



Agenda

Meeting: Crown Melbourne | Executive Risk and Compliance Committee
Date: Tuesday, 21 May 2019
Time: 14.00pm AEST
Venue: Executive Meeting Room (Melbourne)

Private & Confidential

Chairman: Joshua Preston (Chief Legal Officer – Australian Resorts)

Attendees: Xavier Walsh (Chief Operating Officer)
 Alan McGregor (Chief Financial Officer – Australian Resorts)
 Andre Ong (Group Chief Information Officer – Crown Resorts)
 Nicolas Emery (Chief Marketing Officer – Australian Resorts)
 Sean Knights (Executive General Manager – Table Games)
 Mark McKay (Executive General Manager – Gaming Machines)
 Alicia Gleeson (Executive General Manager – Human Resources)
 Mark Holmes (Executive General Manager – Food & Beverage)
 Michelle Fielding (Committee Executive Officer / Group General Manager
 Regulatory & Compliance)
 Anne Siegers (Group General Manager Risk & Audit)

Invitees: Ken Barton (Chief Financial Officer & CEO Crown Digital – Crown Resorts)
 Mary Manos (General Counsel and Company Secretary, Crown Resorts)

Apologies: Barry Felstead (Chief Executive Officer – Australian Resorts)
 Peter Crinis (Chief Operating Officer – Hotels, Retail & F&B Melbourne)

1. Confirmation of Minutes – 30 January 2019

2. Business Arising

3. Internal Audit (AS)

- 3.1 Internal Audit Report
- 3.2 Status of Internal Audit Recommendations
- 3.3 Internal Audit Plan for FY20 to FY22

4. Risk Update (AS)

- 4.1 Strategic Risk Update
 - 4.2 Delegations
 - 4.3 Risk Management Strategy
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4.4	Emerging Risks (No Paper)
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5.	Compliance & Regulatory Update (JP/MF) (Subject to Legal Professional Privilege)
5.1	Compliance & Regulatory Update
5.2	Section 25 Recommendations
5.3	Recommendation 5 - briefing on the VCGLR's risk-based approach to regulation and how that approach relies on the integrity of Crown's internal processes

6.	Litigation Update (JP) (Subject to Legal Professional Privilege)
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7.	AML/CTF Update (JP) (Subject to "Part II Secrecy & Access" AML & CTF Act)
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8.	Health, Safety & Wellbeing Update (JP) (Subject to Legal Professional Privilege)
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9.	Responsible Service Update (JP)
9.1	Responsible Gaming
9.2	Responsible Service of Alcohol

10.	Other Business
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Executive Risk and Compliance Committee - Minutes

Committee Name: Executive Risk and Compliance Committee Meeting

Date Held: Wednesday, 30 January 2019

Commencement Time: 10:05 AEDT

Present: Joshua Preston (Chairman/Chief Legal Officer – Australian Resorts)
 Barry Felstead (Chief Executive Officer – Australian Resorts)
 Peter Crinis (Chief Operating Officer – Hotels, Retail & F&B Melbourne)
 Alicia Gleeson (Executive General Manager – Human Resources)
 Sean Knights (Executive General Manager – Table Games)
 Alan McGregor (Chief Financial Officer – Australian Resorts)
 Andre Ong (Group Chief Information Officer – Crown Resorts)
 Xavier Walsh (Chief Operating Officer)
 Anne Siegers (Group General Manager – Risk and Audit)
 Mark Mackay (Executive General Manager – Gaming Machines)
 Michelle Fielding (Committee Executive Officer/Group General Manager – Regulatory and Compliance)

Invitees: Ken Barton (Chief Financial Officer and CEO Crown Digital – Crown Resorts)
 Mary Manos (General Counsel and Company Secretary – Crown Resorts)

Apologies: Nicolas Emery (Chief Marketing Officer – Crown Resorts)
 Mark Holmes (Executive General Manager – Food and Beverage)

Business	Action	Due Date
<p>1. Confirmation of Minutes</p> <p>The members confirmed the Minutes of the Executive Risk and Compliance Committee (Committee) Meeting dated 13 November 2018.</p>		
<p>2. Business Arising</p> <p>AML/CTF Update - The Chairman provided an update on whether Crown's active partner database could be washed against lists of undischarged bankrupts. The Chairman noted that Crown can screen for undischarged bankrupts at USD31 per person.</p> <p>It was proposed to commence looking at black, platinum and gold tier members also note bankrupts that come to our attention.</p> <p>Mr Felstead queried whether Crown stops bankrupt people from gaming with a loyalty card, so that they are not rewarded for gaming activity. Mr Walsh confirmed that is the current policy – Mr Walsh also confirmed that Crown doesn't permit known bankrupt patrons to enter any of the VIP rooms.</p>		

