dated 19 February 2016.</p>
<p>b) SkyCity’s Power Play promotion offered an instant prize (woks, toasters etc.) whilst playing an EGM. 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.</p>	<p>All promotional activities proposed by the SkyCity Marketing and Gaming teams are subject to a comprehensive pre-assessment involving the Legal, HR and Regulatory teams (as required) in accordance with the requirements set out in section 3.7 of the HRP. Typically, the terms and mechanics of a proposed promotion will be revised a number of times before final sign-off is given by the Legal team (as required by section 3.7 of the HRP).</p>

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Responsible Marketing	
DIA Findings	SkyCity Response
	<p>We have been unable to identify the “Power Play” promotion the DIA refers to and invite DIA to provide further information in this regard.</p> <p>SkyCity does conduct initiatives from time to time where players who satisfy minimum spend requirements may claim the goods on offer. All such marketing initiatives are subject to the same comprehensive assessment as gaming promotions.</p> <p>It is unclear how the legitimate activities undertaken in this area have contributed to a finding of not having met the obligations under clause 3.7 of the HRP.</p>
c) Promotional pre and post assessments do not include any detailed feedback and a record of any problem gambling issues identified through the promotion.	<p>All promotional activities proposed by the SkyCity Marketing and Gaming teams are subject to a comprehensive pre-assessment involving the Legal, HR and Regulatory teams (as required) in accordance with the requirements set out in section 3.7 of the HRP. Typically, the terms and mechanics of a proposed promotion will be revised a number of times before final sign-off is given by the Legal team (as required by section 3.7 of the HRP).</p> <p>Although the HRP does not prescribe an obligation on SkyCity to undertake post promotional assessments, they are undertaken nonetheless, as a further mechanism to review whether any promotion has had unexpected consequences. To date no problem gambling related issues have been identified in post promotional assessments</p>
d) 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.	<p>Neither the HRP nor the PGIP require staff briefings on promotions to take place or prescribe the content of any such briefing.</p> <p>However, as required by section 3.9 of the HRP, all staff who have contact with gambling customers in the casino, including CSAs are required to be</p>

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Responsible Marketing	
DIA Findings	SkyCity Response
	<p>trained in problem gambling awareness and how to approach customers to offer information and assistance about problem gambling.</p>
<p>e) SkyCity does not track increases in frequency and expenditure around loyalty customers' tier movement as a potential indicator of harm.</p>	<p>As noted in SkyCity's response in section 7(c), neither the HRP nor the PGIP requires SkyCity to review harm prevention considerations or analyse the data for customers who move up tiers in the loyalty programme.</p> <p>However, all customers moving up in tier are required by SkyCity to complete a declaration confirming that their gambling is within their means and not harmful to themselves or others. In addition, changes in gambling patterns are factored into the Focal Model algorithms. As stated above in 8(a), changes in frequency and expenditure are therefore monitored.</p>
<p>f) 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. SkyCity's PGIP states that, "SkyCity must monitor the amount of money spent over time proactively using the loyalty programme".</p>	<p>As noted in SkyCity's response in section 7(c), neither the HRP nor the PGIP requires SkyCity to review harm prevention considerations for customers who move up tiers or analyse the data.</p> <p>In addition, loyalty data is used for all risk and harm assessments and on any occasion where HR executives might want to check a person's gambling history, even when general or red flag PGIs are not present.</p>
<p>g) 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.</p>	<p>The responsible marketing provisions set out in section 3.7 of the HRP apply to all marketing activity irrespective of the customer group at which they are aimed.</p> <p>All promotional activities proposed by the SkyCity Marketing and Gaming teams involving VIP Black tier or junkets customers are therefore subject to a comprehensive pre assessment involving the Legal, HR and Regulatory teams (as required) in accordance with the requirements set out in section 3.7 of the HRP. Typically, the terms and mechanics of a proposed promotion will be revised a number of times before final sign-off is given by the Legal team (as required by section 3.7 of the HRP).</p>

