

SECTION 4 CRIME AND THE CHRISTCHURCH AND SKY CITY CASINOS

Terms of Reference (c): Crime impacts

- changes in crime (incidence, type, levels by district) and responses
- impact of casinos on illegal gambling
- impacts on law enforcement
- public perceptions

This section presents:

- a brief review of the anticipated crime impacts of casinos, using international and New Zealand research literature and the crime impacts predicted by the casino licensees;
- a review of the ameliorative measures introduced to address these predicted impacts;
- a statement on the methodology used to assess the crime impacts of the two New Zealand casinos and;
- an assessment of the actual crime impacts for the Christchurch and Auckland casinos.

4.1. Prior Situation

4.1.1. Research methodology

The prevention, detection, recording and legal processes surrounding criminality are complex matters. Correspondingly, the methodology we have adopted for analysis of actual and potential criminal issues reflects this complexity. The approach adopted here is an interpretive one with multiple quantitative and qualitative data sources being

used within an analytical framework to assess crime impacts of the Christchurch and Auckland casinos. The principle adopted with regard to each issue is that of triangulation (Denzin:1989) which has involved approaching each issue via multiple data sources where available. The use of such multiple sources to verify a particular area of research allows a considerable degree of confidence in the results. For example, data from Police, Casino Supervision and Surveillance, and Casino Security are used to cross check the occurrence of criminal incidents and offences occurring inside the casinos.

The categories of analysis within the framework are derived from the terms of reference for the study, and also from a search of the international and local casino-related crime literature (research papers, projected impact analysis reports, government inquiries, newspapers). The basic categories of analysis - namely crime within the casino precinct and crime within the casino itself - have been further refined via interviews conducted with senior Police officers in Christchurch and Auckland, casino management and security staff, New Zealand criminologists, press reports and members of the project's Community Reference Groups.

4.1.1.1. Approach to addressing terms of reference

Changes in crime (incidence, type, levels by district) both pre and post casino opening have been assessed via:

- the gathering and comparison of Police statistics (both computer generated and manually compiled),
- national crime statistics accessed via Statistics New Zealand publications,
- interviews with New Zealand Police, casino management, criminologists,
- community surveys,
- statements made by members of Community Reference Groups,
- analysis of social impact reports prepared by casino licence applicants,
- Casino Supervision and Surveillance unit (DIA) criminal incidents data (within casino), and

- comparisons with Australian casinos.

The temporary Sydney Harbour Casino has been chosen as the main source of comparison on the grounds of its similar size to Sky City (in terms of machines and gaming tables), its relatively recent opening (September, 1995), its inner city location and the ready availability of comparative data.

The *impact of casinos on illegal gambling* has been addressed via:

- interviews with New Zealand Police, Casino Management, a leading New Zealand criminologist,
- newspaper reports,
- statements of Community Reference Group members.

Impacts on law enforcement have been addressed via:

- interviews with New Zealand Police, CCA executives and
- CCA and DIA documents (see DIA 1995b, 1995e; CCA Annual Reports).

Public perceptions have been assessed via

- the community survey,
- surveys conducted within the social impact processes prior to the opening of the casinos,
- Community Reference Group responses,
- business house surveys,
- press reports and
- written submissions to this project.

4.1.1.2. Limitations

- One limitation of the research relates to the crime statistics available for each casino precinct. Crime statistics are entered for 900 metre square, geocoding areas which means for the casino precinct in Christchurch for example, that some crimes in the area would have occurred at the casino but others (eg. across the street at the Jolly

Roger Hotel) could not be distinguished from these casino related crimes. This method of gathering and recording statistics means that basic data on street and other crimes in the casino precincts are difficult to extract from the geographical 'mesh blocks' of data.

- Police in Christchurch, Auckland and Police National Headquarters referred to problems in generating reliable crime statistics in relation to the casinos because of the geographical coding system. Police in both casino cities compile statistics manually as a result and these data, cross-checked against casino Security data, have been relied upon for the purposes of analysis. In addition, crime statistics for the Auckland and Christchurch Central Police Stations are used to provide some indication of the crime patterns in the areas encompassing the casino precincts.
- In Auckland, a category of 'casino related crime' was created for the computer-based compilation of statistics. However as the data which were actually entered represented only a small proportion of the crime recorded manually, this practice was abandoned during 1997. At the present point in time, information and data manually provided by Police and casino management provides a more detailed picture of crime within casinos and their precincts.
- The assessment of crime impacts has also been hampered by the restricted time frame for this casino impact study. Over a longer period it may have been feasible to overcome data shortfalls through the generation and gathering of primary data, independent of existing data gathering agencies.
- In relation to the above time issue, crime committed to fund a gambling problem is a key area, lacking in reliable data, and requires a substantial medium to long term research project. At present the extent of crime committed in relation to problem gambling in New Zealand has been the subject of speculation and authoritative opinion, but is lacking in reliable and valid data. This study is in agreement with the DIA report (1995b:141) which concludes that 'there is little information available about crime committed to fund a gambling habit in New Zealand'.
- The pressures of time have also meant that some research issues have not been able to be followed through fully. For example, some data are lacking regarding the effect

of the casinos on the sex industry, the pawnbroking industry and on aspects of the criminal justice system outside of policing.

- In some instances there is an imbalance of data between the Christchurch casino and Sky City. The same data were requested from both casinos, sometimes on more than one occasion, however Christchurch Casino was the more responsive to requests for data.

4.1.2. Brief overview of international research literature on crime and casinos

Much of the substantial research on the relationship between crime and legal casino operation has been done in Atlantic City USA, where legal casinos first began operating in 1978. Despite the ideal 'before and after' conditions for researching casino impacts, this research is contentious and caution should be used when considering its relevance for New Zealand.

- The only issue of substantial agreement is that the *incidence* of crime increases in areas where casinos are located (Albanese:1985, Hakim & Buck:1989, Buck et al.:1991, Curran & Scarpitti:1991).
- When the tourist population is factored into calculations of *rates of crime*, Curran and Scarpitti (1991) found that the rate of index crime in Atlantic City had not significantly increased after the legalisation of casinos and that the rate is comparable to other cities. In contrast, Albanese (1985) concluded that there was a slight decrease in the likelihood of being a crime victim in Atlantic City in the post-casino years.
- Chang (1996) found no increase in the crime rates in Biloxi, Mississippi during the first two years of operation of casinos in this jurisdiction. However, Abrams (1981) and Thompson et al. (1996) found that crime increased, while Ochrym (1986) concluded that there was an increase in street crime (eg. assault, prostitution, pickpocketing) after the legalisation of casinos.
- With regard to crime and problem gambling, an extensive review of the research literature by Rosenthal and Lorenz (1992:656) concludes that the 'majority of pathological gamblers (at least 70 to 80 percent) commit offences late in the stages of this problem and that these offences are strictly gambling related'.

In addition to whatever increases or decreases there may be in the incidence and rate of street and violent crimes near to casinos, there is also a new category of offences created by the legalisation of casinos such as cheating and fraud within the establishments. Markland (1996) has listed the features of gambling which facilitate a link with crime:

- many large cash transactions, along with small individual transactions and large total amounts;
- undeveloped auditing systems;
- many opportunities for dishonesty in gambling transactions and cash-handling process;
- the anonymity of gamblers;
- gamblers' ignorance of regulations;
- the operators' information advantage and gamblers' reliance on the operators' honesty.

In summary, the types of crime which often are claimed to be associated with casinos include:

- disorderly conduct, assaults and violence in the casino premises or adjacent to the casino;
- prostitution (or soliciting);
- theft, either inside the casino or in the casino precinct;
- under-age gambling;
- fraud and cheating inside the casino;
- employee gambling and employee fraud;
- organised crime.

There is a popular public perception that casinos are intimately linked to organised crime. This was typically the case for the operation of US casinos during the 1960-70s and *illegal* casinos in Australia, for example, but there is no evidence demonstrating systematic links between the publicly listed companies who now operate Australia's

legal casinos and what could be called organised crime (Connor:1991, NSW Government:1991). Since the inception of legal casinos in Australia in 1973 there have, however, been some criminal convictions against approved individuals associated with the ownership of licensed casinos, but these offences have not been related to their role in the casinos themselves (NSW Government:1991, McMillen:1996:84-6).

4.1.3. The situation prior to legal casinos in New Zealand

The absence of legal casinos prior to 1994 has meant that there is little New Zealand literature on crime and casinos. However there has been reference to crime and corruption in several inquiries and impact reports prior to, and immediately following, legalisation.

- In a paper on organised crime, Newbold (1997) argues that such crime did not appear as a specific and ongoing problem in New Zealand until the mid-1970s. In his outline of the problem, Newbold describes the organisation of criminal activity around drug importation via the 'Mr Asia gang', and then, following the demise of this gang, the movement of organised crime into outlaw gangs. There is little mention of gambling in Newbold's paper until the entry of organised Asian crime into New Zealand in the 1980s and 1990s. While illegal drug activities remain prominent for these groups, including the Japanese 'Boryokudan' (violent ones) and Chinese triad-style groups, they were also involved in car theft, receiving stolen goods, prostitution, shellfish smuggling, gun smuggling, counterfeiting of money, credit cards and passports. Newbold also reports that 'apart from drugs, organised Asian groups have been involved in gambling dens and the manufacture and importation of counterfeit gambling chips'. Newbold also reports that the 'principal activity of Boryokudan in New Zealand is thought to be money laundering' and so there is a 'likeness of fit' between the activities of Asian organised crime elements and the opportunities for criminal exploitation via legal casinos and other components of the legal gambling industry.
- The Committee of Enquiry into the Establishment of Casinos in New Zealand (CEECNZ:1989) took the view that there is always the risk of corruption when state officials at any level have the ability to determine access to limited channels of

legitimate business activity. The Committee recognised that 'casinos can lead to increased levels of crime, corruption, violence and drug trafficking', but concluded that 'provided effective controls are instituted - a casino industry should be permitted to operate in New Zealand' (CEECNZ:1989:para 15.1).

- A review paper by the Wellington City Council Community Development Department (1994), concluded that strict regulation of casino operation can reduce or minimise the possibility of corruption (see also Newbold:1997) and also the infiltration of organised crime into the casino industry.
- With regard to general crime, and working from a review of the international literature, the Wellington City Council (1994) report identified the following as crimes that could occur within a casino's environs: vandalism (in car parks), assaults, thefts, on- and off-site soliciting, corruption, violence, disorderly behaviour and drug trafficking.
- A 1995 Department of Internal Affairs (DIA:1995b) report on the social impact of gaming expressed little concern about crime in relation to casinos. The report was written ten months after the opening of the Christchurch Casino and notes that

A great deal of effort went into strict probity checks of everyone involved in the Christchurch casino when it was being established. Few problems are now apparent. There has been very little increase in street or visible crime outside the casino. The systems to prevent money laundering appear to be working well (DIA:1995b:133).
- In their submission to the same report, the Internal Affairs Inspectorate in Christchurch concurred with the above Police opinion and noted 'that there has been little crime of any sort (in the casino). In addition security checks on two occasions have prevented attempts to launder stolen foreign currency' (DIA:1995b:138).
- The main crime concerns expressed by Police, reported in the DIA report (1995b:134) were in relation to gaming machines outside of casinos. These concerns related to the potential for people with criminal convictions to be involved in the supply and sale of machines, people with criminal convictions having access to machines through their work in hotels (no probity checks are involved here), publicans setting

up false clubs and the clubs then applying for funding to one of the foundations set up to distribute gaming machine profits, publicans taking ‘kickbacks’, young people starting gambling by stealing money to play ‘spacies’ and then graduating to stealing money to play gaming machines and ending with a gambling addiction.

