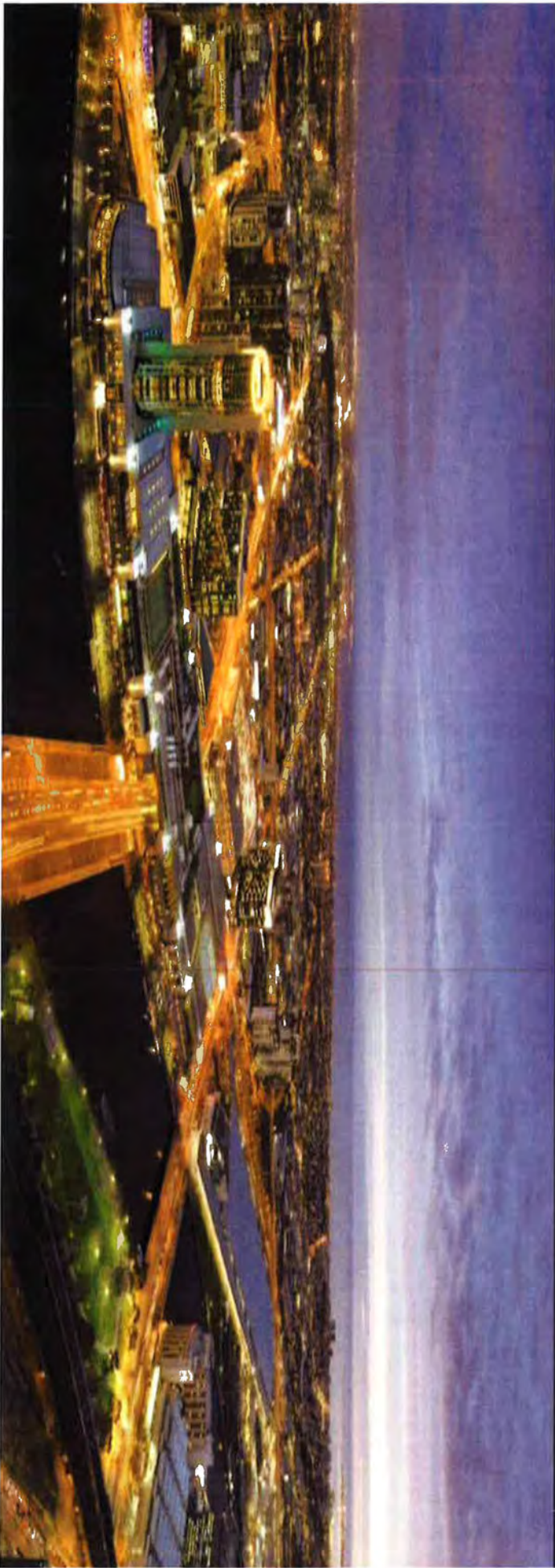


# Crown Melbourne

Gaming Machines  
Food Program Initiative

March 2012



## Objective



**Change *Gaming Machines Food Program* to be controlled by the *Linked Jackpot Equipment* to reduce costs and increase profit/margin.**

## Background



- Gaming Machine Jackpots and Bonuses are issued as part of the linked jackpot environment
- Gaming Machine Jackpots and Bonuses are a deduction from Revenue prior to applying the legislative tax rate
- Linked Jackpot Equipment is tested and approved by the VCGR and audited at regular intervals
- Crown currently issues to patrons and claims as a tax deduction approx \$50M in bonusing and jackpots on an annualised basis
- As a percentage of hold it accounts for approx 2.6%

# Current Jackpots and Bonuses



**Extra Credits**



**Welcome Back**



**Mailed Credits**



**Consolation Prizes**



**Jackpot Start-outs**



**Jackpot Increment**



**Food & Hotel Jackpots**



## Gaming Food Program



- Gaming Loyalty Food Program has been in operation @ Crown in many forms for over 10 years
- The objective of the program is to drive loyalty and ultimately visits and/or spend per visit
- The program continues to be successful and highly valued by our Signature Club members
- Annual Spend on the Gaming Dining Rewards for Gaming Machines is approx \$10M.

