



Queenstown Casinos Limited

Application for Renewal of a Casino Venue Licence Under Section 134
of the Gambling Act 2003

21 August 2024

TABLE OF CONTENTS

SECTION 1: APPLICATION FOR RENEWAL OF A CASINO VENUE LICENCE	2
SECTION 2: EXECUTIVE SUMMARY.....	5
SECTION 3: OVERVIEW OF SKYCITY QUEENSTOWN CASINO.....	8
SECTION 4: BACKGROUND TO THE APPLICANT AND PERSONS WITH A SIGNIFICANT INFLUENCE	14
SECTION 5: COMPLIANCE	17
SECTION 6: ASSESSMENT OF ECONOMIC AND SOCIAL IMPACTS.....	30

SECTION 1: APPLICATION FOR RENEWAL OF A CASINO VENUE LICENCE UNDER SECTION 134 OF THE GAMBLING ACT 2003

1. **Applicant's Name:** Queenstown Casinos Limited
2. **Postal Address:** Level 2
16-24 Beach Street
Queenstown 9300
New Zealand
3. **Contact Phone Number:** James Chapman
09 363 7173
4. **Facsimile Number:** N/A
5. **Email Address:** james.chapman@skycity.co.nz

6. **Details of Casino Venue Licence sought to be renewed:**

The casino premises licence held by Queenstown Casinos Limited dated 18 June 1999 (which commenced on 7 December 2000) in respect of the SkyCity Queenstown Casino.

7. **Date of expiry of Casino Venue Licence:** Midnight on 6 December 2025

8. **Please list below the names of any persons who have a significant influence in the casino and provide an explanation of the basis for that significant influence:**

(The definition of "significant influence" is set out in section 7 of the Gambling Act 2003. Section 7 is printed at the end of this application form).

- (a) **Jason Walbridge** – as a Director of Queenstown Casinos Limited and the Chief Executive Officer of SkyCity Entertainment Group Limited
- (b) **Joanna Wong** – as a Director of Queenstown Casinos Limited and the General Counsel and Company Secretary of SkyCity Entertainment Group Limited
- (c) **Julian Cook** – as a Director of SkyCity Entertainment Group Limited
- (d) **Chadwick Barton** – as a Director of SkyCity Entertainment Group Limited
- (e) **Katherine Hughes** – as a Director of SkyCity Entertainment Group Limited
- (f) **Glenn Davis** – as a Director of SkyCity Entertainment Group Limited
- (g) **David Attenborough** – as a Director of SkyCity Entertainment Group Limited
- (h) **Donna Cooper** – as a Director of SkyCity Entertainment Group Limited
- (i) **Peter Fredricson**¹ – as the Chief Financial Officer of SkyCity Entertainment Group Limited


¹ Subject to obtaining all necessary regulatory approvals

- (j) **Shaun Philp** – as the Chief People and Culture Officer of SkyCity Entertainment Group Limited
- (k) **Carolyn Kidd** – as the Chief Risk Officer of SkyCity Entertainment Group Limited
- (l) **Nirupa George** - as the Chief Corporate Affairs Officer of SkyCity Entertainment Group Limited
- (m) **Callum Mallett** – as the Chief Operating Officer New Zealand of SkyCity Entertainment Group Limited
- (n) **Andrew McPherson** - as the Chief Information Officer of SkyCity Entertainment Group Limited
- (o) **Jonathan Browne** - as the General Manager of the SkyCity Queenstown Casino
- (p) **Michelle Baillie** – as the General Manager of the SkyCity Hamilton Casino
- (q) **SkyCity Entertainment Group Limited** – as the parent company of Queenstown Casinos Limited
- (r) **SkyCity Casino Management Limited** – as the holder of a casino operator's licence for, and the operator of, the SkyCity Queenstown Casino

9. Please submit with this application:

- (a) a completed Applicant Information Form;
- (b) a completed Personal Information Form or Company Information Form for each person named at 8 above;
- (c) a copy of the casino impact report;
- (d) a draft statement of conditions for the proposed casino venue licence; and
- (e) a cheque made out to the Gambling Commission for the specified amount.

Date: 21 August 2024

Signature: 

Name of Signatory: Jonathan Browne

Designation of Signatory: General Manager - Queenstown

7 Meaning of significant influence in casino

- (1) *A person has a significant influence in a casino if the person—*
 - (a) *is or will be a director of the holder of, or applicant for, or proposed transferee or alienee of, a casino licence for the casino; or*
 - (b) *is or will be employed or engaged by the holder of, or applicant for, or proposed transferee or alienee of, a casino licence for the casino as the chief executive or a senior manager of the casino; or*
 - (c) *owns or will own shares, directly or indirectly, in the holder of, or applicant for, or proposed transferee or alienee of, a casino licence for the casino that confer control of 20% or more of the voting rights of shareholders of any class in the holder, applicant, or proposed transferee or alienee.*
- (2) *A significant influence in a casino includes any influence that the Secretary or the Gambling Commission (as the case may be) considers to be a significant interest in the management, ownership, or operation of a casino, however acquired or to be acquired.*
- (3) *Subsection (1) does not limit what the Secretary or the Gambling Commission, as the case may be, considers to be a significant influence under subsection (2).*
- (4) *In subsection (1)(a), the term director includes a person described in section 126(1) of the Companies Act 1993.*

SECTION 2: EXECUTIVE SUMMARY

Background

1. Queenstown Casinos Limited (**QCL**) was granted a casino premises licence (**Licence**) by the former Casino Control Authority under the former Casino Control Act 1990 (**Casino Control Act**) on 18 June 1999.
2. QCL opened the Sky Alpine Queenstown Casino (**Casino**) on 7 December 2000. The Casino changed its name to the SkyCity Queenstown Casino in around 2003.
3. The Licence is treated as a casino venue licence pursuant to section 122(2) of the Gambling Act 2003 (**Act**). In accordance with section 138 of the Act, the Licence expires at midnight on 6 December 2025, being 25 years after the Casino commenced operating, and can be renewed for a further period(s) of 15 years.
4. QCL is applying to have the Licence renewed in accordance with section 134 of the Act.
5. This application sets out how QCL and the persons with a significant influence in the Casino meet the statutory test under section 137 of the Act in order to satisfy the Gambling Commission (**Commission**) that it is appropriate to renew the Licence.

The SkyCity Entertainment Group

6. QCL is a wholly-owned New Zealand subsidiary of SkyCity Entertainment Group Limited (**SCEG**).
7. SCEG is dual-listed on the New Zealand and Australian stock exchanges and the parent company of the SkyCity Group of companies (**SkyCity** and the **SkyCity Group**), New Zealand's largest tourism, leisure and entertainment group. As one of two major publicly listed casino operators in Australasia, SCEG currently operates integrated entertainment complexes in:
 - a. Auckland, Hamilton and Queenstown (New Zealand); and
 - b. Adelaide (Australia),each featuring casino gaming facilities and premium restaurants and bars, which appeal to both domestic and international visitors alike.
8. The SkyCity Auckland complex is also home to some of New Zealand's premier tourism attractions – the iconic Sky Tower, the All Blacks Experience, and Wētā Workshop Unleashed.
9. SkyCity also offers leading hotel accommodation at its integrated entertainment complexes:
 - a. **The Grand by SkyCity**, a 312-room 5-star hotel, in the Auckland CBD (opened in April 2005);
 - b. **SkyCity Hotel**, a 323-room 4.5-star hotel, in the Auckland CBD (opened in February 1996);
 - c. **Eos by SkyCity**, a 120-room 5-star hotel, in the Adelaide CBD (opened in December 2020); and
 - d. **Horizon Hotel**, a new 303-room 5-star hotel in the Auckland CBD (opened in August 2024).