HRP Audit 2019 Interim Report - SkyCity Auckland Responses

Responsible Marketing	
DIA Findings	SkyCity Response
<p>h) 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.</p>	<p>As noted in SkyCity's response in section 7(c), post promotional assessments are not required to be undertaken by SkyCity under the HRP, but are nonetheless undertaken as a means of identifying any unexpected consequences that might have arisen during the course of a promotion. These post promotional assessments were never intended to be an in-depth analysis of an individual promotion, but rather a mechanism to capture any adverse observations, feedback or learnings associated with a particular activity. To date, no problem gambling related issues have been identified in post promotional assessments.</p>
<p>i) No monitoring of promotions. Loyalty and Customer Insights stated that Host Responsibility undertake this, however Host Responsibility stated that they did not.</p>	<p>It is not clear to SkyCity what this finding actually means or what obligation under the HRP the DIA believes SkyCity may have breached.</p> <p>The responsible marketing provisions in the HRP require that all promotional activity undergo a suitability assessment – there are no provisions relating to the monitoring of promotions.</p> <p>HR executives have primary responsibility for ensuring SkyCity meets the requirements of its HRP, but all staff who have contact with gambling customers are required to be alert to and identify PGIs and to report observations of concern. That includes persons who participate in promotional activity.</p> <p>The post promotional assessment is undertaken by the HR team and, to the extent that that process represents a monitoring tool, it is owned by the HR team. However, observations that may be relevant to the assessment are the responsibility of all staff who have contact with gambling customers.</p>
<p>j) Host Responsibility advised that they do not consider promotions their concern as they believe they are not related to gambling.</p>	<p>In the absence of information to support the DIA's finding, including the name(s) of the individual(s) spoken to, SkyCity is unable to comment on the</p>

HRP Audit 2019 Interim Report - SkyCity Auckland Responses

Responsible Marketing	
DIA Findings	SkyCity Response
	<p>accuracy of the finding or the particular circumstances relating to the individual(s).</p> <p>As noted in SkyCity's responses in sections 8(c) and (g), all promotional activities proposed by the SkyCity Marketing and Gaming teams are subject to a comprehensive pre-assessment involving the Legal, HR and Regulatory teams (as required) in accordance with the requirements set out in section 3.7 of the HRP. Typically, the terms and mechanics of a proposed promotion will be revised a number of times before final sign-off is given by the Legal team (as required by section 3.7 of the HRP).</p> <p>As also noted in SkyCity's responses in sections 8(c) and (i), although the HRP does not prescribe an obligation on SkyCity to undertake post promotional assessments, they are undertaken nonetheless by the HR team, as a further mechanism to review whether any promotion has had unexpected consequences.</p>

9. Learning & Development

CI 3.9

Partially Achieved

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

Learning & Development	
DIA Findings	SkyCity Response
<p>a) As noted above, CSA have a great deal of responsibility in identifying PGIs and some are not confident in approaching customers directly.</p>	<p>As noted in SkyCity's response in section 1(j), in the absence of information to support the DIA's finding, including the name(s) of the CSA(s) observed and/or spoken to, SkyCity is unable to comment on the accuracy of the finding or the particular circumstances relating to the CSA(s). Any assessment of an individual's level of confidence is also necessarily subjective and, depending on the particular circumstances in which that</p>

