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20 December 2017

COPY

Mr Robert Chappell  
 Director Casino Licence Review Project  
 Victorian Commission for Gambling and Liquor Regulation  
 Level 3, 12 Shelley Street  
 NORTH RICHMOND VIC 3121

Copy: Rowan Harris

Dear Mr Chappell

**Sixth Review of Casino Operator and Licence - *Casino Control Act 1991* – 20 December 2017  
 Returnable Items (Tranche Three)**

We refer to your 'Consolidated Information Request to the Licensee and Associates' received 16 October 2017, provided as part of the Commission's sixth review of the casino operator and casino licence (**Review**) being conducted pursuant to section 25 of the *Casino Control Act 1991* (Vic), seeking information and documents.

Crown Melbourne Limited (**Crown Melbourne**) responds to each of the queries as requested with the due dates for Tranche Three, being 20 December 2017.

These documents and all and any information contained in them (**Material**) contains confidential and commercially sensitive information. The Material is provided to the Victorian Commission for Gambling and Liquor Regulation (**VCGLR**) in strict confidence for its sole and exclusive use in connection with the Review. It is the view of Crown Melbourne and Crown Resorts Limited (**Crown Resorts**) (collectively **Crown**) that the Material provided is exempt from disclosure under the *Freedom of Information Acts 1982* (Cth) & (Vic). As such, the Material must not be placed on any file, register website or database that is (or possibly is) available to the public. Crown does not consent to the Material being disclosed to any third party whatsoever – whether under a *Freedom of Information Act* or otherwise – and the Material is made available strictly on this basis, and on the basis that no disclosure of the Material or any part of it be made without giving adequate prior notice to Crown in order that it may object to such disclosure.

Crown will rely on varying and historical records that it holds in replying to the information request and throughout the Review process, as well as the input of many internal stakeholders in order to compile its responses. Accordingly, our responses are made to the best of our knowledge, information and interpretation.

Please find following the list of information (using the numbering from the Consolidated Information Request to the Licensee and Associates) required to be provided for Tranche Three and Crown's responses:



Requested Information

1-9 Please provide resumes of CML Executive General Managers.

Please see resumes attached in the folder at tab 1-9.

1-10 Please provide staff turnover rate by percentage by year since 1 January 2013 for the Table Games Department, Gaming Machines and the VIP International Department.

Turnover rates during the Review Period were as follows:

Business Unit	2013	2014	2015	2016	2017
CM -Gaming Machines	13.46 %	13.28 %	12.15 %	14.43 %	31.01 %
CM -Table Games	13.37 %	14.34 %	14.17 %	14.59 %	9.32 %
CM -VIP Gaming	22.07 %	16.78 %	20.40 %	22.03 %	42.94 %

Please note the turnover rate for FY17 was impacted by an organisational restructure that took place between January and March 2017.

1-11 Please provide budgeted capital expenditure for the next five years for the Melbourne Casino Complex and Crown Melbourne high roller facilities.

Please see budgeted capital expenditure for the next five years in the folder at tab 1-11, which is restricted to Base/Maintenance capital, as an example, a schedule of the various projects that make up the \$63.6m spend in F18 Base/Maintenance capex spend. Crown Melbourne does not budget at this granular level in the outer years.

1-12 Please provide a copy of CML's marketing calendars since 1 January 2013.

Please see Crown Melbourne's marketing calendars in the folder at tab 1-12. Please note that for years F16 and F17, non-gaming marketing is in a separate calendar.

1-13 With reference to clause 20.1 of the Casino Management Agreement, please provide the:

- (a) average percentage of the casino complex which has been let for each year since 1 January 2013; and
- (b) average retail mix broken down by type of business since 1 January 2013.

Please see Crown Melbourne's retail tenancy summary and percentages of net lettable space tenanted, in the folder at tab 1-13.



- 1-14 With reference to clause 20.2(a) of the Casino Management Agreement, for the period from 1 January 2013 to present, please provide details of CML's advertising and promotional activities and its strategy for ensuring that the Casino Complex is fully and regularly patronised.