<p>Mr Walsh talked to whether Crown can permit bankrupt patrons to redeem their points on non-gaming spend and suggested that Crown issue them with a gift card for the value of their points, as this can't be used for gaming.</p> <p>The Committee acknowledged that it can only action the bankrupt patrons that it is aware of and the Chairman again undertook to update the Committee on possible costs.</p> <p>Internal Audit Update – Mr Ong noted there are not many users of Dropbox remaining. He is continuing to review Dropbox users and to monitor for outgoing files. The Chairman queried whether Sharefile (Dropbox files have been largely transitioned to Sharefile) can deal with large files (Projects are having difficulty). Mr Ong said that they can assist in managing those folders they are aware of and Sharefile can mostly deal with large files.</p> <p>Risk Update – The Committee provided feedback on the proposed 'Corporate Risk Profile' and suggested that RSA be split out as a standalone item, which Mrs Siegers undertook to action. Mrs Siegers confirmed that she had amended the 'Consequence' in the Melbourne Corporate Risk Map for Acts of Terrorism from 'major' to 'severe'; and amended the 'Likelihood' for Volatility of Gaming Revenue from 'unlikely' to 'possible'.</p> <p>Compliance and Regulatory Update - Mr Ong advised that the investigation into the soft count failing to load to the Master Gaming Report is complete and it was determined that the soft count could be interrupted, which wasn't previously known. He further advised it was likely on this occasion that it was inadvertently stopped (possibly as a result of the new \$50 being released the day prior). Mr Ong will arrange for software to be put in place to stop the ability to abort or interrupt the soft count.</p> <p>Mr Emery undertook to update the Committee at the next meeting, as to options for methods of communicating with patrons, which are preferable to email for privacy.</p> <p>Following a query from the VCGLR regarding commission paid for play on Pai Gow (which was permitted by the Junket Agreement but could be better clarified), Ms Fielding confirmed that the Agreement had been modified to make it clear that commission was payable on any game at Crown's discretion. Ms Manos queried whether a similar clarification was required for other Agreements, which Ms Fielding undertook to review.</p>	<p>Chairman</p> <p>GGMRA</p> <p>GCIO</p> <p>CMO</p> <p>GGMRC</p>	<p>May 2019</p> <p>May 2019</p> <p>May 2019</p> <p>May 2019</p> <p>May 2019</p>
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<p>AML/CTF Update – The Chairman provided an update on the identification and reporting of errors to AUSTRAC. AUSTRAC’s view is that they are happy for the errors to be recalled, as they appreciate the process of review and recovery. The Chairman detailed that the AML team reviews the reports and information they receive from the gaming floor, Crown Rewards and the Cage, which identifies any errors, which are then addressed as required.</p>		
<p>3. Internal Audit</p> <p><i>3.1 Internal Audit Report</i></p> <p>Mrs Siegers highlighted a concern with staff using their own devices, which do not have Airwatch installed. The Executive has met on this issue and agreed everyone must either use work issued devices or have Airwatch installed on their private devices. Mr Ong spoke to this being about protecting Crown’s information, not accessing people’s information on their devices and will action the implementation of the requirement.</p> <p>Mrs Siegers invited the Committee to provide her any feedback they have regarding the revised Audit Plan.</p> <p>Mrs Siegers noted the notification and distribution of internal audit report protocol recommendations which were adopted by the Committee.</p> <p><i>3.2 Status of Internal Audit Recommendations</i></p> <p>There were no comments raised by the Committee in respect of the Internal Audit Update and the paper was “taken as read”.</p>	<p>GCIO</p> <p>All</p> <p>All</p>	<p>May 2019</p> <p>May 2019</p> <p>May 2019</p>
<p>4. Risk Update</p> <p><i>4.1 Strategic Risk Update</i></p> <p>Mrs Siegers spoke to the alignment of the property Risk Reports with the format of the Crown Resorts’ Report.</p> <p>Mrs Siegers noted that all three boards (Resorts, Melbourne and Perth) approved the Risk Appetite and sought the Committee’s feedback regarding the Risk Appetite Dashboard.</p> <p>Mrs Siegers spoke to the Crown Melbourne Corporate Risk Map – and the addition of item 22 ‘Breakdown in relationship with key government, legislative or regulatory body’. The Committee also discussed item 13 ‘Responsible business model’ and whether RSG and RSA should be separated out in that item. The</p>		

