

File note

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Author:	Steve Thurston	Date:	18 March 2019
Subject:	Sixth Casino Review - Notes from progress meeting held on 13 March 2019		

Purpose

To document notes from meeting between Licence Management & Audit (LMA) staff and Crown Melbourne Ltd (Crown) on 13 March 2019, regarding progress against Sixth Casino Review Recommendations that are due on 1 July 2019.

Background

The Sixth Casino Review report contained 20 recommendations for Crown to implement, each of which were accepted by Crown.

LMA is responsible for monitoring and reporting to the Commission on Crown's progress with implementation, for assessing submissions from Crown on implementation, and for making recommendations about completeness and closure of the recommendations when appropriate.

Regular meetings have been scheduled with Crown Compliance staff to discuss recommendations and receive verbal updates on progress.

See TRIM Ref CD/18/5928 for a copy of the agenda for the meeting of 13 March 2019.

The focus of the meeting was to discuss Recommendations due by 1 July 2019 (recommendations 3,4,10,11,12,13,14,17 and 19).

Meeting Attendees

<i>Crown Melbourne</i>	<i>VCGLR</i>
Josh Preston (JP)	Jason Cremona (JC)
Michelle Fielding (MF)	Steve Thurston (ST)
	Rowan Harris (RH)

Issues/Comments

Notes were taken by meeting participants and are summarised in the Attachment to this file note.

In summary, Crown appears to have made good progress, and is on track to meet the deadlines for each of the above-mentioned recommendations, other than Recommendation 17.

Recommendation 17 was subject to extensive discussion, as there seems to be a disconnect between what LMA staff consider is the expectation and how Crown intends to respond.

At the meeting Crown took the position that:

- Notwithstanding Crown's ultimate acceptance of the recommendations, Recommendation 17 had been the subject of some discussion with the VCGLR prior to the finalisation of the Sixth

Casino Review and Crown made its position known that it did not agree with a recommendation in relation to AML/ATF processes.

- Crown has an AML framework that AUSTRAC is “happy with”.
- No further changes are necessary to any of the Internal Control Statements or Standard Operating Procedures since the AML responsibilities are covered by the framework.

JC made it clear that the Commission expects that the ICSs and SOPs are updated to reflect the framework.

Furthermore, when Crown staff said they had not shown their relevant ICS to AUSTRAC, JC suggested that they amend the ICS and share it with AUSTRAC for their feedback. (See further discussion points in Attachment)

Recommendations

That the above be noted, and the Director, Licensing be alerted that there may ultimately be a dispute between Crown and the Commission about Recommendation 17, and a likelihood that the Commission may need to find that Crown has not met Recommendation 17.

Attachment**VCGLR / Crown Sixth Casino Review recommendation progress meeting**

Detailed notes taken in respect of progress against each of the recommendations which are due by 1 July 2019.

Summary of recommendation in italics is a concise summary, rather than an exact quote, for the purpose of these notes.

Recommendation 3

Crown to assess the robustness and effectiveness of its risk framework and systems, including reporting lines in the chain of command, and upgrade them where required. This assessment should be assisted by external advice.

- External advice being obtained from Deloitte Australia (Deloitte)
- Crown expecting report from Deloitte in “coming weeks” (4 to 6 weeks?) in relation to risk framework suitability
- Deloitte has been briefed and given a copy of the Price Waterhouse Coopers report commissioned by the Commission
- Risk management strategy, being developed, to sit behind framework document being reviewed by Deloitte
- Changes already made to risk committee papers in accordance with risk framework
- Main issue for Crown is formalisation of risk appetite
- Risk matrix positively received in consultation internally and externally
- **On track**

Recommendation 4

Crown to undertake a robust review of internal controls to ensure that Crown's regulatory and compliance department is aware of all projects and works in progress for which regulatory approvals might be relevant.

- Recommendation overlaps with initiatives undertaken following disciplinary action in respect of the “blinking buttons” incident
- Gaming initiatives form implemented and referenced in gaming machine ICS
- Supported also by the CURA and Compliance framework document submitted to the VCGLR
- CURA focuses on reporting aspect, or reactive to compliance issues as they arise.
- JC questioned whether the Gaming Initiative Form could be reference in other ICSs, as it is only captured in EGM ICS. Noted and JP advised that this would be considered.
- JC reminded Crown that, even though these initiatives were the subject of a formal submission in relation to the blinking buttons incident, there is a requirement that Crown make a further submission specifically in relation to the 6CR, even if the previous submission is attached. This was acknowledged by JP.
- Crown aiming for 1 April for submission
- INTERNAL NOTE – LMA NEEDS TO ASSESS COMPLIANCE FRAMEWORK AS PART OF ADDRESSING THIS RECOMMENDATION. SPEAK TO RH ON HIS RETURN.
- **On Track/ahead of deadline**