Please see Crown Melbourne's advertising and promotional activities during the Review Period in the folder at tabs 1-12 and 1-14. Crown Melbourne's strategy for ensuring that the Casino Complex is fully and regularly patronised is set out in the Marketing Plans contained in the Crown Melbourne Business Plans previously provided. In summary, Crown Melbourne adopts a strategy that focusses on awareness of brand; media spend/above the line advertising; specific and targeted promotions aligned with individual business unit strategies and a Complex wide loyalty program that appeals to all our customers. Crown Melbourne's Marketing Plan is executed under a decentralised marketing model.

- 1-15 With reference to clause 28 of the Casino Agreement, for the period 1 January 2013 to present, please describe how CML conducts its operations in the Melbourne Casino in a manner that has regard to the best operating practices in casinos of a similar size and nature to the Melbourne Casino, including Crown Melbourne Ltd's tools and processes for benchmarking.

Between FY13 and FY18 Crown will have spent approximately \$447 million in maintaining and improving the Complex. Aimed at ensuring its hotel, gaming, dining, retail and entertainment offerings are of the highest standard, Crown has undertaken an extensive capital works program as part of this commitment.

The works comprise a major refurbishment of the main gaming floor, including associated dining venues. Upgrades to VIP facilities, introduction of new luxury retail offerings and a number of high profile restaurants were undertaken as well as hotel enhancements across all three Crown hotels, including a refurbishment of Crown Towers' Spa. Entertainment offerings have also been improved and there has been a revitalisation of the Yarra River promenade. Supporting infrastructure has been upgraded including security and surveillance facilities, car parking offerings and general back of house areas.



Crown also remains committed to research, development and innovation. Crown continues to source new technologies and new games, in order to provide customers with the latest available gaming options from across the globe.

Although Crown staff across all major departments travel internationally to benchmark their business unit's offering and keep informed regarding new initiatives, Crown is most proud of its world-firsts and for being a leader in innovation.

Crown is dedicated to its obligation to maintain an International Class Casino Complex as provided for in various parts of the regulatory framework, including the Casino Agreement and the *Casino (Management Agreement) Act*. Crown submits that it has met or exceeded this obligation as demonstrated in its submission to the s 25 Review and in particular, section 6 of that submission.

- 1-16 Please provide a copy of CML's retail rent summary from and including, the financial year ended 30 June 2013 to the financial year ended 30 June 2017.

Please see Crown Melbourne's retail rent summary in the folder at tab 1-16.

- 1-18 Please provide a schedule of all litigation cases against CML and CRL since 1 January 2013.

Please see Crown Melbourne and Crown Resorts' schedule of litigation in the folder at tab 1-18.

- 1-19 Please provide a list of all intercompany agreements, arrangements and understandings in relation to the Melbourne Casino Group of Companies for auditing against Controlled Contract requirements.

The list of intercompany agreements, arrangements and understandings is in the folder at tab 1-19.

- 1-20 Please provide a list of the group guarantor companies (reference: clause 3.3(C) of the Deed of Undertaking and Guarantee).

The list of group guarantor companies is contained in the following table:

Burswood Nominees Limited	ACN 078 250 307
Crown (Western Australia) Pty Limited	ACN 095 976 275
Crown Asia Investments Pty Ltd	ACN 138 608 787



Crown Entertainment Group Holdings Pty Ltd	ACN 126 028 822
Crown Group Finance Limited	ACN 125 812 615
Crown Group Securities Ltd	ACN 073 975 514
Crown Management Holdings Pty Ltd	ACN 080 301 140
Crown Melbourne Limited	ACN 006 973 262
Crown Sydney Gaming Pty Ltd	ACN 166 326 843
Crown Sydney Property Pty Ltd	ACN 166 326 861
PBL Luxembourg S.A.	Company Registration B61.616
Publishing and Broadcasting (Finance) Ltd	ACN 008 644 862

1-21 Please provide a list of bank accounts held by the casino operator, including overseas bank accounts, held on 30 June 2017.