10. In addition to SkyCity's land-based casinos, the SkyCity Online Casino (based out of Malta) has offered an offshore online gaming experience for New Zealanders since August 2019.
11. SkyCity is currently investing around \$750 million within the SkyCity Auckland precinct to develop the New Zealand International Convention Centre, an adjacent laneway, over 1,250 additional car parking spaces and the Horizon Hotel. The New Zealand International Convention Centre and adjacent laneway are expected to be completed in 2025. When open, the New Zealand International Convention Centre will be New Zealand's largest convention centre enabling New Zealand to attract major international conferences as well as having capability for sporting events, theatre and musical performances. The centre is designed to be a welcoming, open building complemented by a fresh new streetscape for local, national and international visitors to enjoy.
12. As a member of the SkyCity Group of companies, QCL has access to and benefits from the collective capital, expertise, capability, resources and support of the wider group. For example, the host responsibility function at the Casino benefits from being able to leverage the 'Hub' surveillance operation out of Auckland. When the Casino is busy, this allows Queenstown's surveillance and security staff to spend more time on the gaming floor enhancing the monitoring of customers in conjunction with gaming and food & beverage staff.

Statutory test for determining the application

13. Section 137 of the Act provides that the Commission must not renew a casino venue licence unless it is satisfied that:
 - a. the applicant and persons with a significant influence are suitable in terms of section 124 of the Act;
 - b. the applicant's compliance record, and that of persons with a significant influence, is satisfactory; and
 - c. renewing the licence will result in a net benefit to the local and regional communities around the casino and to New Zealand generally.
14. This application addresses each of these requirements and explains how they are met by QCL and all of the persons with a significant influence in the Casino.

Suitability in terms of section 124 of the Act

15. In support of this application:
 - a. QCL has completed an Applicant Information Form; and
 - b. each person with a significant influence has completed a Personal Information Form or Company Information Form (as applicable), addressing the suitability requirements of section 124 of the Act.
16. Sections 3 and 4 of this application provide additional background information on QCL and the persons with a significant influence in the Casino.
17. On the basis of this information, QCL and the persons with significant influence in the Casino are 'suitable' in accordance with section 124 of the Act.

Compliance record

18. Section 5 of this application sets out:
 - a. QCL's compliance record; and
 - b. the compliance record for each person with a significant influence in the Casino.
19. QCL has a good working relationship with the Department of Internal Affairs (**DIA**) and a strong compliance history for over 23 years.
20. QCL and the wider SkyCity Group maintain frequent and transparent engagement with the DIA to ensure that its expectations are met and high standards of compliance are maintained. QCL and the wider SkyCity Group support a robust compliance culture to ensure licence conditions are adhered to and applicable legislation and regulations are complied with.

Net benefit to local and regional communities and New Zealand generally

21. QCL has engaged Carl Davidson, Simon Harris and Geoff Butcher to complete a Casino Impact Report (**CIR**), which assesses, as required by section 134(3)(a) of the Act, the expected social and economic effects on the local and regional areas affected by the operation of the Casino, and on New Zealand generally, of the continued operation of the Casino and the closure of the Casino. The CIR is attached as Appendix One to this application.
22. The CIR shows that the net economic impact of the Casino is an estimated:
 - a. – 10 FTEs in employment;
 - b. \$3.73 million per annum in valued added; and
 - c. \$1.07 million per annum in household income.
23. The combination of a decline in employment and a rise in household income occurs because the wages paid by the Casino are substantially higher than in the sectors to which spending would transfer in the event of non-renewal. Closure of the Casino would cause disruption to the Casino employees, and it is likely that replacement employment would be at a lower salary than that paid by the Casino.
24. It is QCL's opinion that the renewal of the Licence for a further period of 15 years will result in a net benefit to the local and regional communities around the Casino and to New Zealand in general. In addition to the economic benefits stated above:
 - a. the Casino provides entertainment options for Queenstown residents through its gaming areas, popular restaurant offering and comedy nights.
 - b. for international visitors, the Casino adds to the variety of attractions Queenstown has to offer and caters to the expectation that a renowned tourist destination will offer casino entertainment.
 - c. the Casino is a highly regarded employer offering an array of benefits to its staff that are not commonly found in the Queenstown employment market. This includes the ability for up to 25 staff to utilise housing in Queenstown leased by QCL.

SECTION 3: OVERVIEW OF SKYCITY QUEENSTOWN CASINO

Background

1. The Casino is located at 16-24 Beach Street in central Queenstown and commenced operating on 7 December 2000.
2. The Casino offers a unique, boutique gaming and entertainment venue.



The entrance to SkyCity Queenstown Casino

Hours of operation

3. The Casino is currently open from 11am to 1am every day, excluding Christmas Day, Good Friday and between 12am and 1pm on Anzac Day.

Gaming spaces

4. The Casino is licensed to operate up to 12 gaming tables and 86 electronic gaming machines in its gaming spaces.
5. A variety of table game mixes have been approved for use at the Casino, including Blackjack, Roulette Midi Baccarat, Poker and Caribbean Stud Poker.
6. A floor plan showing the location of the Casino's approved gaming areas is included in the Licence and is attached in Appendix Two.
7. Details of the Casino's approved table game mixes are included in Annex A of the casino operator's licence issued to SkyCity Casino Management Limited in relation to the Casino and are attached as Appendix Three.

Other entertainment facilities

8. In addition to gaming spaces, the following facilities also operate within the Casino venue:
 - a. **Wild Thyme Bar and Kitchen:** catering for up to 150 people, the restaurant is a highly regarded and a well-known dining spot for tourists and locals alike. The restaurant and bar area complements the Casino business, is utilised for events with sponsorship partners, and is known as Queenstown's hub of regular comedy shows; and
 - b. **Function Room:** a function space offers conference facilities for up to 60 people. The room is used for various events and is often utilised by local community groups as a central meeting room in Queenstown.
9. As New Zealand's largest tourism, leisure and entertainment group, SkyCity is focused on creating vibrant places for gaming, entertainment and hospitality in New Zealand and Australia - delivered responsibly.
10. To ensure SkyCity's precincts remain relevant to customer demand, SkyCity continuously explores opportunities for new food and beverage, gaming and entertainment offerings. SkyCity has invested extensively in the property since opening the casino, including refurbishment and upgrades of the entry experience, restaurant/bar, gaming floor and back of house staff areas. Ongoing refurbishment and investment in new gaming product, product management and changes to floor layout also remain key focuses for the business.



Wild Thyme Bar and Kitchen

Employees

11. As at 1 August 2024, 57 people were employed in respect of the day-to-day operations of the Casino, including 26 in the Gaming department, 16 in the Food and Beverage Services department and eight in the Security and Surveillance department. A further

seven people are employed in respect of back-office functions that support the running of the Casino. A full breakdown of staff is included in Figure 1 in Section 0 of this application.

12. Over the past 25 years, approximately 1,120 people have been trained and employed at the Casino.²
13. SkyCity aims to create an environment where its people are at the centre of its operations, ensuring that staff can work safely, are motivated, can progress in their careers and have access to the tools and knowledge they need to look after both themselves and customers. SkyCity is committed to providing employees with sustainable career paths and opportunities for staff to grow their careers internally. In addition to SkyCity's core, enterprise-wide online e-learning training programme, employees are offered a number of tailored development programmes. One example is the Rise Leadership programme which is designed to assist leaders to develop personal leadership skills to become an effective leader and influencer.
14. Recruiting and retaining staff is often challenging in the constrained Queenstown job market with demand far outstripping supply as a result of an extensive shortage in local accommodation, high rents and the high cost of living. SkyCity has taken steps to address the accommodation crisis for Casino employees by leasing five houses close to the Queenstown CBD for the purpose of employee accommodation, housing up to 25 employees at a time.
15. SkyCity also offers the following benefits to Casino employees:
 - a. Fully subsidised health insurance for permanent full-time employees through the RegularCare plan offered by healthcare provider Southern Cross Healthcare. Employees are also able to add their family members to their insurance plan at a reduced rate.
 - b. Free flu vaccinations and health checks each year.
 - c. Uniforms supplied and laundered.
 - d. Discounts at SkyCity restaurants, hotels and attractions, as well as discounts on gym memberships, healthcare, and selected goods and furnishings.
 - e. An Employee Assistance Programme (delivered via EAP Services) provides supportive and confidential assistance to employees with support available 24 hours a day, seven days a week from trained professional counsellors.
 - f. Emergency financial assistance for employees suffering financial hardship, including budgeting advice and last resort financial help through a 'SMILE' loan to employees who qualify for support.
 - g. A range of heavily subsidised meal options for employees during working hours.
16. In addition to SkyCity benefits, Casino employees receive the following benefits:
 - a. Access to NZSki discounted industry season pass rates.
 - b. Discounted Reading Cinema movie passes.
 - c. A birthday food & beverage voucher.

