

Document No: A438330

Report To: Council



Meeting Date: 30 July 2019

Subject: Hamilton City Council – Request for Support: SKYCITY Casino Hamilton Application

Type: Decision Required

Purpose of Report

- 1.1 The purpose of this business paper is to provide Council with further information pertaining to Hamilton City Council's (HCC) request for support in opposing an application by SKYCITY Casino Hamilton to introduce 60 gaming machines in exchange for three blackjack tables at the SKYCITY Casino in Hamilton.

Commentary

- 2.1 Council, at its meeting on 28 May 2019, considered a business paper presenting letters received from HCC. One letter was addressed to Mayor Hanna from HCC Mayor Andrew King, and the second letter was addressed to the Chief Executive from the HCC Chief Executive, Richard Briggs. Mayor Hanna expanded verbally on that business paper briefing the Council on a telephone call received from Mayor King on this matter. A copy of the business paper is attached to and forms part of this business paper.
- 2.2 At the 28 May 2019 meeting, Council was unanimous that they could not support "in principle" or not support\ due to a lack of information and resolved as follows:
- 2 *Hamilton City Council be requested to provide further information on the SKYCITY Casino Hamilton application, so it can make an informed decision.*
- 3 *Hamilton City Council be advised that Waitomo District Council will not be making any financial contribution.*
- 2.3 HCC was advised that WDC would not make a financial contribution and requested further information so it could make an informed decision as to whether or not it would support HCC's position "in principle".
- 2.4 HCC referred WDC to HCC Agendas of 7 February 2019 and 9 April 2019 from the HCC Website which detail the background information.
- 2.5 On 28 June 2019, Council was provided with this information and advised that the matter would be included on the July 2019 Council Agenda for further consideration.

Recommendation

- 3.1 Council now needs to decide whether or not to support HCC's position "in principle".

Suggested Resolutions

- 1 The business paper on Hamilton City Council – Request for Support: SKYCITY Casino Hamilton Application be received.
- 2 Council support "in principle" / not support Hamilton City Council's opposition to the SKYCITY Casino Hamilton application.



MICHELLE HIGGIE
EXECUTIVE ASSISTANT

Attachment: Waitomo District Council business paper – 28 May 2019

Circulated Separately: References to Hamilton City Council's Website for Business Papers and Minutes:

- 1 7 February 2019 - providing a background to SKYCITY's submission and the application
- 2 9 April 2019 - providing the rationale for Hamilton City Council's stance
- 3 9 April 2019 - Minutes

From: Michelle Higgie
Sent: Friday, 28 June 2019 11:25 AM
To: Allan Goddard; Guy Whitaker; Janene New; Mayor; Phil Brodie; Sue Smith
Cc: Chris Ryan
Subject: Hamilton City Council – Request for Support: SKYCITY Casino Hamilton Application
Attachments: HCC - Sky City Attach 1 - 7 Feb 2019 HCC Report outlines background to the submission as well as the SKYCITY application.pdf; HCC - Sky City Attach 2 - 9 April 2019 HCC Report outlines the rationale for enlisting a Queens Council to oppose the application.pdf; HCC - Sky City Attach 3 - 9 April 2019 HCCC Minutes outline the request that the CE offer other organisations the opportunity to support the opposition via funding.pdf

Morning All

At the Council meeting on 28 May a request from Hamilton City Council (HCC) to support their opposition to SKYCITY Casino Hamilton's application to introduce 60 gaming machines in exchange for three blackjack tables at the SKYCITY Casino in Hamilton was considered. At that meeting Council resolved -

- 1 *The business paper on Hamilton City Council – Request for Support: SKYCITY Casino Hamilton Application be received.*
- 2 *Hamilton City Council be requested to provide further information on the SKYCITY Casino Hamilton application, so it can make an informed decision.*
- 3 *Hamilton City Council be advised that Waitomo District Council will not be making any financial contribution.*

Attached to this email are copies of HCC business papers providing a background to SKYCITY's submission and the application (7 February 2019) and the rationale for HCC's stance (9 April 2019) and the HCC Minutes (9 April 2019) where HCC agreed to seek financial support from other organisations.

I will include this item in the July Agenda for further consideration.

Michelle Higgie | Executive Assistant

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Council Report

Committee: Council **Date:** 07 February 2019
Author: Andy Mannering **Authoriser:** Jen Baird
Position: Social Development Manager **Position:** General Manager City Growth
Report Name: Submission on SKYCITY application to amend Casino licence conditions

Report Status	<i>Open</i>
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Purpose

- To recommend that the Council approves a submission to the Gambling Commission (**the Commission**) opposing SKYCITY's application to install at the Hamilton Casino 60 additional electronic gaming machines (**EGMs**) in substitution for three Black Jack tables including changes to floor plan, design and layout to enable this.

Staff Recommendation

- That the Council:
 - approves the draft submission (attachment 3 of the staff report) opposing SKYCITY's application to the Gambling Commission to amend its licence conditions; and
 - notes that the Chief Executive will circulate external expert advice in support of councils submission to Elected Members prior to it being attached to the final submission to be presented to the Gambling Commission.

Background and Discussion

- The Commission received an application from SKYCITY on 10 December 2018 to install at the Hamilton Casino 60 additional EGMs (taking the total EGMs to 399 from 339) in substitution for three Black Jack tables (taking total tables from 23 to 20) including changes to floor plan, design and layout to enable this.
- SKYCITY's application letter (attachment 1) and appendices (attachment 2) set out the details of SKYCITY's application in full.
- Section 140 of the Gambling Act 2003 (**the Act**) provides that the Commission must notify potentially affected persons of any proposed licence condition changes who may then make written submissions.
- The Commission may forward any submissions received to SKYCITY and invite SKYCITY to file submissions in reply before making a decision.
- Council have been invited to make a written submission on SKYCITY's application which must be received by the Commission by 19 February 2019.

9. Staff have assessed that there are two reasonable and viable options for the Council to consider including:
- make a submission on SKYCITY's application (Option 1)
 - do not make a submission on SKYCITY's application (Option 2)
10. Although SKYCITY suggest the increase in EGMs may be considered proportionate to the decrease in tables, Staff recommend that the Council make a submission on SKYCITY's application (Option 1) taking into consideration the following:
- the application provided by SKYCITY provides no clear evidence to confirm the change from tables to machines is 'proportionate'
 - the Council's existing sinking lid position of EGMs in its community as per its Class 4 Gambling Venue Policy
 - the inability of the Council to regulate SKYCITY's licence conditions despite any licence amendment having a potential impact on the community of Hamilton
 - there has been no discussion with the Council, prior to the application being submitted, of any further benefit to the community of Hamilton of SKYCITY's proposed increase in the number of EGMs
 - there is no evidence that SKYCITY have consulted the community
 - the potential for 60 further EGMs, regardless of the reduction of tables, to enable an increase in opportunities to gamble which would then contravene s11 of the Act
 - SKYCITY is only required to provide 1.5% of casino operations for distribution to the community compared to Class 4 trusts which provide 40% of net proceeds for distribution to the community
 - two of the three proposed tables being replaced are in the VIP Casino area for 32 new EGMs in the general Casino area
 - the Commission's submission process is not open to the public
 - invited submitters are not provided an opportunity to be heard by the Commission
9. Given the above considerations, a draft submission (attachment 3) addressed to the Commission opposing SKYCITY's application has been prepared which will be submitted if the Council approves the staff recommendation.
10. Staff also await supporting data to endorse the Council's submission requested from experts and recommend attaching this to the submission to give further weight upon it arriving prior to the close date of 19 February 2019. The staff recommendation 2(b) enables the Chief Executive to attach this data following Elected Members perusal prior to it being attached to the submission.
11. Not making a submission (Option 2) will result in the Council missing an opportunity to make its position known to the Commission and therefore the Commission will not be able to make an informed decision.

Financial Considerations

12. The cost to prepare this report and submission is \$2,000 of staff time, funded within existing budgets.

Legal and Policy Considerations

13. The staff recommendation complies with the Council's legal and policy requirements.

Cultural Considerations

14. The submission acknowledges that the Council should be given any powers it deems appropriate to reduce the impact of gambling on the Maaori community.

Risks

15. There are no known risks associated with the decisions required for this matter.

Significance and Engagement

16. Staff consider that the Staff recommendation to provide a submission on SKYCITY's application has low significance, no engagement is therefore required.

Attachments

Attachment 1 - SKYCITY Hamilton Casino - Application Letter

Attachment 2 - SKYCITY Hamilton Casino - Application Letter (Appendices)

Attachment 3 - SKYCITY Hamilton Casino - Draft Submission

10 December 2018

Blair Cairncross
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Gambling Commission
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Dear Blair

Application to amend licence conditions and related applications to approve design changes and new game mix at SKYCITY Hamilton Casino

Executive Summary

1. SKYCITY Casino Management Limited ("**SCML**") seeks to deploy 60 additional gaming machines ("**EGMs**") at SKYCITY Hamilton Casino ("**Casino**") in substitution (and removal) of three existing Blackjack tables.
2. Section 12(2)(a) of the Gambling Act 2003 ("**Act**") contemplates that a casino may increase the number of its EGMs provided that such increase is accompanied by a reduction in the number of its table games the Gambling Commission ("**Commission**") "*believes is proportionate*".
3. The Act does not set out a formula for determining what constitutes a proportionate reduction in table games for the purposes of section 12(2)(a) and the Commission has not previously considered the matter. However, in SCML's view, the following scenarios provide precedence and guidance for the Commission:
 - (i) a similar reduction was previously considered and determined by the New Zealand Government in the context of the regulatory concessions granted to SKYCITY Entertainment Group Limited pursuant to the New Zealand International Convention Centre Act 2013, pursuant to which 60 EGMs were permitted to be deployed at SKYCITY Auckland Casino in substitution of three Blackjack table games. Although the 60 EGMs in question were a type of EGM known as an automatic table game ("**ATG**"), the Electronic Gaming Machine Rules make no distinction between different EGM types; and
 - (ii) casino licence conditions have historically included a ratio which prevents casino operators from having more than 15 EGMs per gaming table.

4. To give effect to the proposed change outlined in paragraph 1 above, the Commission will also need to approve a new game mix for the Casino and design changes to accommodate the revised product mix.
5. The Commission's previous approach in considering applications for new game mixes has been to compare what is being proposed with what has been approved in the past - if necessary, by reference to the game mix which provides for the most opportunities for casino gambling. In doing so, the Commission has considered comparative data relating to player spaces and rate of play, but has made it clear in its decisions that its assessment is framed on a common sense in the round basis rather than by arithmetic calculations.
6. In the context of player spaces, 60 EGMs represent 60 player spaces and three Blackjack tables represent 63 player spaces. The installation of 60 additional EGMs in substitution of three Blackjack tables would therefore result in three fewer player spaces overall at the Casino.
7. In the context of a rate of play comparison, on the face of it, the 60 additional EGMs arguably represent more theoretical opportunities than the three Blackjack tables. However, this comparison is potentially misleading and does not take account of the very different wagering patterns adopted by EGM and Blackjack players. When wagering patterns are factored into modelling scenarios, a different picture emerges. If theoretical opportunities are to be given any weight at all, SCML believes that they must be considered in the context of the wagering opportunities they present to ensure any comparisons are meaningful.
8. For the avoidance of doubt, although this application necessarily involves a change to the game mix at the Casino, SCML does not believe that any proportionality assessment for the purposes of section 12(2)(a) of the Act requires a balancing of respective casino gambling opportunities between the two products.
9. Furthermore, SCML contends that the 15:1 ratio referred to above is a historical indicator of what has been considered the appropriate number of EGM vs table game product within a casino setting when maximum limits for EGMs and tables games were not specified in casino licences. However, the introduction of maximum limits for EGMs and tables games in casino licences superseded the need to specify a ratio. Additionally, the ratio frustrates the application of section 12(2)(a) of the Act as an increase in EGMs at the Casino (albeit accompanied by a proportionate reduction in table games) would result in the 15:1 ratio being exceeded. As the purpose of the ratio is no longer evident, SCML contends that it would be better to revoke this condition in its casino operator's licence rather than invite the Commission to exercise its discretion pursuant to the condition to approve a ratio which exceeds 15:1.

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Proposal to vary/revoke licence conditions

10. SCML seeks a variation/revocation to the conditions of its casino operator's licence ("Licence") in respect of the Casino to:
- (i) increase the number of EGMs in the gambling area from 339 to 399;
 - (ii) decrease the number of gaming tables in the gambling area from 23 to 20; and
 - (iii) remove the requirement that the ratio of EGMs to gaming tables in the gambling area should not exceed 15 to 1, except with the approval of the Commission.

The applications in respect of Licence conditions 5, 6 and 7 are attached as **Appendix 1**.

Application for approval of revised Annex A

11. Should this application be approved, consequential changes to SCML's game mix involving three fewer gaming tables will be necessary.
12. Pursuant to condition 9 of the Licence, SCML must obtain the prior approval of the Commission for any change to the game types and/or game mixes specified in Annex A attached to the Licence (attached as **Appendix 2**), which includes the regulatory benchmark (game mix 1) and 20 further game mixes, including game mix 16 which is currently relied on.
13. The revised Annex A for which approval is sought (also attached as **Appendix 2**) includes the existing regulatory benchmark (game mix 1) and one further game mix with 20 tables and 399 EGMs. This game mix is a variation to game mix 16 and involves the removal of three 7 Box Blackjack games and the addition of 60 EGMs. The notes to the revised Annex A have been amended to reflect the game types featured in the revised Annex A.

Application for design changes

14. The approval of the proposed variations and revised Annex A would necessarily require a design change to the gambling area to enable the 60 additional EGMs to be deployed. Accordingly, the proposed design change (attached as **Appendix 3**) involves opening the Diamond Lounge by removing two outer walls to create a larger open plan area. The affected area and walls are outlined in **Appendix 3**.
15. In accordance with licence condition 6 of the casino venue licence held by SKYCITY Hamilton Limited ("SCHL"), the licence holder must obtain the approval of the Commission prior to construction or design changes to Levels B1 and 1 of the Casino, including the gambling area.
16. The process by which SCHL may obtain approval for construction and design changes is then set out in licence condition 7, which calls for an assessment as to whether the proposed changes would have an adverse impact on the integrity and fairness of games;

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the effectiveness of security and surveillance; harm prevention, harm minimisation and responsible gambling; potential access to the gambling area by persons under 20 years of age; and compliance by any person with the Act, including section 11.

17. The removal of the two outer walls would have no adverse impact on the matters highlighted in licence condition 7. Any necessary adjustments to the CCTV system will be undertaken to ensure SCML continues to satisfy the Surveillance Standard.
18. Accordingly, SCHL seeks the Commission's approval to implement the proposed construction and design changes.

Application for approval of revised floor plans

19. Pursuant to Licence condition 12, SCML shall obtain the approval of the Commission for new floor plans prior to relocating or installing tables or EGMs in positions not currently specified. The last floor plan approved in respect of the Casino is labelled 'December 2018 II'.
20. In GC13/18, the Commission indicated that applications for related approvals be made at the same time so that the Commission can properly assess the totality of what is intended. The Commission said that if a casino operator intends to make an operational change which will involve approvals for construction and design changes, new floor plans and new game mixes, it is highly desirable that all related matters requiring approval be considered (and, if thought appropriate, approved) at the same time.
21. In light of those comments, SCML has included floor plans showing the proposed changes to the positions of the gaming tables and EGMs which reflect the installation of the additional 60 EGMs and reduction of three gaming tables (the subject of this application).
22. Attached as **Appendix 4** is a marked-up floor plan labelled 'February 2019 Explanatory Plan' which shows where SCML is proposing to remove the three gaming tables and install the additional 60 EGMs. A clean copy of this plan, labelled 'February 2019' is also included for consideration and approval.

Opportunities for Casino Gambling

23. Section 11 of the Act prohibits a person from increasing the opportunities for casino gambling. In terms of section 12(1) of the Act, decisions on what constitutes an increase in the opportunities for casino gambling are a function of the Commission. Section 12(2)(a) of the Act recognises that an increase in the opportunities for casino gambling includes but is not limited to an increase in the number of EGMs *unless* the increase is accompanied by a reduction in the number of table games that the Commission believes is proportionate.

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Proportionality

24. The Commission has not previously determined the proportionality between casino table games and EGMs. It must do so to determine whether the proposed increase in the number of EGMs would be appropriately offset by the proposed reduction to the number of gaming tables. If it believes the proposed change is proportionate, then it would also need to consider whether to agree that the ratio of gaming machines to tables may exceed 15:1. The Commission could grant such an approval pursuant to Licence condition 7 or revoke the condition if it considered that the ongoing application of the ratio would be rendered meaningless. The proposed changes could not be implemented under the terms of the current ratio.
25. A proportionality assessment should not, in SCML's view, be limited to a theoretical comparison of gambling opportunities the respective products represent although that may provide some guidance. A shared reference point based around casino gambling opportunities is likely to facilitate comparisons but is difficult to calculate. Over the years, the Commission has repeatedly indicated that assessing opportunities for casino gambling cannot be reduced to a formula, but rather requires a common-sense assessment of the situation to form an overall view in the round which is ultimately a matter of impression and judgement.
26. The different characteristics of the respective products means, even a common-sense assessment of the number of gambling opportunities they represent is challenging. It is even arguable whether casino gambling opportunities is the right measure. Certainly, there is nothing in section 12(2)(a) of the Act itself (or elsewhere in the Act) to suggest that proportionality is to be determined by a balancing of the respective casino gambling opportunities associated with the increase in EGMs and reduction of casino table games. SCML believes that a wider range of considerations is called for. Issues that may have some relevance to a proportionality assessment are explored in detail below.

Player spaces

27. The number of player spaces associated with different games has traditionally been applied to the assessment of gambling opportunities. In terms of casino table games, the number of persons who may wager on a game is usually determined by the game rules, which specify the maximum wagering areas and the number of persons who may place wagers on those areas. There are some exceptions where the rules do not specify the maximum number of players who may wager, but they have no relevance to the current application.
28. SCML's proposal involves the removal of three 7 box Blackjack games and the installation of 60 additional EGMs. Each Blackjack game has a maximum of 21 player spaces as determined by the Blackjack rules - representing 63 player spaces in total. EGMs have traditionally not been assessed or assigned a maximum number of player spaces – unlike table games which are designed for group play, EGMs may only be played by one person. Thus, while EGMs may be categorised as either "single-terminal" or "multi-terminal",

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only one player may wager on a terminal at any one-time meaning EGMs can only ever represent a single player space. The 60 additional EGMs therefore constitute 60 player spaces.

29. If player spaces were to be used as the sole criterion for assessing proportionality, then the installation of 60 additional EGMs in place of three Blackjack tables should be considered broadly proportionate – 63 player spaces are replaced with 60.