- The Gaming Inspectorate of the DIA also reported a range of illegal activities in relation to gaming machines including technicians, bar workers, cleaners and bar patrons stealing directly from hoppers or faulty machines, publicans misusing cash from machines and Chartered Clubs having problems with dishonest staff, or with those on Management Committees, especially treasurers, in the same way as hotels (DIA:1995b:136). The extent of misappropriation and the predominance of hotels in the misappropriation of gaming machine funds is evident in Table 4.1.

Table 4.1. Number of cases of misappropriation of gaming machine funds between January 1993 and October 1995

	No.	%	Total amount	% of total amount	% of gaming machines
National trusts	38	48	\$588,373	28	43.2
Hotel based trusts	24	30	\$1,303,914	62	15.7
Chartered clubs	8	10	\$130,985	6	24
Societies	5	6	\$33,675	2	1.8
Sporting societies	5	6	\$35,298	2	15.1
Total	80	100	\$2,092,245	100	100

Hotel based trusts include all those on commercial sites apart from the national trusts, eg ten-pin bowling alleys.
Source: Department of Internal Affairs (1995b:137).

In summary, whilst fears were expressed prior to the opening of casinos regarding connections between casinos and crime in New Zealand, in 1995 there was little evidence to support these fears. There was, however, evidence of criminality in other areas of the nation’s legal and illegal gambling industries, particularly with regard to gaming machines.

This study explores the relationship between New Zealand casinos and crime in more detail than has been done previously.

4.1.3. Crime trends in New Zealand

In this section, national and regional data for general crime are used to place the Christchurch and Auckland casinos in the context of wider crime patterns.

Although New Zealand has a reputation for being a peaceful nation, crime rates are relatively high. In 1992 an international crime victimisation survey of nine countries including Australia, Canada, the United States and several European nations, found New Zealand to be the highest in reported victimisations for burglary, theft of personal property, and assault or threat of assault (Newbold:1997). With regard to organised crime however, 'a worldwide survey conducted in 1995 found New Zealand to be one of the least corrupt of all countries studied' (cited in DIA:1997:298). Furthermore, Newbold (1997) indicates that 'institutionalised corruption is virtually unknown in the modern New Zealand Police'. An historical illustration of reported offences and offence rates in selected areas of New Zealand appears below in Table 4.2.

Table 4.2. Reported offences and offences per 1000 residents, by selected Police Districts

District	1992	1993	1994	1995	Offences per 100 residents
North Shore	21205	21999	18531	21478	100
Auckland City	62582	64411	60900	65061	206
Hamilton	24629	25404	24419	27207	193
Palmerston North	25675	25878	24141	23811	145
Wellington	24011	21891	22528	21954	156
Christchurch	39100	43885	43209	47048	159
Dunedin	17553	17731	17357	15488	127
Napier	11851	10237	10036	11178	195
Rotorua	11010	11377	11340	11735	174
Canterbury Rural	1084	7904	7617	7650	73

Sources: Statistics New Zealand, 1996a, *New Zealand Now Crime Tables*, Table 43

Statistics New Zealand, 1996a, *New Zealand Now Crime Tables*, Table 43 data divided by population estimates for Police Districts, Table 52.

- Data presented in Table 4.2. indicate that the highest crime rate areas in 1995 were Auckland City (206 offences per 1000), followed by Napier (195), then Hamilton (193). Christchurch had the seventh highest offence rate of 159 per 1000 population (see also NZ Statistics:1996b:44-5). Within the context of these data for overall offences, it would be expected that crime rates in relation to casinos would be higher in Auckland than Christchurch.
- Recently, the NZ Ministry of Justice (Triggs:1997) published a report which is the first stage of developing a statistical model of the criminal justice system. The report presents factors that influence recorded levels of crime as well as forecasts of crime rates. The report was read for what it might have to say about gambling; however there is no mention of either gambling or casinos as potential factors influencing crime rates. It can therefore be assumed that the incidence of gambling-related crime (subsumed in the category of Gaming offences in the 'Drug and Anti-social offence' group (New Zealand Statistics:1996b:73ff.)) is not significant enough to influence the model being developed by the Ministry of Justice (see Triggs:1997).

4.1.4. The situation in the casino precincts prior to opening.

4.1.4.1. The Christchurch Casino

The Christchurch Casino was built in an area which was previously less developed than the nearby Central Business District (CBD) and shopping precinct.

The casino precinct, the area immediately surrounding the casino site, is a transitional area on the fringe of Christchurch's central business district. It contains a mixture of commercial offices, restaurants, retailers and wholesale premises and residential accommodation. It has, in recent years, developed a tourist and entertainment focus, and contains the Town Hall and three major hotels...Over 200 businesses are located in the precinct...The largest employers...are central or local government organisations and three major hotels...About 700 residents live in the precinct, mostly in high density apartment housing which is rented rather than owned...Residents in the precinct are not typical of those in metropolitan

Christchurch. There is a disproportionate number of adults in full-time employment without dependent children (*CSIR:1992:10-1*).

Police reported that the casino precinct area ‘was a relatively low crime area prior to construction of the casino’ (Fitzharris:1977:1). A selection of reported offences for the Christchurch Central Police Station is presented in Table 4.3. The casino is located within the Christchurch Central Police District and these data, rather than actual casino precinct data are used to provide an indication of crime rates (see section 4.1.1.2. [Limitations] for a discussion of the methodological issues here).

Table 4.3. Selected reported offences for Christchurch Central Police Station for years ended 30 June

Offence	1992/93	1993/94	1994/95	1995/96	1996/97
Homicide	2	4	5	1	6
Kidnap/ abduction	7	11	13	9	3
Robbery	90	85	122	117	117
Grievous assaults	58	54	52	75	67
Serious assaults	319	331	372	350	330
Minor assaults	641	694	753	765	768
Intimidation/threats	239	309	242	232	271
Groups assemblies	3	9	1	11	10
TOTAL VIOLENCE	1359	1497	1560	1560	1572
Sexual attacks	136	114	75	84	81
Drugs (non cannabis)	60	73	82	79	65
Drugs (cannabis)	349	530	449	376	425
Against ‘Sale of Liquor Act 1989’	193	128	165	22	48
Gaming	0	2	3	1	2
Disorder	759	1169	985	964	975
Burglary	2293	1506	1721	1599	1814
Unlawful takings	1549	1409	1739	1815	1681
Theft	5141	4478	4953	5424	5917

Fraud	2156	1928	2708	1906	2044
Destroy property	1175	1099	1253	1187	1255
Endanger property	5	2	3	5	2
Trespass	394	500	516	501	565
Littering	10	14	15	17	15

The category 'Unlawful takings' includes the offences 'Theft of motor vehicle,' 'Unlawfully take a motor vehicle' and 'Conversion of a motor vehicle.'

Source: Police National HQ Planning and Policy Group, December 1997.

In Christchurch prior to the opening of the legal casino there were, according to Police, three small, illegal card games operating in the city. Possibly due to the smaller population base of Christchurch, there were no large-scale, illegal casinos in existence.

4.1.4.2. Auckland Sky City

Prior to the casino's opening on the Hobson Street site adjacent the main Auckland CBD, there were few entertainment facilities in the area and nearby hotels were somewhat run-down. 'The Hobson Street area was frequently described as being in a run-down state and badly in need of development. Some said that the casino proposal presented the area's best chance for regeneration, a view particularly put forward by businesses in the neighbourhood' (*ASIR:1992:194*).

The immediate neighbourhood site has a negligible number of residents. Those that presently live in the neighbourhood tend to be transient and are unlikely to be significantly affected (by the casino). Some office buildings are presently being converted into apartments (*ASIR:1992:150*).

In Auckland, a senior police officer interviewed in August 1997 indicated that there were some thirty illegal Chinese and Asian gambling games believed to be in operation in the downtown Auckland area prior to the development of Sky City. These games were held in semi-derelict locations in the inner city, and loan sharks were reported as operating within these as a standard part of the illegal gaming culture. Police had adopted a policy of containment with regard to these games and had carried out a small number of raids.

An indication of crime patterns in the police district in which Sky City is located can be obtained in Table 4.4. Police district, rather than casino precinct data have been used for reasons discussed in Section 4.1.1.2. above.

Table 4.4. Selected reported offences for Auckland Central Police Station for years ended 30 June, 1992/93-1996/97

Offence	1992/93	1993/94	1994/95	1995/96	1996/97
Homicide	3	2	3	5	3
Kidnap/ abduction	5	2	12	13	5
Robbery	96	93	73	89	107
Grievous assaults	39	64	70	74	86
Serious assaults	287	324	381	364	343
Minor assaults	426	509	488	532	550
Intimidation/threats	195	246	230	237	289
Groups assemblies	0	7	1	3	4
TOTAL VIOLENCE	1051	1247	1258	1317	1387
Sexual attacks	110	87	70	87	114
Drugs (non cannabis)	103	106	98	113	147
Drugs (cannabis)	784	927	1008	913	1104
Against 'Sale of Liquor Act 1989'	401	513	286	305	161
Gaming	1	0	0	13	15
Disorder	1162	1274	1605	2037	1775
Burglary	1393	1345	1494	1389	1492
Unlawful takings	1751	1478	1683	1783	2426
Theft	5333	5040	4609	5867	5657
Fraud	2359	1969	1695	1989	2125
Destroy property	665	662	687	792	763
Endanger property	1	9	3	6	9
Trespass	423	493	554	704	608
Littering	16	18	29	16	26

The category "Unlawful takings" includes the offences "Theft of motor vehicle," 'Unlawfully take a motor vehicle' and 'Conversion of a motor vehicle.'

Source: Police National HQ Planning and Policy Group, December 1997.

The incidence of crime in Auckland City is generally higher than for Christchurch with exceptions in the areas of burglary, destruction of property, intimidation, minor

assaults and offences against the Sale of Liquor Act 1989. It should be noted that the data presented in Tables 4.3. and 4.4. pertain to all offences in the areas contained in the respective police districts for Auckland and Christchurch Central, not just the casino precincts. These data have been used as an indication of crime trends in both casino cities, in the absence of reliable data pertaining to the actual casino precincts (see section 4.1.1.2. [Limitations] above, for an explanation of problems in accessing casino precinct data).