## Current Gaming Food Program Structure



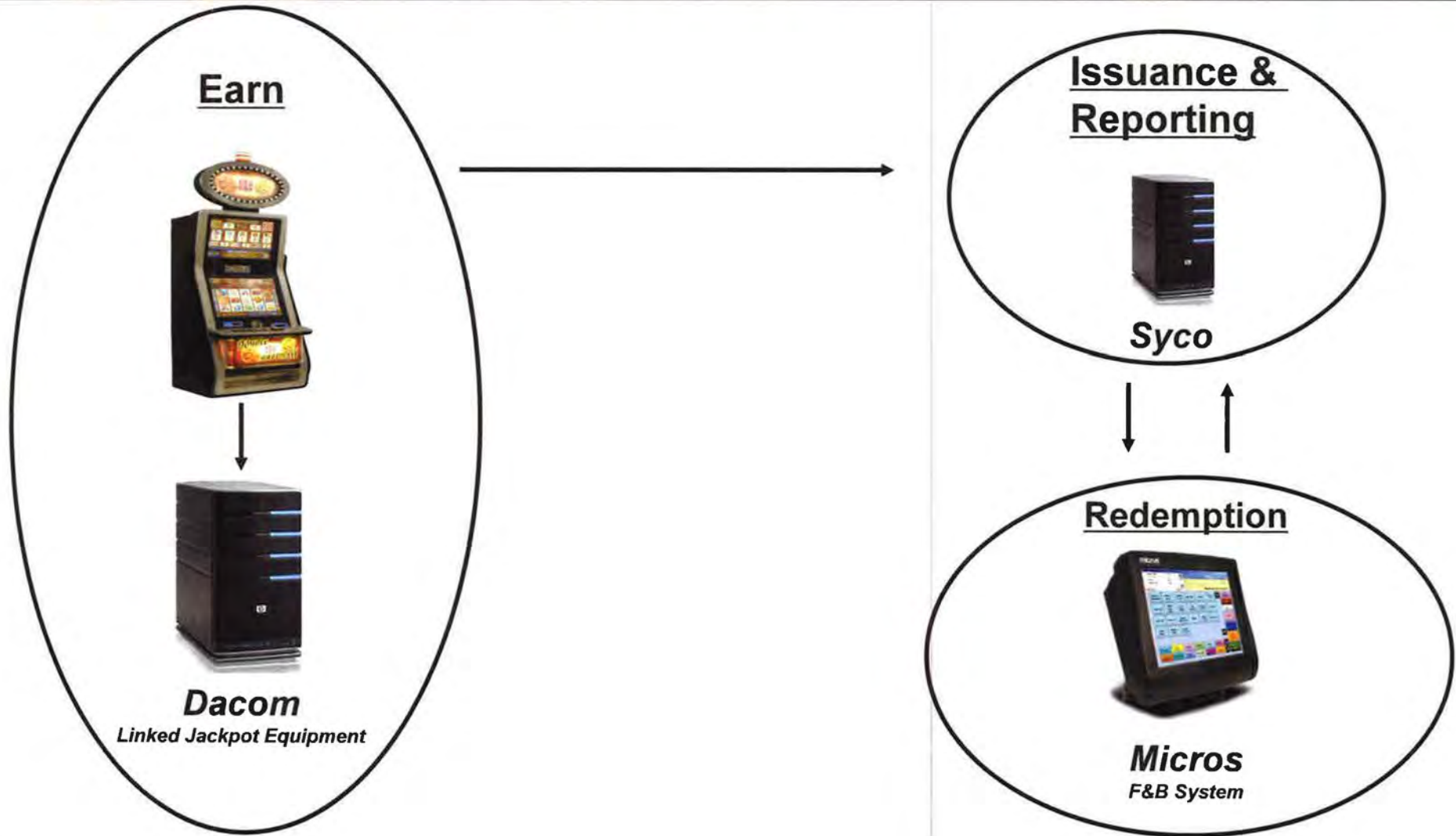
- Gaming Machines
  - Seniors Special
    - Earn 100 on GM's and receive \$5 Meal or Discount
  - Meal
    - Earn 150 on GM's and receive \$7.50 Meal or Discount
- Gaming Machines and Table Games
  - Grande Meal (Bronze / Silver / Gold)
    - Earn 650 points on GM's or 650 points on TG and receive \$17.50 Meal or Discount
  - Daily Dine (Platinum / Black)
    - Platinum
      - earn 500 points on GM's or 500 points on TG and receive \$17.50 Meal or Discount
    - Black
      - earn 500 points on GM's or 500 points on TG and receive \$50.00 Meal or Discount