Recommendation 10

..... Crown Melbourne to undertake a comprehensive review of its policy for the making and revocation of voluntary exclusion orders under section 72(2A) of the Casino Control Act. The comprehensive review should be undertaken in conjunction with the VCGLR, VRGF and other relevant external stakeholders. The review should be undertaken with a view to implementing policies that facilitate:

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ST1 My notes say ~ end April submission

Steve Thurston, 3/18/2016 07:26 PM

- Crown Melbourne issuing short term exclusion orders for 3, 6, 12 or 24 months under section 72 of the Casino Control Act, considering the specific circumstances of the person and their preferred time period for exclusion, and conditional on the person undertaking to comply with the order and with other matters (such as obtaining treatment), and
 - Crown Melbourne reviewing voluntary exclusion orders which are more than 10 years old to consider whether the continued operation of these orders serves a useful purpose, with a view to retaining only those orders that are beneficial to the persons who are subject to them, and can be adequately enforced. The VCGLR further recommends that the review of such orders occurs in an orderly manner between 1 July 2019 and 30 June 2020.
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- JP advised that Crown has no interest in removing self-exclusions older than 10 years, and reiterated that the recommendation makes it clear that this is for review [as distinct from implementation of the suggested approach] and Crown intends to articulate this as part of its 'review', as required under the recommendation wording. Given the nature of Crown's response, JP noted that further assessment over 2 years post 1 July 2019 is not required.
 - Further discussion was held in relation to Crown's position and why it is of the view that it should not be required to cull self-exclusions over 10 years old.
 - JC acknowledged Crown's position and noted that Crown's submission needs to be clear on the fundamental reasons outlined in the discussion, those being:
 - there would be no improvement to administrative process if older SEO removed (size of database, and inclusion of older records and number of records do not inhibit efficiency of self-exclusion overall), and
 - legal challenges and concerns in respect of removal of records, and the implications of contacting excludees etc.
 - MF indicated that she has drafted a submission [presumably in relation to this particular aspect of the recommendation]
 - Optional short term self-exclusions discussions progressing well and working on best fit. Consultation with VRGF and VCGLR progressing.
 - JP noted that internal discussions still ongoing re landing on appropriate timing of SEO.
 - Seeking external engagement to assist in determining the ideal approach, in particular managing the return to the casino and this may take a few weeks to "kick off", i.e. return before a revocation submission and assessment, and not automatic return after defined period.
 - Timing of engaging expert could challenge the timeframe. JP advised it will proactively engage with VCGLR if timing challenged. **CONSIDER TRANSITIONING OUT STATUS TO AMBER/RED.**
 - JP advised that Crown happy to review what Crown deems to be a robust and appropriate process.
 - ST questioned whether the external report could be supplied to the Commission. JP noted that they may wish to rely on legal privilege. However, Crown would consider this further upon receipt of the report. JP is concerned that if the report airs 'weaknesses', a subsequent FOI from the media could misuse the information or distort the report findings as a failing on Crown's part.
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- **On track, but external engagement may challenge the timing of the submission.**

Recommendation 11

Crown Melbourne to develop and implement a policy and procedure to facilitate Crown Melbourne issuing involuntary exclusion orders under section 72(1) of the Casino Control Act at the request of family members and friends in appropriate cases. The policy and procedure should be developed in conjunction with the VCGLR, VRGF and other external stakeholders. Crown Melbourne should include information about this option in all its

responsible gambling publications, website and regularly provide information to relevant stakeholders, such as Gambler's Help and other similar organisations, about this option.

- Ongoing discussion via tripartite meetings (Crown/VRGF/VCGLR).
 - JP advised that matter is progressing in light of developed policies in Perth.
 - JP confirmed the Melbourne based policy is still being developed.
 - JP noted major challenge is progressing a third-party Self Exclusion Order (SEO) with consideration to consequences on third party, i.e. if third party does not want the evidence supplied to SEO party, how to progress?
 - Further formal submission pending.
 - Transitioned to 'green' as well on track for meeting deadline.
 - VCGLR enquired whether the previous Perth material that was supplied to the VCGLR required feedback – at first JP and MF said it was only “for information” but subsequently decided it would be beneficial if the VCGLR gave feedback on the Perth process to guide Crown in developing the policy and process for the Melbourne Casino.
 - LMA TO REVIEW MINUTES OF THE TRIPARTITE MEETING RE CONSIDERATION OF PERTH PROCESS SUBMITTED TO THE VCGLR RE THIRD PARTY SEO. NOTE ANY ACTION POINTS NOTED IN PRIOR MEETING.
 - ORGANISE MEETING WITH VRGF TO CONSIDER INITIAL PROCESS PROVIDED.
- **On track**

Recommendation 12

Crown Melbourne to expand facial recognition technology to cameras on all entrances to the casino and that Crown Melbourne provide written updates on a quarterly basis on its effectiveness to the VCGLR.