**Please see Crown Melbourne's schedule of bank accounts in the folder at tab 1-21.**

2-8 For the period 1 January 2013 to present, please provide details (including date, director, nature of advice sought and relevant board item) of any independent advice sought by CML Directors (and paid for by CML) in relation to matters that were considered by the CML Board.

**We are not aware of any legal advices that the Crown Melbourne Directors obtained, which was paid for by Crown Melbourne, during the Review period.**

2-9 Please provide any reviews conducted of the Compliance Committee and Audit Committee charters since 1 January 2013.

**Please see Crown Melbourne's Compliance Committee Minutes referencing reviews of the Charter, in the folder at tab 2-9 (the Charter was not reviewed in 2014). With respect to the Audit Committee Charter review, please refer to tab 2-29, which was provided in Crown's November 20 (Tranche 2) response.**

2-10 Please provide a copy of CML's Director Code of Conduct.

**Crown Melbourne does not have a Director's Code of Conduct.**

2-11 For each financial year from and including the financial year ended 30 June 2013, please provide copies of any performance evaluation by way of questionnaire of the CML Board and



its Committees of a similar nature to the evaluation questionnaires referred to on page 27 of the CRL 2016 Annual Report.

We are unaware of any performance evaluation that was carried out on the Crown Melbourne Board and/or its Committees.

2-12 Please provide a copy of CRL Audit and Corporate Governance Committee Charter. Please see Crown Resorts' Audit and Corporate Governance Committee Charter in the folder at tab 2-12.

2-13 Please provide a description of each matter since 1 January 2013 on which a CRL Director has sought independent advice of the nature referred to on page 50 of the 2014 CRL Annual Report.

We are unable to locate a reference to independent advice on page 50 of the 2014 Crown Resorts' Annual Report.

Crown is not aware of any independent advice sought by a Crown Resorts' Director at Crown Resorts' expense.

2-17 Please provide a schedule of CML Committees, or other meetings with a similar purpose whether or not formal committees established by the CML Board (Committees) that have existed since 1 January 2013, including 'persons of interest', 'withdrawal of licence' and 'security and compliance', 'Environmental Tobacco Advisory Management' committees. It is not necessary to include the Audit and Compliance Committees. The schedule should list each member, the dates on which the Committees met and who attended. It would be appreciated if the schedule were in a similar form to the schedule on page 48 of the 2016 Crown Resorts Limited annual report.

Please see Crown Melbourne's Schedule of Committees, in the folder at tab 2-17.

2-18 Please provide details of regular meetings held by the CEO of Crown Melbourne Limited, or CEO of Crown Resorts Limited, and the senior executives who report directly to the CEO. Please indicate frequency of the meetings, the executives who attend and whether agendas and minutes are kept of the meetings. Calendar and diary entries of Executives for a month will suffice.

Please see Crown Melbourne's CEO's meeting schedule, in the folder at tab 2-18.



2-19 Please provide the charter, or other document setting out the terms of reference and rules of operation of each committee, excluding the Audit and Compliance Committees.

Please see any Committee Charters and/or the table summarising each Committee, in the folder at tab 2-19. Note that the names of the Committee Members are those as they currently stand.

2-20 For the following committees, please provide agendas, minutes, charters, and papers considered at meetings since 1 January 2013 of the:

- (a) Persons of Interest/withdrawal of Licence Committee;
- (b) Security and Compliance Committee;
- (c) Self-exclusion Revocation Committee; and
- (d) Risk Management Committee.

Please see Crown Melbourne's Committee papers in the folder at tab 2-20. The Security and Compliance Meeting was retired prior to the last Section 25 Review and therefore no documents exist with regard to it. Further, the agendas, minutes, charters, and papers for the Risk Management Committee were inspected by two members of the VCGLR's Licence Review Team in response to item 2-4 (Tranche 1) and made available in response to item 2-16 (Tranche 2). Please let us know if you would like these made available again.