Rate of Play

30. Historically, the Commission has considered rate of play as another relevant factor in assessing gambling opportunities. In response to a Commission request for better data which could reliably be used to assist in the determination of opportunities for casino gambling, SCML undertook a series of trials in 2010. These trials were designed to determine how many games of each different type could be conducted over a 15-minute period while maintaining a constant set of variables. In terms of the trial data, a 7 box Blackjack game generated 34 games over the 15 minutes of play. The Commission indicated that it considered the trial data a very valuable addition to the information then available. SCML has added to this data over the years as new table games have been introduced.
31. Nonetheless, the limitations associated with these artificial “speed” trials have been generally acknowledged by all parties and reflected in the Commission’s decisions over the years. The Commission has accepted that indicative figures in relation to rate of play (in conjunction with theoretical player number limits) do provide some general guidance, but are not determinative and cannot be applied as an arithmetic formula.
32. There has never been any need to consider the rate of play associated with EGMs. Unlike casino table games which are characterised by a unique set of rules for each game type, EGMs are governed by one generic set of rules. As they have always been treated as a generic product, any changes to the EGM “mix” via game conversions/replacements have never been subject to a requirement for prior regulatory approval. To the extent that the Commission may consider EGM rate of play as having some relevance to the proportionality assessment, it is explored further below.
33. There are essentially two types of EGMs in operation at the Casino. One type replicates table games and is known as a multi-terminal EGM or ATG. There are 12 ATGs currently operating at the Casino. The rate of play associated with an ATG is controlled by the terminals and not the players. The terminals are configured to complete a round of play every 30 seconds or 30 games per 15 minutes.
34. The other type of EGM is known as a single terminal EGM and is by far the most common type of EGM at the Casino and in all other venues operating EGMs. The rate of play associated with single terminal EGMs is determined in part by the player (ie, how quickly they activate the play button following completion of each game) and in part by game

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design, most notably the features specific to that game and the number of occasions on which those features are struck. Game features extend playing time and consequently slow the rate of play.

35. SCML staff recently undertook two trials in the Mock Training Room at the SKYCTY Auckland Casino to provide the Commission with rate of play data in relation to single terminal EGMs. Four single terminal EGMs were played for a period of 15 minutes. Two of those EGMs are currently used at the Casino (being Autumn Moon and Fortune Fury Jackpots), one has been used there previously (being QS Phoenix and Peony) and the fourth has never been used in that location (being Crusader King). Both trials were supervised by the Department of Internal Affairs (“DIA”). A record of the results and DIA verification of the trials are shown in the reports attached as **Appendix 5**.
36. The trial results are included in Table 1 below, which also includes rate of play data for Blackjack and ATGs:

Table 1 – trial rate of play comparison

Game type	Rate of play (per 15 minutes)
Autumn Moon	99
QS Phoenix & Peony	135
Fortune Fury Jackpots	170
Crusader King	201
Average rate of play across 4 single terminal EGMs	151
Blackjack/Pontoon – 7 box	34
ATG	30 (configured by machine)

37. The indicative figures suggest that a single terminal EGM might be expected to generate anything from 3-6 times as many rounds as Blackjack games. Table 2 below combines rate of play with player spaces to construe the respective theoretical opportunities:

Table 2 – theoretical opportunities

Game	Spaces	Rate	Removal	Additions	Total spaces	Theo opportunity
BJ/Pontoon 7 box	21	34	3		63	2,142
Single terminal EGM	1	151		60	60	9,060

38. To the extent that these calculations of theoretical opportunities have any relevance at all, they should be considered in the context of the Commission’s view that assessments cannot be reduced to simple arithmetic formulas and are not determinative. The case in question is a good illustration of the flaws associated with such calculations and how rate of play data alone creates a distorted and potentially misleading comparison as explained below.
39. There is a significant difference between the wagering opportunities presented by the respective products. For example, based on player rating data for the month of August

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2018, the average Blackjack wager at the Casino was \$86. This compares with the average wager on a single terminal EGM at the Casino over the same period of \$1.03.

40. Similar comparisons can be made without relying on average wager data. 92% of EGMs at the Casino permit players to wager 20 cents or less on a game. The lowest possible wager on a Blackjack game at the Casino is \$5.00 and two of the three Blackjack games SCML is proposing to replace have minimum wagers of \$10.
41. This additional indicative data is included in Table 3 below to provide a more meaningful comparison.

Table 3 – theoretical opportunities

Game	Theo opportunity	Average wager	Theo opportunity x average wager	Minimum wager	Theo opportunity x minimum wager
BJ/Pontoon 7 box (3 tables)	2,142	\$86	\$184,212	\$5.00	\$10,710
Single terminal EGM (60 EGMs)	9,060	\$1.03	\$9,331	20 cents	\$1,812

42. If wagering opportunities are considered alongside other theoretical opportunities, as SCML contends they should be, a very different picture emerges and suggests that the additional EGMs represent significantly less than the tables they replace.
43. The next section provides further context for assessing the disparity in theoretical opportunities.

Regulatory concessions NZICC

44. Schedule 12 to the New Zealand International Convention Centre Project and Licensing Agreement (“**Agreement**”), which is attached as **Appendix 6**, includes a mix of games (game mix A.1) that may be operated by the licence holder on casino gaming tables, subject to the conditions noted. One of those conditions allows the licence holder to substitute each table for up to 20 ATGs. The New Zealand International Convention Centre Act 2013 gives effect to the Agreement and game mix A.1 was included as Annex B to SCML’s casino operator’s licence in respect of SKYCITY Auckland Casino pursuant to GC21/15.
45. The matter would seem to be of direct relevance to this application in that it represents the only occasion to date where a casino has been authorised by law to substitute casino table games for EGMs. In terms of that authorisation, seven different table game types may be substituted individually for up to 20 ATGs. The rationale for determining how many ATGs may be substituted for each table is not specified, but given that each of the tables is subject to a varying range of player spaces and theoretical rate of play, the individual characteristics of those games don’t appear to be the driving force in

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determining the substitution level. For instance, a game of Caribbean Stud Poker with a maximum of 7 player spaces and which generates approximately 12 games per 15 minutes under trial conditions may be replaced with 20 ATGs which each generate 30 games per 15 minutes. This equates to substituting 84 theoretical opportunities with 600. Another example of direct relevance to this application involves the permitted substitution of three Blackjack games with 60 ATGs.

46. While the number of substitutions in this case is not linked to a requirement for proportionality or to ensure that there is no increase in casino gambling opportunities, common-sense suggests that the alternative formulation was designed to substitute like for like.

Ratio of gaming machines: tables

47. As previously noted, the Act does not require the Commission to determine proportionality by achieving a theoretical equilibrium in casino gambling opportunities. Rather, it is what the Commission believes is a proportionate reduction in table games.
48. The Licence conditions specify that the ratio of EGMs to gaming tables in the gambling area shall not exceed 15 to 1. This requirement was originally included by the Casino Control Authority (“**Authority**”) at a time when licence conditions did not always specify a maximum number of EGMs or gaming tables and, in effect, appears to have been an attempt by the Authority to establish what it considered to be an appropriate relationship between the two products. That licence condition was carried forward when the Authority was disestablished and following a general review of licence conditions in 2006/2007 was retained by the Commission.
49. A ratio is a tool for ensuring the relationship between two variables is proportionate. The Authority identified a need to ensure a proportionate relationship between EGMs and gaming tables when casinos were first established, and the Commission did not seek to disturb that relationship following its review of the Licence conditions.
50. The views the Commission took on proportionality in the context of the Licence condition review may have some relevance to its views on proportionality pursuant to section 12(2)(a) of the Act.
51. While the ratio may provide some guide to proportionality, its application would effectively prevent any increase in EGMs accompanied by a proportionate reduction in gaming tables at the Casino as any such change would exceed the specified ratio as set out in the Licence conditions. That seems inconsistent with the statutory provision which envisages an increase in EGMs where the Commission believes them to be offset by a proportionate reduction in table games. It is for this reason that SCML seeks the revocation of this condition.

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Previous Commission decisions on proportionality

52. In GC04/09, the Commission recognised that, in addition to the 34 gaming tables and 500 EGMs that Christchurch Casino Limited (“CCL”) was permitted to operate, CCL should be permitted to increase the number of gaming tables or EGMs to reflect the equivalent opportunity represented by Keno and the Racing Game.
53. In its decision, the Commission noted that neither Keno nor the Racing Game could strictly be considered either table games or EGMs in terms of the relevant licence and could not easily be compared with either. In the round, it found that Keno and the Racing Game should be treated as the equivalents of the table games Roulette and Tai Sai and that CCL should be permitted to substitute either one game of Roulette or one game of Tai Sai for each of Keno and the Racing Game.
54. The Commission subsequently clarified in GC18/13 that the substitution permitted in GC04/09 was based on a Keno game with four ticket terminals.
55. SCML has reviewed GC04/09 and GC18/13, but has not identified anything that would assist with the current assessment.

Responsible Gambling

56. SCML’s Host Responsibility team has reviewed the proposals set out in this application and is satisfied that they will have no adverse impact on its efforts to prevent and minimise harm from gambling, including problem gambling. SCML’s Host Responsibility Programme and Problem Gambling Identification Policy are designed to facilitate responsible gambling and to mitigate the risk of problem gambling regardless of whether customers are wagering on EGMs or tables. Proportionate changes to the product mix will not detract from its endeavours in this regard.

Conclusion

57. This is the first application of its kind where the Commission has been asked to approve an increase in the number of EGMs accompanied by a reduction in the number of tables at a casino. The Act recognises that where the increase is proportionate to the reduction, no increase in the opportunities for casino gambling arises. It is for the Commission to determine what is proportionate and there is no formula to guide its considerations in that regard.
58. A comparison of gambling opportunities presented by EGMs and casino tables is difficult given the different characteristics of the respective products. The Commission faced a similar challenge in 2009 when it attempted to assess the equivalent opportunity represented by Keno and Racing Game vis-a-vis casino tables. On that occasion, it found no assistance in the use of arithmetic formulas and over the years has consistently favoured a common-sense assessment to form an overall view in the round.
59. Nonetheless, the Commission has traditionally considered issues such as player spaces and rate of play when forming its judgement and for that reason SCML has sought to

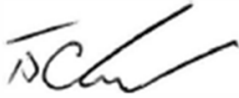
SKYCITY Entertainment Group Limited

Federal House 86 Federal Street PO Box 6443 Wellesley Street Auckland New Zealand
Telephone +64 (0)9 363 6141 Facsimile +64 (0)9 363 6140 www.skycitygroup.co.nz

provide data relevant to these areas for the Commission to assess as it sees fit. However, SCML strongly believes that a rate of play comparison on its own is misleading and to the extent it is considered at all should be considered in the context of wagering patterns associated with the respective games.

60. Furthermore, a common-sense assessment of proportionality should entail wider considerations unrelated to casino gambling opportunities. The use of a longstanding ratio to reflect proportionality between gaming machines and tables and recent legislative initiatives which enable 20 ATGs to be substituted for a single table provide significant reference points in this respect.
61. Finally, and most importantly, the proposals will not hinder SCML's ongoing efforts to minimise harm and facilitate responsible gambling at the Casino.
62. This is an important initiative for the Casino and SCML would welcome the opportunity to speak to the proposals at the next Commission meeting.

Yours sincerely



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

APPENDIX 1

S224(1)(f)

APPLICATION BY CASINO LICENCE HOLDER TO HAVE GAMBLING COMMISSION SPECIFY, VARY OR REVOKE CONDITIONS OF A CASINO LICENCE UNDER SECTION 139(1)(d) OF THE GAMBLING ACT 2003

Dated 10 December 2018

Name and postal address of casino licence holder:

SKYCITY CASINO MANAGEMENT LIMITED
c/-PO Box 6443
Wellesley Street
Auckland
New Zealand
Phone: 363 6455

Description of casino licence in respect of which this application is made:

Casino Operator's Licence in respect of Hamilton Casino

Details of proposed changes sought to the casino licence conditions and reasons for the request:

APPLICATION is hereby made to the Gambling Commission ("**Commission**") by SKYCITY Casino Management Limited ("**SCML**") the holder of the casino operator's licence for the Hamilton Casino ("**Casino**") for a variation of licence conditions pursuant to section 139(1)(d) of the Gambling Act 2003 ("**Act**") as follows:

SCML is proposing the following variations to conditions 5, 6 and 7 as shown in mark-up below:

5. The number of gaming machines in the Gambling Area shall not exceed 3939. Each terminal or player station of a multi-terminal or multi-player gaming machine shall be treated as one gaming machine.
6. The number of gaming tables in the Gambling Area shall not exceed 203.
- ~~7. The ratio of gaming machines to gaming tables in the Gambling Area shall not exceed 15 to 1, except with the approval of the Commission~~

The proposed revocation of licence condition 7 would require all subsequent conditions to be re-numbered.

UPON THE GROUNDS that:

- (i) Section 11 of the Act prohibits a person from increasing the opportunities for casino gambling and s 12(1) provides that decisions on what constitutes an increase in the opportunities for casino gambling are a function of the Commission.
- (ii) In terms of section 12(2)(a) an increase in the opportunities for casino gambling includes but is not limited to an increase in the number of gaming machines unless the increase is accompanied by a reduction in the number of table games that the Commission believes is proportionate.

0247 003 c A09

- (iii) The legislation anticipates circumstances where an increase in the number of gaming machines at a casino is permitted provided any such increase is accompanied by a proportionate reduction in the number of table games that the Commission believes is proportionate.
- (iv) There is no formula for determining whether a proposed increase in gaming machines is proportionate to the proposed reduction in gaming tables.
- (v) In the accompanying letter to this application dated 10 December 2018, SCML traverses what it considers to be the salient issues to a proportionate assessment and concludes that the addition of 60 gaming machines accompanied by a reduction in three Blackjack tables would be proportionate.
- (vi) Any proportionate increase in gaming machines could only be given effect if the Commission agreed that the ratio of gaming machines to gaming tables may exceed 15 to 1. While the Commission could simply grant its approval in this regard, pursuant to licence condition 7, the ongoing application of the ratio would be rendered meaningless.
- (vii) With licence conditions now specifying a maximum number of gaming machines and tables and the Act recognising that proportionate increases in certain products will not increase casino gambling opportunities, the use of a ratio may no longer be appropriate and should be revoked.

Section 139 (2)

A condition of a casino licence specified, varied or revoked under section 139(1) must comply with the requirements set out in section 139(2).

- (a) The proposed amendments are consistent with the Act.

Section 12(2)(a) envisages circumstances where there may be an increase in the number of gaming machines provided there is a proportionate reduction in the number of tables. While Schedule 1 of the Act recognises that conditions regulating the ratio of gaming machines and casino tables may attach to a casino licence, any such condition potentially frustrates the application of s 12(2)(a).

- (b) Must contribute to achieving the purpose of this Act

The proposed increase in one type of product is proportionate to the decrease in another. This is consistent with the purpose of controlling the growth of gambling and is specifically catered for by s 12 of the Act.

SCML's Host Responsibility team has reviewed the proposals and is satisfied that they will have no adverse impact on its efforts to prevent and minimise harm from gambling, including problem gambling. SCML's Host Responsibility Programme and Problem Gambling Identification Policy are designed to facilitate responsible gambling and to mitigate the risk of problem gambling regardless of whether customers are wagering on gaming machines or tables. The proportionate changes will not affect its endeavours in this regard.

- (c) Must contribute to the efficient and effective administration of this Act

In terms of the proposed changes, the numbers of gaming machines and gaming tables that may be operated at the Casino will continue to be controlled by way of licence conditions. By specifying product numbers in licence conditions, and in circumstances where any changes to those numbers must be proportionate, the need to maintain a ratio of products is no longer evident. The removal of the ratio to the extent that it may now be considered superfluous contributes to the efficient and effective administration of the Act.

- (d) Must not permit an increase in the opportunities for casino gambling

Pursuant to s 12(2)(a) an increase in the opportunities for casino gambling includes but is not limited to an increase in the number of gaming machines unless the increase is accompanied by a reduction in the number of table games that the Commission believes is proportionate.

- (e) May relate to any matter, including the matters specified in Schedule 1, within the confines of paragraphs (a) to (d)

Schedule 1 specifies conditions that *may* attach to a casino licence. These include conditions regulating the number of gaming machines and table games, and the ratio of one to the other. The proposed variations continue to regulate the number of gaming machines and table games. There is no requirement under Schedule 1 to have a condition specifying a ratio and the proposed revocation of this licence condition would not be contrary to Schedule 1.

Affected Parties

The proposed new developments affect SKYCITY Hamilton Limited ("**SCHL**"), the Hamilton casino venue licence holder. SCHL has been consulted over the proposed changes and is supportive of them.

Application Fee

The application fee of \$1022.22 in the form of a cheque made out to the Commission will be forwarded under separate cover.

Dated at Auckland this 10th day of December 2018.