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<p>Chairman requested that RSG become a separate item. The Committee also requested that RSA stood alone as a new risk, given the importance of the matter. Mrs Siegers undertook to make this change. The Chairman asked Mrs Siegers to circulate the definitions of each risk to the Committee.</p> <p>Mrs Siegers also spoke to Deloitte being engaged to review Crown’s Risk Framework in accordance with the s25 Review Recommendations. Once a copy of the Deloitte report is received, the strategy will be finalised and taken to the Board.</p> <p>There were no further comments raised by the Committee in respect of the Strategic Risk Update and the paper was otherwise “taken as read”.</p> <p><i>4.2 Emerging Risks</i></p> <p>There were no comments raised by the Committee in respect of the Emerging Risks Update and the paper was “taken as read”.</p>	<p>GGMRA</p>	<p>May 2019</p>
<p>5. Compliance and Regulatory</p> <p><i>5.1 Compliance and Regulatory Update</i></p> <p>The Chairman provided a status update of the Compliance Framework progress and spoke to the positive engagement of participants in the Compliance Committee Meetings.</p> <p>The Chairman spoke to a new Cage matter identified by an Ernst & Young audit; and a new EGM matter regarding AGT machines having a few seconds of delay before they acknowledge that a card has been removed, when playing in unrestricted mode. The AGT delay was notified to the VCGLR and a fix developed.</p> <p>The Chairman referenced that the VCGLR was changing its practices by writing to Crown on relatively minor matters that were historically dealt with in a more informal manner.</p> <p>Mr Walsh undertook to provide an update on the status of the health of the employees in the assault matter at The Pub.</p> <p>Mr Walsh undertook to provide an update on the status of whether Crown will proceed with having PSOs.</p> <p>The Chairman spoke to the status of the China investigation and the breadth of the documents and the complicated process of identifying relevant material in emails etc. It is expected (as indicated by the VCGLR) that the VCGLR will provide Crown a draft report in February/March for Crown’s review and</p>	<p>COO</p> <p>COO</p>	<p>May 2019</p> <p>May 2019</p>

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<p>comment, which will then be provided to the Minister for Gaming.</p> <p>Jason O'Connor will be returning to work on Monday, 4 February 2019 in a non-licensed function.</p> <p>There were no further comments raised by the Committee in respect of the Compliance and Regulatory Update and the paper was otherwise "taken as read".</p> <p>5.2 Section 25 Recommendations</p> <p>The Committee reviewed the Status of Recommendations Table – which are all tracking to timeline. Two of the Recommendations have been completed to date.</p>		
<p>6. Litigation Update</p> <p>The Chairman spoke to the Litigation Update.</p> <p>There were no further comments raised by the Committee in respect of the Litigation Update and the paper was otherwise "taken as read".</p>		
<p>7. AML/CTF Update</p> <p>The Chairman noted that Crown has received notice from AUSTRAC of a compliance review of Perth, which they will undertake in June 2019.</p> <p>It was also noted that Melbourne is to host AUSTRAC's 'Financial Analyst Course' participants, for a tour of the property and some compliance insights.</p> <p>Mr Barton queried the inaccuracies in Crown's AUSTRAC reporting, that are identified and recalled.</p> <p>The Chairman outlined that the AML team reviews relevant reports and information from the Cage, Crown Rewards and Table Games teams to identify and correct errors prior to the reports being filed. These reports that we lodged with errors (of which there are a limited amount) are recalled and corrected in accordance with AUSTRAC processes. The Chairman advised that he had spoken to AUSTRAC about this and they were comfortable about Crown's processes.</p> <p>There were no further comments raised by the Committee in respect of the AML/CTF Update and the paper was otherwise "taken as read".</p>		

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<p>8. Health, Safety & Wellbeing Update</p> <p>Ms Manos queried whether we are addressing with the external cleaners their part in issues that arise – Mr McGregor undertook to review what follow-up and recourse we have had with the external cleaners.</p> <p>There were no further comments raised by the Committee in respect of the Health, Safety and Wellbeing Update and the paper was otherwise “taken as read”.</p>	CFO	May 2019
<p>9. Responsible Service Update</p> <p><i>9.1 Responsible Gaming</i></p> <p>The Chairman noted that a draft Strategic Plan was being prepared as part of the s25 Review Recommendations.</p> <p>The Chairman spoke to the progress of the Crown Model.</p> <p>The Chairman passed out the ‘Responsible Gaming Information for Employees’ card, which was a response to improve staff knowledge on the floor.</p> <p>No response has been received from Anna Bardsley regarding Crown’s invitation to form the Crown Resorts Responsible Gaming Community Engagement Group. Mr Felstead undertook to follow up with Karl Bitar, asking that he send a letter confirming what work has been done and extending the offer again.</p> <p>Crown has had positive progress with Alex Blaszczyński, he has asked to meet with Crown again to discuss the role and some minor matters.</p> <p>There were no further comments raised by the Committee in respect of the Responsible Gaming Update and the paper was otherwise “taken as read”.</p> <p><i>9.2 Responsible Service of Alcohol</i></p> <p>The Responsible Service of Alcohol Update was “taken as read”.</p>	CEO	May 2019
<p>10. Emerging Risks</p> <p>Mr McGregor spoke to a Government initiated task force being put together around climate change and proposed that Crown review its risks regarding this.</p>		

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11. Other Business		
No other business was raised.		

The next meeting is scheduled for 21 May 2019.

There being no further business, the Chairman closed the meeting at 11:45.