4.2. Predicted Crime Impacts

4.2.1. The Christchurch Casino

- The Police representative who made an oral submission to the Christchurch social impact process noted ‘that the Police would be concerned about “traditional” forms of crime but had no objections to the use of the site proposed for a casino’. The police representative also stated that the casino licensee ‘would need to make private security arrangements at night because the police no longer undertake routine night patrols’ (*CSIR:1992:40-1*)
- Initially the Christchurch Police expected a considerable number of criminal incidents to occur in and around the casino. However the anticipated increase did not eventuate and after a few months of operation, the Police radically cut down their routine visits to the casino (Inspector D. Haslett, 20 August, 1997).¹
- In the social impact report prepared for the Parkroyal Casino in Christchurch (*CSIR:1992:34-6, 45*) local residents, business groups and social service agencies are reported as holding some fears of increased crime. Local residents feared ‘more people in the area, especially at night, would increase burglary and vandalism’ while seven people also expressed fears of security for pedestrians (1992:32). These

¹ In Australia, the situation has been almost identical for the Brisbane and Cairns Casinos (McMillen and Rolf:1996) and Sydney Harbour Casino (Lynch:1997a, 1997b). In Sydney, in anticipation of an increase in crime in the casino precinct, an additional twelve Police officers were assigned to the Broadway Patrol at the time of opening of the temporary casino in September 1995. Within eight months of opening, there was apparently no significant increase in crime in the casino precinct, and the twelve additional officers were reassigned to other duties (Lynch:1997b:3).

concerns were assessed in the report as being relatively minor issues. The operational effects anticipated by residents are summarised in Table 4.5. below.

Table 4.5. Residents perceptions of operational impacts

No. of responses	Nature of perceived impacts
26	late night noise
18	Parking
16	Traffic
12	Crime, safety, burglaries

Source: *CSIR:1992:31*, derived from 46 written responses.

- Five business people expressed fears of crime and break-ins to cars and property (*CSIR:1992:36-7*).
- Social service groups expressed concerns about crime, although their main concerns were about gambling addiction and the effect of gambling on low income families (*CSIR:1992:38-41*).
- For the construction period, there were no potential crime impacts predicted by the *Christchurch Social Impact Report*. (1992:43). Construction impacts identified in the report centred around increased business activity, employment activities, parking and traffic problems, noise, dust and vibration problems.
- Prior to the opening of a legal casino, the press carried several reports of possible crime links arising from the operation of a casino. The commanding officer of the police casino unit, Detective Inspector Martin Sears, was reported as saying that ‘Police expect casino-associated crime in New Zealand to include management skimming money off takings, perhaps with the involvement of organised criminal elements,’ (‘Casino skim-offs predicted’, *Christchurch Press*, 19 February, 1993). The possibility of a casino crime link was also canvassed by a retired assistant commissioner of police, giving evidence to a Casino Control Authority hearing regarding the granting of a casino site licence. The former commissioner, Emmett Mitten, suggested that criminals could shift their activities to the casino precinct, attracted by opportunities afforded by a casino in this area, (‘Casino crime link in Victoria Street feared’, *Christchurch Press*, 24 February, 1993). There was also a report

of a possible link between an investor in the proposed Parkroyal Casino and organised crime, although the allegations were not substantiated ('No evidence of crime link with casino investor', *Christchurch Press*, 11 March, 1993). Letters to the editor in the period prior to Christchurch Casino's opening, generally speaking, express reservations about the effects which excessive gambling will have on families, rather than voicing concern about crime effects. In summary, the press reports of casino links to crime were relatively few with regard to the Christchurch Casino prior to its opening.

4.2.2. Sky City

- In its application to the NZ Casino Control Authority, Sky Tower Casino Ltd identified minimum projected criminal impacts.

While often mentioned initially (by persons and groups interviewed) the possibility of real impacts arising from local crime and prostitution did not emerge in the discussions as issues of great concern...People tend to say that any negative effects of this kind would affect any site...Organised crime relating to casinos scarcely arose as an issue in these consultations. A minority of those interviewed associated casinos with underworld gangsters. However, a secure, well-managed establishment was not expected to raise major crime problems (*ASIR:1992:194*).

- In the course of its licence application to the CCA of New Zealand, Sky Tower Casino Ltd (*ASIR:1992:194*) conducted surveys and consulted community groups on various issues and concluded that 'the possibility of real impacts arising from local crime and prostitution did not emerge in the discussions as issues of great concern...A minority of those interviewed associated casinos with underworld gangsters. However, a secure, well-managed establishment was not expected to raise major crime problems'. In the survey responses, there was 'some unease expressed about "certain types of people" or "undesirable people who might loiter outside a casino", but little specific reference to crime'.

4.3. Ameliorative Measures

4.3.1. Crime prevention measures applicable to both the Christchurch and Sky City casinos

A number of legislative and crime prevention measures were introduced to apply to both Christchurch and Sky City casinos.

4.3.1.1. Casino Control Act 1990

The Casino Control Act 1990 and regulatory structure are key provisions with regard to the prevention of casino-related crime. Considerable assistance was obtained from experienced casino authorities in Australia, New Jersey and other jurisdictions in the drafting of a legislative framework for the Christchurch Casino.

- The Casino Control Act 1990 (section 5) provides that:
“the object of the Act is to establish a system for the licensing, supervision and control of casinos with the aims of -
 - promoting tourism, employment, and economic development generally; and
 - ensuring that gaming in casinos is conducted honestly; and
 - ensuring that the management and operation of casinos remains free from criminal influence or exploitation.”
- Three agencies are charged under the Act with various responsibilities with regard to crime control. The Act established the Casino Control Authority as a crown entity that issues casino licenses and determines policy in relation to the casino supervision and inspection (Section 10 [e], Section 16).
- The Department of Internal Affairs has been given responsibility to implement that policy by issuing casino employee licenses and appointing an inspectorate to oversee and supervise casinos (Sections 18, 83). The policy provides for a minimum of two inspectors to be on-site at any time while the casino is operating. They monitor compliance with licence conditions, approved procedures, rules of games and other requirements imposed on the casino operators.

- The roles of the Police are not spelled out in the Act with the same precision, although provision was made for Police to investigate and report on casino licence applicants (Section 24), casino employees (Sections 54, 91, 93) and prosecute offences against the Act (Section 113).²

4.3.1.2. Surveillance

As is relatively common practice elsewhere, but particularly in Australia, there is on-site seven days per week surveillance in New Zealand casinos, provided by the Department of Internal Affairs Casino Supervision and Inspection unit. The role of the Department of Internal Affairs (DIA) is to provide the inspectorate functions for the Casino Control Authority and correspondingly, the DIA establishes a surveillance presence inside the casino to oversee the day to day operations. This also includes a presence on the gaming floor, overseeing the actions of dealers, supervisors, security and other staff employed in this location. The DIA's Casino Supervision and Inspection Unit have access to all aspects of the casino's operation to carry out their day to day audits. The aims of these processes are to ensure that the conditions of the licences are complied with by casino operators and to ensure that the public has confidence that the objectives of the Casino Control Act are being met.

4.3.1.3. Licensing

Within the regulatory structure there are provisions for licensing employees within the casino. The Department of Internal Affairs issues 'certificates of approval' before any person can be employed in casino activity following probity checks and approval by Police. The DIA recovers personnel costs of the inspectorate through a regulatory levy imposed on the casino licensee; costs of employee licence checks are paid by the prospective employee.

² During 1994/95 there was disagreement between these three agencies about their specific roles and relationships, and the funding arrangements for those functions. An independent review of these matters was appointed to resolve the major points of contention, although some tensions appear to remain between the CCA and the DIA (see the Tyler Report, 1995). 'Effective operation of the Act and the associated surveillance programme requires the Department and the Authority to work closely together' (Tyler:1995:10).

4.3.1.4. Police resources devoted to crime prevention and licensing of casino employees.

Police crime prevention role includes non-gaming policing such as assault, theft, drunkenness, disorderly conduct and prostitution, all of which can occur within or in the vicinity of the casino.

- With regard to policing measures in Christchurch and Auckland a national Police Casino Unit was established from the inception of the Casino Control Act 1990 and comprised an Inspector and a Sergeant during the casino establishment phase. An amount of \$50,000 *per annum* (See Table 4.6.) was allocated to this unit in the Casino Control Authority budget. The national unit was however disbanded during a National Police Headquarters Staffing Review in 1996, and since then, the policing allocation in the CCA budget has been shared between Auckland and Christchurch. Monies from the Casino Control Authority budget have been used in the Police investigation of casino licence applicants. As is evident in Table 4.6., the costs of investigating casino licence applicants has exceeded the budgeted amount for four of the six years.

Table 4.6. Casino Control Authority budget allocation to the Police Department Casino Unit, 1990/91 to 1995/96

Year	Budget	Actual expenditure
1990/91	-	\$5,108
1991/92	-	\$237,614
1992/93	\$50,000	\$116,854
1993/94	\$50,000	\$25,373
1994/95	\$50,000	\$50,000
1995/96	\$50,000	\$84,985
Total	\$200,000	\$519,934

This unit was disbanded in 1996 (see above).

1990/91 Preliminary costs of the Police Department Casino Project Unit

1991/92 This item is referred to in the budget as 'Police investigations'

Source: 'Income and Expenditure Statements' of Reports of the Casino Control Authority to the House of Representatives, 1990/91 to 1995/96

The current position is that there is no special police casino unit and no police located onsite at either casino, meaning that the casinos are policed within the range of normal

operations by Police units/departments and officers, each with other briefs and portfolios.

- In Christchurch, there is one Detective Sergeant in charge of the licensing checks on casino employees (a portfolio shared with a Police Inspector in Auckland). He is assisted in Christchurch in the licensing portfolio by another detective who coordinates interviews of potential employees. Police who are stationed in the area of the applicant are used for these interviews. A benefit of having operational police doing the casino policing is that they know what is going on in the local area and are aware of wider policing issues which may affect the casino. When operational police are used for interviewing potential casino employees, their broad experience may allow them to detect difficulties which a less experienced person would not pick up. One drawback with operational police doing these duties is that if for example a homicide occurs, the casino-related work tends to be delayed and assumes a low priority in relation to the homicide investigations.
- In Auckland the entire police component of the employee licensing checks is conducted by three retired Police officers and their work on these matters is entirely funded by monies from the potential casino employee's license application fees.

Police also have access to international records and other police jurisdictions in order to check files where it might be necessary to investigate possible criminal connections of potential employees or persons associated with the casino in question. When the Christchurch Casino opened in October 1994, some preventative immigration measures were put in place which later applied to both Christchurch and Auckland casinos. A list of two hundred of the world's major casino cheats was placed with immigration authorities. Subsequent to this, a group arrived from Italy, were discovered by immigration authorities to be on the list of cheats, and refused entry into New Zealand.

Inspector Haslett, who is the Police liaison officer for employee licensing in the South Island reported to this study that there have been no problems thus far with implementing the licensing procedures. The Team Leader of Licensing in the South Island reported that the police probity checking of applicants was excellent and that

there are no casino employees with gang convictions or significant criminal records (Christchurch Community Reference Group (CRG), August 21, 1997).

In 1995, in response to a deteriorating set of relationships among the Casino Control Authority (CCA), the Department of Internal Affairs (DIA) and the New Zealand Police, an independent review of the roles of these three bodies was conducted (Tyler:1995). Sections 100-109 of the Act specify certain offences and prosecution action in respect of any such offence can only be commenced by the Police (Section 113[2]).