## Proposal



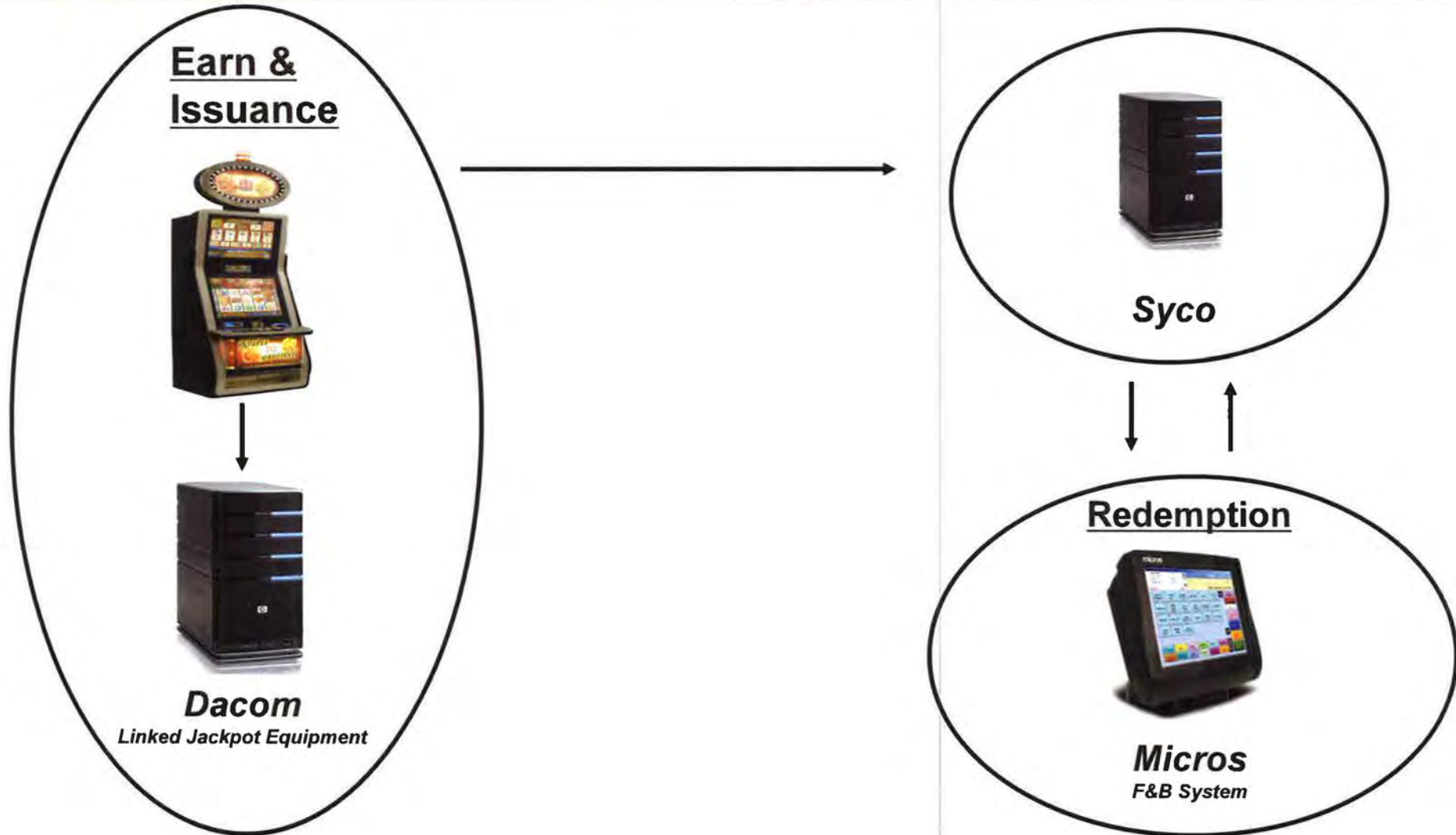
- Transfer the Issuance control of the Gaming Machine Food Program from Syco to Dacom
- Classify the Gaming Machines Food Program to be a Bonus/Jackpot as per Welcome Back (earn X receive Y)
- Allow the Gaming Machine Food Program Costs to be a Gaming Machine Tax Deduction
- Reduce:
  - Gaming Machines Total Revenue
  - Reduce Marketing Costs
  - Reduce Tax
- Increase:
  - Gaming Machines Profit
  - Gaming Machines Margin