2-30 Please provide details of Crown's revised internal Compliance Regime, including structure and policies.

Please note that the new compliance program is currently at implementation stage and accordingly, most documents and processes are in draft format only and have not yet been finalised. Details of Crown Melbourne's revised internal Compliance Regime are provided in the folder at tab 2-30.

3-1 Please provide in a table details and recommendations of audits performed by AUSTRAC since 1 January 2013.

Please see in table format, details and recommendations of audits performed by AUSTRAC in the folder at tab 3-1.



- 3-2 Please provide any AUSTRAC reports provided to CML by AUSTRAC as a result of its audits of CML's obligations under the AML/CTF Act and any written responses to AUSTRAC by CML.

Please see AUSTRAC audit assessment recommendations in the folder at tab 3-2.

- 3-3 Please provide details of any action taken against patrons to avoid dealings with proceeds of crime.

Crown's Security Analysts proactively monitor media articles, internal investigations and law enforcement requests for information of persons utilising or potentially utilising the proceeds of crime.

The General Manager of Security and Surveillance and the POI Committee (which is composed of Senior Managers and relevant key stakeholders in the business) make the decision whether to take action against a patron suspected of dealing with proceeds of crime.

The Committee's function is to assess information that comes to hand, including that received from law enforcement agencies, noted in media articles or provided by the patron themselves, to determine whether Crown should continue to deal with them.

Matters that require immediate action are considered through an out-of-meeting email process.

Once a decision is made to WOL or Exclude a patron, stop codes will be added by the Security Analyst or Security Administration Officers under direction from the General Manager of Security and Surveillance (or delegate) or the Group General Manager Regulatory and Compliance.

- 3-4 Please provide details of the extent to which the casino hold Cryptocurrency or transacts Cryptocurrency in the casino.

Crown does not deal in any cryptocurrency.

- 7-12 Please advise how many new gambling products approved since 1 January 2013, remain available for play on the gaming floor.

There were 27 new gambling products approved since 1 January 2013. Of the 27 products, 18 products remain available for play on the gaming floor.





7-13 Please describe the criteria used to assess whether to remove table games, including FATG and SATG table games from the main gaming floor and for how long, on average, it is before they are removed.

Not all games have the same criteria for deciding whether they should continue to be offered. The performance of all games is under constant review to ensure we are providing the correct games to match our customer demands. Should a game see a decline in popularity and then a subsequent fall in financial performance a review will be conducted.

**Game Review Process:**

1. Review a game's financial performance in relation to other available games;
2. Investigate alternate current games for which unmet patron demand exists:
  - a. If no alternate existing game is available then the game under review will remain on the gaming floor, provided it is not operating at a loss, taking into account gaming tax and labour;
  - b. If an alternate game does exist, then a review of patron behaviour is conducted:
    - i. If it is found that the game under review has a loyal following by regular patrons and it is believed to enhance the patron's overall experience at the property, then the game would remain; and
    - ii. If it is found that the patrons have no or little game play, the game will be removed.

Based on games approved and removed from the floor over the last 5 years, the average time a game is available for play on the gaming floor is 1.3 years (traditional table games have been on the main gaming floor for many years).

7-14 Please describe the internal process to make a formal change to an ICS and notify a SOP change prior to submission to the VCGLR.

**The ICS change process is as follows:**

- a) Need for change identified by Business Unit Stakeholder or the Regulatory and Compliance Department;
- b) Change/s discussed with relevant Business Unit Stakeholder/s;
- c) Change/s made to ICS by the Regulatory and Compliance Department;
- d) Change/s reviewed and approved by Business Unit Stakeholder/s; and



- e) ICS submitted to the VCGLR for approval by the Regulatory and Compliance Department.

The SOP change process is as follows:

- a) Need for change identified by Business Unit Stakeholder or the Regulatory and Compliance Department;
- b) Change/s discussed with relevant Business Unit Stakeholder/s;
- c) Change/s made to the SOP by the Regulatory and Compliance Department;
- d) Change/s reviewed and approved by Business Unit Stakeholder/s;
- e) Notification of the finalised SOP change is emailed to the VCGLR; and
- f) Further notification to the VCGLR is made once the updated SOP has been uploaded to Crown's Intranet.