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

APPENDIX 2

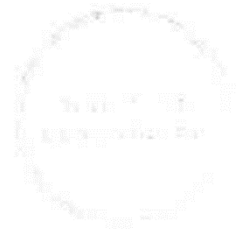
HAMILTON CASINO

ANNEX A

Pursuant to condition 9 the following game mixes may be operated by the Licence Holder on casino gaming tables in accordance with approved floor plans subject to the following conditions and requirements:

- | | | |
|----|------------------------------------------|----------------|
| 1. | Blackjack/Pontoon | up to 11 games |
| | Roulette | up to 5 games |
| | Caribbean Stud Poker | up to 2 games |
| | Midi Baccarat | up to 3 games |
| | Mini Baccarat | up to 1 game |
| | Tai Sai (single sided) | up to 1 game |
| 2. | Blackjack/Pontoon | Up to 10 games |
| | Roulette | Up to 4 games |
| | Electronic Roulette (up to 23 terminals) | Up to 1 game |
| | Caribbean Stud Poker | Up to 1 game |
| | Midi Baccarat | Up to 4 games |
| | Money Wheel (single sided) | Up to 1 game |
| | Poker | Up to 2 games |
| 3. | Blackjack/Pontoon | up to 12 games |
| | Roulette | up to 4 games |
| | Electronic Roulette (up to 23 terminals) | up to 1 game |
| | Midi Baccarat | up to 2 games |
| | Caribbean Stud Poker | up to 1 game |
| | Money Wheel (single sided) | up to 1 game |
| | Poker | up to 2 games |
| 4. | Blackjack/Pontoon | up to 10 games |
| | Roulette | up to 4 games |
| | Electronic Roulette (up to 23 terminals) | up to 1 game |
| | Caribbean Stud Poker | up to 1 game |
| | Midi Baccarat | up to 3 games |
| | Mini Baccarat | up to 1 game |
| | Money Wheel (single sided) | up to 1 game |
| | Poker | up to 2 games |
| 5. | Blackjack/Pontoon | Up to 6 games |
| | Blackjack/Pontoon (restricted options) | Up to 2 games |
| | Roulette | Up to 5 games |
| | Electronic Roulette (up to 23 terminals) | Up to 1 game |
| | Caribbean Stud Poker | Up to 1 game |
| | Midi Baccarat | Up to 5 games |
| | Money Wheel (single sided) | Up to 1 game |
| | Poker | Up to 2 games |
| 6. | Blackjack/Pontoon | Up to 5 games |
| | Blackjack/Pontoon (restricted options) | Up to 2 games |
| | Roulette | Up to 5 games |
| | Electronic Roulette (up to 23 terminals) | Up to 1 game |
| | Caribbean Stud Poker | Up to 1 game |
| | Midi Baccarat | Up to 5 games |
| | Mini Baccarat | Up to 1 game |
| | Money Wheel (single sided) | Up to 1 game |
| | Poker | Up to 2 games |

Decision GC20-18



- | | | |
|-----|------------------------------------------|---------------|
| 7. | Blackjack/Pontoon | Up to 7 games |
| | Blackjack/Pontoon (restricted options) | Up to 1 game |
| | Roulette | Up to 4 games |
| | Electronic Roulette (up to 23 terminals) | Up to 1 game |
| | Caribbean Stud Poker | Up to 2 games |
| | Midi Baccarat | Up to 6 games |
| | 3 Card Poker | Up to 1 game |
| | Ultimate Texas Hold'em Poker | Up to 1 game |
| 8. | Blackjack/Pontoon | Up to 8 games |
| | Blackjack/Pontoon (restricted options) | Up to 1 game |
| | Roulette | Up to 4 games |
| | Electronic Roulette (up to 23 terminals) | Up to 1 game |
| | Caribbean Stud Poker | Up to 2 games |
| | Midi Baccarat | Up to 5 games |
| | 3 Card Poker | Up to 1 game |
| | Ultimate Texas Hold'em Poker | Up to 1 game |
| 9. | Blackjack/Pontoon | Up to 8 games |
| | Roulette | Up to 4 games |
| | Electronic Roulette (up to 22 terminals) | Up to 1 game |
| | Caribbean Stud Poker | Up to 2 games |
| | Midi Baccarat | Up to 6 games |
| | 3 Card Poker | Up to 1 game |
| | Ultimate Texas Hold'em Poker | Up to 1 game |
| 10. | Blackjack/Pontoon | Up to 8 games |
| | Roulette | Up to 4 games |
| | Electronic Roulette (up to 23 terminals) | Up to 1 game |
| | Caribbean Stud Poker | Up to 2 games |
| | Midi Baccarat | Up to 6 games |
| | 3 Card Poker | Up to 1 game |
| | Lunar Poker | Up to 1 game |
| 11. | Blackjack/Pontoon | Up to 8 games |
| | Roulette | Up to 4 games |
| | Electronic Roulette (up to 12 terminals) | Up to 1 game |
| | Caribbean Stud Poker | Up to 2 games |
| | Midi Baccarat | Up to 6 games |
| | 3 Card Poker | Up to 1 game |
| | Money Wheel (SS) | Up to 1 game |
| 12. | Blackjack/Pontoon | Up to 7 games |
| | Roulette | Up to 4 games |
| | Electronic Roulette (up to 12 terminals) | Up to 1 game |
| | Caribbean Stud Poker | Up to 2 games |
| | Midi Baccarat | Up to 6 games |
| | Money Wheel (SS) | Up to 1 game |
| | 3 Card Poker | Up to 1 game |
| | Ultimate Texas Hold'em Poker | Up to 1 game |

Attachment 2

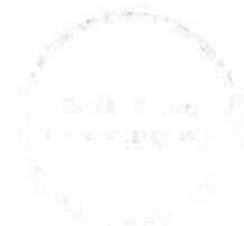
Item 11

- | | | |
|------------------|------------------------------------------|---------------|
| 13. | Blackjack/Pontoon | Up to 7 games |
| | Roulette | Up to 4 games |
| | Caribbean Stud Poker | Up to 2 games |
| | Midi Baccarat | Up to 6 games |
| | Money Wheel (SS) | Up to 1 game |
| | 3 Card Poker | Up to 1 game |
| | Ultimate Texas Hold'em Poker | Up to 1 game |
| | Snake Eyes | Up to 1 game |
| 14. | Blackjack/Pontoon | Up to 6 games |
| | Blackjack/Pontoon (restricted options) | Up to 2 games |
| | Roulette | Up to 4 games |
| | Caribbean Stud Poker | Up to 2 games |
| | Midi Baccarat | Up to 7 games |
| | Money Wheel (SS) | Up to 1 game |
| | 3 Card Poker | Up to 1 game |
| 15. | Blackjack/Pontoon | Up to 7 games |
| | Roulette | Up to 4 games |
| | Caribbean Stud Poker | Up to 2 games |
| | Midi Baccarat | Up to 7 games |
| | Money Wheel (SS) | Up to 1 game |
| | 3 Card Poker | Up to 1 game |
| | Snake Eyes | Up to 1 game |
| 16. | Blackjack/Pontoon | Up to 7 games |
| | Blackjack/Pontoon (5 box) | Up to 1 game |
| | Roulette | Up to 4 games |
| | Caribbean Stud Poker | Up to 2 games |
| | Midi Baccarat | Up to 6 games |
| | Midi Baccarat (7 box) | Up to 1 game |
| | Money Wheel (SS) | Up to 1 game |
| 3 Card Poker | Up to 1 game | |
| 17. | Blackjack/Pontoon | Up to 7 games |
| | Roulette | Up to 4 games |
| | Caribbean Stud Poker | Up to 2 games |
| | Midi Baccarat | Up to 5 games |
| | Midi Baccarat (7 box) | Up to 2 games |
| | Money Wheel (SS) | Up to 1 game |
| | 3 Card Poker | Up to 1 game |
| | Casino War | Up to 1 game |
| 18. | Blackjack/Pontoon | Up to 5 games |
| | Blackjack/Pontoon (5 box) | Up to 3 game |
| | Roulette | Up to 3 games |
| | Electronic Roulette (up to 10 terminals) | Up to 1 game |
| | Midi Baccarat | Up to 6 games |
| | Midi Baccarat (7 box) | Up to 1 game |
| | Caribbean Stud Poker | Up to 2 games |
| | 3 Card Poker | Up to 1 game |
| Money Wheel (SS) | Up to 1 game | |

19.	Blackjack/Pontoon	Up to 5 games
	Blackjack/Pontoon (5 box)	Up to 2 games
	Roulette	Up to 3 games
	Electronic Roulette (up to 10 terminals)	Up to 1 game
	Midi Baccarat	Up to 5 games
	Midi Baccarat (7 box)	Up to 2 games
	Caribbean Stud Poker	Up to 2 games
	3 Card Poker	Up to 1 game
	Money Wheel (SS)	Up to 1 game
	Casino War	Up to 1 game
20.	Blackjack/Pontoon	Up to 8 games
	Roulette	Up to 4 games
	Midi Baccarat	Up to 6 games
	Caribbean Stud Poker	Up to 2 games
	3 Card Poker	Up to 1 game
	Money Wheel (SS)	Up to 1 game
	Texas Hold'em Poker	Up to 1 game
21	Blackjack/Pontoon	Up to 6 games
	Blackjack/Pontoon (5 box)	Up to 1 game
	Roulette	Up to 5 games
	Midi Baccarat	Up to 6 games
	Midi Baccarat (7 box)	Up to 1 game
	Caribbean Stud Poker	Up to 2 games
	3 Card Poker	Up to 1 game
	Money Wheel (SS)	Up to 1 game

Notes

1. The Licence Holder is permitted to change between game mixes 5 and 6 subject only to any requirements specified by way of Minimum Operating Standards. The Licence Holder is permitted to change between other approved table game mixes subject to providing the Inspectorate with prior notice.
2. For game mix 1, the Licence Holder is permitted to operate automatic shufflers on the Caribbean Stud Poker and Baccarat tables, and on no more than 50% of the Blackjack games specified.
3. The Licence Holder is permitted to operate automatic shufflers on the Caribbean Stud Poker, Poker, 3 Card Poker, Ultimate Texas Hold'em, Casino War, Baccarat and Blackjack tables in all other game mixes.
4. The Licence Holder is permitted to conduct two alternative Poker games – Hold'em and Omaha.
5. Where Black Jack/Pontoon are subject to restricted wagering options, the Licence Holder shall permit up to 2 terminals only to wager on any 1 box and the layout shall be inscribed to this effect.
6. The Electronic Roulette tables comprise up to the number of terminals specified in each game mix and no manual table.
7. At least 50% of the total number of Midi Baccarat games in game mixes 2-21 shall be conducted in accordance with dealing style B or (where permitted by the Baccarat rules) dealing style D.
8. Electronic dice tumblers may be used on any Tai Sai game and U-Spin devices approved by the Department of Internal Affairs may be used on any Roulette games.



HAMILTON CASINO

ANNEX A

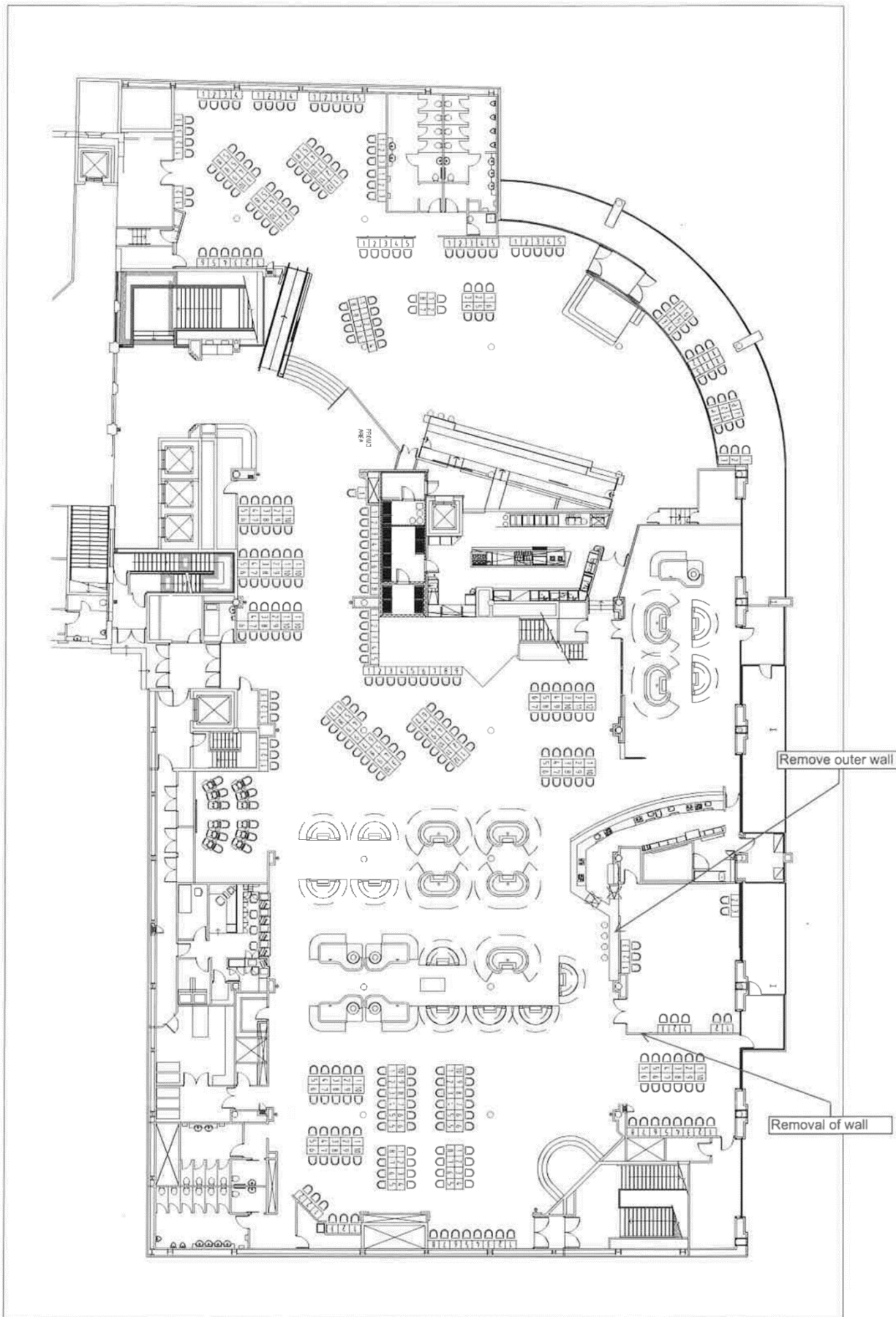
Pursuant to condition 9 the following game mixes may be operated by the Licence Holder on casino gaming tables in accordance with approved floor plans subject to the following conditions and requirements:

1	Blackjack/Pontoon	up to 11 games
	Roulette	up to 5 games
	Caribbean Stud Poker	up to 2 games
	Midi Baccarat 9 Box	up to 3 games
	Mini Baccarat	up to 1 game
	Tai Sai (single sided)	up to 1 game
	Electronic Gaming Machines	up to 339 games
2.	Blackjack/Pontoon (7 box)	up to 4 games
	Blackjack/Pontoon (5 box)	up to 1 game
	Roulette	up to 4 games
	Caribbean Stud Poker	up to 2 games
	Midi Baccarat (9 Box)	up to 6 games
	Midi Baccarat (7 Box)	up to 1 game
	Money Wheel (single sided)	up to 1 game
	3 Card Poker	up to 1 game
	Electronic Gaming Machines	up to 399 games

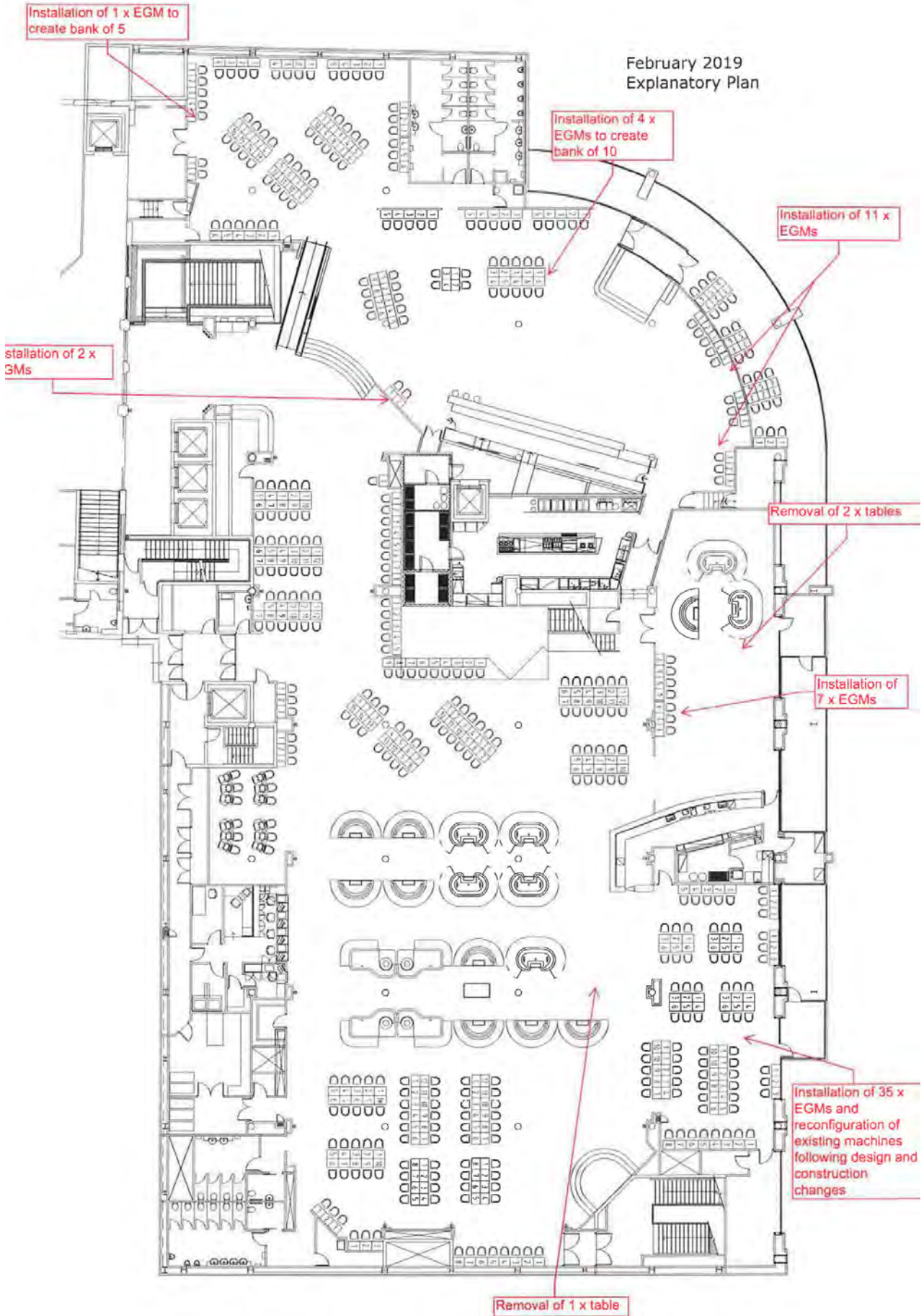
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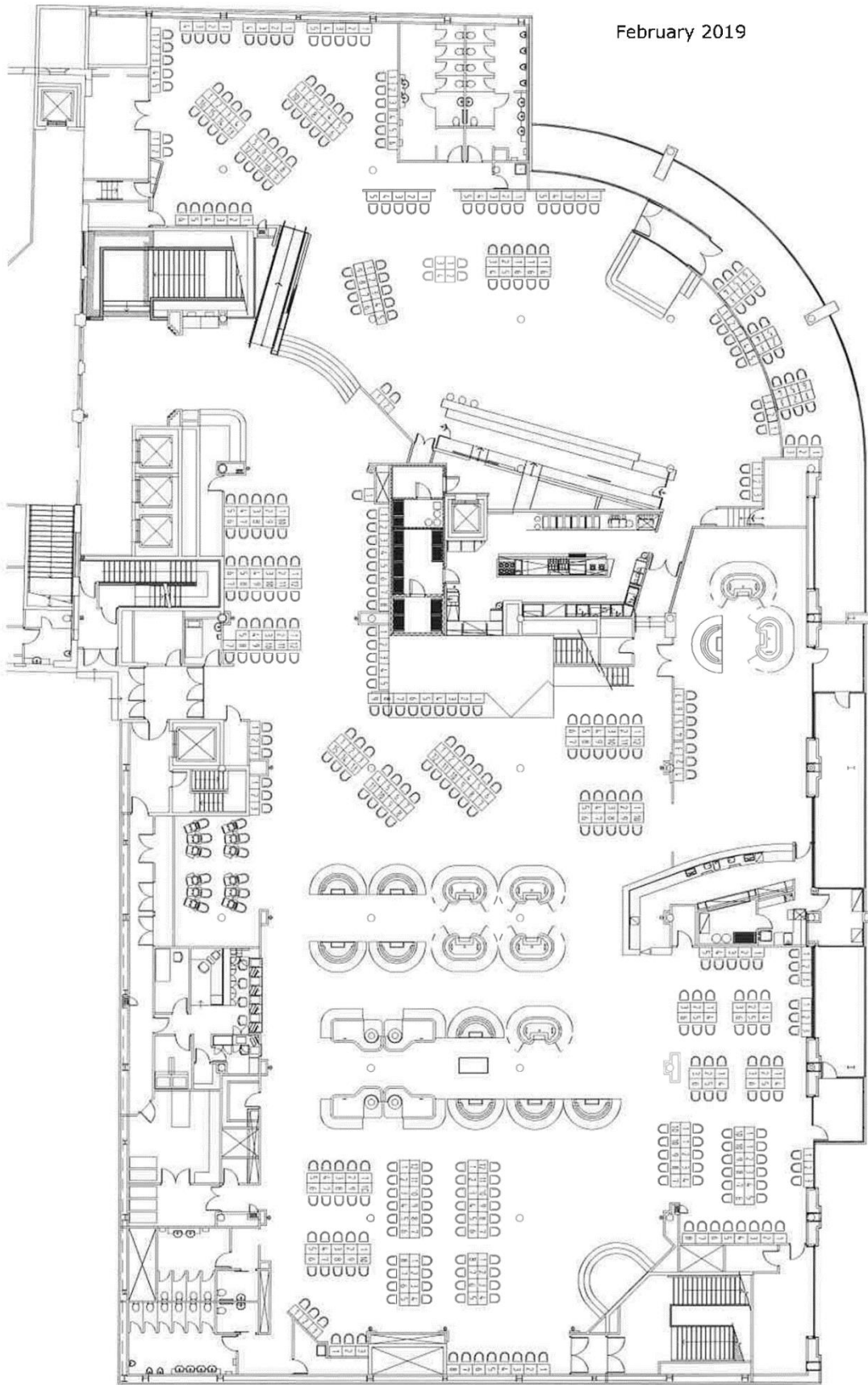
1. The Licence Holder is permitted to change between table game mixes subject to providing the Inspectorate with prior notice.
2. For game mix 1, the Licence Holder is permitted to operate automatic shufflers on the Caribbean Stud Poker and Baccarat tables, and on no more than 50% of the Blackjack games specified.
3. The Licence Holder is permitted to operate automatic shufflers on the Caribbean Stud Poker, 3 Card Poker, Baccarat and Blackjack tables in game mix 2.
4. At least 50% of the total number of Midi Baccarat games in game mix 2 shall be conducted in accordance with style B or (where permitted by the Baccarat Rules) dealing style D.
5. Electronic dice tumblers may be used on any Tai Sai game and U-spin devices approved by the Department of Internal Affairs may be used on any Roulette game.