Joshua Preston
Chairman

Date

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Crown Melbourne
Agenda Item 2: Business Arising
February 2019 – May 2019

The table below presents the status of business arising from the previous meetings of the Executive Risk and Compliance Committee:

Meeting Reference	Matter	Status
	Compliance and Regulatory	
ERCC 01/19	Mr Ong will arrange for software to be put in place to stop the ability to abort or interrupt the soft count.	Mr Ong to provide an update at the meeting.
ERCC 11/18	Following a privacy concern, Mr Emery noted that better systems (than email) for patron communications were available, which he undertook to share with the Table Games team.	Mr Emery to provide an update at the meeting.
ERCC 01/19	Crown received a query from the VCGLR, regarding commission paid for play on Pai Gow, whereas the Junket Agreement only allowed for commission to be paid on two games (which did not include Pai Gow). Ms Fielding advised that the Agreement had provision for commission to be paid on any game at Crown's discretion. Ms Fielding further advised that those provisions in the Agreement have been reviewed and updated for clarity purposes. Ms Manos queried whether a similar clarification was required for other Agreements, which Ms Fielding undertook to review.	Completed.
ERCC 01/19	Mr Walsh undertook to provide an update on the status of the health of the employees in the assault matter at The Pub.	Mr Walsh to provide an update at the meeting.
ERCC 01/19	Mr Walsh undertook to provide an update on the status of whether Crown will proceed with having PSOs.	Mr Walsh to provide an update at the meeting.

Subject to Legal Professional Privilege

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	Internal Audit	
ERCC 01/19	The Executive agreed that all employees must either use work issued devices or have Airwatch installed on their private devices. Mr Ong spoke to this being about protecting Crown's information, not accessing people's information on their devices and will action the implementation of the requirement.	Mr Ong to provide an update at the meeting.
ERCC 01/19	Mrs Siegers invited the Committee to provide her any feedback they have regarding the revised Audit Plan.	Mrs Siegers to provide an update at the meeting.
	Risk Update	
ERCC 01/19	The Committee provided feedback on the proposed 'Corporate Risk Profile' and suggested that RSA be split out as a standalone item, which Mrs Siegers undertook to action.	Mrs Siegers to provide an update at the meeting.
ERCC 01/19	The Committee reviewed the Crown Melbourne Corporate Risk Map and preferred that RSA stood alone as a new risk. Mrs Siegers undertook to make this change.	Mrs Siegers to provide an update at the meeting.
ERCC 01/19	The Chairman asked Mrs Siegers to circulate the definitions behind each risk to the Committee the Crown Melbourne Corporate Risk Map.	Mrs Siegers to circulate prior to the meeting.
	AML/CTF Update	
ERCC 01/19	The Chairman undertook to follow up costings for washing Crown patrons against lists of undischarged bankrupts.	The Chairman to provide an update at the meeting.
	Health, Safety & Wellbeing Update	
ERCC 01/19	Ms Manos queried whether we are addressing with the external cleaners their part in issues that arise – Mr McGregor undertook to review what follow-up and recourse we have had with the external cleaners.	Mr McGregor to provide an update at the meeting.
	Responsible Gaming Update	
ERCC 01/19	No response has been received from Anna Bardsley regarding Crown's invitation to join the Crown Resorts Responsible Gaming	Mr Felstead to provide an update at the meeting.

	Community Engagement Group. Mr Felstead undertook to follow this matter up.	
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Crown Melbourne

Internal Audit Activity Report

May 2019



1. Audits Completed In Reporting Period

1.1 Overview

Four Crown Melbourne audits and two Group audits have been completed during the current reporting period, being the third period of the FY19 Strategic Internal Audit Plan. Three Melbourne and four Group audits are currently in progress with significant resources being assigned to the Group VIP Operations audit during the period. Additionally, the Scope of work required to complete the Accounts Payable and Payroll audits currently in progress for Ernst & Young has increased significantly from previous years.

Internal Audit resources have continued to be impacted during the reporting period, with a Contractor being engaged to fill the vacant auditor position. Additionally, during the period the other auditor in the team resigned effective May 2019. This has impacted the current audits in progress but will also affect the remaining Plan for FY19, which is detailed in Section 2.2 below.

Internal Audit Report Ratings were as follows:

Type of Activity	Number of Audit Reports Issued	REPORT RATING ¹				
		Excellent	Good	Satisfactory	Improvement Required	Seriously Adverse
Melbourne Internal Audits	4	4	-	-	-	-
Group Internal Audits	2	-	-	1	1	-

Detail of Internal Audits completed during the period are as follows:

Audit	Risk Rating	Scope Overview	Report Rating	No. of Issues Raised ²
Melbourne Internal Audits				
Privacy Legislation & Compliance	High	Review compliance with the Privacy Act (1988) and related Australian Privacy Principles across relevant areas of Crown's business. Review compliance with Crown's Privacy Compliance Program. Ensure the adequacy and effectiveness of related controls.	Excellent	2 PIO
Transport – Aircraft Operations	Moderate	Review Crown Resorts Aircraft Operations external audit program noting audit work completed and documentation of audit findings. Ensure escalation / resolution of key issues raised.	Excellent	Nil
Gaming Machine Operations – ICS	High	Test compliance with VCGLR approved Internal Control Statement, ensuring adherence to approved minimum standards and controls.	Excellent	1 PIO
Accounts Payable	High	Test the adequacy and effectiveness of controls for ensuring payments are made to valid suppliers and appropriately approved.	Excellent	Nil
Group Internal Audits				
Patron & Staff Complimentaries	High	Review the adequacy and effectiveness of controls for ensuring the appropriateness and reasonableness of (discretionary / non -	Satisfactory	2 Mod 7 Low 1 PIO