- 7-15 Please describe processes and procedures other than internal auditing for ensuring internal compliance to the ICSs and SOPs.

Two staff reporting to the Group General Manager – Regulatory and Compliance are devoted to Internal Control and Gaming related auditing. An annual Audit Calendar is developed and periodic reviews are conducted across operational departments. Information is gathered through observation, relevant system outputs and communication with operational and support staff.

Additionally, Crown Melbourne is in the process of moving to a new Compliance Program, which will make the operational departments and department heads more accountable for ensuring compliance, rather than accountability sitting within a separate department (Regulatory and Compliance).

Further, a regular task of the Surveillance Department is to monitor operations for procedural correctness, which they provide commentary on in their daily reports.

- 7-16 Please provide for inspection all SOPs notified to the VCGLR as at 30 June 2017.

The SOPs are available for your inspection.

- 7-17 Please provide results of any Crown Table Games – Engagement Surveys, including recommendations and outcomes.

One of Crown Melbourne's key mandates is to provide its customers with the best quality customer experience, evidenced by a Customer Engagement team within Marketing,

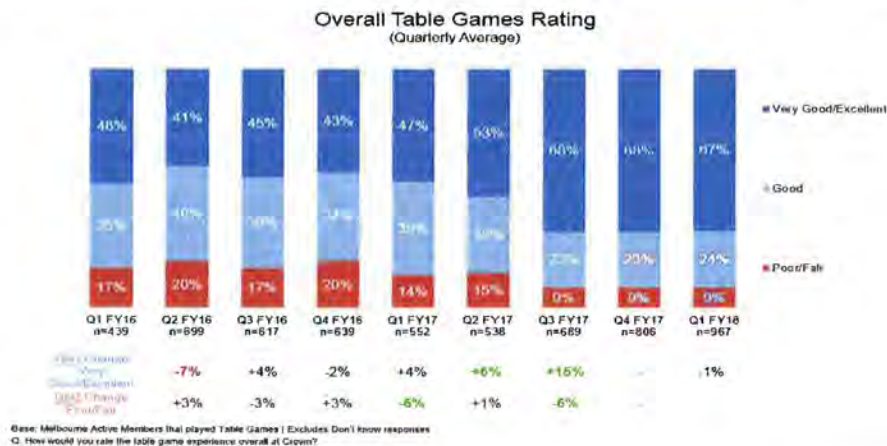


focused on measurement and improvement of the customer experience at Crown Melbourne, including:

- a) A program regarding the customer experience was implemented in July 2016. Previous to this a point in time measurement of overall customer experience was captured in 2014.
- b) The overall experience tracked on a quarterly basis back to 2016. The latest results show 74% of Crown Melbourne customers had an ‘Excellent’ or ‘Very Good’ experience on their latest visit.
- c) The proportion of customers having a positive experience has trended upwards since implementation of the ongoing tracking study, whilst those having a negative experience, is currently at its lowest point.

**Customer Experience – Table Games**

- a) In addition to overall experience, Crown Melbourne assesses a measure of customer experience specific to Table Games on an ongoing basis.
- b) The results are broken down by Crown Rewards Membership Tier in order to understand the issues at a tier level and develop strategies to optimise future experiences.
- c) By way of example, the following chart illustrates overall Table Games experience on a quarterly basis. The latest results for Q1 indicate 67% of Crown Melbourne Table Games customers had an ‘Excellent’ or ‘Very Good’ experience on their latest visit,





with a further 24% having a 'Good' experience.

- d) Similar to overall experience scores, the proportion of customers having a positive Table Games experience has trended upwards since inception of the ongoing tracking study.

7-18 Please provide staff engagement surveys or other reports or reviews (including focus groups) analysing collective CML staff views and experiences since 1 January 2013.

Please see staff engagement surveys in the folder at tab 7-18.