APPENDIX 3



APPENDIX 4





February 2019

Item 11

Attachment 2

Attachment 2

Item 11

APPENDIX 5

Phil O`Connell

From: Kate Kerr
Sent: Monday, 10 September 2018 3:38 PM
To: Phil O`Connell
Subject: FW: Rate of Play

Hi Phil

See below FYI

From: Sumit Rawat <Sumit.Rawat@dia.govt.nz>
Sent: Monday, 10 September 2018 3:36 PM
To: Kate Kerr <Kate.Kerr@skycity.co.nz>
Cc: Michaela Glaspey <Michaela.Glaspey@dia.govt.nz>
Subject: Rate of Play

Good afternoon Kate

Today Beth Datuin and I were a part of trial on EGMs AA10 and AA11 which happened at mock training room on Level 2 Carpark.

This involved recording number of spins over a 15 minute period. The SDS report at the end of the trial indicated the following:

- **EGM AA10 – 99 spins in 15 minute period (6 spins per minute)**
- **EGM AA11 – 170 Spins in 15 minute period (11 spins per minute)**

We have checked the SDS reports for both machines and we have no regulatory concerns regarding the Rate of Play of the above games.

Regards

Sumit Rawat | Gambling Regulator | Gambling Operations - Auckland | Regulatory Services |
Department of Internal Affairs Te Tari Taiwhenua
 DDI. +64 09 362 7994 | Extn 7994 |
 Level 7, 99 Albert Street, Auckland | PO Box 10526, Wellington | New Zealand | www.dia.govt.nz

SDS# 0202
 2018/9/10 11:17:06 (UTC +12:00)
 MOCK AUCKLAND
 SDS Version: 12.3.4 TS45 SP1
 Standard Transaction Report

From: 2018/9/10 10:00:00 To: 2018/9/10 11:15:04

Machine: 05010
 Status: ONLINE Game/GMU DEN: Multi / 0.01 Manufacturer: ARISTOCRAT GMU EPROM ID: GMU DOC ID: Type Description: *AUTUMN MOON*
 * = Slot Door Open -- = Continued Exception Code

Time	SLOT Number	Stand	Card ID	Player ID	Employee Name	Line Address	EXC Code	Exception Code Description	Coin In	Wins	Machine PD PRG	Plays	JPID	Fill APJP (\$)	CB MSG SQ
10:01:03	05010	AA10				8 10.88.125 40	61	PERIODIC REPORT	30310830	247388516	0	7189			13
10:16:03	05010	AA10				8 10.88.125 40	61	PERIODIC REPORT	30310830	247388516	0	7189			15
10:31:03	05010	AA10				8 10.88.125 40	61	PERIODIC REPORT	30310830	247388516	0	7189			2
10:38:41	05010	AA10		22002579010	0	10 10.88.125 40	39	PLAYER CARD IN INFO	30310830	247388516	-	7189			7 4
10:36:54	05010	AA10		22002579010	0	10 10.88.125 40	61	PERIODIC REPORT	30310830	247388516	0	7189			6
10:36:56	05010	AA10		22002579010	0	10 10.88.125 40	196	ELECTRONIC FUNDS BALANCE	30310830	247388516	-	7188			8
10:37:03	05010	AA10		22002579010	0	10 10.88.125 40	61	PERIODIC REPORT	30310830	247388516	0	7189			10
10:37:07	05010	AA10		22002579010	0	10 10.88.125 40	193	ELECTRONIC FUNDS WITHDRAWAL			-				12
10:46:03	05010	AA10		22002579010	0	10 10.88.125 40	61	PERIODIC REPORT	30339830	24749106	0	7245			14
10:52:50	05010	AA10		22002579010	0	10 10.88.125 40	195	ELECTRONIC FUNDS DEPOSIT			-				1
10:52:50	05010	AA10		22002579010	0	10 10.88.125 40	78	PLAYER CARD REMOVED	30350330	24756766	-	7205			3
11:01:03	05010	AA10				8 10.88.125 40	61	PERIODIC REPORT	30360330	24756766	0	7288			5

Last (Number of Exception ALL; Slot Number: 05010; Line Address: ; Stand Number: ; Exception Code: ; Player Card No.: ; Employee ID: ; Employee Card ID: ; Area: ALL; Include Ticket Transactions: Yes; Card In/Out Deflat: No; DataSource: ONLINE; (Sorting on: SLOT NUMBER, TIME, LOCATION))

MOCK AUCKLAND

SDS Version: 12.3.4 TS45 SP1

Standard Transaction Report

From : 2018/9/10 10:50:00 To: 2018/9/10 11:15:04

SDS# 0202
2018/9/10 11:21:18 (UTC +12:00)

Machine: 05011

Status: ONLINE Game/GMU DEN: Multi / 0.01 Manufacturer: IGT GMU EPROM ID: GMU DOC ID: Type Description: FORTUNE FURY JACKPOTS
* = Slot Door Open - = Continued Exception Code

Time	SLOT Number	Stand	Card ID	Player ID	Employee Name	Line Address	EXC Code	Exception Code	Description	Coin In	Wins	Machine PD PRG	Plays	JPID	Fill APJP (\$)	CB MSG
10:50:47	05011	AA11		2200257906001	50	10.88.126.55	173	GAME COMMUNICATIONS RESTORED		6993593	6425065	0	7520			25
10:50:48	05011	AA11		2200257906001	50	10.88.126.55	171	GAME POWER-UP		6993593	6425065	-	7520			17
10:50:50	05011	AA11		2200257906001	50	10.88.126.55	62	BLACKOUT		6993593	6425065	-	7520			28
10:51:21	05011	AA11		2200257906001	50	10.88.126.55	64	GENERIC TILT		6993593	6425065	-	7520			77
10:54:09	05011	AA11		2200257906001	60	10.88.126.55	61	PERIODIC REPORT		7003093	6440415	0	7539			-
11:08:01	05011	AA11		2200257906001	145	10.88.126.55	195	ELECTRONIC FUNDS DEPOSIT				-				-
11:08:01	05011	AA11		2200257906001	145	10.88.126.55	78	PLAYER CARD REMOVED		7087593	6495165	-	7709			-
11:09:10	05011	AA11		2200257906001	145	10.88.126.55	61	PERIODIC REPORT		7087593	6495165	0	7709			-

Last Number of Exception: ALL; Slot Number: 05011; Line Address: ; Stand Number: ; Exception Code: ; Player Card No: ; Employee ID: ; Employee Card ID: ; Area: ALL; Include Ticket Transactions: Yes; Card In/Out Delta: No; DataSource: ONLINE; (Sorting on: SLOT NUMBER, TIME, LOCATION)

Phil O`Connell

From: Kate Kerr
Sent: Monday, 3 September 2018 1:39 PM
To: Phil O`Connell
Subject: FW: Rate of Play

From: Sumit Rawat <Sumit.Rawat@dia.govt.nz>
Sent: Monday, 3 September 2018 1:38 PM
To: Kate Kerr <Kate.Kerr@skycity.co.nz>
Cc: Michaela Glaspey <Michaela.Glaspey@dia.govt.nz>
Subject: Rate of Play

Good afternoon Kate

On 29th August Danielle Lancaster and I were a part of trial on EGMs AA21 and AA22 which happened at mock training room on Level 2 Carpark.
This involved recording number of spins over a 15 minute period. The SDS report at the end of the trial indicated the following:

- **EGM AA21 – 135 spins in 15 minute period (9 spins per minute)**
- **EGM AA22 – 201 Spins in 15 minute period (13 spins per minute)**

We have checked the SDS reports for both machines and we have no regulatory concerns regarding the Rate of Play of the above games.

Regards

Sumit Rawat | Gambling Regulator | Gambling Operations - Auckland | Regulatory Services |
Department of Internal Affairs Te Tari Taiwhenua
DDI. +64 09 362 7994 | Extn 7994 |
Level 7, 99 Albert Street, Auckland | PO Box 10526, Wellington | New Zealand | www.dia.govt.nz

MOCK AUCKLAND

SDS Version: 12.3.4 TS45 SP1

Standard Transaction Report

From : 2018/8/29 14:00:00 To: 2018/8/29 14:22:08

SDS# 0202
2018/8/29 14:25:26 (UTC +12:00)

Machine: 05021

Status: ONLINE Game/GMU DEN: 0.02 / 0.01 Manufacturer: Z AINSWORTH GMU EPROM ID: GMU DOC ID: Type Description: QS PHOENIX & PEONY

* = Slot Door Open ** = Continued Exception Code

Time	SLOT Number	Stand	Card ID	Player ID	Employee Name	Line Address	EXC Code	Exception Code	Description	Coin In	Wins	Machine PD PRG	Plays	JPID	Fill APJP (\$)	CB MSG
14:04:06	05021	AA21				10.88.126.57	88	CANT READ MAG CARD		4541300	2860466	-	3246	-		40 11
14:04:13	05021	AA21		2200257910001	+ Bonus +	10.88.126.57	39	PLAYER CARD IN INFO		4541300	2860466	-	3246	-		- 13
14:05:32	05021	AA21		2200257910001		10.88.126.57	61	PERIODIC REPORT		4541300	2860466	0	3246	-		- 15
14:05:33	05021	AA21		2200257910001		10.88.126.57	196	ELECTRONIC FUNDS BALANCE		4541300	2860466	-	3246	-		- 2
14:05:43	05021	AA21		2200257910001		10.88.126.57	61	PERIODIC REPORT		4541300	2860466	0	3246	-		- 4
14:05:49	05021	AA21		2200257910001		10.88.126.57	193	ELECTRONIC FUNDS WITHDRAWAL		-	-	-	-	-		- 6
14:07:42	05021	AA21		2200257910001		10.88.126.57	61	PERIODIC REPORT		4542800	2861166	0	3261	-		- 8
14:14:20	05021	AA21		2200257910001		10.88.126.57	63	MACHINE-PAID JACKPOT		4584400	2864706	0	3327	94	21.08	9 10
14:20:21	05021	AA21		2200257910001		10.88.126.57	63	MACHINE-PAID JACKPOT		4651900	2882406	0	3371	94	109.56	9 12
14:21:25	05021	AA21		2200257910001		10.88.126.57	195	ELECTRONIC FUNDS DEPOSIT		-	-	-	-	-		- 14
14:21:25	05021	AA21		2200257910001		10.88.126.57	78	PLAYER CARD REMOVED		4665400	2884806	-	3381	-		- 1

Last Number of Exception: ALL; Slot Number: 05021; Line Address: ; Stand Number: ; Exception Code: ; Player Card No.: ; Employee ID: ; Area: ALL; Include Ticket Transactions: Yes; Card In/Out Delta: No; DataSource: ONLINE; (Sorting on: SLOT NUMBER, TIME, LOCATION)

SDS# 0202
2018/8/29 14:23:24 (UTC +12:00)

MOCK AUCKLAND
SDS Version: 12.3.4 TS45 SP1
Standard Transaction Report

From : 2018/8/29 14:00:00 To: 2018/8/29 14:22:08

Machine: 05022

Status: ONLINE Game/GMU DEN: 1.00 / 0.01 Manufacturer: Z AINSWORTH GMU EPROM ID: GMU DOC ID: Type Description: CRUSADER KING

* = Slot Door Open ~ = Continued Exception Code

Time	SLOT Number	Stand	Card ID	Player ID	Employee Name	+ Bonus	OPT	Line Address	EXC Code	Exception Code	Description	Coin In	Wins	Machine PD PRG	Plays	JPID	Fill APJP (\$)	CB MSG	MSG	SQ
14:04:03	05022	AA22		22002579020 01		0	10	10.88.126.27	39		PLAYER CARD IN INFO	65500	89500	-	131	-	-	7	14	
14:04:58	05022	AA22		22002579020 01		0	10	10.88.126.27	61		PERIODIC REPORT	65500	89500	0	131	-	-	-	-	1
14:04:59	05022	AA22		22002579020 01		0	10	10.88.126.27	196		ELECTRONIC FUNDS BALANCE	65500	89500	-	131	-	-	-	-	3
14:05:23	05022	AA22		22002579020 01		0	10	10.88.126.27	61		PERIODIC REPORT	65500	89500	0	131	-	-	-	-	5
14:05:29	05022	AA22		22002579020 01		0	10	10.88.126.27	193		ELECTRONIC FUNDS WITHDRAWAL	-	-	-	-	-	-	-	-	7
14:10:05	05022	AA22		22002579020 01		0	10	10.88.126.27	61		PERIODIC REPORT	90700	102900	0	186	-	-	-	-	9
14:21:14	05022	AA22		22002579020 01		0	10	10.88.126.27	195		ELECTRONIC FUNDS DEPOSIT	-	-	-	-	-	-	-	-	11
14:21:15	05022	AA22		22002579020 01		0	10	10.88.126.27	78		PLAYER CARD REMOVED	163200	137700	-	332	-	-	-	-	13

Last Number of Exception: ALL; Slot Number: 05022; Line Address: ; Stand Number: ; Exception Code: ; Player Card No.: ; Employee ID: ; Employee Card ID: ; Area: ALL; Include Ticker Transactions: Yes; Card In/Out Delta: No; DataSource: ONLINE; (Sorting on: SLOT NUMBER, TIME, LOCATION)

APPENDIX 6

Schedule 12 New Game Mix A and New Game Mix A.1

GAME MIX A

Pursuant to condition 9 the following game mix may be operated by the Licence Holder on casino gaming tables, subject to the following condition noted:

Blackjack/Pontoon (Manual Shuffle)	31 games
Blackjack/Pontoon (Auto Shuffle)	30 games
Caribbean Stud Poker (Auto Shuffle)	13 games
Midi Baccarat (Auto Shuffle)	23 games
Mini Baccarat (Auto Shuffle)	9 games
Money Wheel (Double Side)	3 games
Pai Gow	5 games
Roulette	31 games
Electronic Roulette	3 games
Tai Sai (Double Side)	1 game
Tai Sai (Single Side)	1 game

Notes for Game Mix A

1. The Electronic Roulette tables comprise up to 14 player spaces and no manual table.
2. Where table games provide for the use of automatic shufflers, the use of those shufflers shall be discretionary.
3. The Licence Holder is permitted to operate alternative game mixes of up to 150 tables as specified in the Annex.

GAME MIX A.1

Pursuant to condition 9 the following game mix may also be operated by the Licence Holder on casino gaming tables, subject to the following conditions noted:

Blackjack/Pontoon (Auto Shuffle)	3 games
Caribbean Stud Poker (Auto Shuffle)	2 games
Midi Baccarat (Auto Shuffle)	2 games
Mini Baccarat (Auto Shuffle)	2 games
Pai Gow	1 game
Roulette	1 game
Tai Sai (Double Side)	1 game

Notes for Game Mix A.1

1. Where table games provide for the use of automatic shufflers, the use of those shufflers shall be discretionary.
2. The Licence Holder is permitted to operate alternative game mixes of up to 12 tables as specified in the Annex.
3. The Licence Holder is permitted to substitute each table in Game Mix A.1 for up to 20 Automated Table Game terminals.
4. The Licence Holder may not substitute tables between Game Mix A and Game Mix A.1.

DRAFT 1
**Submission by
 Hamilton City Council**
APPLICATION TO AMEND LICENCE CONDITIONS – SKYCITY Hamilton Casino
19 Feb 2019
1.0 POSITION

- 1.1 The Hamilton City Council (HCC) is **strongly opposed** to the deployment of 60 additional gaming machines (**Pokies**) at SKYCITY Hamilton Casino irrespective of its substitution of three existing blackjack tables as proposed by SKYCITY to the Gambling Commission (**the Commission**).

2.0 BACKGROUND

- 2.1 Despite the Gambling Act 2003 (**the Act**) contemplating that casinos may increase the number of its Pokies under s12(2)(a) of the Act (provided that such increase is accompanied by a reduction in the number of is table games), the addition of 60 further individual Pokies is not proportionate to 3 individual tables and therefore a decision to allow this would enable an increase in opportunities to gamble which contravenes s11 of the Act. It is also noted in Appendix 4 of SKYCITY's application that 2 tables proposed for removal are located in the VIP room with only 1 table being removed from the general Casino floor. Using SKYCITY's own formula, there are 21 opportunities to gamble proposed for removal in exchange for 53 new opportunities (given only 7 pokies are to be added to the VIP room). The net increase on the general Casino floor is therefore 32 pokies. The rational of 63 opportunities to gamble by 3 tables being reduced to 60 chances to gamble with pokies is also inaccurate. The ability to have 63 opportunities is dependent on a person to play a hand and only then is there the ability to have additional gambling opportunities. Pokies exist as autonomous machines independent of requiring other players. Further, the proportionality in conjunction with the proposed floor plan change leads to an increase in opportunities to gamble by the general public and again is a contravention of Section 11 of the Gambling Act.
- 2.2 HCC has a position on gambling to reduce Pokies in the community progressively overtime via its sinking lid policy whereas the SKYCITY proposal of 60 new pokies contradicts this position. Given SKYCITY and HCC serve the same community, both must be in alignment. Local councils have been empowered by Central Government to determine whether to have a sinking lid on the number of Class 4 venues and Pokies, yet under the Act, councils are not provided the opportunity to determine the number of Pokies within a Casino which resides within its community. This creates a significant inconsistency between the community expectations for greater localised control of gambling and the reality of the gambling as it is prescribed in the Act. The Council therefore continues to invest resources adopting various

Class 4 venue policies which provide a position on Pokies which are within Class 4 venues but the Act enables SKYCITY to disregard this position and enables it to introduce more Pokies into the community.

