

To: Tracy Shen [REDACTED]
From: Jason Cremona [/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=1BA6BB88F273419A99B93FB3D2582E0F-JASON CREMO]
Sent: Mon 2021/06/07 3:42:43 PM (UTC+10:00)
Subject: FW: Crown

-----Original Message-----

From: Catherine Myers [REDACTED]
Sent: Wednesday, 6 June 2018 1:29 PM
To: [REDACTED]
Cc: [REDACTED]; Jason Cremona [REDACTED]; Alex Fitzpatrick [REDACTED]; Michael Everett [REDACTED]
Subject: RE: Crown

Hi Cate

I have sought advice about your email below and can provide the following information which hopefully addresses your concerns.

The current system capabilities (Crown) allows players to convert loyalty points and promotional vouchers earned, into credits on gaming machines. As these are not accompanied by cash into the machine, they are treated as 'bonuses' paid out by Crown, in addition to standard EGM game wins or jackpot wins. Since inception, Crown has been able to deduct bonuses from gaming machine revenue

Bonus jackpots/prizes differ from standard 'jackpots', however standard jackpots are also deducted from revenue in the form of contributions to jackpot pools and start outs paid (upon awarding the jackpot). Using the definition of 'bonus jackpots' as defined in the Technical Requirements, and articulated in your email, it is not a condition that the EGM must award the prize, nor does the awarding of the prize have to relate to gaming machine play. The technical requirements, which are very outdated and currently being revamped by BMM via an external engagement by the VCGLR, require an external device to instruct the EGM to pay a prize. Since the issuance of the casino licence in the 1990's, the interpretation of 'bonus jackpot/prizes' has included bonus credits to the EGM, transfer of rewards points to credits, and awarding redeemable prizes, ie; food and beverage vouchers, car park passes, etc.

In relation to the Gross Gaming Revenue (GGR) calculation applied to gaming machines at the Casino, the calculation extends beyond revenue minus winnings. GGR is calculated as Turnover less game wins less jackpots (contributions plus start-out) less bonuses.

Upon redeeming a 'bonus', as a credit to a machine or a tangible prize (F&B voucher as an example), the impact on the GGR calculation is:

1. Credits to Machine: Turnover is accumulated, as such credits cannot be cashed out, and so is bonus jackpots. Therefore, the net tax impact of the bonus payouts is nullified.
2. Awarding of F&B Voucher or other redeemable voucher: upon redemption, the GGR calculation accounts for the value of this as a bonus prize. This clearly only include 'bonus vouchers' awarded through the conduct of gaming on the gaming machine, and not vouchers earned via other loyalty schemes (ie; hotel stays, etc)

Essentially, because Crown has awarded 'bonuses' from/to a gaming machine, and has not received a cash inflow for the awarding of the prize, it has always been an allowable deduction from Gaming Revenue.

Happy to discuss further if you have any concerns re this accounting treatment of bonus payouts.

Thanks

Catherine

Catherine Myers
 Chief Executive Officer
 Victorian Commission for Gambling and Liquor Regulation
 12 Shelley Street, Richmond, Victoria 3121 d. [REDACTED] ph. [REDACTED] e. [REDACTED]
 www.vcglr.vic.gov.au

-----Original Message-----

From: [REDACTED] [mailto:[REDACTED]]
Sent: Monday, 28 May 2018 5:45 PM

To: Catherine Myers [REDACTED]

Cc: [REDACTED]

Subject: Crown

Catherine

Further to our telephone conversation this evening, I think it goes like this:

Crown wants to give a benefit to a high value gaming machine player. They award them "free loyalty points", which can then be converted by the player into gaming machine credits when the player inserts his or her card into an EGM.

Crown accounts for this as a "bonus jackpot" - see below - even though the amount is not related to gaming machine play as would be the case with other jackpots (which are 'won' at the gaming machine - I don't see how it could be considered to be a "prize")

Because it is deemed a 'bonus jackpot' the amount is not taxable as "Gross Gaming Revenue" under the Casino Management Agreement because jackpots are considered winnings (ie total revenue minus winnings = taxable GGR)

I think this is worthy of investigating.

Technical Requirements for Gaming Machines and Electronic Monitoring Systems in the Melbourne Casino

7.1.5 Bonus Jackpot

A Bonus Jackpot is one where an EGM is instructed by an external device to pay additional bonus prizes where the amount/multiplier, bonus eligibility criteria and time period are specified by the external device.

Cate Carr

Executive Director

Liquor, Gaming and Racing

Office of Liquor, Gaming and Racing

Ph: [REDACTED]

Mobile: [REDACTED]

Facsimile: [REDACTED]

email [REDACTED]