7-19 Please provide any Engagement Survey results since 1 January 2013.

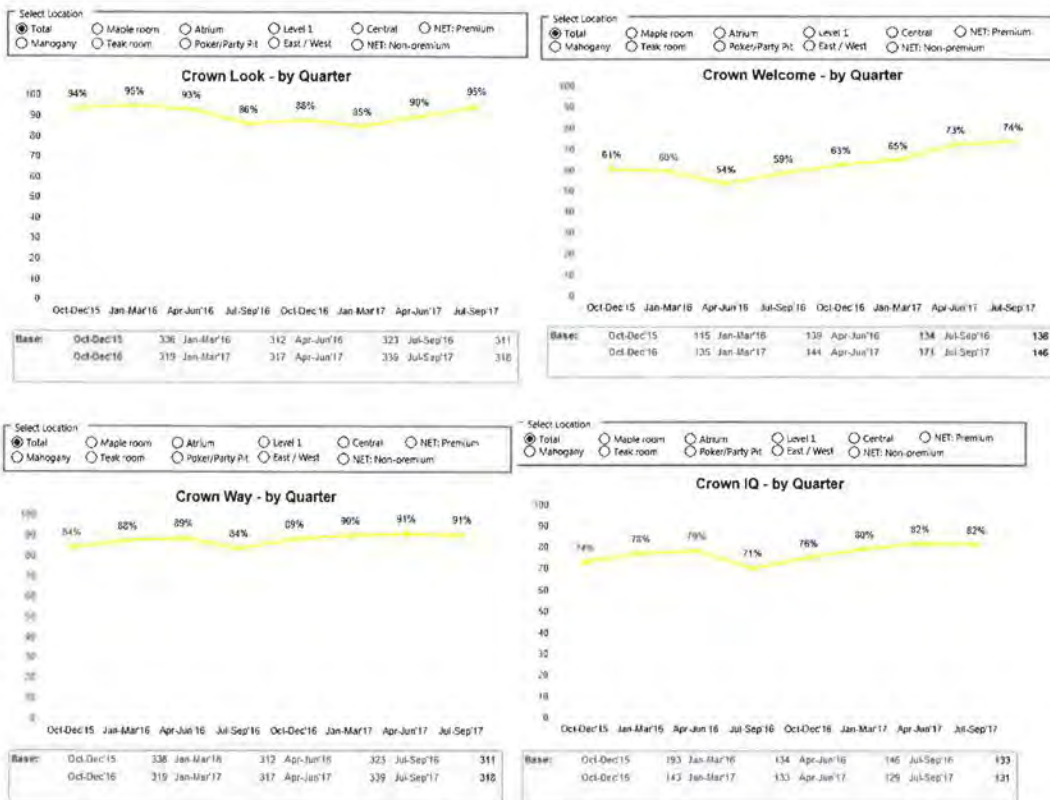
Please see engagement surveys in the folder at tab 7-18.

7-20 Please provide any Mystery Shopper information since 1 January 2013.

Employee engagement and the resulting service delivered is key to ensuring high quality customer experiences. In order to assess and continuously improve employee service, Crown Melbourne implemented an ongoing program of Table Games Audits in 2015.

A summary of the study is outlined below:

- The Audits are conducted independently by EY Sweeney.
- Table Games employees are assessed on criteria taken directly from the 'Exceptional Standards Outstanding Service' (ESOS) training guide.
- Audits are conducted across the Crown Melbourne gaming floor and in each of the VIP Rooms and reported on quarterly.
- Table Games operational staff incorporate the ESOS Audit results into employee KPO measurement and use the results each quarter to identify areas of focus for staff training.
- An example of the reporting outputs are below. All measures have trended upwards since inception of the study, with the majority of measures at 80% or above.



Source: EY Sweeney ESOS Audits, 2015 - 2018

Please see other mystery shopper information in the folder at tab 7-20.

8-1 Please make available for inspection guest/patron complaints and comments database regarding the Casino Complex since 1 January 2013.