The Police argue:

...that in order for them to be in a position to take a prosecution requires ongoing monitoring, including liaison internationally with other policing authorities, and the costs consequently incurred are clearly part of the work of 'administering and enforcing' the Act, which are, therefore recoverable by way of levy (Section 76[2]) (Tyler:1995:18).

Tyler (1995:29) concludes his report with the statement, 'Every encouragement should be given to the (Casino Control) Authority and the Police to come to a satisfactory understanding.' It is not clear to the current research team the extent to which an understanding has been reached. However, apart from the issue of what resources are to be used for Police to investigate casino licence applicants in areas outside of their jurisdictions, the matter of funding investigations into prospective casino employees was not raised as an issue.

4.3.2. Preventative crime measures in relation to the Christchurch casino.

During the public hearings which preceded the Christchurch casino, the Christchurch Police made a submission and also reviewed both potential casino sites for crime patterns in existence (and potential crime issues), traffic flows and policing issues. The Christchurch Casino management then approached the Police regarding the approved site and asked for advice regarding design, traffic movement and lighting. The police representative took the view that the casino should 'get it right' at the outset in order

that the casino make a minimum impact on policing (Community Reference Group meeting, Christchurch, 16th December, 1997).

In a written submission provided to this study, Commander Fitzharris (1997:3-4) refers to the success of preventative measures when he states that with regard to the Christchurch Casino, there has been no 'upsurge of offences or incidents in the vicinity of the Casino'. He attributes this to several ameliorative measures.

- Casinos in New Zealand are situated within a highly regulated industry.
- The Christchurch Casino was built in a well-lit, well serviced, low crime area of Christchurch with excellent foot and traffic access and egress.
- The Christchurch Casino management consulted well with the community and the Police from the outset.
- The casino established well-considered and consistent standards.
- Care has been taken to ensure that bars and restaurants within the complex maintain consistent high standards as to behaviour and sobriety.
- Christchurch Casino maintains an adequate permanent security presence and turns away potential problems at the door.
- The Christchurch Casino employs 30 staff in its security division. This group is responsible for the physical security of the building, staff, patrons and the transport of gaming 'chips'. Security work involves monitoring the casino entry to enforce entry requirements (age, dress standards), patrolling the premises; monitoring external cameras at entry points; and providing first aid when required.
- The casino's surveillance division employs sixteen staff who operate 100 surveillance cameras inside the casino. These cameras are used to observe all areas of cash and chip handling, to resolve disputes at tables or machines, to detect 'banned' patrons, and to maintain staff and patron safety.

4.3.2.1. Management door policy

With regard to the point of turning away potential problems at the door, arguably the most successful preventative measure at Christchurch to minimise public disorder is

the relatively strict dress code which was instituted by the Chief Executive Officer, Arthur Pitcher. Blue jeans are not allowed and patrons are requested to be smartly dressed. The dress code is reproduced on all Christchurch Casino promotional material, including the casino 'how to play' games leaflets.

This policy creates a certain 'tone' within the casino and keeps out 'elements' regarded by the casino management as undesirable. A representative of the Centre for Problem Gambling expressed the view (Christchurch CRG, 21 August, 1997) that the casino offers a safer, cleaner environment for women than other licensed premises. The Casino security manager, a Casino Control Authority executive and Police officers interviewed for this study also indicated that some taxi drivers assist in policing the dress standards, 'because if someone gets into a taxi out of a pub in jeans and asks to go the casino, the cab driver says you won't get in, so they don't come'. This arguably minimises the problems which occur at the casino entrance and within. Commander Fitzharris (1997:4) states that the security staff 'turns away potential problems at the door'.

The importance of the strict enforcement of the dress code is articulated by Mr Arthur Pitcher, the Casino CEO in a press article under the headline, 'Dress code "deters" troublemakers' (*Christchurch Press*, 17 May, 1996). The importance of the dress code in keeping good order was also reported on by several persons interviewed in the course of this research. The CEO reported that he did change the dress standards on one occasion when he saw some 7,000 'Golden Oldies' rugby players in town, predominantly dressed in track suits. The CEO relaxed the rules to make track suits acceptable attire for the week of the rugby carnival (interview, Arthur Pitcher, 20th August, 1997).

4.3.2.2. Relationship between the Christchurch Casino Security Department and Police

Both prior to and after the opening of the Casino, the New Zealand Police worked with the Christchurch Casino in setting up the casino security policy and procedures and indeed employed a well respected, ex-Christchurch Police Officer as the Manager of Security and Surveillance.

- The Christchurch Casino management team is held in high regard by the Police interviewed and this may in part be due to the influence and policies of the Manager of Security and Surveillance. Detective Inspector Haslett indicated that the Police made it clear to the casino from the outset, that when they were called on-site they expected the casino staff to have fulfilled their security responsibilities, and this has reportedly happened.
- Police were called to the Casino 102 times up until August 1997 and Commander Fitzharris (1997:2) notes:

that a number of the 102 calls were actually assistance calls to the police from Casino security staff reporting the presence on the premises of persons sought by the Police or for other non criminal matters including two sudden (natural) deaths.
- It is the assessment of the research team that a very close working relationship is in existence between the New Zealand Police based in Christchurch, and the Christchurch Casino management team. This collaboration has enabled the development of a number of preventative strategies to minimise crime.

4.3.3. Preventative crime measures in relation to Auckland Sky City

As with the Christchurch Casino, there is no special police unit or onsite police presence for the Sky City casino. The Auckland Central Police District Headquarters has responsibility for policing the casino as part of normal policing operations. The Crime Control Unit at Auckland Central (comprised of a sergeant and four officers) has assumed most of the police work related to the casino (with the exception of licensing and within-casino crimes).

- The Sky City Casino employs security staff responsible for the physical security of the building, staff, patrons and the transport of gaming 'chips'. Security work involves monitoring the casino entry to enforce entry requirements (age, dress standards), patrolling the premises; monitoring external cameras at entry points; and providing first aid when required.

- The casino's surveillance division serves as a second line of internal security. Surveillance staff operate closed circuit cameras to observe all areas of cash and chip handling, to resolve disputes at tables or machines, to detect 'banned' patrons, and to maintain staff and patron safety.

4.3.3.1. Management door policy.

In its application to the CCA for a casino licence, Sky Tower Casino Ltd. (*ASIR:1992:233*) refers to the matter of a dress code, noting that some have suggested that such a code might be helpful in discouraging people 'perceived to be at risk from visiting a casino' and to help '...ensure a quality entertainment environment'. In the submission it is argued that

Such a control may be relatively easy to devise in countries which are able to easily identify and differentiate between socio-economic groups by the clothes they wear. New Zealand is less formal (*ASIR:1992:233*).

The submission goes on to state that the challenge is to find the correct balance and recommends a dress code that simply states that 'smart casual dress is the minimum acceptable standard' and that this will allow staff sufficient discretion in allowing people to enter the gaming area or not (*ASIR:1992:233*).

The perception of the Police was that the American operator, Harrah's, accustomed to relaxed dress standards in US casinos, preferred to adopt a very open dress policy. This open dress policy was tempered during the first year of operations to insist on higher standards. However, dress standards such as those applied within the Christchurch Casino (eg. no jeans) have not been instituted at Sky City. The Managing Director of Sky City Ltd expressed the view to this study that 'Sky City was targeted to a broad, mass market' and their more liberal dress code reflected this (August 23, 1997). However, more rigorous dress standards apply in the VIP Room (12 gaming tables and 2 machines - members only) and Harrah's Club (20 tables and 50 machines).

4.3.3.2. General security

In Sky City's Social Impact report (*ASIR:1992:211, 213*) it was proposed to minimise crime by the following means: providing an undercover car park kept under security

camera surveillance; footpath surveillance by security staff; and vigilance against prostitution. 'The site is largely self contained and almost all customers will be able to drive directly into the parking building with high levels of security...all vehicle and pedestrian areas will be subject to internal security patrols' (*ASIR:1992:176*).

The Hobson Street site was also advocated due its crime reduction possibilities. 'In minimising on-street crime a location on the fringe of the CBD area was to be preferred in that the incidence of such offences was likely to be significantly less than in the downtown area' (*ASIR:1992:194*).

4.3.2.2. Relationship between the Sky City Casino Security Department and Police.

As indicated previously, a constructive working relationship exists between the Sky City casino security operation and the Auckland Police and regular liaison occurs between the two. The agreed policy allows casino staff to handle most matters, except those pertaining to staff breaches, and appears to be working without significant problems.

4.4. Actual Crime Impacts

4.4.1. Operation impacts of Christchurch Casino

4.4.1.1. General crime impacts

With regard to general crime impact, the Southern Region Police Commander makes the following statement:

The Christchurch Casino has had very little impact upon the services delivered by Christchurch police during the past two years and a half despite the fact that the casino had recorded over 3 million patrons through the door as at June 1997...In fact, the level of offending has been considerably less than would normally be expected for an entertainment venue of the size of the...casino (*Fitzharris:1997:3*).

4.4.1.2. Casino incidents

As is the case with casinos elsewhere, incidents occur within and around the premises and statistics summarising these incidents are presented in Tables 4.7. and 4.8. and interpreted below.

Table 4.7. Christchurch Casino incident/arrest data, 4 Nov 1994 - 6 Aug 1997

Type of incident/offence	Frequency
Served with trespass notice (alcohol related offences, refusing to leave premises etc.)	132
Number of occasions Police called to Casino site (a small proportion of these calls to sites nearby to the casino)	102
Arrests (for charges of trespass, theft and miscellaneous minor charges, one wanted fraud offender found at the casino, a burglar attempting to launder stolen currency, two persons arrested for theft from a car outside the casino, an imitation firearm incident in an adjacent carpark)	21

Source: Fitzharris (1997: 2).

Table 4.8. Breakdown of persons served with trespass notice at Christchurch Casino, 4 Nov 1994 - 1 Nov 1997

Reason for trespass notice	Frequency
Minors/underage found in casino	77
Offensive behaviour and intoxication	26
Alleged theft (chips, money, wallets)	17
Refusing to leave casino	10
Alleged cheating (past posting, top hatting)	7
Acting suspiciously in casino	3
Producing false identification	1
Gaming dispute	1
Excluded prior to casino self bar policy	1
Bomb threat	1
Using unauthorised credit	1
Fraud committed in casino (illegal credit card use)	1
Taking a found wallet	1
Alleged assault	1
Police information re patron	1
Child abandoned in car outside	1
Total	150

Sources: Casino and Surveillance Manager, Christchurch Casino 16th December 1997; Casino Supervision and Inspection unit, 17 December, 1997

Data presented in Table 4.8. refer to a full two years operation of the Christchurch Casino and during this period there were some 150 trespass notices issued and 21 arrests made for trespass, theft and other minor matters. Also during this period there were an estimated 3 million visitors to the Christchurch Casino.

4.4.1.3. Comparisons with the Sydney casino

The data presented in Table 4.9. assist in putting the Christchurch data into comparative context.