¹ Refer to Appendix 1 for overall report rating definitions

² Refer to Appendix 2 for classification of Internal Audit Findings



Audit	Risk Rating	Scope Overview	Report Rating	No. of Issues Raised ²
		discretionary) Complimentaries issued. Areas of focus should include the security of unredeemed patron complimentary entitlements, monitoring of non – gaming complimentary expenditure and adherence to corporate policy.		
Visa Management	High	Assess the adequacy of Visa Management practices ensuring compliance with Company Policy and all relevant legislation.	Improvement Required	7 Mod 1 PIO

*PIO = Process improvement opportunity

1.2 Key Internal Audit Findings

There were no key Internal Audit findings (Critical and High) identified during the reporting period.

2. Strategic Internal Audit Plan

2.1 Summary of Progress against Plan

A summary of FY19 Internal Audit Plan progress is as follows:

Type of Activity	Audits Planned*	Audits Completed	Audit in Progress	Audits Scheduled	Audits Deferred	Audits Consolidated to Group
Internal Audits	40	9	3	4	21	3
Group Internal Audits	11	2	4	2	3	N/A

*Full year Plan

2.2 Detailed Status of the FY19 Plan

With Internal Audit team resources continuing to be impacted throughout the period and the remainder of FY19 the Internal Audit Plan has been further updated, as indicated in the summary above. With under two months remaining in FY19 the focus will be on the completion of the significant Group audits, with seven Melbourne based audits to also be completed. During FY20 Audit planning a number of FY19 deferred audits were included, along with the further consolidation of audits into Group audits. Please refer to Section 4 for full FY20 Internal Audit Plan detail.

The table below details the original FY19 Internal Audit Plan and each audit's updated status.

F19 Internal Audit Plan	Risk Rating	Audit Status	Overall Report Rating	Prior Report Rating	Change	No. Of Issues Raised
Melbourne Internal Audits						
Security Operations (ICS)	Critical	Deferred FY20	-	FY12 Satisfactory	-	-
Surveillance and Security	Critical	Complete	Good	FY14 Good	↔	3 PIO

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Internal Audit Activity Report
May 2019

F19 Internal Audit Plan	Risk Rating	Audit Status	Overall Report Rating	Prior Report Rating	Change	No. Of Issues Raised
Communications (ICS)						
Gaming Machine Operations (ICS)	Critical	Complete	Excellent	FY16 Satisfactory	↑	1 PIO
Revenue Audit & Reporting (ICS)	Critical	Scheduled June 2019		FY15 Satisfactory		
Gaming Equipment (ICS)	Critical	Deferred FY20	-	FY15 Satisfactory	-	-
Count Rooms & Drop Box, Drop Bucket, Note Stacker Collection (ICS)	Critical	Scheduled June 2019		FY15 Good		
Contracts (ICS)	Critical	In progress (Fieldwork)		FY14 Good		
Junket and Premium Player Programs (Including VIP Telephone Betting and the Introduction of Players) (ICS)	Critical	Consolidated into the Group VIP Operations audit		FY16 Satisfactory		
Compliance Framework Review	Critical	Deferred FY20. To become Group audit	-	-	-	-
VIP International Operations	Critical	Consolidated into the Group VIP Operations audit		-		
Gaming Audit Function	Critical	Deferred (as required)	-	FY17 Good	-	-
Responsible Service of Gambling	Critical	Complete	Excellent	FY17 Good	↑	-
Contractor management (iTrack)	High	Deferred FY21	-	-	-	-
Access to Sensitive Areas	High	Complete	Excellent	-	N/A	1 PIO
Security removals	High	Deferred. Consolidated in Security Operations ICS audit FY20	-	FY17 Satisfactory	-	-
IT Systems Security	High	Deferred (as required)	-	FY18 Excellent	-	-
Mobiles devices	High	Complete	Improvement Required	FY17 Satisfactory	↓	1 High 1 Low 1 PIO
Whistleblower Hotline	High	Deferred. Consolidated into Group audit FY21	-	FY17 Excellent	-	-