# Current Technical Structure





# Proposed Technical Structure



# Financial Roll-out



## F13 Rollout

GST Excl

July	\$38,188 Senior \$5	-	34,716
August	\$38,188 Senior \$5	-	34,716
September	\$379,908 Senior \$5 & \$7.50	-	345,371
October	\$379,908 Senior \$5 & \$7.50	-	345,371
November	\$696,191 Senior \$5 & \$7.50 & \$17.50 Grande	-	632,901
December	\$696,191 Senior \$5 & \$7.50 & \$17.50 Grande	-	632,901
January	\$806,991 Senior \$5 & \$7.50 & \$17.50 Grande & DD Platinum	-	733,628
February	\$806,991 Senior \$5 & \$7.50 & \$17.50 Grande & DD Platinum	-	733,628
March	\$878,893 Senior \$5 & \$7.50 & \$17.50 Grande & DD Plat/Black	-	798,994
April	\$878,893 Senior \$5 & \$7.50 & \$17.50 Grande & DD Plat/Black	-	798,994
May	\$878,893 Senior \$5 & \$7.50 & \$17.50 Grande & DD Plat/Black	-	798,994
June	\$878,893 Senior \$5 & \$7.50 & \$17.50 Grande & DD Plat/Black	-	798,994
		-	<b>6,689,207</b>

<i>Total</i>	\$7,358,128
<i>less GST</i>	-\$668,920.73
<i>Final Total</i>	<b>\$6,689,207.27</b>

*F13 Profit Impact (Tax 29.13)*                      **\$1,948,566.08**

*Note: No staged roll-out would result in an additional \$950K*

# Financials Impact



-  
*Revenue* (\$6.816m)  
*Hold* (0.12%)  
*WPM* (\$7.47)

+  
*Tax* \$2.0m  
*Marketing* \$6.816m  
*Contribution* \$2.0  
*Margin* 0.43%



## Finance and Legal Positions



- Finance (Greg Foord & Justine Henwood):
  - Impact of the change to the Daily Revenue Report, Gross Gaming Revenue and any possible reaction of the VCGLR to the proposed changes.

*“Factoring in refurbishment, economic environment, impacts from negative publicity and the increase in Gaming Machines Tax by 1.72% in July 2012, we are of the opinion that the proposed change will not be noticed by the VCGLR.”*

- Legal (Debra Tegoni):
  - Refer to Attachment

## Next Steps / Timeline



- Present to Finance, Legal and Compliance: *Complete*
- Approval to Proceed: *Pending*
- Create Technical Specification: *Complete*
- System Changes
  - Development: *Complete May 2012*
  - Testing: *May – June 2012*
  - System Change Approval – *June/July 2012*
  - Installation – *July 2012*
- Target – July 2012 Implementation

## Other Possible GM Opportunities



### Annual Costs:

- |                                 |        |
|---------------------------------|--------|
| • Hotels (Internal and Loyalty) | \$3.5M |
| • Parking                       | \$1.8M |
| • Valet                         | \$800K |
| • Comp Bev                      | \$8M   |

Total	\$14.1
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@ 29.12% (FY13 Tax Rate)	\$4.1M
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YSMTT



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