HRP Audit 2019 Interim Report - SkyCity Auckland Responses

Learning & Development	
DIA Findings	SkyCity Response
	<p>individual was observed or spoken to, may not reflect their usual level of confidence.</p> <p>SkyCity acknowledges that the confidence levels of individual CSAs will be influenced by their level of “on the job experience” and those with less experience may not be as effective in the short-term as those with more. However, that applies to almost every other position within in the organisation.</p> <p>Section 3.9 of the HRP requires that “<i>all staff who have contact with gambling customers, including [CSAs], in the casino are required to be trained in problem gambling awareness and how to approach customers to offer information and assistance about problem gambling</i>”. There is no specific requirement as regards the level of confidence that an individual is required to have.</p>
<p>b) As noted above, there are a low number of PGIs entered into iTrak indicating a lack of training around host responsibility. Several SkyCity staff noted only a customer requesting high amounts of cash as a PGI.</p>	<p>As noted in SkyCity’s response in section 1(e), no information has been provided in support of the DIA’s finding that the number of PGIs entered into iTrak is “low”. SkyCity requires further information to understand and respond to the DIA’s specific concerns in this regard.</p> <p>In any event, this finding does not in SkyCity’s view accurately reflect the actual number of PGIs entered into iTrak and reported to the HR team.</p> <p>Similarly, no information has been provided in support of the DIA’s finding that “<i>several SkyCity staff noted only a customer requesting high amounts of cash as a PGI</i>”, including the name(s) of the individual(s) spoken to and, accordingly, SkyCity is unable to comment on the accuracy of the finding or the particular circumstances relating to the individual(s).</p> <p>It is also unclear what the words “<i>customers requesting high amounts of cash</i>” mean and why the DIA has referred to these words (as expressed) as requesting a high amount of cash is not, in itself, an indicator of gambling harm.</p>

HRP Audit 2019 Interim Report - SkyCity Auckland Responses

Learning & Development	
DIA Findings	SkyCity Response
c) The Host Responsibility trainer advised that refresher training for HR2 occurs every 4-5 years or by request only	This finding is not contested and is not contrary to the terms of the HRP.
d) Excluding HRI 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.	This is incorrect. Putting to one side the HRI compulsory online refresher training completed by 1078 staff in 2018, a further 170 staff members received refresher training directly from the HR trainer.
e) 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.	SkyCity presumes this finding relates to a customer who is currently the subject of an enquiry being undertaken by the DIA. As the DIA is yet to formally respond to SkyCity on that matter, it would be prudent for SkyCity to respond to the DIA on that matter in the context of that enquiry.
f) 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.	The rapid-fire quizzes do not form part of the formal learning and development requirements set out in section 3.9 of the HRP. The rapid-fire quizzes were implemented as a SkyCity initiative to supplement and support its formal HR training and processes.
g) 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.	Like the rapid-fire quizzes, the internal mystery shopping exercises do not form part of the formal learning and development requirements set out in section 3.9 of the HRP and were implemented as a SkyCity initiative to supplement and support its formal HR training and processes.
h) 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.	As noted in SkyCity's response in section 1(n), no information has been provided in support of the DIA's finding, including the name(s) of the individual(s) observed and/or spoken to and the basis for the finding. Accordingly, SkyCity is unable to comment on the accuracy of the finding or the particular circumstances relating to the individual(s). Any assessment of an individual's attitude is also necessarily subjective.

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Learning & Development	
DIA Findings	SkyCity Response
	<p>However, if the DIA observed a dismissive attitude toward gambling harm and PGIs from identifiable staff member(s), then SkyCity requests that the DIA provides sufficient detail to enable SkyCity to investigate and take any required action, including disciplinary proceedings where appropriate. SkyCity does not condone or tolerate such behaviours.</p>

10. Monitoring & Reporting

CI 4.0

Not Achieved

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

Monitoring & Reporting	
DIA Findings	SkyCity Response
<p>a) This audit has identified a number of failings of SkyCity to effectively meet its HRP obligations.</p>	<p>SkyCity fundamentally disagrees with the majority of the alleged failures identified in the report and the basis on which many of the findings have been reached.</p> <p>The audit process followed by the DIA is also not clear to SkyCity and SkyCity has not had the opportunity to discuss any of the areas in any detail with DIA representatives before receipt of the report.</p>
<p>b) Several concerns and recommendations were put to SkyCity following its 2015 audit which have not been implemented.</p>	<p>SkyCity wrote to DIA by letter dated 19 February 2016 addressing the four issues that it believed called for a response arising from the 2015 audit (SkyCity letter attached as Schedule 3). To the extent that our response did not adequately address the issues that had been raised or further clarification was needed, SkyCity invited the DIA in that letter to discuss the matter directly with ██████████ SkyCity has no record</p>

HRP Audit 2019 Interim Report - SkyCity Auckland Responses

Monitoring & Reporting	
DIA Findings	SkyCity Response
	of the DIA pursuing such discussions and was not aware that there were outstanding matters to be addressed arising from the 2015 audit.