- 2.3 The proposal will significantly increase revenue, yet SKYCITY is only required to provide 1.5% of this revenue for distribution to the community compared to Class 4 trusts, which provide 40% of proceeds for distribution to the community. As the Act seeks to balance the potential harm from gambling against facilitating responsible gambling which ensures money from gambling benefits the community, HCC challenge whether enabling any further change to Casino will be consistent with the purpose of the Act. Given this significant disparity between the Casino and Class 4 trusts, the Commission must review the 1.5% requirement as part of SKYCITY's proposal in amending SKYCITY's licence to align closer to or exceed Class 4 trusts 40% requirement.
- 2.4 The Act allows for the growth of some forms of gambling (e.g. Class 4 and TAB) to be controlled through councils but not others (e.g. casinos). The Commission, has and continues to have, the ability to make decisions on behalf of Hamilton's community, providing the 13 elected representatives of its local community only the opportunity to make a non-binding submission. The decision on whether SKYCITY's proposal is approved sits with the Commission, yet, the views of local elected representatives, who understand their local community, do not get to make the decision.
- 2.5 Section 140 of the Act empowers the Commission to notify anyone it considers as affected. The Commission have restricted submissions from affected parties to only being the Department of Internal Affairs, the Ministry of Health, Problem Gambling, Salvation Army and the Council. The organisations identified are not reflective of all affected parties therefore the submission process must be open to the public with an opportunity to speak provided given the impact of this proposal.
- 2.6 SKYCITY's application outlines no evidence of how the community of Hamilton will significantly benefit from this proposal. There is also no evidence that SKYCITY have consulted with the community or Casino patrons as to ascertain what support there is for the proposed increase in pokies. This would further endorse that the decision to increase pokies is revenue/profit driven as opposed to being a response to patron demand.
- 2.7 For the above reasons, HCC is strongly opposed to SKYCITY's proposal.

3.0 FURTHER INFORMATION AND HEARING

- 3.1. Any evidence supporting HCC's submission has been attached and HCC **want to speak** to the Commission in support of its written submission.
- 3.2. Should the Commission require clarification of the points raised in this submission, or further information, please contact Andy Mannering (Community and Social Development Manager) on 07 838 6465, email andy.mannering@hcc.govt.nz in the first instance.

Yours faithfully

Richard Briggs
CHIEF EXECUTIVE

Notice of Meeting:

I hereby give notice that an extraordinary Meeting of the Council will be held on:

Date: Tuesday 9 April 2019
Time: 2.00pm
Meeting Room: Council Chamber
Venue: Municipal Building, Garden Place, Hamilton

Richard Briggs
 Chief Executive

Extraordinary Council OPEN AGENDA

Membership

Chairperson	Mayor A King
Deputy Chairperson	Deputy Mayor M Gallagher
Members	Cr M Bunting
	Cr J R Casson
	Cr S Henry
	Cr D Macpherson
	Cr G Mallett
	Cr A O'Leary
	Cr R Pascoe
	Cr P Southgate
	Cr G Taylor
	Cr L Tooman
	Cr R Hamilton

Quorum: A majority of members (including vacancies)

Meeting Frequency: Monthly – or as required

Lee-Ann Jordan
 Governance Manager

5 April 2019

Telephone: 07 838 6439
 Lee-Ann.Jordan@hcc.govt.nz
 www.hamilton.govt.nz

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1	Proposed changes to Skycity submission process	3

Council Report

Committee:	Council	Date:	09 April 2019
Author:	Richard Briggs	Authoriser:	Richard Briggs
Position:	Chief Executive	Position:	Chief Executive
Report Name:	Proposed changes to Skycity submission process		

Report Status	<i>Open</i>
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Purpose

- To seek approval from the Council to engage Tompkins Wake and appropriate Queens Counsel representation as well expert witnesses to create, manage and deliver a Council submission to the Gambling Commission concerning SKYCITY proposed changes to the Hamilton Casino's license.

Recommendation

- That the Council:
 - receive the report;
 - approves the engagement of Tompkins Wake and as appropriate Queens Counsel representation as well expert witnesses to create, manage and deliver a submission opposing the application by SKYCITY Hamilton to exchange three blackjack tables for sixty gaming machines and provide a reply and rebuttal submission on behalf of Hamilton City Council; and
 - approves the use of the Mayoral Office budget up to \$150,000 to fund all legal and expert costs.
- On the 7th of February 2019 the Council approved a submission to oppose the on the proposal by SKYCITY Hamilton to exchange 3 blackjack tables for 60 'pokie machine' gaming machines. A copy of the 7 February 2019 Council report can be found [here](#).
- The Mayor wants to test that the Council's position is still in opposition to the proposal.
- Concern has been raised with the Mayor by retired District Court Judge David Wilson QC, that our submission alone, will not be enough to sway the Gambling Commission to dismiss the application.
- Mr. Wilson has highlighted that this would be a landmark decision from the Gambling Commission and the issue needs to be robustly debated. The outlined risk is that should the application be approved, it creates a precedent that will make it difficult to decline applications in the future.
- The Commission's own statement acknowledges that this is the first time the Commission has considered this type of application and that there is national interest on the issue.
- The perspective laid out is that SKYCITY will have their lawyers and QCs representing them through the submission process offering rebuttal and reply, they will be wanting a positive decision not just for their Hamilton casino operations but for their other casino holdings.

9. SKYCITY have chosen the SKYCITY Hamilton casino to test this provision of the legislation. Hamilton has an opportunity to fight this to ensure that the Gambling Commission hears well-resourced arguments from both sides.
10. What the Mayor is proposing is that the delivery of a Council submission and Council's interests in the pending decision, are handled externally by Council's solicitors Tompkins Wake with Queens Counsel level representation (to be decided in conjunction with Tompkins wake).
11. The Chief Executive will ensure that the Council position and values are well understood by the instructing lawyers, so there is no ambiguity.
12. A budget of \$150,000 is asked for by the Mayor to engage Tompkins Wake, external legal counsel and expert witness to provide evidence for the Council submission. The Mayor is proposing that the Mayoral office budget be used to engage these services.
13. It is the Mayor's view that the Council is the only organization that can provide adequate resources to challenge the application. The Council does have a social responsibility to minimise social harm and it is the Mayor's belief that we should be taking all measures to ensure the Gambling Commission dismisses the application from SKYCITY.
14. Staff have not assessed the matter addressed in this report under the Significance and Engagement Policy as it will be subject to a national consultation process including hearings conducted by the Gambling Commission.

Attachments

Attachment 1 - 22 March 2019 - Letter from Gambling Commission

Attachment 2 - NOTICE OF APPLICATION TO THE GAMBLING COMMISSION BY SKYCITY IN RELATION TO CHANGES PROPOSED TO THE HAMILTON CASINO

Attachment 3 - HCCs Draft 1 Submission - APPLICATION TO AMEND LICENCE CONDITIONS – SKYCITY Hamilton Casino (19 Feb 2019)

22 March 2019

Dear All

APPLICATION BY SKYCITY TO SUBSTITUTE GAMING MACHINES FOR GAMING TABLES AT THE HAMILTON CASINO

1. By letter dated 10 December 2018, the Gambling Commission received an application from SKYCITY to deploy 60 extra gaming machines at the Hamilton casino, in exchange for removing three Blackjack tables. The Commission sought submissions on the application from a number of interested parties, with the intention of considering SKYCITY's application on the papers.
2. Following requests from some interested parties, the Commission decided to broaden the scope of its consultation and to hold a public hearing as part of its process to determine the application. The Commission communicated this to a number of parties by letter dated 7 February 2019.
3. In that letter, the Commission also stated that it would issue public notices and additional invitations to participate in this application and in doing so, it would outline the process that the Commission intends to follow.
4. The Commission has now determined how it will advance this matter to a public hearing and has set out details in the **attached** Public Notice. Amongst other things, the Public Notice sets out details for the filing of submissions and how interested parties may apply to appear and be heard at the public hearing.
5. The Public Notice does not provide a date for the Public Hearing; that will be determined once submissions have been filed and decisions have been made on who can appear at the hearing.
6. The Public Notice will be published in the *Waikato Times* on Wednesday 27 March 2019 and on Saturday 30 March 2019, so that SKYCITY's application will be brought to the attention of the wider Hamilton and Waikato communities. The Commission may also undertake additional publications, but this has yet to be determined.
7. The Commission has dedicated part of its website to this application (www.gamblingcommission.govt.nz/gcwebsite.nsf/wpg_URL/Casino-Licence-Conditions-Application-by-Skycity-to-substitute-gaming-machines-for-gaming-tables-at-the-Hamilton-casino!OpenDocument). It has uploaded SKYCITY's application (and the appendices to

GC607J-18

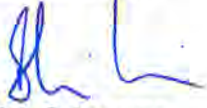
Level 2, 41 Bath Street
Parnell, Auckland 1052, New Zealand
PO Box 137295
Parnell, Auckland 1052, New Zealand

Telephone: +64 9 353 7223
www.gamblingcom.govt.nz

that application), the relevant sections of the Gambling Act 2003 and the Public Notice. Further, documents will be uploaded as they are filed.

8. Please contact the Commission if you have any queries.

Yours sincerely,



Blair Cairncross
Executive Director Gambling Commission
Tel: 09-353 7222
blair.cairncross@gamblingcom.govt.nz

Attachment 1

Item 1

**NOTICE OF APPLICATION TO THE GAMBLING COMMISSION BY
SKYCITY IN RELATION TO CHANGES PROPOSED TO THE HAMILTON CASINO**

Introduction

The Gambling Commission has received an application from SKYCITY Casino Management Limited (“**SCML**”) and SKYCITY Hamilton Limited (“**SHL**”) (together referred to as “**SKYCITY**”) proposing a number of changes to the Hamilton casino licence conditions. SKYCITY is seeking to deploy 60 additional gaming machines in substitution for three Black Jack tables and has filed four related applications with the Commission to enable it to do so.

The specific applications are as follows:

- (a) an application under section 139 of the Gambling Act 2003 (the “**Act**”) to vary licence conditions 5 and 6 attached to SCML’s operator’s licence for the Hamilton casino, and to revoke condition 7. If approved, the changes will:
 - (i) increase the number of gaming machines from 339 to 399 (condition 5);
 - (ii) decrease the number of gaming tables from 23 to 20 (condition 6); and
 - (iii) remove the requirement that the ratio of gaming machines to gaming tables in the Gambling Area should not exceed 15 to 1, except with the approval of the Commission (condition 7);
- (b) an application, pursuant to condition 9 of SCML’s operator’s licence for the Hamilton casino, for approval of a new game mix Annex; and
- (c) an application, pursuant to conditions 6 and 7 of SHL’s venue licence for approval of related construction and design changes to the Hamilton casino;
- (d) an application, pursuant to condition 12 of SCML’s operator’s licence for the Hamilton casino, for approval of a new floor plan.

Licence conditions for the Hamilton casino are available from the Commission’s website ([http://www.gamblingcommission.govt.nz/GCwebsite.nsf/Files/LicenceHamiltonOperator's/\\$file/LicenceHamiltonOperator's.pdf](http://www.gamblingcommission.govt.nz/GCwebsite.nsf/Files/LicenceHamiltonOperator's/$file/LicenceHamiltonOperator's.pdf)), and ([http://www.gamblingcommission.govt.nz/GCwebsite.nsf/Files/LicenceHamiltonVenue/\\$file/LicenceHamiltonVenue.pdf](http://www.gamblingcommission.govt.nz/GCwebsite.nsf/Files/LicenceHamiltonVenue/$file/LicenceHamiltonVenue.pdf)).

Reasons for the applications

SKYCITY has brought the applications because it wants to alter the mix of gaming tables and gaming machines that are deployed at the Hamilton casino in a manner contemplated by section 12(2)(a) of the Act. That is, it wants to increase the number of gaming machines in exchange for a decrease in the number of gaming tables.

The detailed supporting reasons for the applications are set out in a covering letter of application dated 10 December 2018, a copy of which is available on the Commission's website at [www.gamblingcommission.govt.nz/GCwebsite.nsf/Files/Sky-City-Hamilton-application/\\$file/SkyCity-Hamilton-application-December-2018.pdf](http://www.gamblingcommission.govt.nz/GCwebsite.nsf/Files/Sky-City-Hamilton-application/$file/SkyCity-Hamilton-application-December-2018.pdf).

Decision to hold a public hearing

Following receipt of SKYCITY's letter of application, the Commission sought submissions from the Secretary for Internal Affairs, the Ministry of Health, Problem Gambling Foundation, Salvation Army and Hamilton Casino Monitoring Group. The Commission's initial intention was to consider SKYCITY's application on the papers.

Subsequently, some interested parties contacted the Commission with a request that a broad consultation process be adopted and that the Commission hold a public hearing of the application.

Although section 12 of the Act has been in force since 2003, SKYCITY's proposal is the first occasion on which a casino has applied to the Commission to increase its gaming machines in exchange for a reduction in table games. The application appears to have generated considerable public interest, particularly in the Hamilton and Waikato communities.

Having regard to the novelty of the proposed change and the extent of local community interest, the Commission decided to broaden the scope of consultation and to hold a public hearing.

Public Notice

Schedule 3 of the Act requires the Commission to give notice of its public meetings to persons who are likely to be interested in the subject matter of the meeting. The Commission does so by this Notice.

Process of hearing

In this Notice, the Commission gives directions covering the following:

- (a) receipt of written submissions from interested parties on SKYCITY's applications;
- (b) the filing of submissions strictly in reply by parties who have already filed submissions;

- (c) receipt of applications by interested parties to appear and be heard at the public hearing;
- (d) subsequent authorisation of parties to attend and be heard at the public hearing; and
- (e) the public hearing itself.

Written submissions

The Commission invites written submissions on SKYCITYs applications. Written submissions may be made by anybody who wishes to do so. In addition to any other matter which a party wishes to raise, the Commission is particularly interested in submissions on two matters:

- Whether the proposed substitution of gaming machines for Black Jack tables at the casino is likely to have material harm implications (either positive or negative), the reasons for that view and how that should affect the application.
- Whether the proposed substitution would comply with the statutory prohibition on increases in opportunities for casino gambling (under which increases in the opportunities for casino gambling are prohibited by section 11 of the Act but, under section 12(2)(a), an increase in the number of gaming machines is not an increase in the opportunities for casino gambling if accompanied by a reduction in the number of table games that the Commission believes is proportionate).

Written submissions are to be lodged with the Commission by **17 May 2019** either by email: info@gamblingcom.govt.nz, or by mail: PO Box 137295, Parnell, Auckland 1052. Further written submissions, strictly in reply to the written submissions of other parties, may be lodged with the Commission, using the same means, by **31 May 2019**.

Submissions received after those dates will be received only with leave of the Commission.

Subject to any confidentiality directions which may be given by the Gambling Commission, all written submissions and evidence received, including written submissions in reply, will be made publicly available on the Gambling Commission's website.

Applications to appear and be heard at the public hearing

The Gambling Commission invites those who wish to appear and be heard at the public hearing to apply to the Gambling Commission for authorisation to do so. Applications for authorisation to appear must be accompanied by:

- (a) the substantive written submissions of the party on SKYCITY's applications; and
- (b) a separate submission putting forward reasons to appear and be heard in person, rather than by written submission only.

The foregoing documents will be used to determine the application for authorisation to appear.

Attachment 2

Only those authorised to appear may address the Commission at the public hearing. As the hearing will be public, persons or groups who are not authorised by the Commission to appear may attend the hearing to observe.

Applications for authorisation to appear must be lodged by **17 May 2019**. Applications after that date will be received only with leave of the Commission. The Commission reserves its power to authorise appearances at any time down to the end of the hearing.

Hearing

Arrangements for the hearing will be publicly notified at a later date and will also be shown on the Gambling Commission's website. The hearing will likely take place in Hamilton.

Enquiries

Any enquiries relating to the SKYCITY's applications or the hearing should be directed to Blair Cairncross, Executive Director, Gambling Commission at blair.cairncross@gamblingcom.govt.nz.

Item 1

DRAFT 1
**Submission by
 Hamilton City Council**
APPLICATION TO AMEND LICENCE CONDITIONS – SKYCITY Hamilton Casino
19 Feb 2019
1.0 POSITION

- 1.1 The Hamilton City Council (HCC) is **strongly opposed** to the deployment of 60 additional gaming machines (**Pokies**) at SKYCITY Hamilton Casino irrespective of its substitution of three existing blackjack tables as proposed by SKYCITY to the Gambling Commission (**the Commission**).

2.0 BACKGROUND

- 2.1 Despite the Gambling Act 2003 (**the Act**) contemplating that casinos may increase the number of its Pokies under s12(2)(a) of the Act (provided that such increase is accompanied by a reduction in the number of its table games), the addition of 60 further individual Pokies is not proportionate to 3 individual tables and therefore a decision to allow this would enable an increase in opportunities to gamble which contravenes s11 of the Act. It is also noted in Appendix 4 of SKYCITY's application that 2 tables proposed for removal are located in the VIP room with only 1 table being removed from the general Casino floor. Using SKYCITY's own formula, there are 21 opportunities to gamble proposed for removal in exchange for 53 new opportunities (given only 7 pokies are to be added to the VIP room). The net increase on the general Casino floor is therefore 32 pokies. The rational of 63 opportunities to gamble by 3 tables being reduced to 60 chances to gamble with pokies is also inaccurate. The ability to have 63 opportunities is dependent on a person to play a hand and only then is there the ability to have additional gambling opportunities. Pokies exist as autonomous machines independent of requiring other players. Further, the proportionality in conjunction with the proposed floor plan change leads to an increase in opportunities to gamble by the general public and again is a contravention of Section 11 of the Gambling Act.
- 2.2 HCC has a position on gambling to reduce Pokies in the community progressively overtime via its sinking lid policy whereas the SKYCITY proposal of 60 new pokies contradicts this position. Given SKYCITY and HCC serve the same community, both must be in alignment. Local councils have been empowered by Central Government to determine whether to have a sinking lid on the number of Class 4 venues and Pokies, yet under the Act, councils are not provided the opportunity to determine the number of Pokies within a Casino which resides within its community. This creates a significant inconsistency between the community expectations for greater localised control of gambling and the reality of the gambling as it is prescribed in the Act. The Council therefore continues to invest resources adopting various

Class 4 venue policies which provide a position on Pokies which are within Class 4 venues but the Act enables SKYCITY to disregard this position and enables it to introduce more Pokies into the community.