² Data is only available from 2004, but yearly averages of employment have been used to prior to that date to determine the final number.

- d. A complimentary meal during working hours, alongside a range of substantially subsidised meal options.
17. Feedback from a 'MyVoice' biennial full employee engagement survey conducted across the SkyCity Group in May 2023 resulted in the Casino's overall employee engagement being at 86%. The Casino's engagement was the highest across the SkyCity group with some of the key metrics scoring very highly including:
- a. 90% of Casino staff are proud to work for SkyCity.
 - b. 87% of Casino staff would recommend SkyCity as a great place to work.
 - c. 87% of Casino staff are extremely satisfied with SkyCity as an employer.
 - d. 90% of Casino staff feel like they belong at SkyCity.

Contributions to Queenstown Lakes District communities

18. The Casino has a significant positive impact on the Queenstown Lakes District communities both through the direct operations of the Casino, which provides employment opportunities and high-quality dining and entertainment facilities, and through the support (both financial and non-financial) that QCL and the wider SkyCity Group provide to community organisations and events.

SkyCity Queenstown Casino Community Trust

19. Established in accordance with the Licence, the SkyCity Queenstown Casino Community Trust (**Trust**) is a vehicle that allows QCL to 'put something back' into the community in which the Casino operates. The Trust aims to help local and regional organisations carry out community assistance and development work, focusing on supporting families to thrive and communities to prosper, with a specific focus on youth development.
20. The vision for the Trust is "Thriving communities – engaging, participating and connected". Grants are designed to support services and programmes that focus on the wellbeing and resilience of communities and rangatahi.
21. The Trust funds programmes and services by:
- a. collaborating and partnering with and through other organisations, funders, and entities;
 - b. achieving maximum impact through funding deeper and more meaningfully; and
 - c. looking to social innovation through investing in new initiatives.
22. Since the Trust was established in 2002, it has awarded more than \$2.53 million to 688 charitable organisations, both large and small, that have undertaken community assistance and development work in the Queenstown Lakes District.

Community focused activity

23. QCL (using the SkyCity Queenstown and/or SkyCity brands) is involved in a number of community sponsorship initiatives, including the following activities in the Queenstown Lakes District community:
- a. **Winter Pride:** QCL has been a key partner of the annual Winter Pride Festival in Queenstown since 2018, including hosting several events at each year's festival. The Winter Pride Festival is the largest winter pride festival in the Southern Hemisphere, celebrating love, community, diversity, visibility, safety, and inclusion.

Winter Pride is regarded as a key festival through the winter months in Queenstown, more so now since the long running Winter Festival stopped, an event QCL was also a key sponsor of.

- b. **Pride Pledge:** QCL has been a signatory to the Pride Pledge, a values-based commitment that organisations and individuals can take to demonstrate their dedication to the safety, visibility and inclusion of the rainbow members of their community and workforce, both internally and externally, since June 2018. The Pride Pledge was started in Queenstown to raise the visibility of safe spaces within the Queenstown community after the Winter Pride Festival organisers realised that, although the town had an inclusive heart, it was very difficult for the rainbow community to see any visible signs that they were welcome and included.
- c. **Luma Light Festival:** This annual light festival which takes place every Kings Birthday Weekend in Queenstown attracts tens of thousands of people over three days. QCL has sponsored the festival for the past 3 years, supporting interactive and curated collections of light sculptures throughout the Queenstown gardens and waterfront.
- d. **Queenstown Trails:** QCL has been a major sponsor of the Queenstown Trails since 2021, helping maintain more than 200km of trails around Queenstown utilised by thousands of tourists yearly. The support from QCL to Queenstown Trails is key in that the trails are now arterial routes to connecting some of Queenstown's top tourist spots by bike and foot, not to mention the trails also host the Queenstown International Marathon. The Trails Trust is largely reliant on sponsorships and donations which are all critical towards the ongoing expansion of the trails connecting the wider Queenstown district.
- e. **SkyCity Stampede:** QCL is the naming rights sponsor of the SkyCity Stampede, a Queenstown-based team in the New Zealand Ice Hockey League founded in 2005. Since coming on board as a sponsor in 2016, the SkyCity Stampede has won five New Zealand Ice Hockey League Championships. Regarded as Queenstown's premier sporting team, QCL's sponsorship has been pivotal in supporting the Stampede organisation towards recent successes and the development of the sport across all grades in Queenstown.
- f. **Wakatipu Wild:** From the 2024 season QCL started sponsoring the Queenstown based team in the New Zealand Women's Ice Hockey League. Like their male counterparts, the Wild were crowned New Zealand champions last year.
- g. **Spirit of the Wakatipu Awards:** Held every two years, the Spirit of Wakatipu Awards recognise and celebrate local Queenstown individuals, organisations and groups who have contributed significantly to the Wakatipu community. QCL has supported the awards since their inception in 2018.
- h. **Bee the Change:** Since 2020 QCL has supported 'Bee the Change' to help facilitate thriving bee colonies in and around the Queenstown region through beehive sponsorship. By supporting Bee the Change, QCL is also able to provide environmental education to employees around the importance of healthy bee populations as part of QCL's corporate social responsibility focus. The honey produced and harvested through QCL's sponsorship is gifted to Casino customers and staff and is used in the Wild Thyme Bar & Kitchen at the Casino.

- i. **At the World's Edge Festival:** QCL has supported At the World's Edge Festival, an annual classical musical festival in the Central Lakes district, featuring renowned musicians from across the world, since 2021.
 - j. **Whakatipu Reforestation Trust:** Supporting the restoration of biodiversity in the Whakatipu basin through revegetation projects, education and advocacy since 2020.
25. The CIR includes three sponsorship case studies which illustrate the importance of these sponsorships, the genuine partnership between QCL the organisations and the strong local connections.