Incident File Full Report

Incident File #IN20180043300

		Record Creation Details	
Date/Time Occurred:	14/11/2018 8:17 am	Department:	Host Resp.
Day of Week Occurred:	Wednesday	Owner:	██████████
Date/Time Created:	24/11/2018 3:54 am	Operator ID:	
Date/Time Closed:	24/11/2018 3:56 am	Operator Name:	
Closed By:	██████████	Personnel ID:	
		Card Number:	
		Job Position:	
		Reviewed By:	

Location of Incident:

Property:	Auckland
Location:	Gaming Machines
Sublocation:	C' Bank

Details of Incident:

Daily Log #:	DL20180220432
Incident Type:	Host Responsibility
Specific:	Host Responsibility Interaction
Category:	12 hour report
Incident Status:	Closed
Synopsis:	12hrs

██████████
 Spoke to guest regarding long hours guest said she will be leaving soon. Guest looking happy and is enjoying her play. Will monitor.

Checklist: - General - Increasing Sessions/Time/Bets

Narrative:	Created On	Created By	Modified On	Modified By
	24/11/2018 3:55 am	██████████		
	Long Hours			
	12hrs	██████████		
	Spoke to guest regarding long hours guest said she will be leaving soon. Guest looking happy and is enjoying her play. Will monitor.			

RISK & HARM ASSESSMENT

- Severity of observed indicators – Single general indicator.
- Changes in gambling pattern - Spend and visitation are moderate and somewhat consistent over the last few years.
- Out of character changes in behaviour or appearance- Nil recorded.
- Number of indicators present over time - Long history of long hours / continuous gaming reports. HR Exec interaction last undertaken in May 2017.
- Any evidence to corroborate harm occurring presently – Nil recorded.

Based on the above assessment, no evidence of actual or potential harm occurring and nothing further required at this time.

Reporting Party:

Supervisor:

Long hours / consistent gaming reports have been becoming frequent again. If this continues another interaction with [REDACTED] would be warranted to remind her to manage her breaks / time-on-site more carefully herself.

Executive Brief:

Participants Involved:**Personnel**

Full Name: [REDACTED] Property: Auckland
Role: Info From Department: Main Floor Gaming Machines

Police Contacted: Taken From Scene: Police Contacted Result :

Subject

Full Name: [REDACTED] Company:
Role: Subject

Reporting Party:

Supervisor:

Incident File Full Report**Incident File #IN20180042017**

Date/Time Occurred: 11/11/2018 12:33 am
Day of Week Occurred: Sunday
Date/Time Created: 13/11/2018 2:15 am
Date/Time Closed: 13/11/2018 2:30 am
Closed By: [REDACTED]

Record Creation Details

Department: Host Resp.
Owner: [REDACTED]
Operator ID:
Operator Name:
Personnel ID:
Card Number:
Job Position:
Reviewed By:

Location of Incident:

Property: Auckland
Location: Federal House
Sublocation: Level 1

Details of Incident:

Daily Log #: DL20180219647
Related Incidents: IN20180042018, IN20180042021
Incident Type: Host Responsibility
Specific: Host Responsibility Observations
Category: Breached Set Limits
Incident Status: Closed
Synopsis: Breached Set Limits.
Checklist: - General – Breach Set Limits

Narrative:

Created On	Created By	Modified On	Modified By
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13/11/2018 2:15 am	gahvoa		
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Breached Set Limits.

Alert Type : Limit Reached Notification

Alert Time : 11/11/2018 12:33:52 a.m.

Terminal Details: Terminal - MD09

Customer Details : Customer Number [REDACTED], Customer Name - [REDACTED]

Raizada

Transaction User ID :SDS

Message : Day-Loss Limit Target reached.