- 2.3 The proposal will significantly increase revenue, yet SKYCITY is only required to provide 1.5% of this revenue for distribution to the community compared to Class 4 trusts, which provide 40% of proceeds for distribution to the community. As the Act seeks to balance the potential harm from gambling against facilitating responsible gambling which ensures money from gambling benefits the community, HCC challenge whether enabling any further change to Casino will be consistent with the purpose of the Act. Given this significant disparity between the Casino and Class 4 trusts, the Commission must review the 1.5% requirement as part of SKYCITY's proposal in amending SKYCITY's licence to align closer to or exceed Class 4 trusts 40% requirement.
- 2.4 The Act allows for the growth of some forms of gambling (e.g. Class 4 and TAB) to be controlled through councils but not others (e.g. casinos). The Commission, has and continues to have, the ability to make decisions on behalf of Hamilton's community, providing the 13 elected representatives of its local community only the opportunity to make a non-binding submission. The decision on whether SKYCITY's proposal is approved sits with the Commission, yet, the views of local elected representatives, who understand their local community, do not get to make the decision.
- 2.5 Section 140 of the Act empowers the Commission to notify anyone it considers as affected. The Commission have restricted submissions from affected parties to only being the Department of Internal Affairs, the Ministry of Health, Problem Gambling, Salvation Army and the Council. The organisations identified are not reflective of all affected parties therefore the submission process must be open to the public with an opportunity to speak provided given the impact of this proposal.
- 2.6 SKYCITY's application outlines no evidence of how the community of Hamilton will significantly benefit from this proposal. There is also no evidence that SKYCITY have consulted with the community or Casino patrons as to ascertain what support there is for the proposed increase in pokies. This would further endorse that the decision to increase pokies is revenue/profit driven as opposed to being a response to patron demand.
- 2.7 For the above reasons, HCC is strongly opposed to SKYCITY's proposal.

3.0 FURTHER INFORMATION AND HEARING

- 3.1. Any evidence supporting HCC's submission has been attached and HCC **want to speak** to the Commission in support of its written submission.
- 3.2. Should the Commission require clarification of the points raised in this submission, or further information, please contact Andy Mannering (Community and Social Development Manager) on 07 838 6465, email andy.mannering@hcc.govt.nz in the first instance.

Yours faithfully

Richard Briggs
CHIEF EXECUTIVE

Extraordinary Council

OPEN MINUTES

Minutes of a meeting of the Council held in Council Chamber, Municipal Building, Garden Place, Hamilton on Tuesday 9 April 2019 at 2.46pm.

PRESENT

Chairperson	Mayor A King
Deputy Chairperson	Deputy Mayor M Gallagher
Members	Cr M Bunting
	Cr J R Casson
	Cr S Henry
	Cr D Macpherson
	Cr G Mallett
	Cr A O’Leary
	Cr R Pascoe
	Cr G Taylor
	Cr L Tooman
	Cr R Hamilton

In Attendance: Richard Briggs – Chief Executive

David Wilson (retired District Court Judge) – External Presenter
 James McGillvray – City Solicitor – Tompkins Wake

Governance Staff: Becca Brooke – Governance Team Leader
 Amy Viggers and Rebecca Watson – Committee Advisors

1. Apologies

Resolved: (Mayor King/Deputy Mayor Gallagher)
 That the apology for absence from Cr Southgate is accepted.

1. Confirmation of Agenda

Resolved: (Mayor King/Deputy Mayor Gallagher)
 That the Council approves the agenda.

2. Declarations of Interest

Crs Taylor, Bunting and Henry each declared a pecuniary conflict of interest in relation to item 5 (Proposed changes to SKYCITY submissions process). They would not take part in the discussion or vote on the matter and left the meeting following their declarations.

3. Public Forum

Sir David John Moxon - Sir Moxon spoke to item 5 (Proposed changes to SKYCITY's Submission process). He noted that he was in support of Hamilton City Council's submission to oppose SKYCITY's proposal to exchange 3 blackjack tables for 60 gaming machines. He outlined the reasons for this being the harm that gambling, particularly with these types of gaming machines, did to the wider community and at risk groups.

4. Proposed changes to SKYCITY submission process

Mr David Wilson (retired District Court Judge) provided a presentation to Elected Members concerning his recommendation that the Council engage appropriate Queens Counsel representation and expert witnesses to create, manage and deliver a submission opposing the application by SKYCITY Hamilton. The Mayor outlined the process the Council had followed to date. Council's Solicitor then outlined the options the Council could employ with regards to a representative opposing the proposal at the hearing. Along with staff, Mr Wilson responded to questions from Elected Members concerning the application, the submissions and hearings process, and options available to lessen the cost to Council.

Resolved: (Mayor King/Cr Casson)

That the Council:

- a) receives the report;
- b) delegates authority to the CE to engage Tompkins Wake, appropriate Queens Counsel representation and expert witnesses to create, manage and deliver a submission opposing the application by SKYCITY Hamilton to exchange three blackjack tables for sixty gaming machines and to provide a reply and rebuttal submission on behalf of Hamilton City Council, up to a value of \$150,000;
- c) notes the legal and expert costs of preparing the submission will be funded from existing budget in the Mayor's Office;
- d) notes that the CE will approach other parties to contribute up to 50% of the funding; and
- e) delegates authority to the CE to finalise the submission on behalf of Council regardless of any external funding being received.

Cr Mallet Dissenting.

The meeting was declared closed at 3.57pm.

Document No: A433652

Report To: Council



Meeting Date: 30 July 2019

Subject: Financial Reporting Schedule for the Year Ending 30 June 2020

Type: Information Only

Purpose of Report

- 1.1 The purpose of this business paper is to present the Financial Reporting Schedule to Council for the 2019/20 Financial Year.

Background

- 2.1 The establishment of a timetable for Financial Reporting provides certainty to Council and the community of reports to expect over the coming year.
- 2.2 Financial and Non Financial Performance (Statements of Service Performance) information is issued quarterly to enable timely monitoring of both financial and organisational performance against performance targets established in the EAP. These reports are referred to as a Quarterly Reports.

Commentary

- 3.1 Set out below is a timeline for reports proposed to be issued for Council and the Audit and Risk Committee (ARC) meetings for the 2019/20 year.

Meeting Date		Report to be issued
30 July 2019	Council	Financial reporting schedule for year ending 30 June 2020. No financial report issued as organisational capacity will be directed to completing year end adjustments and preparing the draft annual report.
13 Aug 2019	ARC	Interim report on 2018/19 Annual Report.
27 Aug 2019	Council	Interim Non Financials (KPIs) results for 2018/19.
7 Oct 2019	ARC	Recommend adoption of the 2018/19 Annual Report.
8 Oct 2019	Council	Adoption of the 2018/19 Annual Report.
26 Nov 2019	Council	Quarterly report for the period ending 30 Sept 2019.
February 2020	ARC	Quarterly Report for the period ending 31 December 2019.

Meeting Date		Report to be issued
May 2020	ARC	Audit Service Plan and outline of 2019/20 Draft Annual Report development process and timeline. Audit Engagement letter for the 2019/20 Draft Annual Report and the Limited Assurance Report in respect of the Debenture Trust Deed. Quarterly Report for the period ending 31 March 2020.
June 2020	Council	Monthly Financial Report for the period ending 31 May 2020.

Suggested Resolution

The business paper 'Financial Reporting Schedule for the Year Ending 30 June 2020' be received.



TINA HITCHEN
GENERAL MANAGER – BUSINESS SUPPORT (ACTING)

11 July 2019

Document No: A437125

Report To: Council



Meeting Date: 30 July 2019

Subject: Waikato Regional Economic Development Agency - Te Waka – Annual Report (July 2018 to June 2019) and Schedule of Functions and Services (July 2019 to June 2020)

Type: Information Only

Purpose of Report

- 1.1 The purpose of this business paper is to present to Council the Waikato Regional Economic Development Agency (Te Waka) Annual Report (July 2018 to June 2019) and Schedule of Functions and Services (July 2019 to June 2020).

Commentary

- 2.1 In accordance with the Partnership Agreement, Te Waka report to Council twice per annum.
- 2.2 Attached to and forming part of this business paper is the Te Waka Annual Report (July 2018 to June 2019) and Schedule of Functions and Services (July 2019 to June 2020).

Suggested Resolution

The business paper on Waikato Regional Economic Development Agency - Te Waka – Annual Report (July 2018 to June 2019) and Schedule of Functions and Services (July 2019 to June 2020) be received.

A handwritten signature in blue ink, appearing to read "H. Beever".

HELEN BEEVER
GROUP MANAGER – COMMUNITY SERVICES

July 2019

Attachments: Te Waka Annual Report (July 2018 to June 2019)
Te Waka Schedule of Functions and Services (July 2019 to June 2020)

Annual Report

30 June 2019

1. Executive Summary

This is the first annual report from Te Waka since its establishment in July 2018. It reports performance against the functions and services agreed with ten of the Waikato region's local authorities and doubles as the six monthly report to the councils for the January to June 2019 period.

The first year of operation for Te Waka has been a start-up phase with the first six months focused on establishing the organisation and gaining initial traction, and the second six months solidifying operations. Fully operationalising Te Waka into the fully functional Regional Development Agency envisaged at its outset will continue into year two as final funding is secured.

Highlights for the year include the following:

- Establishment of Te Waka as the Waikato regional economic development agency with partnership agreements in place with ten of the region's local authorities, sponsorship agreements with leading businesses in the region and continued support from regional trusts.
- A successful Waikato Economic Development Summit that was supported by the region's community leaders and launch of the Waikato Regional Economic Development Programme 2018 – 2022, and subsequent acknowledgement from central government toward regional funding priorities based on the Programme.
- Integration of the New Zealand Trade and Enterprise (NZTE) and Callaghan Innovation funded Business Growth Team into Te Waka, hosting the national Regional Business Partner conference, expansion of the hub and spoke model for service delivery and exceeding contracted KPIs for business engagement with \$29m of R&D funded projects in the pipeline with \$4.8m confirmed funding from Callaghan Innovation for businesses in the region.
- With funding support from WEL Energy Networks, achievement of unique website users and other growth KPIs for the Waikato Story, transition for management to Te Waka and secured budget to initiate redevelopment of the digital platform with stakeholder engagement from June 2019.
- Partnership with CultivateIT, providing tech sector leadership, launch and implementation of the regional digital strategy and hosting a successful Techweek19.
- Support for implementation of the 2018 Maori Economic Action Plan and Agenda with over a third of its actions completed and support for the development and launch of Te Whare Ohaoha, Waikato Region Maori Economic Development Action Plan Refresh in June 2019.

- Under guidance from the Waikato Labour Market Leadership Group, development and launch of the Waikato Labour Market Strategy 2019 in April and associated partnership with the Ministry for Social Development to second part time staff and resources to support implementation of the Strategy.
- Active support for applications to the Provincial Growth Fund for funding to the value of \$90m for projects with a total value of nearly \$300m, with confirmed funding of \$3.3m and many projects still being assessed.
- Completion of the Southern Waikato Economic Action Plan and subsequent applications for funding to the Provincial Growth Fund.
- Release of quarterly economic updates on the Waikato region on the themes of labour market and productivity, sector growth and productivity, and tourism sector overview.

2. Introduction

The Waikato's first regional-scale economic development agency, Te Waka, was formally established on 7 July 2018. In early September 2018 Te Waka formalised its relationship with the local authorities of the Waikato region via a series of partnership agreements, signed in early September 2018 and backdated to 1 July 2018 and which remain in force for three years.

This is the first annual report from Te Waka and provides a second six monthly update since its establishment. It provides a summary of the performance of Te Waka for the period to June 2019. It reports against the key performance indicators outlined in the Schedule of Functions and Services attached to the partnership agreements. These agreements require Te Waka to report back to the Councils every six months.

The Schedule of Functions and Services agreed at the establishment of Te Waka was naturally targeted at establishing the organisation. By December 2018, the first six monthly report documented that Te Waka had already achieved 63% of KPIs with a further 23% in progress. This report provides an update on progress against these KPIs and its performance against the general list of functions and services laid out in the partnership agreements.

The partnership agreements require Te Waka to report to the local authorities in writing every six months in respect to:

- Te Waka's delivery of regional economic development functions and services;
- Te Waka's performance against indicators (KPIs) outlined in the Schedule of Functions and Services;
- The general state of the Waikato economy; and
- Current or anticipated issues.

Te Waka's Delivery of Regional Economic Development Functions and Services

A. Operationalising the Waikato Regional Economic Development Strategy

This sub-section discusses progress with operationalising Te Waka.

i) Establishment phase

The design of both the governance and operation of the Waikato REDA was overseen by an Establishment Board, selected by the Mayoral Forum. The Establishment Board members were:

- Dallas Fisher (Chair)
- Blair Bowcott
- Kiri Goulter
- Kim Hill
- Chris Joblin
- Les Roa
- Rob Williams

At this time also Stuart Gordon, the CEO of Waikato Innovation Park was appointed as the establishment Chief Executive for the Waikato REDA. The Establishment Board, with support from the establishment CEO, oversaw all decisions on organisational design, funding and governance, and referred all major decisions to the Mayoral Forum for confirmation and feedback. The support of Stuart and the Waikato Innovation Park Board in the establishment of Te Waka has been invaluable.

Waikato Regional Economic Development Ltd was officially created as a limited liability company on 6 July 2018. At the same time a trust, Waikato Economic Development Trust was established to hold the shares in the company. Two trustees were confirmed:

- Simon Lockwood who in addition to his business leadership roles is the chairman of the Waikato Institute of Directors; and
- Alice Thame – a senior accountant with Dairy NZ and the local leadership team leader for the Chartered Accountants Association for Australia and New Zealand (CAANZ)

A trust deed, company constitution and establishment business plan were developed in June 2018 and formed the foundation documents for the entity.

Agreements were developed with Waikato Innovation Park for the provision of office space and services, and discussions commenced with NZTE and Callaghan Innovation to novate the Regional Business Partner Programme services being delivered by the Waikato Innovation Park to the Waikato REDA.

The company operated under the interim name of Waikato REDA while work was undertaken on a final trading name. Te Waka, Anga Whakamua Waikato, was launched at the Waikato Economic Development Summit in late August 2018.

ii) Strategic

Five of the Waikato REDA Establishment Board members transitioned to directors of Te Waka at its establishment to ensure momentum of the organisation through the start-up phase. As per the Te Waka constitution, local government members of the Establishment Board have been retained as non-director Special Advisors. Tame Pōkaia, as Te Waka's Kaumātua has also been appointed as a Special Advisor to the Board. Dallas Fisher was confirmed as the Chair and Kiri Goulter was subsequently confirmed as Deputy Chair.

As outlined in constitution's rotation policy, two directors will rotate off the Board at the end of June 2019. Drawn by random, the directors whose terms will finish are Les Roa and Chris Joblin, whom have made a significant contribution to establishing the organisation and enabling it to deliver early results. They are eligible to re-apply through a publicly advertised process. Adverts for two directors were published on 14 June.

The board held a strategic planning day in February 2019. At the strategy day the board agreed to the following strategic business priorities for the 2019/20 period, reflecting the operationalisation phase for Te Waka:

- Complete operationalisation of the organisation in terms of funding and resourcing to enable it to deliver on its core functions as outlined in the business plan
- Clearly define the value proposition for Te Waka for funders and key stakeholders
- Focus and deliver on the big "projects" and priorities for the region, selecting projects and areas most likely to add value to the region
- Provide and advocate for economic development leadership, being the voice of ambition and positive change
- Communicate, with an outcome focus, our story and that of successful regional economic development
- Refresh the Waikato Story and integrate it alongside the Te Waka communication channel

These strategic objectives have formed the basis of organisation's business plan for the 2019/20 year. The 2019/20 business plan was signed off by the board in June 2019.

iii) Funding

Securing the necessary funding for Te Waka commenced early in 2018 with a series of roadshows with all local authorities in the region. The target funding envelope followed that set out in the establishment business plan (**Table 1**). Proposals for local government funding were for three-year periods and were included in each respective council's 2018-2028 Long Term Plan. Funding was sought from all local authorities in the region except Taupō and Rotorua. All funding requests were approved.

A funding programme has been agreed to by the Te Waka board and additional funding proposals are being considered as outlined in the notes below.

Core Operational Budget –Revenue		Annual Amount Sought	Confirmed as at 30 June	Success (%) as at 30 June
Local Government	Regional	\$300,000	\$300,000	100%
	Local	\$370,000	\$370,000	100%
Business sponsorship		\$465,000+	\$310,000	67%
Regional trusts / other regional funds		\$250,000	\$75,000	30%
National Business Partner contract		\$660,000	\$660,000	100%
Government other sources		0	\$100,000	
Provincial Growth Unit (MBIE)		\$200,000	\$200,000	100%
Total		\$2,245,000	\$2,015,000	90%

Table 1. Te Waka Funding Sources

Note 1. Funding proposals for additional business sponsorship to the value of \$325,000 are currently being considered by businesses and are not included in the above figures

Note 2. A funding application to WEL Energy Trust for ongoing development of the Waikato Story was lodged in June 2019 and is not included in the above figures

Note 3. Funding from other Government sources relates to funding and secondment support for staff resources from Ministry for Social Development and Te Puni Kōkiri. This is targeted at implementation of the Regional Labour Market Strategy and support for the Māori economic development programme

iv) People

In September the Board announced that the inaugural Chef Executive of Te Waka would be Michael Bassett-Foss and Chief Operating Officer Harvey Brookes. A new member of the Business Growth Team, Ashleigh Turner started in November 2018. Amy van Gaderen started in the role of Marketing and Communications Manager in January 2019.

The Business Growth Team formally transitioned from Waikato Innovation Park to Te Waka in October 2018 via the novation of the Regional Business Partnership agreement with Callaghan Innovation and NZTE. The team comprised Craig Purcell, Business Growth Manager, and advisors Peter Davey, Novell Gopal, Hayley Smith and Kahurangi Taylor.

Jannat Maqbool and Tammee Wilson started with the Business Growth Team in March and June 2019 respectively as part time temporary positions to cover parental leave vacancies for Hayley Smith and Kahurangi Taylor.

Along with Tony Kane, heading the Business Mentors programme in Waikato, the Business Growth Team form a key part of the business growth engine for Te Waka particularly focusing on enterprise development in a hub and spoke model in locations throughout the region.

The Chief Operating Officer, Harvey Brookes left Te Waka in April 2019. Harvey contributed significantly to the formation of Te Waka and its start-up phase. His departure caused a short-term plateauing of organisational outputs.

The organisation is subsequently moving forward with securing people for positions originally envisaged in the establishment business plan. A Sector Development Manager role is currently being filled and other positions will be filled through the remainder of 2019 as funding allows including Māori Economic Development Advisor, PGF programme management support and Investment Management.

v) Waikato Economic Summit and Programme

Before it got down to business, Te Waka asked the Waikato economic leadership community what the region's economic growth priorities should be for the next few years. To do this, 250 of the region's business, iwi, community and local government leaders were invited to a Waikato Economic Summit for two days in late August 2018. They were challenged to "Agree what economic development initiatives will have the greatest impact for the Waikato and its people".

The event provided the ideal launching platform for Te Waka with the Minister for Regional Economic Development Hon Shane Jones in attendance. Participants were welcomed into the summit by Ngati Koroki Kahukura, the local hapū for Lake Karapiro where the summit was held.