Bee the Change SkyCity Hives

SECTION 4: BACKGROUND TO THE APPLICANT AND PERSONS WITH A SIGNIFICANT INFLUENCE

Background to QCL

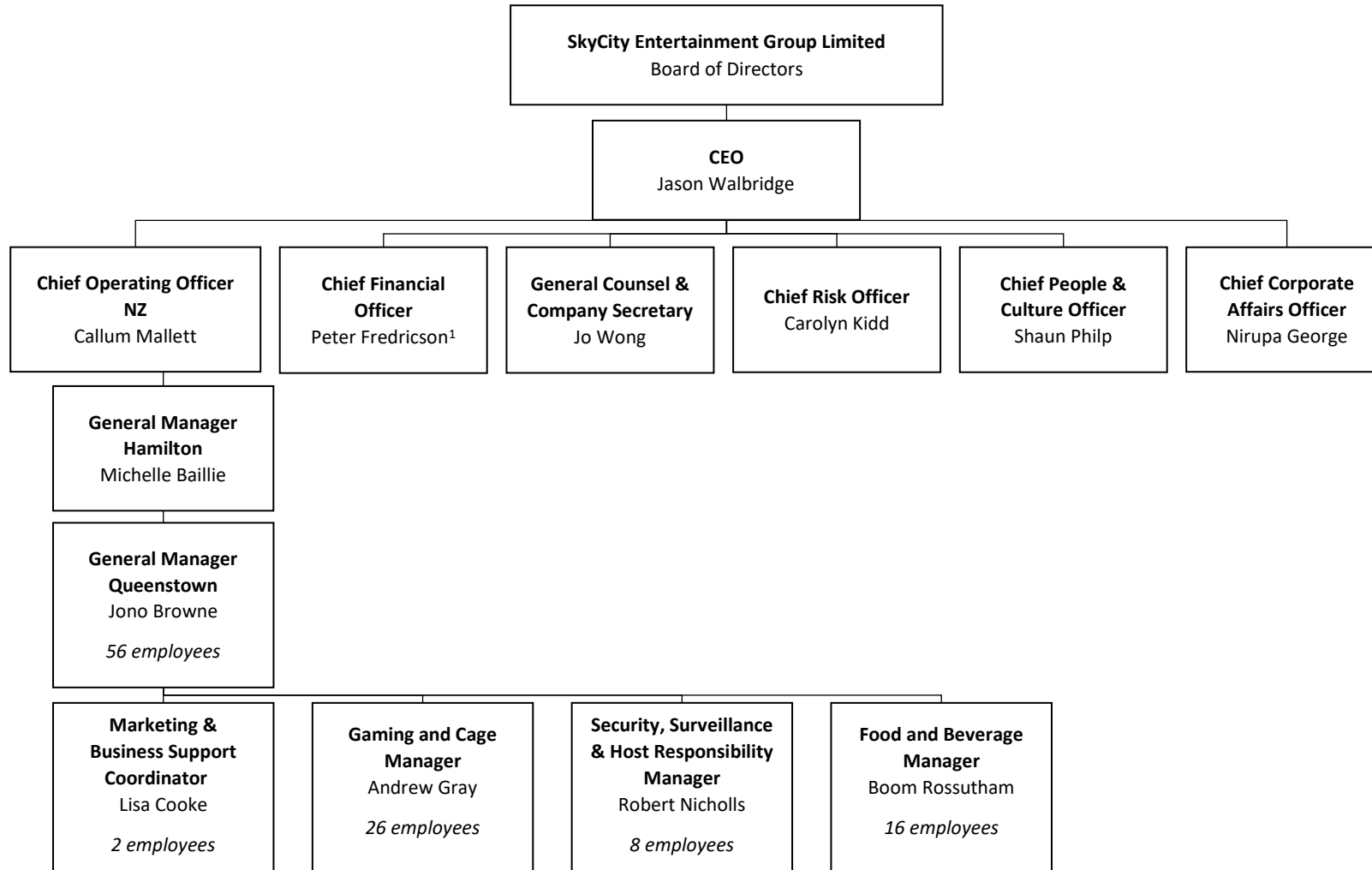
26. QCL was incorporated on 19 June 1974 under the name Town Clothes Limited. On 17 January 1994, the company changed its name to Queenstown Casinos Limited.
27. The Licence was granted to QCL on 18 June 1999 and the Casino commenced operating on 7 December 2000, initially trading as the Sky Alpine Queenstown Casino.
28. At the time the Licence was granted, QCL was a joint venture between SCEG and Skyline Enterprises Limited (**Skyline**), a New Zealand-based hospitality and tourism company, with SCEG holding 60% of the shares in QCL and Skyline holding 40%. In December 2012, SCEG acquired Skyline's shareholding in QCL, giving it full ownership of QCL. SCEG continues to own all of the shares in QCL as at the date of this application.
29. On 30 November 2000, QCL entered into a Management Agreement with SkyCity Casino Management Limited (**SCML**) and SkyCity Management Limited (**SML**) pursuant to which QCL has appointed SCML as the operator of the Casino and gives authority to SCML to undertake certain actions in respect of the management of the Casino (**Management Agreement**). Amongst other things, the Management Agreement sets out the circumstances in which SCML must consult with QCL.
30. In respect of SCML and SML:
 - a. SCML and SML are wholly-owned New Zealand subsidiaries of SCEG.
 - b. SML is a wholly-owned subsidiary of SCML.
 - c. Each of SCML and SML is a related company of QCL.
 - d. SCML holds a casino operator's licence, issued under the former Casino Control Act 1990 on 7 May 1998 (which is treated as if it were a casino operator's licence granted under section 130 of the Act), in respect of the Casino, the SkyCity Auckland casino and the SkyCity Hamilton casino.
 - e. SML employs all the staff involved in the operations of QCL and SCML at the Casino.
31. QCL (together with SCML and SML) has operated successfully in Queenstown for over 23 years, during which time the companies and their employees have accumulated the business and casino management skills and experience necessary to operate the Casino in a socially and economically responsible manner, supported by the wider skills and experience of the SkyCity Group – New Zealand's largest tourism, leisure and entertainment group.

'Suitability' under section 124 of the Act

32. Section 124(2)(d) of the Act requires the Commission to consider the management structure of the applicant to be suitably arranged for effective compliance with the Act. The management structure of QCL is shown in **Figure 1** in this Section 4.

33. QCL's compliance history is outlined in Section 5 of this application and illustrates that QCL has a strong compliance history, which has been facilitated through the management structure shown in **Figure 1** in this Section 4.
34. The Applicant Information Form establishes that QCL satisfies the 'suitability' requirements under section 124 of the Act.
35. The Personal Information Forms and Company Information Forms for each person with a significant influence in the Casino establish that each person with a significant influence has the required honesty, financial position and business skills to satisfy the 'suitability' requirements under section 124 of the Act.
36. The Commission can therefore be satisfied in terms of sections 137(1)(a) and (b) of the Act that the applicant and persons with a significant influence in the Casino are 'suitable' and have satisfactory compliance records.

Figure 1: Organisational Structure of SkyCity Entertainment Group Limited (in respect of the Casino)



1. Subject to obtaining all necessary regulatory approvals

SECTION 5: COMPLIANCE

Compliance history

1. QCL has a good working relationship with the DIA and a strong compliance history over 23 years. QCL and the wider SkyCity Group maintain frequent and transparent engagement with the DIA to ensure that its expectations are met and high standards of compliance are maintained. SkyCity also supports a robust compliance culture to ensure that licence conditions are adhered to and applicable legislation and regulations are complied with.













Results of recent DIA audits of the Casino

2. In late 2016, the DIA conducted a 'mystery shopping' exercise across all casinos and 120 class 4 venues around New Zealand. SkyCity's four casinos, including the Casino, came out top in the exercise with the DIA noting that "the results from SkyCity casinos show what can be done when more dedicated resource is directed at minimising harmful gambling within a culture that puts a clear focus on a high standard of harm minimisation practice" and that "the overall results also show that SkyCity casinos have cultivated a culture of care within their casinos".
3. In May 2019, the DIA commenced an audit of SCML's implementation of the SkyCity Queenstown and SkyCity Wharf Host Responsibility Programme (**HRP**) to ensure that SCML was meeting its obligations to minimise gambling harm at the Casino and at the SkyCity Wharf casino. Overall, the DIA found that SCML was "generally meeting the compliance requirements of [the] HRP". The DIA noted that SCML was proactive in ensuring that staff are familiar with their host responsibility obligations and in ensuring that the various requirements of the HRP were being met.
4. In 2020, the DIA conducted a desk-based breach of exclusion notification audit in relation to the Casino. The purpose of the audit was to ensure that the Casino was adhering to its breach of exclusion requirements and was operating within the applicable regulations, Licence conditions and Minimum Operating Standards (**MOS**). The audit found that the Casino had "excellent procedures for notifying of any breaches of exclusions within the expected timeframe" and was "consistently providing all the required documents".
5. In 2022, the DIA conducted an audit of the Casino's cashiering processes. The purpose of the audit was to ensure that the Casino's processes follow the relevant MOS for cashiering procedures and the harm minimisation obligations around the cashiering function. The DIA found that the Casino had "processes in place that follow the requirements set out in the MOS" and that those "processes are being followed in practice". The DIA also identified a small number of incidents that deviated in practice from SCML's documented procedures – however, the relevant practices were not inconsistent with the requirements of the MOS and, accordingly, the DIA recommended updating the documented procedures to reflect what occurs in practice, which SCML promptly actioned.