The guest/patron complaints database is available for inspection as discussed; please let us know when you would like it to be available.

8-3 For each year from 1 January 2013, please disclose how many complaints about a gambler's gambling behaviour or requests for exclusion of a gambler were made by family members or other third parties. Please provide the details of each complaint or request, including the relationship to gambler (if known), nature of the complaint, action taken by CML and resolution of the issue.

See below a table detailing the number of complaints received. See further a complete table in the folder at tab 8-3.



No of RG cases	2013	2014	2015	2016	2017
3rd Party Assistance / Inquiry	47	28	55	23	8
3rd Party SE Inquiry	27	26	33	19	14
<b>TOTAL</b>	<b>74</b>	<b>54</b>	<b>88</b>	<b>42</b>	<b>22</b>

8-4 Please provide a copy of CML's policies or procedures for issuing credit to premium players other than the SOPs and, if there have been changes since 1 January 2013, the details of those changes.

Please see Crown's policy for issuing credit to premium players in the folder at tab 8-4.

8-5 Please advise how CML's policy for issuing credit to premium players or junket operators has changed since 1 January 2013, and whether it has been reviewed.

Crown's policy for issuing credit to premium players or Junket Operators is frequently reviewed; key changes are listed below:

- a) Credit is not presently issued to customers from the People's Republic of China;
- b) Enhanced Due Diligence is performed on all active Junket Operators;
- c) It is assessed whether the Gaming Inspection and Coordination Bureau Macau (DICJ) has approved the Junket Operator;
- d) Approval of all Junket Operators by Crown Melbourne's Senior Management;
- e) Increased Know Your Customer (KYC) and the use of World Check to identify PEPs;
- f) Credit profile preparation involves collecting additional information such as utility bills and police checks for Junket Operators;
- g) Increase the number of subscriptions to external wealth providers to assist with the KYC process;
- h) Crown Manager recommendation and patron relationship details; and
- i) Junket key player casino checks completed (where applicable).

8-6 Please provide CML's policy for vetting and monitoring junket operators, other than as set out in the SOPs.



Please see Crown's policy for vetting and monitoring Junket Operators in the folder at tab 8-6.

- 8-7 Please provide details of Mahogany Room and Teak Room Protocols.

Please see Mahogany Room and Teak Room Rules in the folder at tab 8-7.

- 8-8 Please provide any reports auditing access to 'high roller rooms' (references to high roller rooms in this letter have the same meaning as under the Tobacco Act 1987).

Please see the high roller room audit reports in the folder at tab 8-8. Note that swiping guests' cards upon entry commenced in September 2014 and that the Guest Register commenced in September 2015.

- 8-9 Please provide CML's policy governing access by guests of members to high roller rooms.

The vetting of members and their guests entering the Teak Room and Mahogany Room is required to ensure pro-active management with respect to the prevention of excluded persons and minors entering Gaming areas, and the fostering of Crown Melbourne's responsible gaming objectives.

Member Identification Kiosks enable member cards presented and swiped to be checked against Crown's patron database records (including photo identification where available) prior to entry.

Eligible members may bring one guest (additional guests are at management's discretion) into the Teak Room or Mahogany Room. Guests are subject to checks against Crown's patron database records (for the detection of excluded persons) either prior to, or at entry and recorded in the guest register (retained in Crown's patron database). All guests need to provide acceptable photo ID to have their identity validated, and will be denied entry if valid ID is not produced.

- 8-10 Please provide a copy of CML's policies or procedures for issuing credit to premium players and junket operators other than the SOPs.

Please see Crown's policy for issuing credit to premium players and Junket Operators in the folder at tab 8-4.



Mr Robert Chappell  
Victorian Commission for Gambling and Liquor Regulation

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Should you or your team have any queries with the information provided, please do not hesitate to contact me on [REDACTED] or Joshua Preston on [REDACTED]

Yours sincerely,

[REDACTED]

**Michelle Fielding**  
Group General Manager – Regulatory and Compliance  
Crown Melbourne Limited