The Waikato Regional Economic Development Programme (2018 – 2022) is a culmination of the outputs from this Summit, along with the work of previous regional economic development organisations including Waikato Means Business and the many others currently involved in economic growth in the Waikato. The Programme was launched on 14 November 2018 and guides the work of Te Waka and provides input into regional funding priorities for government.

vi) 2019/20 Schedule of Functions and Services

The partnership agreements stipulate that a revised Schedule of Functions and Services is circulated to councils in June of each year that contains KPIs for the following financial year. As part of developing the 2019/20 Schedule, the Local Authority Partnership Committee (CEs Forum) reviewed the Schedule at its 24 May meeting. The Schedule is attached in **Attachment 1: 2019/20 Schedule of Functions and Services**.

Activities and KPIs set in the 2019/20 Schedule of Functions and Services mirror those that are contained in Te Waka's 2019/20 Business Plan.

vii) Waikato Economic Development Forum

Te Waka acknowledges the contribution to the economic development ecosystem by all Councils in Waikato and potential overlaps with activity that Te Waka has in its partnership agreements with councils.

In respect of the relationship with councils, Te Waka is convening a forum for council economic development officers in early July, to provide an update on Te Waka activities and to solicit guidance and feedback about aspects of Te Waka's work. The forum will also assist clarify respective roles.

The forum will cover:

- Overview of Partnership Agreement 2019/20 Schedule of Functions and Services
- Update on priority economic development activity underway in each council area
- Te Waka Business Growth Services – aligning delivery
- Provincial Growth Fund update and pipeline of projects
- Regional investment – coordination and enablement
- Communications – coordination and enablement
- Waikato Story – potential for repositioning
- Te Waka/councils engagement

B. Business Growth Services

Te Waka provides business growth services via the Regional Business Partner (RBP) Programme in the Waikato region under contract from NZTE and Callaghan Innovation.

Te Waka hosted the 80 plus personnel who provide RBP services throughout the country over 2 days (7 & 8 November) at Zealong Tea estate. It was an opportunity to showcase our region. It was built on a programme that highlighted food, tourism and technology. The conference was funded through NZTE so had zero cost to the region. The conference and Waikato location received very positive feedback from participants.

In January 2019, Te Waka was successful in gaining an extension of the Regional Business Partner Programme for another two years through till June 2021.

In the last six months, the team have extended the hub-and-spoke model into Waitomo District with a launch event held in Te Kuiti on 18 April. Since the launch more than 20 businesses have signed up for advisory services.

Te Waka established a hub in Te Awamutu/Cambridge in mid-2018. Discussions continue with Otorohanga District Council and Otorohanga District Development Board about establishing a hub in Otorohanga over the coming months. Te Waka has been providing business growth services to Matamata Piako District for some years although a formal hub has not been established. The potential for establishing a hub in Matamata is being discussed with Matamata Piako District Council.

Results for the Business Growth Team YTD May 2018/19 follow.

Client Engagements track ahead of budget (437 actual YTD, 390 target YTD), showing continued adoption of services across the region.

Capability Voucher scheme funding from NZTE supported businesses in the region with \$500,000 (matched by businesses) worth of funding for capability development.

Net Promoter Score (NPS) sits at +56. The NPS has a range of -100 to +100 and is based on client feedback (<https://www.medallia.com/net-promoter-score/>).

Callaghan Innovation co-fund R&D projects with businesses. The value of successful funding applications from Callaghan Innovation totalled \$4.8m across 21 projects in the last year. The pipeline of potential R&D projects totals \$29m.

C. Waikato Story

With Te Waka appointing Amy van Garderen as Marketing and Communications Manager in early 2019, Te Waka has taken over management and delivery for Waikato Story.

The digital platform that underpins the Waikato Story was developed as an interim solution. In its 2019/20 Business Plan Te Waka has planned and funded the development of a new digital platform. This is a significant undertaking estimated to cost upwards of \$100,000 and will allow substantially more flexibility in the management and marketing of content on the platform, and integration with other digital channels.

Te Waka will with engage key stakeholders in the redevelopment of the digital platform and repositioning of the Waikato Story. This process started in June 2019.

While the digital platform is being developed, Waikato Story will continue to operate as a channel to celebrate the success stories associated with economic development in the region. Te Waka will work with councils and other stakeholders for the development of content, and to ensure that the Waikato Story fully complements other regional and local digital platforms.

D. Regional Investment Programme

Te Waka has supported major regional investment opportunities (non-PGF) across many local authority areas. Opportunities include businesses looking to relocate from Auckland or other parts of the country and overseas entrepreneurs assessing parts of the region to establish businesses.

Te Waka has initiated discussions with NZTE to establish a single front door and coordinated programme for Waikato for international investment and investor category migrant opportunities.

In the 2019/20 Business Plan, Te Waka has allocated budget to resource the Investment Manager role. Te Waka will work with local authorities to develop and implement the role in a way which fully aligns with their investment facilitation activities.

During the 2018/19 year, Te Waka has been successful in supporting approximately \$11m of investment into the region primarily for PGF projects and R&D funding.

E. Sector and Industry Development

In the second half of 2018, Te Waka partnered with CultivateIT to develop a digital stocktake and strategy for the region. CultivateIT is an association established by the tech sector, a sector body responsible for connecting the technology ecosystem and driving technology innovation. In late 2018, Te Waka reached an agreement with CultivateIT to support and fund a 0.5 FTE role to assist coordinate the delivery of the digital programme of work for the region. The agreement was for a six-month period during which time CultivateIT would secure sustainability through funding and support from within the sector.

Aims of the Digital Strategy are:

- Close the digital divide
- Build digital skills and capacity
- Support small and medium size businesses with digital transformation
- Support regional smart cities initiatives
- Foster regional technology innovation

During the 2019/20 year, Te Waka plans to lead or support the development of sector plans for a further two priority sectors. Initial progress has been initiated with the aquaculture sector by Waikato Regional Council initiating the development of a Waikato Aquaculture Strategy. Te Waka will work with WRC and the sector stakeholders to explore how to implement the strategy.

Discussions or discrete initiatives are underway with forestry, construction, aviation and the agri sectors. Te Waka is in the process of securing a Sector Development Manager role in June 2019 to progress this work.

F. Māori Economic Development Programme

During the 2018/19 year, Te Waka has supported activity related to Māori economic development via the funding of a 0.5 FTE role. This function has supported iwi and Te Puni Kokori to progress the Waikato Māori Economic Development Plan and Agenda, launched in February 2018 and co-funded by Te Waka's predecessor organisation- Waikato Means Business. A total of 63 actions featured in the 2018 Plan. Of the total actions, 23 actions were noted as complete as at March 2019; 8 were identified as currently in action or in progress and due for completion by the end of 2019; 5 actions were identified as requiring immediate refresh and 27 actions were identified as requiring review against stakeholder engagement and up-to-date data.

Over the past year Māori collectives, Māori business, whānau and rangatahi have developed and participated in a range of research, education and networking initiatives, built and brokered relationships, collaborated on multi-stakeholder projects within technology and tourism sectors, and stimulated and supported the possibilities for innovation.

Key learnings from implementing the 2018 Plan have guided a refresh of the action plan. Te Waka has supported Te Puni Kokori and iwi with the refreshed plan, which was launched by Minister Mahuta on 14 June 2019.

Te Waka continues to integrate Māori economic development outcomes across other streams of work through a focus on Māori enterprise. The Business Growth Team has set a target to grow business engagements to 15% for Māori business. Te Waka continues to partner with key stakeholders for Māori business events including Waikato-Tainui and Te Humeke. A highlight for the year was the Māori Tech Showcase involving Waikato Tainui and Te Puni Kokori, the headline event at Techweek 19 that was attended by over 1000 people.

Following a paper from Rukumoana Schaafhausen to the Mayoral Forum in February 2018 requesting consideration for an iwi representative on the Te Waka board, the board has agreed an appointment and selection process with the four iwi representatives on the Waikato Plan Leadership Committee.

The Te Waka Board has provided a role profile to iwi that outlines the skills and experience desired through this process. Iwi will select the nominee who will be appointed to the Board through a nomination by the Waikato Mayoral Forum, for a three year term, with the Te Waka Board having final approval of the nominee, all as per the Te Waka Constitution. The role will be publicly advertised and a selection panel comprising the four iwi representatives on the Waikato Plan Leadership Group, a representative from Hauraki, the Chair of the Mayoral Forum and the Chair of Te Waka.

Under guidance of our Kaumatua, Tame Pokiaia, Te Waka will engage with iwi across the region to understand how support can be provided for the economic development aspirations of individual iwi.

Te Puni Kokori has approved funding of 0.5 FTE that will allow Te Waka to appoint a full time Māori Economic Development Advisor to progress the Māori economic development programme.

G. Regional Labour Market Strategy

The first Waikato Regional Labour Market Strategy was developed by Waikato Means Business in 2014. A Labour Market Leadership Group has met every two months since then to share information, receive relevant reports and to respond to objectives in the Strategy.

In late 2018, the Labour Market Leadership Group, with support from Te Waka, undertook a refresh of the strategy. Ministry for Business, Innovation and Employment (MBIE) funded \$10,000 to engaged The Stakeholder Agency to facilitate a refresh of the strategy. The refreshed Waikato Labour Market Strategy was launched in April 2019.

The 2019 Strategy aims to inform the priorities of Te Waka in its efforts to bring about stronger regional connections and collaborations, and to develop action-focused, sector led initiatives in areas such as vocational skills, education and employment.

The strategy aims to facilitate “a future-proofed regional labour market capable of serving business and industry needs while providing economic, social and cultural outcomes”.

Objectives of the 2019 strategy are to:

- Develop strong employer-provider partnerships in education and training;
- Understand future workforce needs sector-by-sector through significant engagement with employers;
- Focus on promoting educational achievement in science, technology, engineering and maths subjects (as well as demand-driven soft skills) to meet existing and predicted labour market gaps, as well as to face the challenges of technological change;
- Attract skills to the region, city and local industries and sectors by defining and marketing the regional value proposition;
- Optimise transitions from school to training, school/training to work, as well as employees moving from sector to sector; and
- Encourage employers to undertake an ongoing programme of staff training and development, and provide support mechanisms to foster this investment in their people.

The priority action from the strategy is to “implement a three-year programme to build, attract and retain skills and talent on a sector-by-sector basis”. To assist Te Waka to meet this challenge, the Ministry for Social Development has seconded a 0.4 FTE role and supporting resources to assist implement the strategy.

The construction sector will be the initial sector to target the development of interventions because of the forecasted continued growth in construction across Waikato. Construction is also a sector for which the Ministry for Social Development has established strong relationships. Engagement with businesses in the construction sector started in June 2019 with sector forums to be held during July to September.

H. Promote major funding proposals

i) Provincial Growth Fund

The Provincial Growth Fund (PGF) continues to dominate major funding proposals from the region. As at the end of May 2019 a total of 83 PGF applications and expressions of interest had been received from the Waikato region. Of those, 12 have been approved and 36 have been declined, withdrawn or are unsupported, with the remainder in various stages of assessment.

The Waikato Regional Economic Development Programme (2018-22) provides Te Waka with guidance about priorities for the region. Central government is increasingly approaching Te Waka for guidance about these regional priorities.

As at the end of May, Te Waka had actively supported \$90m in applications to the PGF with many proposals still being assessed. Approximately \$11m in central government funding had been secured either directly by Te Waka or with the support of Te Waka, predominantly for PGF projects or R&D funding.

Te Waka has focused its development and advocacy activities on two priority packages of projects: Southern Waikato Economic Action Plan (SWEAP) and the Cultural Tourism and Education Cluster.

ii) Southern Waikato Economic Action Plan (SWEAP)

SWEAP is the first sub-regional economic action plan supported by MBIE. Along with South Waikato, Waitomo and Otorohanga District Councils, and Waikato Means Business/Te Waka nearly \$200,000 was invested in this programme over the last 18 months. The study, undertaken by MartinJenkins and coordinated by Te Waka, saw more than 80 stakeholders engaged under guidance from a cross-community governance group. The study culminated with the submission in April 2019 of four PGF applications for investment ready projects:

- Digital and entrepreneurial hub and ecosystem in Tokoroa (South Waikato Investment Fund Trust)
- Southern Waikato Driver Training Programme (South Waikato, Waitomo and Otorohanga District Councils)
- South Waikato Trades Training Centre, Tokoroa (South Waikato Investment Fund Trust)
- Development of a dementia facility in Otorohanga (Beattie Trust)

A PGF application was also submitted by Te Waka for \$4.4m to provide capacity and resources to progress 17 pre-investment proposals to investment ready status over the next 6-9 months. This application required \$1.4m to be sourced from the Waikato region. By June 2019, \$200,000 had been committed by South Waikato, Waitomo and Otorohanga District Councils. Te Waka is in the process of developing an application to the Waikato Regional Council's Regional Development Fund. The final shape and local funding commitment required will depend on formal feedback from the Provincial Development Unit (MBIE) once it is received.

iii) Cultural Tourism and Education Cluster

When analysing the major projects that resulted from the Waikato Economic Summit, it became apparent that there are few investment ready projects in the Waikato. Further, there is limited short-term growth in job opportunities from traditional sectors in the Waikato such as agri-food. Changes in these traditional sectors will take time to translate into job growth and this eventual job growth will not necessarily be in locations that need the most support – some of the most deprived areas in New Zealand.

The Waikato region's single biggest short-term opportunity is from a network of authentic tourism product, industry and operator development initiatives – the number one priority from the Summit. The linking of these initiatives will greatly magnify the benefits for the region and result in jobs where they are needed most. The package leverages the Māori economic powerhouse to underpin a substantial cultural education component for which there is significant demand.

Since early 2019, people from many of the peak cultural tourism and economic development organisations have met to jointly develop a package and approach to guide development of cultural tourism and education in the Waikato region.

The purpose of the package is to create an umbrella framework which will provide confidence to regional and national decision makers and funders on the best projects to support and advance over the next 2-4 years. The package will be summarised in a short paper to be delivered to Government in June/July 2019.

iv) Te Waka PGF programme management

The PGF is creating significant demand for professional advice and support from regional economic development agencies. In light of this, in August 2018 Economic Development New Zealand (EDNZ) applied to the PGF on behalf of all regional economic development agencies for PGF programme management staff resources. In November 2018, Te Waka provided supporting evidence for Waikato to be recognised as a surge-region due to its diversity and scale, large areas of substantial socio economic deprivation and to assist the scaling up of economic development capacity in the region.

In February 2019, following guidance from EDNZ, Te Waka submitted its own application for PGF programme management capacity under the umbrella of the original EDNZ application. The PGF has provisionally approved \$200,000 for two years with a review after the first year.

Achievement of KPIs

The partnership agreements: 2018/19 Schedule of Functions and Services sets out 39 actions and anticipated results. The relevant KPIs are set out in Attachment 2 of this report. These are divided into three sub-sections:

- Key Priority Areas 1 July 2018-30 June 2019
- Medium Term Macro Key Performance Indicators 2018-2021
- Short Term Key Performance Targets July 2018- June 2019

Overall the results indicate that Te Waka has fully met 34 (87%) of the 39 objectives set down in the Schedule.

The objectives not complete total 5 (13%) of 39 actions. These related to the following action areas:

- **A post-summit attendee survey.** The purpose of this survey was to assess the percentage of summit attendees rate the economic summit as highly valuable/worthwhile. The Waikato Regional Economic Development Programme (2018-22) that was developed after the summit with extensive engagement with key stakeholders many of whom participated in the summit. The Programme was launched in mid-November, two and a half months after the summit.
- The first meeting of the **Local Authority Partnership Committee** was scheduled to take place by 30 September. A further meeting with the committee was scheduled to take place by 31 October to present the results of the 2017/18 Waikato Means Business projects. The local government Chief Executives Forum agreed to act as the Local Authority Partnership Committee at its February meeting and Te Waka reported to the forum's 5 April and 24 May meetings.
- **A stakeholder survey** held before 1 December 2018 to canvas whether Te Waka was providing a clear "one voice" for economic growth in the Waikato Region – in retrospect this was too early to gauge any meaningful feedback especially since the communications and engagement strategy was not signed off until May 2019.

Details on each project are set out in **Attachment 2: 2018/19 Schedule of Functions and Services Summary Status**.

The General State of the Waikato Economy

Te Waka was formed in part through the leadership and vision of the Waikato Regional Council, who commenced and funded Waikato Means Business for four years. The partnership agreement with Waikato Regional Council reflected that ongoing partnership, especially in the area of economic intelligence. The Council's Principal Economist, Blair Keenan provides econometric analysis, insight and advice to Te Waka, and produces for publication a quarterly update on the state of the Waikato economy. Each issue delves into a specific matter of relevance to economic growth in the region. Articles are published on Te Waka and other relevant digital platforms.

The timing and general description of the content of the quarterly reports are as follows:

- December 2018 – labour market and productivity
- April 2019 – productivity and growth analysis by sector
- July 2019 – tourism sector overview

In addition to the quarterly reports, an annual report on Waikato economic indicators has been developed. This was released on the Te Waka website in June 2019.

Current or Anticipated Issues

The initial development of Te Waka has progressed very positively, as shown in the above results. Despite a very ambitious timeframe and limited available resources, major milestones have been met in the development of Te Waka, and the Regional Business Partner Programme has continued to deliver services and grow further.

The key issue Te Waka foresees in the immediate future relates to the latent potential for economic growth support and action right across the region, and the demand for our support and services which has now been unleashed. The Provincial Growth Fund, the 1 Billion Trees fund and the Green Investment Fund have created demand for Te Waka resource and support, which is still being assembled. Continued support from commercial sponsorship and funding from trusts and philanthropic funds will be essential for Te Waka to continue to add value.

The first 12 months since the establishment of Te Waka has focused on starting up the organisation and getting early traction – the start-up phase. The second 12 months will focus on scaling up Te Waka operations to enable it to deliver the functions and services originally envisaged from the organisation and described in the partnership agreements – the operationalisation phase.

Attachment 1: 2019/20 Schedule of Functions and Services



Partnership Agreement Schedule of Functions & Services

July 2019-June 2020

TE WAKA (Waikato Regional Economic Development Agency) Schedule of Functions & Services 1 July 2019 – 30 June 2020

A. Introduction and Background

Te Waka, Waikato Regional Economic Development Limited ("Formally Waikato REDA") was established from 1 July 2018 to undertake regional economic development functions and services for the Waikato Region.