Internal Audit Activity Report
May 2019

F19 Internal Audit Plan	Risk Rating	Audit Status	Overall Report Rating	Prior Report Rating	Change	No. Of Issues Raised
Gaming Integrity	High	Deferred (as required)	-	FY17 Good	-	-
Cage & Count Operations	High	Complete	Excellent	FY18 Good		-
Accounts Payable	High	Complete	Excellent	FY18 Excellent		Nil
Food & Beverage Outlets	High	Deferred FY21	-	FY17 Good	-	-
Capital Expenditure	High	Deferred. Large Group audit to combine with Fixed Assets to be conducted in FY20	-	FY16 Good	-	-
Revenue Audit	High	Deferred (as required)	-	FY16 Good	-	-
Carpark Operations (Valet)	High	Deferred FY21. Consolidated with all Carpark Operations.	-	FY17 Improvement Required	-	-
Credit Card Fraud / Misuse	High	Deferred. Group audit to be conducted in FY20	-	-	-	-
Crown Gifts	High	Deferred	-	FY16 Good	-	-
Hotel Operations (Front Desk Operations)	High	Deferred. Group audit to be conducted in FY20	-	FY16 Satisfactory	-	-
Hotel Operations (Complimentary Accommodation)	High	Deferred. Consolidated with Front Desk Operations Group audit	-	FY17 Satisfactory	-	-
Payroll	High	In progress (Fieldwork)		FY18 Excellent		
Carbon Offset Program	N/A	Deferred. Consolidated into Environmental	-	FY17 Excellent	-	-



Internal Audit Activity Report
May 2019

F19 Internal Audit Plan	Risk Rating	Audit Status	Overall Report Rating	Prior Report Rating	Change	No. Of Issues Raised
		Reporting Group audit FY20				
Privacy Legislation	N/A	Complete	Excellent	FY17 Good	↑	2 PIO
Workforce Planning	N/A	Consolidated. Coverage obtained through Group audit of Visa Management (Complete)	-	FY17 Good	-	-
Infectious Disease	N/A	Deferred FY20	-	FY16 Good	-	-
Employee Training	N/A	Deferred. Consolidated into Group audit FY22	-	FY17 Excellent	-	-
Crown College International	N/A	Deferred (as required)	-	-	-	-
Indoor Air Quality Management Plan – Property Services	N/A	Scheduled June 2019		FY17 Good		
Transport – Aircraft Operations	N/A	Complete	Excellent	FY18 Excellent	↔	Nil
Betfair	N/A	Scheduled May 2019		FY18 Satisfactory		
Crown Resorts – Foundation	N/A	In progress (fieldwork)		-		
Group Internal Audits						
VIP Operations	Critical	Consolidated with the Junket Premium Player and VIP Operations audits. Currently in progress (fieldwork)		FY18 Good		
Marketing	Critical	Scheduled June 2019		-		
Social Media	Critical	In progress (fieldwork)		-		
Crown Rewards Loyalty Program	High	In progress (Draft Report)		F17 Satisfactory		



Internal Audit Activity Report
May 2019

F19 Internal Audit Plan	Risk Rating	Audit Status	Overall Report Rating	Prior Report Rating	Change	No. Of Issues Raised
Patron & Staff Complimentaries	High	Complete	Satisfactory	FY17 Good	↓	2 Mod 7 Low 1 PIO
Anti-Money Laundering Legislation (AML) & Counter Terrorism Financing	High	Deferred FY20	-	FY18 Good	-	-
Telegraphic Transfers	High	In progress (fieldwork)		FY15 Good		
Outsourced Services	Moderate	Deferred FY21	-	-	-	-
Procurement and Contract Management	Moderate	Deferred FY20	-	FY17 Satisfactory	-	-
Customs Duties	N/A	Scheduled June 2019		FY18 Satisfactory		
Visa Management	High	Complete	Improvement Required	-	-	7 Mod 1 PIO

2.3 Additional Audit Activities

No additional Internal Audits have been completed or planned during the reporting period. However, other related activities are being undertaken as detailed in Section 5 below.

3. Status of Crown Melbourne Outstanding Internal Audit Findings

The table below represents the number of outstanding audit recommendations as at 3 May 2019 and the time lag since the due date. The total number of these outstanding audit recommendations has decreased from 8 to 6, with 2 recommendations being implemented.

	Not Yet Due	< 1 Month	1 – 3 Months	4 – 6 Months	7 - 12 Months	13 – 24 Months	> 24 Months	Total
Critical	-	-	-	-	-	-	-	-
High	1	-	-	-	-	-	-	1
Moderate	-	-	-	-	-	1	-	1
Low	-	-	1	-	1	-	2	4
Total	1	-	1	-	1	1	2	6

The overdue Moderate recommendation outstanding relates to the transition from Dropbox to ShareFile. IT continues to monitor Dropbox usage rates and will continue to encourage all employees



to utilise ShareFile. Ongoing monitoring will be completed by IT who have stated Dropbox will not be fully disabled until all employees have transitioned to ShareFile.

The two Low recommendations that are long outstanding relate to the completion of the Security Operations ICS and Standard Operating Procedure (**SOP**). Internal Audit is aware that the proposed Security Operations ICS has recently been rejected by the VCGLR.

The table below represents the number of outstanding PIO recommendations as at 3 May 2019 and the time lag since the original due date. The total number of these outstanding process improvement opportunities has remained at 6, with three new opportunities being added during the period and three being implemented.