Host Responsibility

Harm Minimisation Framework

6. The SkyCity Group, including QCL, places great importance on host responsibility throughout every part of its organisation as illustrated in the Harm Minimisation Framework below:

 <p>Senior Management Governance & Oversight</p> <ul style="list-style-type: none"> • A Host Responsibility Governance Group meets regularly to discuss host responsibility matters 	 <p>Board Governance & Oversight</p> <ul style="list-style-type: none"> • SkyCity Board and Risk and Compliance Committee governance and oversight of performance of harm minimisation framework 	 <p>Host Responsibility Programmes</p> <ul style="list-style-type: none"> • Site-specific programmes outlining SkyCity's host responsibility obligations (approved by the regulator) 	 <p>Host Responsibility Roles & Duties</p> <ul style="list-style-type: none"> • Roles and activities focused on customer care and host responsibility monitoring
 <p>Software and Algorithms to Monitor Gaming Machine Play</p> <ul style="list-style-type: none"> • Blended software for analysis and insight into player behaviour and spend/visitation traits, including real time monitoring of continuous use of gaming machines 	 <p>Independent Assurance</p> <ul style="list-style-type: none"> • An independent audit is carried out every two years at each land-based casino to monitor compliance with its Host Responsibility Programme • Internal independent assurance programme (internal audit and continuous improvement) • Mystery shopping programme 	 <p>iTrak Monitoring & Reporting</p> <ul style="list-style-type: none"> • A record management tool for host responsibility incidents and assessments, including reports for ongoing oversight 	 <p>Learning & Development Framework</p> <ul style="list-style-type: none"> • A suite of host responsibility modules for staff, including online courses, in-person courses, and annual refresher courses
 <p>Facial Recognition Technology</p> <ul style="list-style-type: none"> • Use of facial recognition and alert technology to detect excluded patrons 	 <p>Communications & Brand</p> <ul style="list-style-type: none"> • An internal brand communications campaign to promote awareness of host responsibility 	 <p>Reports to the Regulator</p> <ul style="list-style-type: none"> • Annual reporting to the regulator on the effectiveness of SkyCity's Host Responsibility Programmes 	 <p>Stakeholder Engagement</p> <ul style="list-style-type: none"> • Regular engagement with community gaming organisations and academics

7. The SCEG Board is the governing board of the SkyCity Group, and is responsible for monitoring compliance by each company within the SkyCity Group, including QCL, with their respective obligations. The SCEG Board is ultimately responsible for the affairs and activities of the SkyCity Group, including (as outlined in the SCEG Board Charter) the review and ratification of appropriate systems of risk management and internal compliance and control, codes of conduct, and legal compliance. The SCEG Board's Risk and Compliance Committee is responsible for overseeing and monitoring the SkyCity Group's host responsibility and responsible gambling programmes and initiatives and monitoring licensing and regulatory compliance, and assists the SCEG Board in fulfilling its responsibilities relating to risk management and compliance.
8. A SkyCity senior management-led Host Responsibility Governance Group meets regularly to discuss and review host responsibility matters that have arisen or may arise in the future across SkyCity's properties. The General Manager of the Casino is a member of the Governance Group. The key objectives of the Governance Group are to:
 - a. provide collective guidance to management on host responsibility matters of interest;
 - b. oversee delivery and implementation of major host responsibility projects, including technology-related projects, and monitor progress of host responsibility strategic and operational plans; and
 - c. develop initiatives that will collectively benefit customers and shareholders by way of discussion, provision or endorsement of responsible gambling and/or harm prevention components.
9. A dedicated team of experienced host responsibility specialists is employed at each of SkyCity's land-based casinos. At the Casino, the Host Responsibility function is led and managed by the Security, Surveillance and Host Responsibility Manager who is responsible for the ongoing monitoring and management of Gambler of Interest (**GOI**) files, feedback and review of new information on GOI files and the provision of host responsibility advice and support to customers. Senior Management at the Casino meet weekly to discuss any host responsibility matters that may have arisen, including the monitoring of GOI files.
10. Additionally, all staff, regardless of position, are trained to identify indicators of harm. Staff are expected to refer the observation of indicators to a supervisor /manager. Staff who have contact with gambling customers are required to be trained in problem gambling awareness and how to offer information and assistance about problem gambling.
11. Each of SkyCity's land-based casinos has a robust HRP in place to prevent and minimise harm from problem gambling. The Casino's current HRP is attached as Appendix Four.
12. SkyCity is proud of the culture of care it has developed within its casinos and continues to focus on ways to ensure that this culture of care is maintained and that it has the highest standard of host responsibility practice.
13. In a dynamic casino environment, maintaining effectiveness, relevancy and consistency in harm minimisation best practice is an ongoing challenge. In response to that challenge, SkyCity continues to explore available technology solutions, seek expert advice, consult stakeholder groups and source a range of research material.

Assurance and Audit

14. As part of SkyCity's assurance activities, independent audit activities and mystery shopping exercises are carried out at each land-based casino, including the Casino, to monitor compliance with that casino's HRP.
15. SkyCity also has an internal independent assurance programme in place to monitor and improve compliance with SkyCity's land-based harm minimisation framework and undertakes internal mystery shopping training exercises across its land-based casinos, including the Casino, to test the robustness of its host responsibility practices.
16. In addition to SkyCity's own internal independent assurance programme and the independent audits, the DIA also undertakes regular audits at each of SkyCity's land-based casinos, including the Casino, to monitor compliance with that casino's HRP.

Embracing Technology

17. Since 2019, SkyCity has operated a full facial recognition technology solution across all its land-based casinos using cameras positioned at all entry points to the gambling areas to assist in identifying customers excluded from re-entering its casinos. An automated alert is triggered notifying SkyCity personnel when an individual matching an image from SkyCity's database of excluded patrons re-enters a SkyCity gambling area. Prior to the introduction of this technology, staff recall was the primary mechanism for identifying excluded persons returning to a casino in breach of their exclusion orders.
18. In 2023, SkyCity introduced facial recognition monitoring in its SkyCity Auckland and SkyCity Hamilton ATMs to monitor repeat withdrawals and declined transactions for indicators of problem gambling. This technology was rolled out at the Casino in August 2024.
19. The introduction of facial recognition technology and other technological solutions significantly bolsters and assists SkyCity's ongoing efforts to detect and prevent excluded customers from re-entering its casinos. However, despite SkyCity's best efforts and host responsibility measures and initiatives, there is no guarantee that facial recognition technology will be effective in each and every case and some individuals may nonetheless find ways to elude staff.

Customer Experience and Engagement

20. SkyCity promotes a range of tools to support responsible gambling. Exclusion is an important host responsibility offering for those that may be vulnerable to problem gambling. SkyCity's land-based casinos offer extensive information to customers about exclusion options and referral details to problem gambling support services, including gambling helplines and face-to-face counselling organisations. Appendix A of the Casino's HRP sets out the current host responsibility resources available for customers of the Casino.
21. In New Zealand, customers can choose to exclude themselves from all SkyCity land-based casinos in New Zealand for a period of up to two years. In some cases, SkyCity itself makes the decision to exclude a customer as a means to prevent risk of harm occurring, or as a means to stop further harm through a customer's gambling at SkyCity's casinos.

Training

22. All SkyCity Board members and staff receive training in problem gambling awareness.

23. All permanent staff, whether or not in direct contact with customers, will complete three compliance e-learning modules within one month of commencement of employment. The three compliance e-learning modules are:
- a. Play Safe – Health and Safety;
 - b. Responsible Service of Alcohol; and
 - c. Responsible Gaming, which includes:
 - responsible service of gambling and alcohol;
 - identification of problem gamblers;
 - reporting and recording procedures for observations;
 - approaching and providing information about problem gambling to patrons including how to access local problem gambling services; and
 - awareness of employee gambling-related harm.
24. For all staff in whose work involves the gaming side of SkyCity’s business, SkyCity will work to supplement the induction training by ensuring that these staff also complete a “Host Responsibility Level 1 (HR1)” e-learning module after three-months’ employment. This module will also be compulsory annual refresher training for those staff.
25. Training for staff in direct contact with customers will be further supplemented by on-the-job coaching and support.
26. Advanced training, supplementary to training for Host Responsibility Level 1, is provided staff that work within the gaming areas and whose roles require them to interact with customers.
27. The Advanced Host Responsibility training module includes both theoretical and practical components. The training includes:
- a. SkyCity’s legal and regulatory requirements;
 - b. identification of problem gamblers;
 - c. initial action with respect to customers requesting problem gambling assistance;
 - d. identification and intervention with respect to excessive alcohol consumption;
 - e. support of staff who have intervened and debrief;
 - f. importance of reporting;
 - g. intervention, including brief interventions, de-escalation and motivational interviewing;
 - h. breaches of exclusion;
 - i. the use of pre-commitment;
 - j. debriefing and staff support;
 - k. problem gambling treatment processes;
 - l. cultural awareness;
 - m. advanced Responsible Service of Alcohol – intervention and slowing service; and
 - n. awareness of employee gambling-related harm.
28. Staff who have completed Advanced Host Responsibility training will undergo an annual online recall test. Those who fail the test will be required to re-take Advanced Host

Responsibility training. In addition, role specific training will be offered where learning needs are identified.