Te Waka has responsibility for developing and delivering regional economic development services across the Waikato region. It does this in partnership with the region's territorial authorities, regional tourism organisations, businesses and business leadership groups, Māori and community funders. The scope of functions and services of Te Waka is defined by its objectives and the areas it has committed to focus on, as part of its establishment. These are set out in the Partnership Agreement signed at the commencement of Te Waka and are elaborated on in further detail in this schedule. For the purpose of this Agreement the Waikato Region encompasses the local authorities that are a party to the Partnership Agreement

The objectives of Te Waka are:

- a) Lift economic performance across the Waikato region
- b) Attract, retain and grow investment, talent and business across the region
- c) Champion and provide 'one voice' for economic and business needs and opportunities across the region

In mid-2018 at the commencement of Te Waka, the Establishment Board agreed that the initial priorities of the REDA will be focused on ensuring the entity is fully and properly established. These priorities underpinned the inaugural Schedule of Functions and Services, the focus areas for the organisation over the first 12 months from July 2018. They are summarised as follows:

- a) Set up the Waikato REDA legal and operational structure and recruit the Board, Chief Executive and core staff
- b) Secure operational funding to ensure the Waikato REDA can continue existing Business Growth and Waikato Means Business services and commence new services, including via the Provincial Growth Fund as agreed by the Establishment Board
- c) Develop a pipeline of major regional economic projects and priorities via a Waikato Economic Summit
- d) Develop and approve an operating business plan, including KPIs and reporting frameworks
- e) Build and deploy a communications and stakeholder management programme

As we near the end of the first 12 months of operation, Te Waka has largely completed the establishment phase. The next 12 months will focus on fully operationalising the organisation and delivering against priority areas of its core functions and services. These core functions and services are summarised in Section 2 of the Partnership Agreement as follows:

2.2 *The general description of the functions and services to be provided by the Waikato REDA (both singularly and in partnership with others) is as follows:*

- (a) In relation to the matters in clauses (b)-(h) below, to contribute to operationalising the Waikato Regional Economic Development Strategy*
- (b) To provide to Waikato businesses NZTE and Callaghan Innovation contracted business growth advisory, innovation and mentoring services, through a hub and spoke service delivery model across the Waikato region*
- (c) To deliver and continue to develop the Waikato Story via the Waikato Story website and a range of social media platforms*

- (d) To develop and deliver a regional investment and facilitation programme across the Waikato region, including attraction of international investment and (with NZTE and Export NZ) assisting existing businesses to gain access to international markets*
- (e) To develop and deliver a sector and industry development programme, focusing on the key sectors of competitive advantage and opportunity for the Waikato region*
- (f) To support and facilitate, as agreed, the implementation of the Waikato Māori economic development agenda and action plan, and all other iwi Economic Development Strategies and Action plans where provided*
- (g) To support and facilitate, as agreed, a Waikato Regional Labour Market Strategy, actions and initiatives*
- (h) In relation to items (b)-(f), to develop, support and promote proposals to local, regional and national funding programmes, including (but not limited to) the Provincial Growth Fund (PGF)*
- (i) To deliver a communications and engagement programme to inform stakeholders, funders and other partners of the Waikato REDA programme and projects, key issues and information on the state of the Waikato economy*

The general description of the functions and services for Te Waka forms as the basis for this schedule of functions and services for its second year of operation – the operationalisation phase for the organisation. These functions and services are described in more detail below.

B. Key Priority Areas 1 July 2019 – 30 June 2020

Function / Service	Priority areas	Key performance targets
Contribute to operationalising the Waikato Regional Economic Development Strategy	<ul style="list-style-type: none"> • Ensure Te Waka has secure funding streams to deliver functions and services in this schedule • Ensure that business sponsors and funders are fully engaged in the Te Waka strategy development and execution process • Report to Waikato Mayoral Forum, Waikato Plan Leadership Committee and CEs Forum 	<ul style="list-style-type: none"> • Confirmed funding agreements to fully fund the Te Waka Business Plan by March 2020 • Hold 2 strategy sessions per year for business sponsors • Present to at least 60% of the meetings for the Waikato Mayoral Forum, Waikato Plan Leadership Committee and CEs forum
Provide contracted business growth advisory, innovation and mentoring services	<ul style="list-style-type: none"> • To provide to Waikato businesses NZTE and Callaghan Innovation contracted business growth advisory, innovation and mentoring services, through a hub and spoke service delivery model across the Waikato region • Integrate the business growth team into the wider operations of Te Waka to optimise the delivery of economic development services to the region • Develop a regional innovation programme 	<ul style="list-style-type: none"> • Meet all Regional Business Partner contract conditions throughout year (business engagements, funding approved) • Expand business growth services to Waitomo and Otorohanga districts by August 2019 • Hold two forums involving Waikato council economic development staff to assess and improve delivery of this service across the region • Work with each council area to co-design and deliver in partnership an initiative aligned with business growth services • Develop a mechanism to measure the outputs/outcomes of the business growth services • Collaborate with appropriate stakeholders to initiate the development of a regional innovation programme for Waikato
Deliver and continue to develop the Waikato Story	<ul style="list-style-type: none"> • Deliver a refreshed Waikato Story that is integrated with the Te Waka communications strategy 	<ul style="list-style-type: none"> • Transition the Waikato Story to a new technology platform that is integrated with the Te Waka digital platform • Develop and implement a refreshed focus and framework for Waikato Story content • Refresh the Waikato Story tool-kit with new images • Maintain readership numbers through this transition and develop a growth/promotional strategy
Develop and deliver a regional investment and facilitation programme	<ul style="list-style-type: none"> • Develop and deliver a regional investment and facilitation programme across the Waikato region, including attraction of national (especially ex Auckland) and international investment which advances the Waikato Story and our economic growth goals, especially regarding job creation 	<ul style="list-style-type: none"> • Hold two forums involving Waikato council economic development staff to scope and monitor the operation of this function • Recruit a suitably experienced person to lead this function within Te Waka • Work with central government to coordinate a migrant investor programme
Develop and deliver a sector and industry development programme	<ul style="list-style-type: none"> • Develop and deliver a sector and industry development programme, focusing on the key sectors of competitive advantage and opportunity for the Waikato region as set out in the 2018-22 Regional Economic Development Programme 	<ul style="list-style-type: none"> • Recruit a suitably experienced sector strategy manager • Work with industry leaders to develop sector / industry plans for at least two priority sectors • Align sector development priorities with implementation of the Waikato Regional Labour Market strategy

Support Maori Enterprise and co-facilitate the implementation of the iwi economic development plans	<ul style="list-style-type: none"> • Support Maori enterprise and Maori business success, including in relation to SMEs, Maori land trusts and other post-treaty settlement organisations • Support and facilitate, as agreed, the implementation of the refreshed Waikato Māori economic development action plan, and all other iwi Economic Development Strategies and Action plans where provided 	<ul style="list-style-type: none"> • Maori enterprise and Maori businesses will comprise at least 15% of Te Waka business growth advisory engagements • Collaborate with Maori and Iwi leaders to implement and support Maori leadership for the implementation of strategies and action plans • Confirm agreement with TPK to co-fund a Maori Economic Development Manager and recruit a suitably experienced person for this role in a process that is supported by TPK and Maori leadership by September 2019 • Implement at least 70% of actions outlined in the refreshed Waikato Maori Economic Development Action Plan
Support and facilitate, as agreed, a Waikato Regional Labour Market Strategy, actions and initiatives	<ul style="list-style-type: none"> • Support and facilitate the implementation of the Waikato Regional Labour Market Strategy 	<ul style="list-style-type: none"> • Extend the partnership with Ministry for Social Development to June 2020 to assist implement the Regional Labour Market Strategy • Develop a labour market needs analysis and associated employee pipeline interventions for at least two priority sectors, industries or significant projects • Convene at least six meetings of the labour market leadership group to assist guide implementation of the Strategy
Develop, support and promote proposals to local, regional and national funding programmes including provincial growth fund	<ul style="list-style-type: none"> • Support the implementation of the South Waikato Economic Action Plan • Develop and support an investment proposition for a network of cultural tourism elements • Support developers and entrepreneurs towards the best funding and support services (either public, private or other) for their activity • Actively promote and support a pipeline of high quality, high economic impact PGF applications • Actively support non-PGF funding applications where appropriate 	<ul style="list-style-type: none"> • Meet with government ministers and officials at least four times to promote regional priority projects • Secure funding from the PGF for programme management resources to support Te Waka proactively manage the pipeline of major projects in the region • Support at least six fully successful funding applications to government
Deliver a communications and engagement programme to inform stakeholders of the Te Waka programme and information on the state of the Waikato economy	<ul style="list-style-type: none"> • Advocate for, lead and communicate on regional economic development agenda including progress of Te Waka's work programme via its communication and stakeholder engagement plan • Work with others to disseminate high quality information on business, industry and economy-wide capabilities and opportunities 	<ul style="list-style-type: none"> • Develop a compelling organisational Te Waka value proposition for funders and key stakeholders • Publish at least 8 Te Waka newsletters per annum • Present to at least all of the Councils one time on the status and direction for the Te Waka programme of work • Undertake all requirements of sponsorship and partnership agreements • Partner with Waikato Regional Council to release four regional economic reports.


Attachment 2. Schedule of Function and Services – Summary Status			
Key Priority Areas 1 July 2018-30 June 2019		Status (RAG)	Comments
REDA Establishment Operations	Set up the Waikato REDA legal and operational structure and recruit the Board, Chief Executive and core staff		Fully achieved
	Secure operational funding to ensure the Waikato REDA can continue existing Business Growth and WMB services and commence new services, including via the Provincial Growth Fund as agreed by the Establishment Board		100% of requested local government, NZTE and Callaghan funding has been received. Of the target \$450,000 from business funding, \$310,000 per year (67%) has so far been secured as a combination of direct sponsorship, event funding and in-kind sponsorship. 90% of total funding has been committed from a mix of local and central government, business and trusts, event funding and in-kind sponsorship
Waikato Economic Summit	Successfully convene and hold the Waikato Economic Summit		Fully achieved
	Develop and announce an agreed 2018-2020 Waikato economic development action plan and pipeline of projects		Fully achieved
Waikato REDA Business Plan	Refresh and reframe the transitional business plan to reflect the operating environment		The Te Waka Board signed off on a 2019/20 Business Plan in June 2019. Activities and KPIs in this Business Plan align with the activities and KPIs identified in the 2019/20 Schedule of Functions and Services.
	Include governance, management and operating structures and funding arrangements as agreed to by the board		
	Integrate the priorities agreed to by the board arising from the Waikato Economic Summit		
	Develop a full suite of organisational KPIs and a monitoring and reporting framework		
Waikato REDA Initial Business Operations	Continue to deliver the Regional Business Partner Programme across the Waikato region via a hub and spoke model		Fully achieved
	Complete the existing WMB programme of projects and integrate the results of these projects into the Waikato economic summit		Fully achieved
	Development and launch a programme of major regional economic projects and priorities		Fully achieved
Waikato Story	Continue to deliver the Waikato Story via current contract for service		Fully achieved

	Agree to a long-term approach to Waikato story delivery and further development		With the appointment of a Marketing and Communications Manager in January 2019, Te Waka took over the contract to deliver Waikato Story from the Chamber of Commerce at the completion of their contract in February 2019. In June 2019, the Te Waka Board agreed to a plan to reposition Waikato Story They have assigned budget in the 2019/21 years to invest in redeveloping the digital platform.
Waikato REDA Brand and Communications	Launch interim Waikato REDA website		Fully achieved
	Develop a full brand for the Waikato REDA, including final trading name, collateral, values and integrate with communications strategy		A selection process saw King Street identified as the preferred supplier. King Street developed the trading name, interim and final brand and associated collateral and has since agreed to formally partner with Te Waka.
	Develop and launch full Waikato REDA web site and social media channels		The Te Waka web site and social media channels are fully operating in alignment with the Waikato Story. The Board has budgeted to redevelop the digital platform in 2019/21 years.
	Build and deploy a REDA communications and stakeholder management programme based off the agreed communications strategy		The Te Waka Board has signed-off on a communications and engagement strategy and budgeted funding in the Business Plan for implementation.
	Fully align and coordinate REDA, Waikato Story and Waikato economic summit communications and engagement programmes		Te Waka aligned its comms and engagement with Waikato Story into its operations with funding committed in the Business Plan for ongoing development and implementation.
Medium Term Macro Key Performance Indicators 2018-2021		Status (RAG)	
	The Waikato REDA, with the support of the Waikato Regional Council, will develop and report, via its communication channels, economic development measures for the Waikato region.		Quarterly economic updates for the Waikato region have been developed by the WRC Principal Economist and published on Te Waka and Waikato Story channels in December 2018, March and June 2019. A summary of Waikato economic indicators was published in June 2019.

Short Term Key Performance Targets July 2018- June 2019		Status (RAG)	
REDA Establishment Operations	All existing Waikato Innovation Park regional business partner services novated to Waikato REDA Ltd by 1 September 2018		A deed of novation between NZTE, Callaghan Innovation and Te Waka was signed on 17.09.2018
	Chief Executive appointed by 1 October 2018		Michael Bassett-Foss was appointed as Chief Executive in September 2018
	At least two additional board members appointed in accordance with the constitution, including reference to the Waikato Mayoral Forum, by 1 December 2018		The terms for two Directors will terminate in June 2019 as per the rotation provisions in the constitution. Adverts to fill these positions were placed on 12 June.
	Waikato REDA Funding envelope 2018-21 at least 80% of target by 1 December 2018		100% of requested local government, NZTE and Callaghan funding has been received. Of the target \$450,000 from business funding, \$295,000 per year (65%) had been secured by 1 December 2018 as a combination of direct sponsorship, event funding and in-kind sponsorship.
Waikato Economic Summit	Waikato Economic Summit held 30-31 August 2018 , with at least 250 participants		Fully achieved
	At least 80% of post-summit survey respondents rate the economic summit as highly valuable/worthwhile		A formal post summit survey was not undertaken due to limited resources and a focus on developing the programme. However informal feedback from a wide range of summit participants was very positive, however most felt that the first day could have been compressed so that greater time was spent on actions.
	Engagement with Local Authority Partnership Committee on the preliminary results and recommended actions from the summit by 30 September 2018		This was not scheduled due to limited available resources and a focus on developing the programme. However, the initial summit outputs and emerging priorities were presented to the Waikato Mayoral Forum and the Waikato Plan Leadership Group in September 2018.
	Waikato regional economic programme confirmed and launched by 1 November 2018		The programme was confirmed by the Board on 17 October and was launched on 14 November

Waikato REDA Business Plan	Develop a revised Waikato REDA business plan, including programme of projects and actions arising from the Waikato economic summit, signed off by the Waikato REDA Board and sent to local authorities by 1 December 2018		The Te Waka Board decided in late 2018 to defer development of the Business Plan until the economic programme was developed and launched. A 2019/20 Business Plan was signed off by the Board in June 2019. The actions and KPIs in the Business Plan match the 2019/20 Schedule of Functions and Services circulated to councils in June 2019 in line with the Partnership Agreement.
Waikato REDA Initial Business Operations	Delivery of at least 250 NZTE and Callaghan Innovation funded business growth interactions across the Waikato region in the period 1 July- 28 February 2019		As at the end of February 2019 the Business Growth Team had achieved 327 client engagements. As at the end of May 437 client engagements had been achieved, well ahead of the full year contracted target of 390
	Continued delivery of the Waikato Story including the following targets by 28 February 2019 : a. Achieve 10,000 unique website visits b. Achieve 630 stories shared/posted by the end of February – made up of unique commissioned stories and gifted/shared stories/posts. c. Increase social media followers by at least 30% per month. d. Grow Waikato Story assets by at least 20 per month, with a further review in October 2018 post summit e. Surveyed stakeholder feedback in February 2019 indicates at least 75% of respondents surveyed consider the Waikato Story a useful or very useful		As at the end of February a. July 2018 - 28 Feb 2019. 11,560 unique website users b. over 700 posts shares 1 July – 28 Feb c. 1 July to 28 Feb overall increase of 44% d. 1 July 2018 asset number was 448, at 28 Feb 2019 assets number was 627 (average of 22 per month) e. Stakeholder engagement workshop to take place in late 2019
	Completion of the following existing Waikato Means Business projects by 1 September 2018 : a. Regional cycle trail business case b. Regional digital stock-take and action plan c. Sheep and goat milk feasibility study d. Waste sheep cream feasibility study e. Secondary School Employer Partnership 2017-18 f. Kopu marine and aquaculture services precinct g. Hamilton & Waikato brand strategy		Completed and reported in the December 2018 six month report.

	Completion of the following existing Waikato Means Business projects by 1 March 2019 : h. Feasibility study for a new food event at Fieldays i. Completion of the Southern Waikato Economic Action Plan		The Te Waka Board and SWEAP Governance Group signed off on the SWEAP in December 2018 with applications submitted to the PGF in April 2019.
	Engagement with Local Authority Partnership Committee on the results and recommended actions from these projects by 31 October 2018		This was not undertaken as several of the projects were yet to be completed and the Waikato Regional Economic Development Programme not launched until November.
Waikato REDA Communications and Engagement	Launch interim website by 15 July 2018		Fully achieved
	Develop and launch final Waikato REDA brand and trading name by 30 August 2018		Fully achieved
	Convening of the first meeting of the Local Authority Partnership Committee by 30 September 2018		This was not scheduled due to limited resources and a focus on developing the Programme. However, the initial summit outputs and emerging priorities were presented to the Waikato Mayoral Forum and the Waikato Plan Leadership Group in September 2018
	Convening of the second meeting of the Local Authority Partnership Committee by 28 February 2019		In December 2018 Te Waka suggested that the CEs Forum act as the Local Authority Partnership Committee. This was agreed at the CEs Forum in February 2019. Te Waka presented to the CEs Forum in May and June 2019.
	From September 2018 , publication of a monthly stakeholder newsletter, sent to key stakeholders and published on the Waikato REDA website		Fully achieved
	By 1 December 2018 , at least 80% of stakeholder survey respondents agree/strongly agree that the Waikato REDA is providing a clear “one voice” for economic growth in the Waikato region		It was too early in the establishment of Te Waka to undertake a stakeholder survey before 1 December 2018. Following the development and signoff by the Board of the comms and engagement strategy in May 2019 a series of forums for key stakeholders is planned starting in June 2019 to guide development of a core digital platform and further align comms between councils and Te Waka.

Document No: A438293	
Report To: Council	
	Meeting Date: 30 July 2019
	Subject: Motion to Exclude the Public for the Consideration of Council Business
	Type: Decision Required

Purpose of Report

- 1.1 The purpose of this business paper is to enable the Council to consider whether or not the public should be excluded from the consideration of Council business.

Commentary

- 2.1 Section 48 of the Local Government Official Information and Meetings Act 1987 gives Council the right by resolution to exclude the public from the whole or any part of the proceedings of any meeting only on one or more of the grounds contained within that Section.

Suggested Resolutions

- 1 The public be excluded from the following part of the proceedings of this meeting.
- 2 Council agree the following staff, having relevant knowledge, remain in attendance to assist Council with its decision making: ...
- 3 The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General Subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Section 48(1) grounds for this resolution
1. Waikato Local Authority Shared Services Ltd – Statement of Intent for 2019/20	7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	48(1)(d)
2. Outstanding Metered Water and Trade Waste Charges	7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	48(1)(d)

General Subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Section 48(1) grounds for this resolution
3. Marokopa Holiday Park – Levels of Service	7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	48(1)(d)
4. Resident Survey 2019	7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	48(1)(d)

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act or Section 6, Section 7 or Section 9 of the Official Information Act 1982 as the case may require are listed above.



MICHELLE HIGGIE

MANAGER – GOVERNANCE SUPPORT