	Not Yet Due	< 1 Month	1 – 3 Months	4 – 6 Months	7 – 12 Months	13 – 24 Months	> 24 Months	Total
PIO	2	-	1	1	1	1	-	6

4. Strategic Internal Audit Plan

The FY20 Strategic Internal Audit Plan (**Plan**) is presented for approval by the ERCC and Audit Committee. This Plan provides a tactical plan for FY20, as well as a further two year indicative plan (FY21 and FY22), for the assurance activity that the Internal Audit Department (**Department**) will deliver over that period.

The objective of the Department is to provide Crown Melbourne Management and the Board of Directors with assurance over the effectiveness of the internal systems and controls that help mitigate the material risks of the organisation, as well as recommend improvements in the efficiency and effectiveness of business processes.

The Plans for both Crown Melbourne and Crown Perth will be continually monitored throughout the year, as the Risk Management Framework is enhanced along with other material business changes that may impact the planned audits. Any material changes will be presented to the ERCC and the Board as required.

Internal Audit Planning for Crown Sydney will also commence during FY20 which will be incorporated into the FY21 Plan.

The three key elements of the FY20 Plan compared to previous years are as follows:

- Significant increase in the number of Group audits to be conducted, not only in FY20 but across the three year period of the Plan, through identification of new audits and the consolidation of smaller audits;
- Closer alignment with the Crown Perth Plan, including the addition of audits that had not previously been identified at Crown Melbourne; and
- Increased focus on higher audit priority audits with a reduction and/or consolidation of low priority audit areas.



5. Additional Matters

5.1 Internal Audit Framework

A key area of focus for Internal Audit in FY19, is the development and implementation of an Internal Audit framework that can be utilised across all Crown entities. This will ensure audits are conducted following the same methodology and all deliverables are consistent.

Some of the elements already implemented include:

- Development of a new Internal Audit finding ratings matrix (Appendix 2) in accordance with the new risk framework. This has been utilised on all audits since October 2018;
- Development of a new Group Internal Audit methodology, aligned across all properties, ensuring a consistent approach to the way audits are conducted and results reported;
- Development of a new framework to give each Internal Audit report an overall rating;
- Development of a new Internal Audit report format that will be utilised for all audits;
- Development of standard deliverables (such as this Activity Report) across all sites;
- Development of more Group audits covering all sites;
- Development of an Internal Audit Plan monitoring and scheduling tool;
- Internal Quality Assurance Program;
- Reviewing all outstanding audit recommendations and the management of the follow-up process; and
- Review of the internal audit planning methodology, including consideration for Group audits, and low risk ongoing monitoring activities.

Some of the key tasks in progress are:

- Building of the new methodology in CURA (a system based recording and reporting tool); and
- Five-yearly external review of the Internal Audit framework during the first half of FY20.

Ongoing updates on the progress of implementation of these elements will be provided to the Committee.

5.2 Internal Audit Charter

Due to the structural changes of the Internal Audit Department, specifically around the creation of a Group based function, the Internal Audit Charter is being updated to reflect this change with one single Charter created to cover the Group function.

The Charter will require Crown Melbourne Board approval before implementation, with the Melbourne and Perth functions operating under their site specific Charters until such time as approval is obtained.



Appendix 1 – Overall Report Rating Definitions

Excellent	Processes and controls are adequate and operating effectively to mitigate key risks. There are no opportunities for improvement.
Good	Processes and controls are adequate and operating effectively to mitigate key risks. There are minor opportunities for improvement in some areas.
Satisfactory	An adequate control framework exists to effectively mitigate key risks. There are opportunities for improvement in some areas.
Improvement Required	Although a control framework exists, a number of issues have been identified which require management attention.
Seriously Adverse	Key control issues have been identified which require immediate senior management attention.



Appendix 2 – Classification of Internal Audit Findings

The following framework for rating Internal Audit findings has been developed according to their likelihood of occurrence and impact on the business. For further detail refer to the Risk Management Framework (Risk Matrix).