Additional Info: CardNumber : 2200320797001; SlotNumber : 0000007530; Stand : MD09 ;Target Day-Loss Value :10 ;

- Severity of observed indicators – Single general indicator.
- Changes in gambling pattern – Joined on Oct 2018, spend and visitation minimal.
- Out of character changes in behaviour or appearance – Nil recorded.
- Number of indicators present over time – No previous history.
- Any evidence to corroborate harm occurring presently – Nil recorded.

Based on the above assessment, no evidence of actual or potential harm occurring and nothing further required at this time. [REDACTED]

Reporting Party:

Supervisor:

Executive Brief:

Participants Involved:

Subject

Full Name:

[REDACTED]

Company:

Role:

Subject

Reporting Party:

Supervisor:

19 February 2016



Peter Cowsill
Manager, Casino Compliance Operations
Regulatory Services
Department of Internal Affairs
AUCKLAND

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Dear Peter

Host Responsibility Programme (HRP) Audit at SKYCITY Auckland Casino April – August 2015

Thank you for your letter of 25 January 2016 in relation to the above.

Your letter raises four issues which call for a response from SKYCITY. Our position in respect of each matter is set out below.

1. *"SKYCITY provides a report to the Department on their use of and results from the Algorithm Report to identify potential problem gambling."*

The Algorithm Report used for the analysis of player data to help identify customers most at risk from gambling harm and which forms part of the Focal Model went 'live' in July 2015. It generates approximately 200 names per month which are sent to the Host Responsibility Executive team for assessment and/or appropriate follow up action. It is clear that the algorithm is identifying customers who have not previously come to our attention and in that sense has provided an important new stream of information to facilitate our efforts to identify problem gamblers. All interactions, assessments and any follow up action with customers are logged in iTrak as prescribed by the HRP.
2. *"SKYCITY commits staff resourcing to review Player Loss Reports. This may ultimately assist in identifying problem gambling."*

A Player Loss report was created several years ago as a mechanism to assist host responsibility staff to identify potential problem gamblers but on its own is of limited value. It has now been surpassed by more comprehensive data generated by daily logs, player interactions and the Focal Model. We see no value in committing resource to review Player Loss Reports when there are more effective loyalty data mechanisms being utilised to assist in identifying potential problem gamblers.
3. *"SKYCITY confirms to the Department the changes additional to the Customer Service Ambassadors that have been made or are to be made to their gaming floor supervisory model to better supervise non-carded continuous play."*

Four initiatives have been introduced to assist in this respect.

- (i) Surveillance are now conducting dedicated camera sweeps of the gaming areas specifically looking for issues that may be relevant to the discharge of our host responsibility obligations which may then be communicated to front line staff for further investigation and follow up.
- (ii) SKYCITY is conducting regular staff surveys as a means of identifying areas of vulnerability in the discharge of our host responsibility functions which may require specific attention, whether that be in the form of additional training, counselling or other initiatives. This is providing us with a useful reference point for our ongoing and continuous improvement efforts.
- (iii) We have commenced trialling a new table games alert system which allows gaming staff to discreetly notify supervisors and host responsibility executives, in real time, about players who may need host responsibility assistance;
- (iv) A review of host responsibility training for front line staff is being undertaken with a view to identifying and implementing additional training packages designed to assist staff in particular positions deliver interventions effectively.

4. *"SKYCITY provides to the Department their clarification of treating a 'first breach' an excluded patron who has breached their exclusion order at Auckland and then breaches the order at another SKYCITY site."*

We agree that for the purposes of excluded persons, we should not treat each SKYCITY site as a separate entity when a breach occurs as has been the practice in the past. This matter is currently under review by host responsibility management with a view to putting in place revised processes which are consistent with the Department's views on this matter.

We trust these comments address the issues you have raised but if further clarification is needed, you may wish to discuss the matter directly with Rob Burrell or Junior Toleafoa.

Yours sincerely



Phil O'Connell
Manager, Regulatory Affairs