Table 4.9. Casino offences at Sydney Harbour Casino, Sep 1995 - Jun 1996

Offence	Frequency
Cheating (past posting, bet switching, bet capping, chip theft etc)	34 arrests
Larceny	16 arrests
Disorderly conduct (including minor assault), offensive behaviour	data not available
Miscellaneous offences	data not available
Total illegal incidents	135

(Sources: NSW Department of Gaming and Racing, 1995/6: 40; Lynch, 1997b:6-7.)

The temporary Sydney Harbour Casino had 50 arrests for the first 9.5 months of its operation and a total of 135 illegal incidents. During this time an estimated 3.5 million visitors attended the Sydney casino (see Lynch:1997a). In comparison the Christchurch Casino has a considerably lower illegal incident rate than is the case for the Sydney casino, whether or not this rate is calculated as incidents per visitor head, or per month of operation.

4.4.1.4. Crime in the casino precinct

As indicated above reliable historical data on crimes committed within the casino precinct are not available, beyond that available for Police Districts containing the

casino (see Table 4.3.) and the manual statistics compiled by Police. An examination of the general data from the Christchurch Central Police Station for 1992 to 1997 (see Table 4.3.) reveals no significant increases in crime (with the exception of destruction of property, cannabis use and trespass) and some decreases (eg. sexual attacks, against the Sale of Liquor Act, 1989, burglary and fraud). The manual Police statistics indicate no increase in crime in the casino precinct and the above quoted statement of Commander Fitzharris (1997:2) clearly indicates that 'there has been no upsurge of offences in the vicinity of the Casino'. The relative safety of the casino precinct is further reinforced in a study of 'public perceptions of sense of safety' (Christchurch City Council:1997). In a 1996 survey, 'parts of the City frequently identified as unsafe at night include Cathedral Square, Latimer Square and Manchester Street'. There is no mention of any parts of the casino precinct as being unsafe.

4.4.1.5. Dress standards

The casino management policy of insisting on consistent dress and behaviour standards was mentioned frequently in interviews, and at the Christchurch Community Reference Group meeting (August 21st, 1997) as a factor in creating the order which prevails at the Christchurch casino. The Police state that the attention to these standards 'has considerably lessened the requirements for police to attend at the premises' (Fitzharris:1997:2).

4.4.1.6. Minors and underage gambling

The most notable feature of Table 4.8. for the Christchurch casino is the figure of seventy-seven minors found in the casino. The provisions of the Casino Control Act render it illegal for persons under the age of twenty to enter the casino. Given that the seventy-seven underage persons found on the premises represents the largest reason by far for issuing trespass notices, then it must be assumed that the attempts of youth to gain entry is an issue for both youth and relevant authorities. Data gained from the Casino Supervision and Inspection unit (17th December, 1997) reveal that during the first two years of operation up until 4th November, 1997, some 8,800 minors had sought and been refused entry to the Christchurch casino (up to 9,094 to 16 December).

In itself, this figure is exceptional and suggests a number of issues. First, it is apparent that the Christchurch Casino security staff are active in policing the issue of underage entry, both at the entrance to and also within the casino. There have been a number of instances when minors have produced false identification (eg. that of their older brother or sister) when challenged about their age. In these instances, the persons in question are asked to sign their names and when the signature does not match that of the identification, the Casino Supervision and Inspection Unit becomes involved.

The Casino Supervision and Inspection unit of the DIA has been involved in 123 such cases between November 1994 and November 1997. As yet there have been no prosecutions under the terms of the Act, but one case was under consideration for prosecution at the time of writing this report. The Christchurch Casino has issued a number of trespass notices to young patrons from various Asian countries and in light of their experience in this area, the Casino now insists that such patrons must produce passports as proof of identification, rather than student identification cards (Manager of Security and Surveillance, Christchurch Casino, December 16th, 1997).

Another issue thus raised by the figure of 9,094 refusals of entry to persons under the age of twenty, is perhaps beyond the brief of this research, but it is raised here because of its importance. If so many young people are seeking entry to the casino it would seem that there is a need in Christchurch for some form of substitutable entertainment which would accommodate the needs of these people.

4.4.1.7. Exclusions

Casino security staff are also responsible for enforcing the exclusion policy at the casino and under this policy, persons may bar (self-exclude) themselves from the casino for a problem which they themselves have identified, or which has been identified by their families or the casino management. Table 4.10. illustrates these figures:

Table 4.10. Persons self-barrred from the Christchurch Casino, November 1996 to 4 November, 1997

Category	Number
Number of persons self barred (including expired barring):	221
Number rescinding their notices	42
Number whose notices have expired	48
Average period of barring	18 months
Number currently barred from the Christchurch Casino:	131
	(84 male 47 female)
Games self-barrred persons nominated as the source of gambling problems:	
Slot machines	102
Black Jack	47
Baccarat	30
Stud Poker	13
Tai Sai	3
Keno	1
Money wheel	1

Source: Christchurch Casino Surveillance and Inspection, 17 December, 1997.

4.4.1.8. Comparisons with the Sydney casino.

To provide a source of comparison for the data above, there were 27 self exclusions (out of a total of 222 exclusion notices) taken out in relation to Sydney Harbour Casino for its first 9.5 months of operation to June 1996 (see Lynch:1997a). There is then a higher incidence of self-exclusion from the Christchurch casino than for Sydney casino patrons. The reasons for this require further research. The Manager of Security and Surveillance at Christchurch casino indicated (16th December, 1997) that the main reasons for self-barring were either that people were spending too much time at the casino and/or they had a specific problem with one or more forms of gambling at the casino (see Table 4.10. above).

4.4.1.9. Prostitution

Prostitution is not an offence in New Zealand, but soliciting in a public place and brothel-keeping are. The reason for raising the matter here is that international research in this area has found that there is often an increase in prostitution, and related petty crime, in areas where casinos are developed.

In Christchurch, most of the sex industry is situated on the east side of the city with massage parlours concentrated in Litchfield and Colombo Streets and street prostitutes operating from Manchester Street. In November 1996, police compiled 'census' data (interview with Detective Sergeant John Sjoberg, Criminal Intelligence, Christchurch Police, 16th December, 1997) on the sex industry in relation to the *Massage Parlour Act*. At this time there were 22 massage parlours operating legally in Christchurch. Two have since closed and another two have been demolished. Of the two that closed, one of these was located near to the casino and had acquired a reputation of not being well managed. One massage parlour remains in the near vicinity of the casino, however this parlour has been operating since the early 1990s. At the time of the November 1996 data compilation, 2,264 masseuses were registered under provisions of the *Massage Parlour Act*. In addition, 461 escorts and some 30 street prostitutes had also registered with the Police on a voluntary basis. Between March and December 1997, another 180 escorts registered their names.

When asked about connections to the casino, a Christchurch Detective Sergeant with responsibilities in the area indicated that he had not noticed any connection between the sex industry and the casino. This was apart from seeing the occasional prostitute gambling, but not soliciting, in the casino. He also indicated that there had been no increase in massage parlours near to the casino since its opening (interview, 16th December, 1997). Similarly, the Christchurch Detective Sergeant representing police on the Christchurch Community Reference Group (interview 20th August, 1997) indicated that soliciting by prostitutes was not regarded as a problem in the casino and that the casino management dealt with any problems in-house, by requesting those soliciting to leave the premises. However the Manager of Security and Surveillance at the casino

(interview, 16th December, 1997) indicated that there had been no such requests since latter part of 1996. The Security Manager did indicate that during the first winter of casino trading, several prostitutes had entered the premises, presumably looking for warmer areas to ply their trade.

The Vice Squad enter and walk through the casino, usually on the busy Thursday, Friday or Saturday nights and have reported that the casino is relatively free of soliciting. Police acknowledge that known prostitutes do enter the casino; however if they are found to be soliciting clients within (eg. leaving their cards on machines), they are ejected by casino staff, but are allowed to stay if they are merely playing the machines (interview, 20th August, 1997). It is not in the interest of the casino operators to have gamblers being distracted by prostitutes soliciting within the casino.

4.4.1.10. Illegal gambling in areas near to the Christchurch Casino.

Police state that Christchurch has never been a large enough city to support 'full blown, hole-in-the-wall' casinos with Roulette Wheels, Black Jack and other card and casino games (interview, 20th August, 1997). Prior to the casino's opening, there were apparently three illegal card games in operation; however these were reported to have closed down a short time after the legal establishment opened. One of these illegal games had been the target for an armed hold-up in the course of its operation.

One or two illegal card games have apparently begun operating again after a period of closure, thus following a similar trend on a smaller scale which has seen the closure and re-opening of illegal games in Auckland (see below). Despite this re-opening, and the apparent operation of smaller illegal card games in various ethnic communities at times (commenced by persons who have been barred or have self-barrred from the casino), the Police Officers interviewed, (16th December, 1997) indicated that the legal casino 'is really the only game in town' and there is not as much illegal gambling in Christchurch as there used to be. The conclusion which can be drawn from data and intelligence supplied by the Police is that the legal casino has had the effect of restricting illegal gaming houses in Christchurch.

4.4.1.11. Crime committed to fund gambling.

Data on this matter have proved extremely difficult to obtain. The Department of Internal Affairs (1995b:147) concludes that 'information is needed on the part problem gambling plays in the decision to commit crime and what types of crime this affects...In addition research is needed examining the extent to which crime is associated with legal as opposed to illegal gambling'. There are, however, a few publicised cases which suggest a link between problem gambling and the casino (and other forms of gambling).

Three case studies provided by Christchurch Police illustrate this point.

- The first case involved a car dealer, who was a heavy gambler on the TAB and at the casino. To support his gambling, he embezzled a considerable sum of money from his partners in a scheme involving the importation of cars from Japan.
- In 1995, during the first year of trading of the casino, a woman opened bank accounts in the names of her family members. At certain times of the day, when the automatic teller machines went off-line, she withdrew well over her limit on these accounts to obtain money for gambling. She was subsequently brought to justice.
- In a 1997 case, a woman employed as office manager for a local solicitor stole \$100,000 from her employer. She pleaded guilty and gave the casino as her excuse for the theft.

Despite these cases, a Detective Sergeant attached to the Commercial and Multiple Fraud Section of the Christchurch Police stated that 'the casino hasn't had an impact on the fraud squad. If it is a betting problem that people have, they'll find another way or other form of gambling' [if they are excluded from the casino] (interview, 15 December, 1997).

The view of the Detective Sergeant who was a member of the Christchurch Community Reference Group, familiar with the gambling industry and clientele in Christchurch, was that the issue of criminal activity to fund gambling had been exaggerated in public debates. He was aware of several cases where people had cited gambling as the reason for their crime, but he also indicated that the gambling rationale had been used as

means of securing a lesser penalty, using the defence of 'diminished responsibility'. Police however 'have no firm evidence to indicate that the level of such offending [to fund gambling at the casino or elsewhere] is substantial' (Fitzharris:1997:3, brackets added). Also, in this officer's view, the people who do commit gambling related crimes tend to have multiple gambling interests such as sports, TAB, 'bookies' and casino gambling, rather than any one gambling interest such as casino blackjack, for example.