Problem gambling liaison meetings

29. In order to improve information sharing and collaboration between problem gambling stakeholders, QCL hosts a Queenstown Host Responsibility Liaison Group meeting at the Casino to discuss host responsibility issues. This meeting is scheduled to occur bi-annually. This collaborative approach ensures that knowledge about problem gambling is shared between the Casino and the relevant stakeholders, who will work together to minimise harm.
30. QCL invites representatives from the following stakeholder groups to attend the Queenstown Host Responsibility Liaison Group meetings:
 - a. treatment service providers, including for problem gambling, alcohol and other drugs;
 - b. public health providers; and
 - c. Government agencies, including the Police, DIA and Alcohol Advisory Council of New Zealand.

Where local treatment service provider representatives are not available, QCL extends the invitation to Dunedin based representatives.

31. In addition to the regular Queenstown Host Responsibility Liaison Group meetings, QCL also provides tours of its facilities and literature to treatment providers in order to foster good relationships with problem gambling stakeholders and assist them in understanding the Casino environment and the Casino's HRP.

Mandatory Carded Play

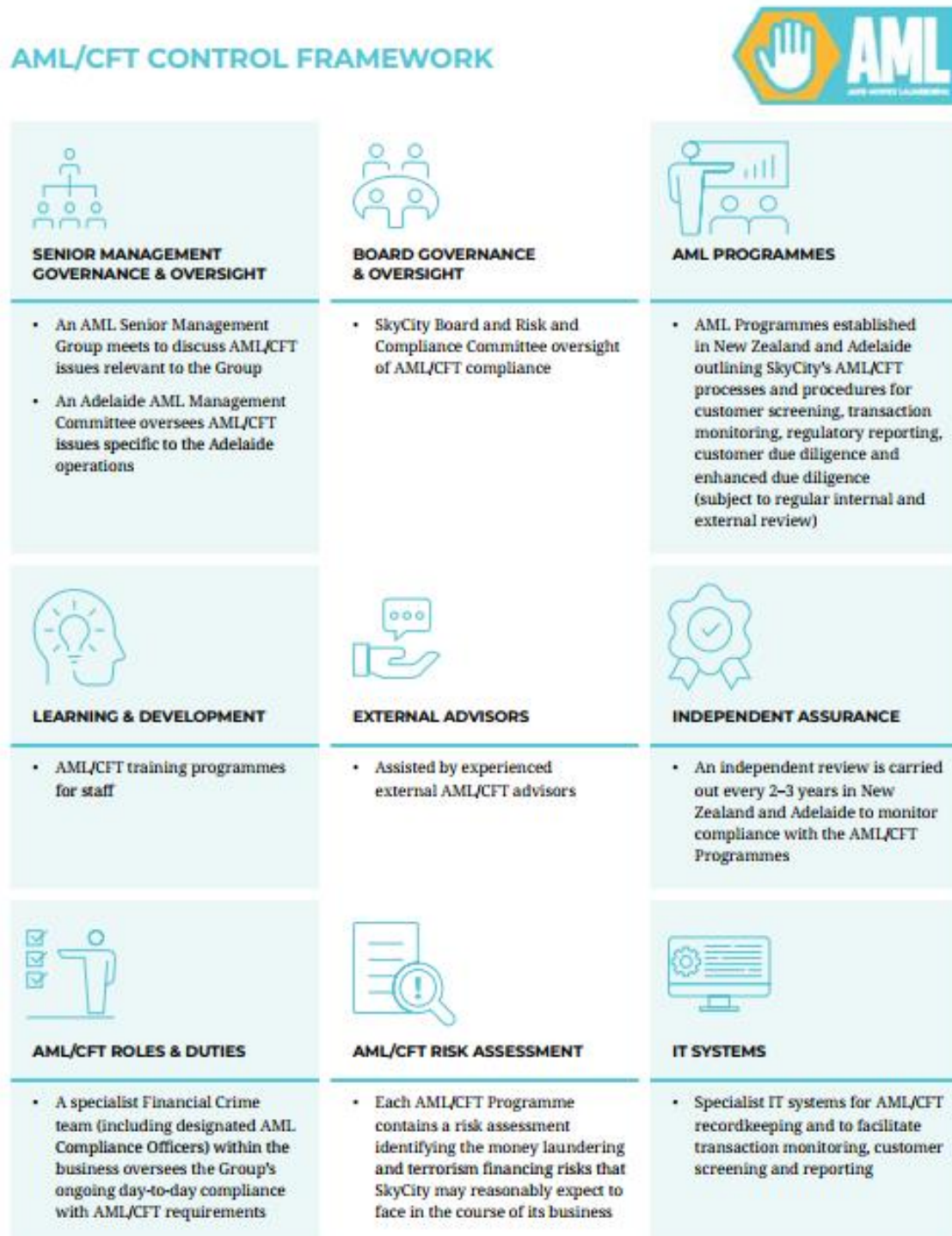
32. In January 2024, upon the introduction of the new HRP for the Casino, SCML committed to the implementation of mandatory carded play across SkyCity's land-based New Zealand casinos by July 2025.
33. Consequently, all customers who wish to gamble at the Casino (and at any other SkyCity land-based New Zealand casino) from the implementation date will be required to use an electronic card or other form of unique identifier when gambling. This will enable, amongst other harm minimisation benefits, enhanced monitoring by SkyCity of continuous play and breaks in play. The linking of all financial transactions to identified individuals will also be a valuable tool in the prevention of financial crime.
34. SkyCity is working closely with the DIA and with its technology vendors and equipment suppliers to meet the July 2025 timeframe.

Financial Crime

AML/CFT Control Framework

35. SkyCity takes its anti-money laundering and countering financing of terrorism (**AML/CFT**) obligations very seriously and is committed to ensuring that it provides entertaining and profitable, yet safe and responsible, experiences and environments.

36. SkyCity's AML/CFT Control Framework is set out below:



37. The Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (**NZ AML/CFT Act**) places obligations on certain organisations (including financial institutions and casinos) to detect and deter money laundering and terrorism financing and take appropriate measures to guard against money laundering and terrorism financing. As a casino operator and reporting entity for the purposes of the NZ AML/CFT Act, SCML has the following measures in place across its land-based casinos:
- a. an assessment of the money laundering and financing of terrorism risks that SCML could face in the course of running its business;
 - b. an AML/CFT Programme that includes procedures to detect, deter, manage and mitigate money laundering and the financing of terrorism;
 - c. an AML Compliance Officer to administer and maintain the AML/CFT Programme;
 - d. customer due diligence processes, including customer identification and verification of identity;
 - e. suspicious activity reporting, threshold transaction reporting, auditing and annual reporting of systems and processes; and
 - f. regular internal and external audits and reviews of AML/CFT compliance.
38. The SCEG Board's Risk and Compliance Committee discusses, as a standing agenda item at each scheduled meeting, matters relating to the SkyCity Group's AML/CFT obligations and other key compliance obligations.
39. Within the business, a specialist Financial Crime team oversees SCML's compliance with AML/CFT requirements.

Assurance and Audit

40. As part of SkyCity's assurance activities, an independent review is conducted on a regular basis of SCML's AML/CFT Programme to assess the effectiveness of the Programme.
41. An internal assurance function is responsible for monitoring the outcomes of the independent reviews and ensuring that any issues are appropriately addressed.
42. In addition to SkyCity's own internal assurance activities and the independent audits, the DIA also undertakes regular audits at each of SkyCity's land-based New Zealand casinos, including the Casino, to monitor compliance with the SCML's AML/CFT Programme and the NZ AML/CFT Act.