- Almost done with FRT rolled out to all entrances. Issues is only about ongoing reporting requirements re effectiveness.
 - “NeoFace” from NEC is the FRT solution chosen by Crown – it is very effective in comparison to earlier models tested. [See https://www.nec.com/en/global/solutions/safety/face_recognition/NeoFaceWatch.html for website.]
 - JP claimed that reporting from NeoFace is limited and is manual.
 - JP and MF noted that an update is to be provided with high level statistics regarding the effectiveness of the system.
 - JP initially noted the effectiveness reporting would come one quarter **after** 1 July 2019.
 - JC suggested that Crown should consider reporting in line with the 1 July 2019 deadline to ensure Commission accepted the effectiveness argument and close the recommendation at this point in time. There is a risk that the Commission won't close the recommendation without effectiveness reporting. JP noted this and would consider.
 - MF raised concerns about number of quarterly reports. JC acknowledged that ceasing these reports would be considered after several quarters of reporting and would be presented to Commission for consideration.
- **On track although a question mark over adequacy of effectiveness reporting.**

Page 5 Comments

ST2 Jason, my notes say “there was no policy from Crown Perth, just a process; they are seeking to develop a process and policy for both casinos.”

Steve Thurston, 3/19/2019 06:53 AM

Recommendation 13

As part of developing a new responsible gambling strategy, by 1 July 2019, Crown Melbourne to rebrand or refresh its responsible gambling messaging and publish new responsible gambling messages throughout the casino, in all Crown Melbourne publications, including online and social media platforms.

- Dependent on completion of recommendation 14
- JP noted that replacing all branding throughout the casino will be challenging due to the breadth of branding that exists – on EGMs, on walls, on brochures, on signs, on posters etc.
- **Deadline challenging**

Recommendation 14

Crown Melbourne to develop and implement a responsible gambling strategy focusing on the minimisation of gambling related harm to persons attending the casino. The strategy “should” address a number of matters specified in the recommendation.

- JP highlighted the use of ‘should’ rather than ‘must’ in the recommendation wording. This was an interesting comment as suggest that the strategy may not address all the dot points noted
- JP noted that Crown will look to develop strategy and submit to address the recommendation, and not for consultation (i.e. will not send a draft to VCGLR for comment).
- JP noted that implementation will come post addressing the submission
- JP noted that this is a ‘big piece’ but is progressing, even though challenges are evident in meeting deadline.
- Crown has drafted a “vision” and branding which is subject to internal review at Crown, and will be put to the RSG Board sub-committee and the RSG Management Committee.
- **On track but some challenges**

Recommendation 17

Crown to undertake a robust review (with external assistance) of relevant internal control statements, including input from AUSTRAC, to ensure that anti-money laundering risks are appropriately addressed.

- JP noted that Crown has had ongoing meetings with AUSTRAC over 2 years. Strong AML/CTF outcomes being considered and endorsed by AUSTRAC.
- JP noted that Crown is looking to introduce a joint program across Crown Perth and Crown Melbourne, working closely with AUSTRAC.
- ‘Significant piece of work’ but not overly linked to recommendations (almost above and beyond it)
- JP noted that strengthening references in internal control would be somewhat limited to the ‘reference to AML internal program/processes’ and ‘framework documents’. JP noted that he was not sure if this is appropriate.^[ST3]
- JC questioned if ‘suitability of control statements’ has been discussed with AUSTRAC, as clearly required by the recommendation. JP noted that it has not been discussed, and didn’t think this was important or relevant.
- JP noted that the fundamental issue re AML/CTF is internal AML program and not the Internal Control Statement or the Standard Operating Procedures which are designed for a different regulator.

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ST3 Jason, I'm not sure what this line means.

Steve Thurston, 3/19/2016 06:36 PM

- ST asked whether the AML/CTF framework is itself a procedural document and, if so, why it couldn't be submitted as an ICS/SOP. JP noted again that the ICS/SOP regime is regulated by the VCGLR and the AML/CTF framework is regulated by AUSTRAC.
- JC noted that ICS should support AML program, and the ICS review, in particular Junkets and Premium Player ICSSs, needed to be subject to Crown's review and input from AUSTRAC re its suitability.
- JC noted his concern that Crown's response and the discussion in the meeting does not appear to specifically address the recommendation.
- JP concerned about relevance and 'issue' addressed in recommendations, yet reluctantly accepted.
- RH questioned the 'issue' noted in the report re junket ICS. JP noted that this was an observation and would not 'drive' the review outcomes.
- JC noted clear expectations re consultation with AUSTRAC.
- *JP claimed the recommendation is on track for 1 July but VCGLR staff are sceptical about the adequacy of what may be provided in the submission.*

Recommendation 19

Crown Melbourne to implement a policy to make an exclusion order under section 72 of the Casino Control Act 1991 in appropriate cases where a person has engaged in significant unacceptable conduct in the casino or is the subject of serious criminal charges.

- Crown is still unsure about the purpose of this recommendation
- Policy already existed and minor tweaks made, subject to internal review
- The VCGLR can expect a submission soon.

- **On track**