4.4.1.12. Financial Transactions Reporting Act 1996

Under the terms of this Act, a casino operator (a financial institution as defined in the Act) has a legal obligation to report suspicious transactions to the Police and to keep records of occasional transactions over \$10,000. Part of the intent of this Act is to prevent and detect money laundering. Money laundering refers to the conversion or transfer of property for the purposes of disguising the illicit origins of the property. The essential character of money laundering is legitimising its source, or creating an alibi for its origin (New South Wales Government:1991:101).

Since the Christchurch casino began trading, ten suspicious transaction reports have been sent to Police. A suspicious transaction can be any amount from \$20 to \$200,000 for example, and may come about from a patron reluctant to co-operate with identification if asked for identification in respect of a transaction, or from an attempt to change large quantities of low denomination cash for large denominations, or from a patron conducting a number of separate financial transactions in an attempt to avoid the requirements of the *FTR Act* (for example he cashes out at \$8,000 when he is holding \$20,000, then comes back later and cashes out another \$8,000 in an attempt to avoid the *FTR Act* threshold of \$10,000 - this is termed 'structuring'). A suspicious transaction may also be one conducted by a person known to deal in drugs and one such instance was reported by the Christchurch casino (interview, Manager of Security and Surveillance, 16 December, 1997).

Thus far there have been no prosecutions in relation to the reported suspicious transactions (interview, 16 December, 1997). However the DIA (1995b:138) reports that

‘security checks on two occasions have prevented attempts to launder stolen foreign currency’.

4.4.1.13. Casino management

At the August Christchurch Community Reference Group meeting for the current project, several persons present including a representative of the clergy, commented on the high standard of management at the casino (eg. the casino is ‘a pretty well run business’).

If this is the case as reported, an effective management team which implements the provisions of the Casino Control Act to the full is arguably also an effective deterrent of criminal activity both within and in association with the casino. While a degree of independence of action is required for the DIA Inspectorate and Police to adequately fulfil their functions, a cooperative approach by casino management contributes to an effective regulatory regime and minimisation of crime.

4.4.1.14. Impacts on law enforcement

Throughout this section, reference has been made to law enforcement issues. In summary, the Christchurch Casino is policed within normal police operations, and according to Commander Fitzharris (1997:3) ‘the Christchurch Casino has had very little impact upon the services delivered by the Christchurch Police’. With regard to other components of the criminal justice system (eg. courts, prison system), there is at least some impact, however the extent of this requires further research.

4.4.2. Operation impacts of Auckland Sky City

4.4.2.1. General crime impacts

From a Police point of view, Sky City placed extra demands on their services during the first three months of operation with Police attending some 120 incidents at the casino in this period, up to 4-5 times per shift. After this initial period, Police attendance has been reduced to only one or two incidents per month. The Police Casino Liaison Officer at

Auckland Central, Inspector John Mitchell made the following assessment of the overall crime impact of Sky City:

Generally speaking the small number of crimes and offences reported in and around the casino is insignificant if general crime and offending in the inner city area are taken into consideration. The car park in particular is probably one of the safest car parks in the inner city (interview, 17th December, 1997).

4.4.2.2. Casino incidents

Auckland Central Police have kept records of all incidents at the casino which they have attended, or which have been reported to them. The incidents include aggravated robbery (eg. one report of a victim leaving the casino and being ‘mugged’ by three offenders), theft of gaming chips, assault, leaving children unattended, trespass (failing to leave the premises when asked), disorderly behaviour, attempted suicide and loan-sharking. A statistical summary of recorded incidents appears in Table 4.11.

Table 4.11. Recorded incidents at Auckland Sky City, 13 Jan. 1996 to 11 Feb. 1997

Incident type	Frequency
Assault	11
Cheating	14
Disorderly behaviour	14
Leaving a child unattended	8
Offences involving minors	7
Fraud/counterfeit	11
Theft (total)	28
General	(17)
Involving staff	(6)
From carpark	(5)
Trespass	13
Intoxication offences	4
Drug offences	4
Attempted suicide	1
Aggravated robbery	1

Loan sharking	1
Bomb hoax	2
Miscellaneous	3
Total incidents	115

(Source: *Incidents at the Auckland Casino* 13 January, 1996 to 11 February, 1997. Auckland Central Police.)

In total there have been 115 incidents recorded on the Police Incident sheet and the following general observations are made with regard to these.

- The major incident and crime within the casino is theft. Some seventeen of the 28 reported incidents involved patrons inside the casino (theft of chips and money, and one pickpocket incident), five incidents occurred in the car park and six involved staff.
- Offences by staff included a staff member arrested for stealing money from slot machines and a cashier was arrested for stealing \$4000 while counting money at the end of a shift.
- Cheating by patrons is another regular offence; however to date most offences have been minor ‘past posting’ or bet capping offences.
- Alcohol was present in a significant number of incidents, but particularly the assaults and disorderly behaviour incidents. Often it was security guards who were assaulted by patrons who either refused to leave the premises on request, or who were refused entry because of their intoxicated state.
- The number of drug offences is relatively low (4) and police report that there are no signs of serious drug use in or around the casino.
- While Police have been called to become involved in 11 fraud/counterfeit incidents, the Casino Supervision and Inspection unit (5th February, 1998:3) reports 29 cases of counterfeit bills and one of counterfeit coins occurring within the Sky City casino. The Inspectorate’s impression was that this number is in line with the level of counterfeit presentation in other business areas. The Inspectorate reports that the operator expounds the view that because of cash transaction systems in place, it is more difficult for counterfeit to be proffered in a casino and more likely that, with surveillance cameras, the culprit will be detected. The Inspectorate indicated that

this view has some merit; however the reliability of note acceptors in gaming machines has been disproved on several occasions (DIA Inspectorate:1998:3).

In the early stages of the casino operation, there was a view within the Police that some better known criminals gambling in the casino should be barred from entering. This view was unable to be put into practice because it is not an offence under the provisions of the Casino Control Act for a person with criminal convictions to enter a casino and nor were these persons in question committing offences. The issue received attention however, when three well-known criminals were arrested in 1996 for conspiring to commit an armed robbery at the casino. The plan involved the use of guns to rob a cashier point within the casino, and then to break through second floor glass windows to allow a jump to a waiting truck below. In this instance proactive surveillance of these patrons by the DIA Inspectorate, and close liaison with Police, prevented a serious crime which would have been costly both economically and in terms of reputation.

Since the opening of the Sky City in February 1996, the press has carried various reports of crime and disorder in relation to the casino with the most extensive coverage being given to a social welfare benefits scam involving casino staff.

- During 1996, some 282 casino workers made fraudulent claims totalling \$250,000 to the Income Support Service, while at the same time holding employment at Sky City. Monetary penalties were imposed on those involved in the scam, and the Department of Internal Affairs instigated proceedings to cancel the licences of some 35 employees who held 'certificates of approval' to work in the gaming areas of the casino (see 'Up to 35 casino double-dippers to go,' *Auckland Herald*, 30 September, 1996; 'Jobs on the line for 142 benefit fraud suspects at casino,' *Auckland Herald*, 7 August, 1996, 'Decision on double-dipping casino workers unlikely to be reversed,' *Auckland Herald*, 17 July, 1996, 'Casino staff bagged for benefit fraud,' *Auckland Herald*, 6 July, 1996).
- In September 1997 ten staff at Sky City were sacked following an internal investigation. These staff were bar employees and as such not subject to stringent

DIA probity checks. The sacked staff had been operating a scam where drinks worth less than those actually ordered by patrons were rung up on the till, the difference being pocketed as tips. The casino handed the investigation over to Auckland police following the dismissals. According to reports in the *Auckland Herald* (September 15, 1997) the amount of money involved over a long period was substantial – estimated at up to \$500,000.

4.4.2.3. Comparison with the Sydney casino

Comparisons with the Sydney casino will provide a sense of the relative severity of crime impacts of the Sky City casino. For the 13 month period January 1996 to February 1997, the 115 recorded incidents at Sky City are less than the incidents recorded for the first 9.5 months operation of the Sydney Harbour Casino to 30 June, 1996. In Sydney, 135 instances of illegal activity were recorded by the Casino Surveillance Division. This includes 34 arrests for theft however some 60 patrons in all were excluded from the SHC for theft related incidents (see Lynch:1997b:25-6). Other exclusions in this period at the Sydney casino included 50 for cheating, 24 for disorderly conduct and minor assault, and 20 for leaving a child unattended in a car. The higher incidence in Sydney may be due to either a greater incidence of criminality/regulation breaches or to more proactive detection measures. It also reflects Sydney's larger population.

4.4.2.4. Casino security and relationship with police

The relationship between police and casino security staff appears to be a constructive one and as with the Christchurch Casino, the casino security manager is a former senior sergeant in the New Zealand Police. As previously mentioned, police routinely attended the casino up to 4-5 times per shift during the first months of operation; however the casino security staff now handle many more incidents themselves so that police only attend the casino 1-2 times per month. Police only attend the casino if the security staff cannot handle the situation, or to investigate matters involving staff.

Casino security staff and police have also cooperated on incidents which occur outside, but close to, the casino. In the early months of operation, a brawl amongst intoxicated persons began in the area near to the casino. Police and casino security staff cooperated

in the apprehension of the offenders who initially refused to talk about the incident. However when they were informed that their fight had been recorded on the casino's video surveillance equipment, some of those involved cooperated with police, and also confessed to other major incidents (interview, 22nd August, 1997).

4.4.2.5. Crime and disorder in the casino precinct

Following the opening of the Auckland casino, the Police received many reports of disorder outside the premises, particularly with regard to drunks trying to gain entry, and fighting among people in queues awaiting entry to the casino. Night shift officers at Auckland Central Police who regularly attended such incidents argued for an elevation of dress standards. They also argued for an increase in the price of drinks, against the casino's policy of minimal dress standards and low-priced alcohol. The major problem for police in the early months of operation was in relation to alcohol use and abuse.

The Auckland Central Police Station has collected data on alcohol-related problems in the casino through the Last Drink Survey (1997), in which details of persons apprehended are collated, including the licensed premises at which they had their last drink. This survey reveals that Sky City was listed as the premises with the third highest number of offences in the 12 month period, August 1996 to July 1997. A total of 59 persons apprehended had their last drink at Sky City casino, compared with 85 and 120 for the two highest offending premises. These figures, as well as the frequency with which police were called to the casino in its first few months of operation, were viewed as cause for concern by the Police.

A change to the situation was effected through regular monthly meetings between senior police and casino management, during which police raised the issue of host responsibility and patron care. Extended discussions were held during the first half of 1996, and in light of the problems related to alcohol abuse, the Police Licensing Section was considering applying for a modification or suspension of the casino liquor licence. Following these talks, Police report that the casino became proactive and developed a

model security/management package, including an in-house hospitality course for staff.³

The casino also tried raising alcohol prices dramatically but this had little effect on drunkenness, disorderly incidents, or people resisting removal from the premises. The next step taken, at the initiative of casino management, was to close the bars at 3am, and the problems stopped almost overnight (interviews with Police Casino Liaison Officer, Auckland Central Police, August 22nd and December 17th, 1997).