Training

43. Senior managers and employees engaged in AML/CFT related duties receive training on AML/CFT matters.

Current regulatory matters relevant to the SkyCity Group

44. Section 137(1)(b) of the Act provides that the Gambling Commission must not renew a casino venue licence unless it is satisfied that the compliance record of persons with a significant influence is satisfactory. The following regulatory matters relating to members of the SkyCity Group may be relevant to the Gambling Commission's assessment.

AUSTRAC civil proceedings against SkyCity Adelaide

45. In June 2021, SkyCity Adelaide Pty Limited (**SkyCity Adelaide**), a wholly-owned Australian subsidiary of SCEG, was informed by the Australian Transaction Reports and Analysis Centre (**AUSTRAC**) that it had identified potential serious and systematic non-compliance by SkyCity Adelaide with the Australian Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) (**Australian AML/CTF Act**) and it had initiated a formal enforcement investigation into SkyCity Adelaide's compliance with the Australian AML/CTF Act. The concerns relating to SkyCity Adelaide's compliance with its AML/CFT obligations were identified in the course of a compliance assessment which AUSTRAC commenced in September 2019 focusing on SkyCity Adelaide's management of customers identified as high risk and politically exposed persons.
46. Following the investigation, on 7 December 2022, AUSTRAC commenced civil penalty proceedings in the Federal Court of Australia (**Court**) against SkyCity Adelaide for alleged serious and systemic non-compliance with the Australian AML/CTF Act. AUSTRAC's allegations are extensive and include that SkyCity Adelaide:
- a. failed to appropriately assess the money laundering and terrorism financing risks it faced, including the likelihood and impact of those risks, and to identify and respond to changes in risk over time;
 - b. did not include in its AML/CFT Programmes appropriate risk-based systems and controls to mitigate and manage the risks to which SkyCity Adelaide was reasonably exposed;
 - c. failed to establish an appropriate framework for Board and senior management oversight of the AML/CFT Programmes;
 - d. did not have a transaction monitoring program to monitor transactions and identify suspicious activity that was appropriately risk-based or appropriate to the nature, size and complexity of SkyCity Adelaide;
 - e. did not have an appropriate enhanced customer due diligence programme to carry out additional checks on higher risk customers;
 - f. did not have appropriate systems and controls designed to ensure that reports required under Part 3 of the Australian AML/CTF Act were given to AUSTRAC, namely suspicious matter reports, threshold transaction reports and international funds transfer instructions;
 - g. did not have an appropriate enhanced customer due diligence programme that applied to customers who posed a higher money laundering or terrorism finance risk;
 - h. did not include appropriate risk-based systems and controls in its Part B AML/CFT Programmes to enable SkyCity Adelaide to appropriately verify and collect know your customer (KYC) information, or consider whether additional KYC information was required to be collected or verified from a customer; and
 - i. did not conduct appropriate ongoing customer due diligence on a range of customers who presented higher money laundering risks.
47. AUSTRAC alleges that SkyCity Adelaide contravened section 81 of the Australian AML/CTF Act (which relates to the requirement to adopt and maintain an AML/CFT Programme) on an innumerable number of occasions on and from 7 December 2016 and section 36 of the Australian AML/CTF Act (which relates to the requirement to

undertake customer due diligence) on 124 occasions in the period on and from 7 December 2016.

48. SkyCity took the concerns raised by AUSTRAC in June 2021 very seriously and took immediate steps to investigate and seek to address AUSTRAC's concerns. Those steps included establishing a Steering Committee to oversee SkyCity Adelaide's engagement with AUSTRAC throughout the investigation process and its response to addressing the concerns raised by AUSTRAC and engaging an independent expert to conduct a comprehensive review of SkyCity Adelaide's AML/CFT Programme and broader AML function to assist SkyCity Adelaide where appropriate to enhance and improve its AML/CFT Programme and AML function. These reviews were not limited to matters specifically raised by AUSTRAC - they were also directed to identifying areas where SkyCity Adelaide's AML/CFT Programme and AML function could be enhanced or uplifted more generally.
49. On 7 June 2024, the Federal Court of Australia approved an agreement reached between SkyCity Adelaide and AUSTRAC in relation to the civil penalty proceedings. Pursuant to the agreement, SkyCity Adelaide agreed to pay a civil penalty of A\$67 million in relation to admitted historical conventions of the Australian AML/CTF Act and Rules during the period from 7 December 2017 to 14 December 2022.

Independent review by Consumer and Business Services

50. On 1 July 2022, Consumer and Business Services (**CBS**) (the South Australian gaming regulator) advised that the South Australian Liquor and Gambling Commissioner (**Commissioner**) had appointed the Honourable Brian Martin AO KC to undertake an independent review of SkyCity Adelaide in accordance with Part 3 of the *Casino Act 1997 (SA)* to consider, amongst other things, whether SkyCity Adelaide is a suitable person to continue to hold the casino licence in South Australia, whether SCEG is a suitable person to continue to be a close associate of SkyCity Adelaide, and, if SkyCity Adelaide or SCEG is not a suitable person, what changes (if any) are required for that party to become a suitable person.
51. On 6 February 2023, CBS advised that Mr Martin was of the view that it was not possible to reliably determine the question of suitability until the resolution of the civil penalty proceedings filed by AUSTRAC against SkyCity Adelaide on 7 December 2022 and, accordingly, the Commissioner had decided to put the independent review on hold until after the conclusion of those proceedings.
52. On 26 May 2023, the Commissioner issued a direction notice under section 10 of the *Gambling Administration Act 2019 (SA)*, requiring SkyCity Adelaide to appoint a suitably qualified independent expert approved by the Commissioner to, amongst other things, review SkyCity Adelaide's AML/CFT and host responsibility enhancement programmes (together the **enhancement programmes**) and, if required, make amendments to those enhancement programmes, and monitor the implementation of those enhancement programmes by SkyCity Adelaide and SkyCity Adelaide's compliance with its AML/CFT and gambling harm minimisation obligations. On 25 August 2023, Kroll Australia Pty Limited (**Kroll**) was appointed as the independent expert by SkyCity Adelaide.
53. Since its appointment, Kroll has reviewed SkyCity Adelaide's enhancement programmes and engaged with SkyCity Adelaide in the development of a new Building a Better Business Programme of Work, a comprehensive multi-year programme designed to uplift SkyCity Adelaide's structure and processes across the key pillars of risk

management, culture and governance to ensure sustainable compliance across its financial crime and gambling harm minimisation functions.

54. On 11 June 2024, the Acting Commissioner advised that he had determined to recommence the independent review from 11 June 2024 and that Mr Martin is due to report back with his findings by 31 December 2024 (subject to any extension agreed by the Commissioner and Mr Martin).
55. Prior to any findings being made or a final report being provided by Mr Martin, it is not possible to determine what regulatory action, if any, might be applied to SkyCity Adelaide as a result of the independent review.

Suspension application against SCML

56. In September 2023, the Secretary for the Department of Internal Affairs (**Secretary**) made an application to the Commission to temporarily suspend SCML's New Zealand casino operator's licence for a period "in the range of 10 days" pursuant to section 144(a) of the Act.
57. The application was made by the Secretary following a complaint made in February 2022 to the Department by a former customer who gambled at the SkyCity Auckland casino over the period from August 2017 to February 2021. The Secretary stated in the application that SCML did not comply with requirements in its SkyCity Auckland Host Responsibility Programme relating to the detection of incidents of continuous play by the customer.
58. On 17 July 2024, SCML reached an agreement with the Secretary to resolve the Secretary's application. Under the agreement:
 - a. SCML has acknowledged that it did not meet the requirement in the SkyCity Auckland Host Responsibility Programme (**HRP**), and therefore SCML's casino operator licence, relating to the detection of some incidents of continuous play by the customer due to a design error in a technology system developed by SkyCity to monitor continuous play by carded customers (which has since been rectified);
 - b. SCML has also acknowledged that it failed to exercise the level of vigilance required by the HRP to use staff observation and intervention independently and alongside that technology to identify those incidents of continuous play by the customer and then act appropriately – such vigilance being especially relevant for customers like the complainant whose problematic behaviour was silent or hidden; and
 - c. SCML has formally apologised to the Secretary for these failures and agreed to close the gambling area of the SkyCity Auckland casino for five consecutive days from 9 to 13 September 2024 in an effort to resolve the matter in an expedient manner and without undue delay.