The Casino Supervision and Inspection unit of the DIA has supplied figures relevant to alcohol problems and these figures portray the extent of the problem in 1996. The majority of incidents occurred in the first half of 1996 as described in the above sections.

Table 4.12. Exclusions and removals of intoxicated persons from Sky City, Auckland, 1996-1997

Category	1996 (Feb. 2 – Dec. 31)	1997	Total
Intoxicated exclusions	22,141	8,655	30,796
Intoxicated removals	2,746	1172	3,918

Source: Auckland Casino Supervision and Inspection Unit, Department of Internal Affairs, 5th February, 1998:1.

The statement from Auckland Central Police is restated here for the purposes of summary:

Generally speaking the small number of crimes and offences reported in and around the casino is insignificant if general crime and offending in the inner area are taken into consideration (December 17th, 1997).

³ The program which operates under the acronym CARE (Controlling Alcohol Risks Effectively) is an adaptation of the American Hotel and Motel Association’s C.A.R.E training, for New Zealand conditions. The program trains staff to recognise signs of intoxication and the effects of too much alcohol, to explain legal restrictions, to specify the alcohol policies of Sky City, and to monitor and control guests’ alcohol consumption and other preventative measures (Sky City CARE Participants Manual, 1996:1). Sky City reports that up until December 1997, 1,615 staff members have attended the CARE training program.

4.4.2.6. Pawnbroking shops

With regard to pawnbroking shops, there has been no growth in this industry in and around the casino according to police and there is no evidence of any crime connections between the casino and the activities of pawnbrokers or their customers (interview with Inspector Mitchell, 17th December, 1997). Random interviews with pawnbrokers in Auckland and with members of the Community Reference Group confirm this view.

4.4.2.7. Minors and under-age gambling

Auckland Central Police (interview, December 17th, 1997) indicated that they are reliant on Sky City staff and the DIA inspectorate to inform them that there are problems regarding minors. At the time of this study in 1997, Auckland Central Police were assisting the Department of Internal Affairs to begin their own prosecutions against offending minors as there is a view that Sky City has been lenient with regard to minors.

- The bulk of incidents involve minors being found by casino staff on the gaming floor, and instances of minors making false representation. Data on the number of refusals of entry for Sky City were requested from the casino but not provided to the research team. However, given the 9,024 refusals of entry at the Christchurch Casino, one would expect that there would be a proportionally higher number of minors seeking entry to the larger Sky City casino. This is confirmed by data on patronage and exclusions at the Sky City Casino received from the DIA Casino Supervision and Inspection Unit (Table 4.13).

Table 4.13. Patronage, exclusions and removals from Sky City Casino 1996-97

Category	1996	1997	Total
Total patronage	4,425,130	3,818,919	8,244,049
Intoxicated exclusions	22,141	8,655	30,796
Dress code exclusions	38,363	22,911	61,274
Underage exclusions	25,364	24,236	49,600

Underage removed	1,276	581	1,857
Intoxicated removed	2,746	1,172	3,918
Trespassed	313	260	573

(Source: DIA Inspectorate Auckland 1998)

The level of underage presence in the Sky City casino has remained constant. However, from January 1998 the Inspectorate has elected to prosecute any minor found on the casino floor who is also gaming. This appears to have resulted in tighter controls at the casino entrances.

4.4.2.8. Exclusions

- The bulk of exclusions and removals for drunkenness at Sky City casino occurred in the first six months after opening (Table 4.12.). In liaison with police, removal of the casino’s 24 hour bar service has reduced these offences.
- The majority of dress code exclusions also occurred in the first half-year after opening. Standards were tightened after concern was expressed by the Casino Control Authority at the levels of disorder.
- Incidents of unattended children left in cars while parents gamble continue. This problem is being monitored by the operator.
- Trespass provisions were introduced to cover a range of situations including minors, dishonesty and behaviour. However, over 500 people have been ‘trespassed’ from Sky City Casino over the past two years, and the system has become a problem for security staff. People trespassed for two years are approaching the end of their exclusion period, creating difficulties for casino staff in determining who is/is not trespassed.
- The Casino Control Act allows the operator to serve a formal trespass notice on people who of their own free will elect to have themselves ‘barred’ from entering the casino. Citing the Privacy Act, the Sky City Casino has not provided self-barring (self-exclusion) figures to the Department since mid-1997.
- In an interview with a research team member, some details were supplied by the Director of Security and Surveillance at Sky City (9th February, 1998). It was

reported that there are currently 220 persons who are self-barred at Sky City, all of these being for a period of two years. At the second anniversary of Sky City in 1998, some of the first wave of self-barred people were reaching the end of their period of self-exclusion. It was the expectation of the Director of Security and Surveillance at Sky City that the numbers of self-barred individuals would fluctuate between 250 and 300. Informal information available to the research team indicates that in the vicinity of 70 percent of the persons who self-exclude from the casino, do so because of family or external pressure on them, and that up to 50 percent are back within 2-3 months seeking to remove the self-bar. These figures however cannot be substantiated.

4.4.2.9. Other offences within the Sky City casino premises

- *Counterfeit.* Twenty nine cases of counterfeit bills and one of counterfeit coins have been recorded in Auckland Sky City casino (DIA Inspectorate:1998). This is in line with the rate of similar offences in other business. The casino operator argues that control systems in place serve as a deterrent and aid detection. However, the reliability of note acceptors in gaming machines has been disproved on several occasions.
- *Begging.* The Department of Internal Affairs Casino and Inspection Unit report that four cases of begging have been recorded in Auckland Sky City casino. Begging is an unusual offence in New Zealand but has been increasing in recent times.
- *Patron complaints.* Since the opening of Auckland Sky City casino, 27 formal complaints and 67 informal complaints have been made against the operator of Auckland Sky City, and all but one have been resolved (DIA Inspectorate:1998). Further breakdown of these data are not available.
- *Staff offences.* Over 2,500 Certificates of Approval have been issued to casino employees at Auckland Sky City. Twenty-six of these employees have since been investigated for their suitability with the majority surrendering their Certificate. One case was referred to the Secretary of Internal Affairs for removal of certificate but this was unsuccessful.

4.4.2.9. International crime

No strong links have been established between international crime and activity at Sky City Casino. However, observations made by the DIA Inspectorate and specialist police units (Asian crime squad) indicate the presence of suspects within the casino. Agreements with border control agencies lead to the notification of known international cheats being identified at the border. The focus of regulatory effort at present is on the assimilation of Australasian information and networking (DIA Inspectorate:1998).

4.4.2.10. Prostitution.

The Auckland Police have not received any formal complaints about prostitutes soliciting for business within the Sky City casino; however the local newspapers have run stories regarding prostitution being rife in and around the casino. Casinos are attractive venues for sex workers because of the large sums of cash which potential clients have at their disposal from time to time. Also the nightlife focus of a casino fits well with the lifestyle of many sex workers. According to Inspector Mitchell, there are a number of known prostitutes who frequent the casino, some of whom gamble, however he was not aware of a single complaint about soliciting occurring within the casino. Some of the better known prostitutes have been asked to leave the premises by casino staff in line with the policy stated by the licensee in their social impact assessment:

...It is not in the operator's best interests to allow potential customers to be distracted from their intention to spend money in the casino on non-related activities. Trained staff quickly learn to recognise the type of person offering this service and are able to intercept and remove them from the premises. Similarly security staff will not permit soliciting anywhere within the development (*ASIR:1992:213*).

With regard to massage parlours, the majority of these are concentrated in Fort Street, some 4-5 blocks away from the casino and the research team was unable to ascertain whether or not there had been an increase in this part of the sex industry in Auckland and whether or not any increase might have been related to the presence of Sky City.

4.4.2.11. Illegal gambling in areas near to the casino

Prior to the opening of Sky City, information available to the Auckland Police, reported through Inspector John Mitchell, revealed that there were 30 known Chinese and Asian gambling games operating illegally in downtown Auckland. Newbold (1997) also refers to such illegal games in his review of organised crime in New Zealand. Auckland Police had carried out some raids on these premises via a policy aimed at containment of the existing situation, rather than the extremely difficult task of eliminating such games, which are often transient in nature. However after the casino opened, the illegal games closed down as their patrons began to frequent the new legal establishment. The same process occurred on a much smaller scale in Christchurch and also in Sydney (Lynch:1997b).

The illegal games in Auckland had apparently operated with 'loan sharks'⁴ as a standard source of loan funds for losing gamblers (or those entering a game without a stake) and when the illegal games closed, the loan sharks apparently moved to the legal casino. Two or three of these loan sharks were detected and excluded from the casino including a woman who was apprehended in a transaction on 8th April, 1996, using jewellery as collateral (*Incidents at the Auckland Casino, January 1996 to February, 1997*, Auckland Central Police). Loan-sharking is hard to detect and hard to combat, given its legal status. The concern of Police is with the criminal activity which might be associated with the loan and the follow-up pressure to secure payments. This is an area of inquiry presently being undertaken by the DIA Inspectorate in Auckland (DIA Inspectorate:1998).

The police report that after about three months of Sky City casino's opening some of the illegal games reopened. This was mainly due to the presence of readily available credit

⁴ Loan sharking in gambling establishments is a practice via which patrons who have often lost large amounts of money are offered loans at high interest rates (eg. 10 percent compound interest per day), and then harassed by the 'shark' to repay the debt as quickly as possible. Sometimes this harassment involves the use of force, violence and threats to family members. Loan sharking itself is not a crime in New Zealand, unless it can be proved that the person is charging interest without the proper license. This is usually difficult to establish. Any violence or physical intimidation used in recouping loans does however fall into the category of criminal activity.

through the loan sharks, whose activities are a part of the culture of illegal games (note the similarity with Christchurch above, but on a smaller scale in Christchurch).

4.4.2.12. Crime committed to fund gambling

Auckland Police indicated an awareness of the claims being made in this area (that problem gamblers were committing crimes to fund their gambling debts), and had made inquiries about this with a significant number of 'frontline' police in 1997 and the last few months of 1996. However he was only made aware of two cases where gambling debts were offered as a reason for committing the crimes. One of these crimes was shoplifting.

- It is not only patrons with reported gambling problems who might be motivated to fund their activities through crime. The issue of money laundering is always of concern in legal gambling establishments because of the opportunities which they offer criminals to launder their money and make it appear as though it originated from a legal source (eg. casino winnings). Among the incidents documented at the Sky City Casino are three instances of counterfeit \$100 bills being passed and two young women (25 and 29 years of age) presenting \$5000 in forged currency. In addition to these recorded incidents, police also reported large numbers of \$100 bills turning up at the casino early in 1996, identified as the proceeds of a former robbery. The Financial Transactions Reporting Act is a legislative tool to prevent and detect instances of money laundering, among other matters, and the DIA (1995b:133) reports that the systems to prevent money laundering appear to be working well.

4.4.2.13. Financial Transactions Reporting Act 1996.

In 1988, a United Nations Convention 'the Vienna Convention' was adopted, requiring signatories to legislate against the laundering of proceeds of drug offences and to provide legal mechanisms for the seizure and confiscation of assets derived from such offences. New Zealand is a signatory to the UN 'Vienna Convention' and the Financial Transactions Reporting Act 1996 represents a part of New Zealand's legislative response to the issue of money laundering. The Act also allows for the fulfilment of New Zealand's international obligations imposed as a result of its ratification of the UN

Convention and membership of an associated international task force, the Financial Action Task Force (NZ Police Financial Intelligence Unit:1997:i-ii).