DIA civil proceedings against SCML

59. On 16 February 2024, the DIA filed civil penalty proceedings in the New Zealand High Court against SCML for non-compliance by SCML with the NZ AML/CFT Act. The DIA's enforcement response followed a review of SCML's compliance with the NZ AML/CFT Act.
60. On 20 May 2024, SCML reached an agreement with the DIA to resolve the proceedings. The agreement is subject to approval by the High Court of New Zealand, for which a hearing is set for 5 September 2024.

61. Under the agreement:

- a. SCML has admitted that it has breached its obligations under the AML/CFT Act to undertake and review a fully-compliant risk assessment, establish, implement, and maintain a fully-compliant AML/CFT compliance programme, adequately conduct account monitoring, conduct compliant enhanced customer due diligence, and terminate business relationships when required;
- b. the proceedings cover matters noted in DIA or audit reports from 2014 onwards indicating certain deficiencies in SkyCity's AML/CFT risk assessment and programme which were not fully remediated until July 2021;
- c. the breaches which SCML has admitted span from 2018 to 2023 and relate to largely, although not exclusively, historical matters;
- d. SCML and the DIA have agreed to jointly recommend that the Court impose a civil pecuniary penalty of NZ\$4.16 million in respect of SCML's admitted breaches of the Act.

Uplift Programmes

62. Since late 2021, SkyCity has had in place a significant AML/CFT enhancement programme to address compliance systems and correct historical shortcomings. This has involved, and continues to involve, significant investment in people and technology, and various reviews of SkyCity's processes and systems to identify areas which require improvement.

63. This enhancement programme includes:

- a. completing a refresh of the SkyCity Board;
- b. recruitment of directors to the Board with specialist risk expertise;
- c. creation of a dedicated Board Risk and Compliance Committee to oversee SkyCity's AML/CFT, host responsibility, risk management and other compliance obligations;
- d. adopting a three lines of accountability control framework within the SkyCity Group;
- e. increased internal audit capabilities and enhanced external audit scrutiny with oversight by the Audit Committee and the Risk and Compliance Committee;
- f. appointment of a Group Chief Risk Officer;
- g. significant enhancement and investment in SkyCity's internal AML/CFT resourcing and capability, processes and systems, including development of enhanced transactional monitoring capabilities;
- h. applying higher standards of due diligence on customers as appropriate, lowering cash thresholds before enhanced customer due diligence is required, and ceasing to deal with junket operators;
- i. continuing to increase capacity in SkyCity's financial crime, risk and compliance and host responsibility teams, with approximately 113 employees as at 30 June 2024;
- j. reducing risk and complexity in the business by changing policies in line with a lower risk tolerance, limiting ways in which customers can transact;
- k. enhancing facial recognition technology at SkyCity's Auckland and Hamilton casinos to monitor continuous play by both carded and uncarded customers;

- l. increased monitoring of ATMs at SkyCity's Auckland and Hamilton casinos through the use of facial recognition technology to monitor repeat withdrawals and multiple declined transactions for indicators of problem gambling;
 - m. increasing the number of interactions with customers to assess for signs of problem gambling;
 - n. the rollout of a new Advanced Host Responsibility staff training programme for frontline staff; and
 - o. committing to implement mandatory carded play across SkyCity's New Zealand properties by July 2025, which once operational will further strengthen SkyCity's ability to manage AML/CFT risks.
64. Additionally, there has been significant focus on, and investment in, the continuous improvement of the SkyCity Adelaide business in the past years, including since AUSTRAC first raised its concerns in mid-2021, including:
- a. appointment of an independent expert in July 2021 to conduct a comprehensive review of SkyCity Adelaide's AML/CTF Programme and broader AML/CTF function to identify areas where SkyCity Adelaide could enhance and improve its systems and processes;
 - b. development and rollout of a comprehensive AML Enhancement Programme for SkyCity Adelaide from November 2021, which took into account the findings and recommendations from the independent expert's review, and SkyCity Adelaide's own internal review, of the SkyCity Adelaide AML/CTF Programme and wider AML/CTF function;
 - c. SkyCity Adelaide has made a number of governance changes to support its focus on compliance systems and processes, including completing a refresh of the SkyCity Adelaide Board;
 - d. significant enhancement and investment in SkyCity Adelaide's internal AML/CTF resourcing and capability, processes and systems, including transactional monitoring capabilities and approach to ongoing customer due diligence;
 - e. renewed focus on SkyCity Adelaide's relationships with law enforcement agencies;
 - f. introduction of an enhanced approach to the identification of money laundering and terrorism financing (**ML/TF**) risk, including a written ML/TF risk assessment methodology, new business unit specific AML/CTF risk assessments, a new enterprise-wide AML/CTF risk assessment, and new standards and standard operating procedures to support the ML/TF risk assessment process;
 - g. adoption of a revised Standard Part A AML/CTF Programme for SkyCity Adelaide in October 2021 and November 2022 and a revised Standard Part B AML/CTF Programme for SkyCity Adelaide in June 2023.
65. SkyCity is committed to continuing to uplift its processes and systems across the SkyCity Group, particularly with respect to AML/CFT and host responsibility matters.

SECTION 6: ASSESSMENT OF ECONOMIC AND SOCIAL IMPACTS

Casino Impact Report

1. The CIR assesses the expected social and economic effects on the local and regional areas affected by the operation of the Casino, and on New Zealand generally, of the continued operation of the Casino and the closure of the Casino.
2. Pursuant to section 134(3) of the Act, the Gambling Commission approved the authors of the CIR, being Carl Davidson, Simon Harris and Geoff Butcher, as being independent of QCL in its decision included at Appendix Five.
3. The CIR establishes that the ongoing operation of the Casino results in a 'net benefit' to the local and regional communities, and to New Zealand generally.
4. When the expenditure, employment, and other activities of the Casino are included in a model of the Queenstown and Otago economies, the Casino generates a total of 60 FTEs, \$9.18 million in value added, and \$4.50 million in household income.³
5. If the Casino were to close the economic impacts would be minor.⁴ When the gross impacts of the Casino expenditure are aggregated with the tourism generation impacts associated with visitors to Queenstown, and the likely impacts of continued expenditure in Queenstown in the absence of the Casino are subtracted from the previous two items, the net impact of the Casino is an estimated -10 FTEs in employment, \$3.73 million per annum in value added, and \$1.07 million per annum in household income.⁵
6. The relatively low impact should not be seen as discounting the Casino's value. The CIR's analysis indicates⁶:
 - a. the Casino is a source of employment that appears to be more highly paid than is typical for other hospitality type businesses in Queenstown. Its closure would cause disruption to its staff and it seems likely that any replacement employment would be at lower salary.
 - b. the Casino provides an entertainment option in the town, and its removal would decrease the range of options available as the alternative use of the space is likely to be accommodation.
 - c. the Casino is obviously valued by its patrons, who have indicated high levels of satisfaction with its facilities, and who would be expected to generate consumer surplus from their use of the Casino that is additional to the quantified impacts estimated in the CIR.
 - d. Non-renewal would deprive the community of funding for a range of organisations that are also contributing to the wellbeing of Queenstown and the Otago region.
 - e. Rather than reducing gambling harm, closure of the Casino might increase the potential for harm if Queenstown and Otago residents who wish to keep gambling shift to more dangerous types such as Class 4 venues or online gambling.
7. The national impacts of the Casino are also important. It generates \$3.98 million in taxes and levies nationally, and in the absence of the Casino the CIR's authors would

³ CIR at 7.1.3

⁴ CIR at 1.4

⁵ CIR at 7.1.3

⁶ CIR at 1.4

expect lower contributions to casino duty and DIA levy, and lower corporate and personal income taxes paid. Scaling from the national impacts of Christchurch Casino the authors would expect the Queenstown Casino to generate more than \$7–\$11 million in real gross disposable national income per annum.⁷

⁷ CIR at 7.1.3