Money laundering is a central concern of the Financial Transactions Reporting Act and it is defined as:

...principally a means to disguise the source of criminal funds. Its secondary objectives include providing a safe haven for those funds, and providing a financial return on them by using legitimate business. The essence of the activity is concealment (NZ Police Financial Intelligence Unit, 1997:i).

- Financial institutions, as defined under the Act, are issued with guidelines (see NZ Police Financial Intelligence Unit, 1997) which interpret the Act and provide procedures for customer verification and suspicious transaction reporting, record keeping, definitions of offences, examples of suspicious transactions and a range of other matters. The data presented below in Table 4.14. represent some 17 months of reporting by both New Zealand casinos under the provisions of the *Financial Transactions Reporting Act*.

Table 4.14. Reported suspicious transactions in casinos under the Financial Transactions Reporting Act for the period 1st August 1996 to 20th January, 1998

Venue	No. of suspicious transactions reported to Police	Reasons for suspicious transactions being reported	Approximate range of sums of money involved in suspicious transactions
Sky City and Christchurch casinos	39	<ul style="list-style-type: none"> ▪ failure to produce identification (majority of cases) ▪ changing small denomination notes for large ▪ purchasing large amount of chips but not betting 	Around \$10,000 to \$100,000 (1-2 cases only at the higher end)
Suspicious transactions for Sky	29		

City only Suspicious transactions for Christchurch Casino only	10		
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(Source: New Zealand Police, Financial Intelligence Unit, Police National Headquarters, Wellington, communications of 20th and 22nd January, 1998).

The New Zealand Police Financial Intelligence Unit provided the following comments with regard to the above data and the role of the New Zealand casinos in relation the Financial Transactions Reporting Act 1996.

- Of all the reports submitted by the Casinos, Police have not yet established whether any involve money laundering. This is certainly suspected in a number of cases and some are still subject to investigation, mainly as part of ongoing organised crime investigations.
- Police do hold some concerns regarding compliance with the Financial Transactions Reporting Act 1996)in relation to some types of transactions conducted in casinos. This seems to apply particularly in the case of the Sky City Casino. There seems to be a lack of awareness of the requirements of the Act. A number of suspicious transaction reports have been reported where the requirements of the Act have clearly not been met. The same problems are not being seen at Christchurch.
- The areas of the Act which are not being met relate mainly to the customer verification requirements, particularly those involving structuring⁵ to avoid the \$10,000 occasional transaction threshold.
- It almost seems at times that Sky City have adopted a policy of proceeding with transactions regardless and then reporting them as suspicious. This ignores the prevention aspects of the *Financial Transactions Reporting Act*. There have, however, been recent changes in the compliance area at Sky City, some problems have been

⁵ Structuring occurs where a patron conducts a series of transactions below the \$10,000 threshold in an effort to avoid the requirements of the *Financial Transactions Reporting Act*. Structuring has only been identified to any great extent in casinos. There have been very few reported incidents from other financial institutions. Structuring is not an offence under New Zealand law as it is in other jurisdictions, including Australia. The lack of an offence is a source of frustration to Police.

identified and an improvement is expected as a result (New Zealand Police Financial Intelligence Unit⁶, 29th January, 1998).

4.4.2.14. Impacts on law enforcement.

In Auckland during the first three months of Sky City's operation, the 120 casino incidents requiring police attendance placed a burden on police resources. This situation has now been rectified and Sky City is policed within normal operations with most of the work being handled by the Crime Control Unit at Auckland Central.

Cooperation exists between the Police and Sky City Security and also between the Police Operational Planning Section and the Casino. This latter cooperation was displayed in the staging of special events such as the opening of Sky City and a parade of concrete trucks through the city to celebrate the end of the concrete pour.

With regard to probity checks for licensing of New Zealand casino employees, there were some three police positions devoted to this nationally in 1995-1996, however there is only one position as of late 1997, this being shared by an Inspector in Auckland and a Detective Inspector in Christchurch.

4.5. Summary

- For both Christchurch and Auckland, there was some anticipation among the press and community groups that following the opening of casinos, there would be an increase in crime in the casino precincts. This anticipation was heightened in Auckland.
- Following the opening of the Christchurch casino, there was no apparent upsurge in local crime and indeed according to Police, this venue appears to have a relatively lower incidence of crime than would normally be the case for other large, licensed entertainment venues in the city.

⁶ This Unit also prepared the 1997 'Guidance Notes for Financial Institutions' which interpret the FTR Act and provide guidelines for a range of matters in the Act.

- In Auckland there was an increase in crime and public disorder incidents in the casino precinct during its first three months of operation. The major problem for police was in relation to alcohol use and abuse. This situation was remedied following a series of negotiations between police and casino management which, among other matters, addressed host responsibility and resulted in the casino closing its bars at 3am. The police problems relating to keeping order were improved almost overnight as a result.
- Constructive relations exist between police and casino security staff in both New Zealand casinos and this alleviates some of the pressures which might be expected to fall to the public purse. In both cities, police have radically reduced their visits to the casino sites since the first months of operation of both venues.
- From the data available, the conclusion can be drawn that the incidence of crime in the casino precincts is no higher than for other, large licensed venues, and in the case of Christchurch, it is arguably lower.
- There is however a need to gather more sensitive police statistics of incidents occurring in the casino precincts. At present, such statistics are being gathered manually.
- Within both New Zealand casinos, reported crimes committed are typical of casinos elsewhere in the world, including, theft, cheating, assault and fraud. However to put these in perspective, both New Zealand casinos have a lower incidence of reported crimes than for example the temporary Sydney Harbour Casino which was comparable in size to the Auckland Sky City Casino.
- It appears that in both Christchurch and Auckland that the opening of legal casinos has in turn led to the closure of illegal card games and casinos. This process has been most notable in Auckland with the apparent closure of some 30 illegal card games (three of which have reportedly since reopened). The closures of these illegal establishments, the assumed increased tax benefits to the state, and the dispersion effect on criminal elements associated with them, are unanticipated and positive side effects of the legalisation of casinos.

- It is difficult to draw any substantive conclusions on the matter of crime committed to fund gambling mainly because of the absence of any conclusive data. There are certainly allegations and assertions made regarding the extent of such crime but only a handful of high profile cases involving court action have been able to be substantiated. We must conclude that, as elsewhere in the world, people who have a severe gambling problem will typically commit non-violent crimes to finance their gambling. Such crimes are often committed late in the problem gambler's career, as other legitimate sources of funds dry up (Blaszczynski & McConaghy:1994). There is a need for research to establish the extent of such crime in New Zealand.
- In Christchurch 9 094 minors (under 20 years of age) have been refused entry to the casino and 77 minors found on the gambling floor have been issued with trespass notices. Exclusions and removal of underage patrons at Sky City casino also are indicative of security staff policing of the age provisions in the Casino Control Act 1990. In Auckland however, 49 600 underage persons have been excluded from the casino during 1996 and 1997, with 1 857 such persons being removed from the casino (see Table 4.13.).
- With regard to strains on the public purse to police the two casinos, both Auckland and Christchurch have policed the casino without the ongoing creation of additional casino-specific police squad. The small National Police Casino Unit was disbanded in 1996. Hence there has not been any significant increase in resources used by police in relation to the casinos. There is of course some burden placed on resources with regard to licensing checks of potential employees and casino operators. One national position for this task is shared between two senior officers, reduced from three positions in 1996. This burden will increase as Police are requested to undertake licensing investigations of new casino license applicants in locations outside of Christchurch and Auckland. Even though these new licence application investigations are funded by monies from the application fees (via the budget of the Casino Control Authority), the issue of Auckland or Christchurch Police (who are expert in casino matters) working outside of their Police districts has yet to be resolved. The time taken by operational police for interviews with applicants for casino employment licenses, and additional patrols/calls to casino incidents, also

represent a small resource cost to Police. As indicated above however, these calls for police assistance have been considerably reduced following the first few months of operation of both casinos.

- With regard to the effect of the casino on specialist sections of the New Zealand Police, senior officers have stated that there is no significant impact on the fraud squad and that 'the Christchurch Casino has had very little impact upon the services delivered by Christchurch Police.' In Auckland the policing of Sky City is being handled within normal police operations, with the exception of casino employee licensing checks which are assisted by three retired Police officers and funded from licence application fees.
- With regard to public perceptions of the relationship between New Zealand casinos and crime, there is an ambiguity present in the attitudes of the public which have been recorded in various research studies. Prior to the opening of the Christchurch Casino, local residents, business groups and social service agencies are reported as holding some minor fears of increased crime in relation to the casino (*CEIR:1992:34-6, 45*). In the *Auckland Social Impact Report*, 'a minority of (persons) interviewed associated casinos with underworld gangsters. However a secure, well managed establishment was not expected to raise major crime problems' (*ASIR:1992:194*).

A 1996 survey of 'public perceptions of sense of safety' in Christchurch (Christchurch City Council, 1997) makes no mention of the casino precinct when referring to parts of the City frequently identified as unsafe at night by residents (these being Cathedral and Latimer Squares, and Manchester Street).

However ambiguity arises in reported public perceptions in a DIA (1996a) survey of *People's Participation in and Attitudes Towards Gambling*. When asked to rank the importance of reasons for government regulating gaming activities, 65 percent of respondents ranked 'To prevent criminal activity' as the highest priority for regulating gambling.

Results of community surveys conducted in Christchurch and Auckland (August 1997) for this study indicate that only a minority of residents surveyed in both cities think that the casino has resulted in more crime - 24.8 percent of respondents in Auckland, 19.6 percent of respondents in Christchurch. However, a significant proportion of the surveyed population were unable to make a judgement about the impacts of the casinos on crime - 36.1 percent in Auckland, 35.45 percent in Christchurch. This suggests that large sections of the public still have an open mind on whether casino-related crime can be controlled.

Here the conclusion can be drawn that while there is no evidence for any significant connections between New Zealand casinos and crime, the public perception is one of suspicion and caution.

- In summary, there are comparatively low crime levels both within and surrounding the New Zealand casinos and this may be attributed to a combination of several factors:
 - the regulatory structure within which the casinos are contained,
 - the seven days per week surveillance and supervisory role of the casinos by the Department of Internal Affairs' Casino Supervision and Inspection inspectors,
 - the effective management of both casinos (this point was made by several sources with particular reference to Christchurch),
 - the location of both casinos in well serviced areas which previously had low to moderate crime levels,
 - constructive relations between police and casino security (if not at first in Auckland, after 3 months),
 - the strict application of a high standard of dress in Christchurch,
 - the closure of casino bars in Auckland at 3am, and
 - an adequate and permanent security presence to turn away potential problem patrons at the door.

- There are, however, concerns expressed by some authorities on exclusion of minors, aspects of host responsibility and compliance with the Financial Transactions Reporting Act at Sky City Casino.