Almost Certain No controls in place or controls in place not operating	Moderate (8)	High (15)	High (18)	Critical (22)	Critical (25)
Likely Significant systemic control issues impacting risk mitigation	Low (4)	Moderate (10)	High (17)	High (20)	Critical (24)
Possible Minor systemic control issues	Low (3)	Moderate (9)	High (16)	High (19)	Critical (23)
Unlikely Non-systemic control efficiency and effectiveness issues	Low (2)	Low (6)	Moderate (11)	Moderate (13)	High (21)
Rare One-off and minor control issues	Low (1)	Low (5)	Low (7)	Moderate (12)	Moderate (14)
Likelihood Consequence	Insignificant <ul style="list-style-type: none"> Financial loss <\$1m. Issue of individual/Departmental significance. No adverse external reputational damage. Non-compliance requiring internal reporting only. Minor injury. No impact on culture and staff performance. No loss of staff. No or minimal impact to patrons, <1% segment, <1,000 or <\$4m revenue. No FOH damage. BOH issue managed within existing resources. Loss of key system <2 hours. Event managed through normal activity. Delay to short term strategic objectives. 	Minor <ul style="list-style-type: none"> Financial loss \$1m-5m. Isolated impact on investor confidence. Issue of company/property significance, reported on local radio or localised social media. Perceived or actual non-compliance that may require external reporting. No regulator action. Significant injury requiring medical assistance. Minimal impact of culture and loss of staff. Negative event impacting 1% to 5% or 1,000 to 5,000 patrons of a segment or \$20m revenue. FOH damage isolated, not impacting services. Loss of key system <8 hours Minimal management effort required in single business area. Short term strategy delivery impacted. 	Moderate <ul style="list-style-type: none"> Financial loss \$5m-10m. Some impact on investor confidence. Reported on local media or isolated national media. Temporary impact on integrity of Crown. Breach triggering external reporting or individual civil action. Potential regulatory monitoring. Serious injury requiring hospitalisation. Isolated impact on productivity, turnover and culture. Negative event impacting 5% to 20% or 5,000 to 20,000 patrons of a segment or \$40m revenue. Loss of <3 F&B outlets, <50% one hotel, <10% gaming floor for <24 hours. Loss of critical infrastructure, multiple systems, core infrastructure or key system for <24 hours. Significant management effort required, impacting multiple areas of the business. Short to medium term strategy delivery impacted. 	Major <ul style="list-style-type: none"> Financial loss \$10m-20m. General impact on investor confidence. Sustained reporting by national media. Reduced public perception on Crown integrity. Breach triggering regulator monitoring or intervention or corporate civil action. Relationship with regulator damaged. ASX disclosure made. Permanent disability. Sustained staff turnover. Cultural and performance impact at property. Negative event impacting 20% to 50% or 20,000 to 50,000 patrons of a segment or \$100m revenue. Loss of up to 1 hotel or 50% F&B; or up to 25% of the gaming floor for <48 hours. Loss of critical infrastructure, multiple systems, core infrastructure or key system for <48 hours. CMT/EMT activated. Significant management intervention required, impacting widespread areas of the business. Inability to deliver medium to long term strategy. Ownership change. 	Severe <ul style="list-style-type: none"> Financial loss >\$20m Widespread impact on investor confidence. Sustained reporting by international media. Loss of public confidence in Crown. Breach triggering restriction or loss of gaming/liquor licenses, class action or criminal sanctions. Permanent damage to relationship with regulator. ASX disclosure made. Fatality. Sustained high level of turnover. Cultural and performance impact across properties. Negative event impacting over 50% or 50,000 of a segment type or \$100m revenue Loss of >25% of the gaming floor; or >50% F&B or 1 hotel for >48 hours. Irrecoverable data loss. Loss of key/multiple systems or core infrastructure for >48 hours. Event with potential to lead to the collapse of the business. Threatens long term viability of the business. Change in ownership.

Agenda Item 3.2

Status of Internal Audit Recommendations January 2019

Business Unit	Audit Area	Date	Risk	Audit Finding Title	Audit Finding Rating	Audit Recommendation	Status Details	Current Status	Responsibility	Target Action Date	Current Action Date
Current Period Audit Recommendations											
Legal & Regulatory Services	Privacy Legislation & Compliance	Apr 19		Data Breach Notification Procedure Consideration of Employee Sensitive Data	Process Improvement Opportunity	Management should consider formally documenting the procedures to be followed in the event of an employee sensitive data breach, as no such procedure currently exists. This can be achieved by some minor amendments to the current procedure stating employee sensitive data is also covered by this procedure.	To be actioned by due date	In Progress	Basu Dietrich, Legal Counsel (Privacy Manager)	30 Jun 19	30 Jun 19
Legal & Regulatory Services	Privacy Legislation & Compliance	Apr 19		Update Crown Compass Privacy Documents	Process Improvement Opportunity	We recommend the following: 1) The February 2014 version of the Privacy Policy should be removed from Crown Compass; and 2) The Privacy Compliance Guide 2017 should be removed from Crown Compass and should be replaced by the April 2019 version, as this is an internal guide for Crown employees.	Complete	Actioned	Basu Dietrich, Legal Counsel (Privacy Manager)	NA	NA
Gaming	Gaming Machines ICS	May 19		Gaming Machines Emergency Incident Response Document	Process Improvement Opportunity	We recommend Gaming Machines Management should review the Gaming Machines Emergency Incident Response document on an annual basis to ensure the procedures cap used in the document are relevant.	To be actioned by due date	In Progress	Kieran Garbach, General Manager Gaming Machines Operations	31 Aug 19	31 Aug 19
Prior Period Audit Recommendations											
IT	Mobile Devices	Dec 18		Bring Your Own Devices without MDM installed	High	Considering the change in both internal and external environments and expectations around the management and protection of digital assets and privacy, the following are recommended: - ERCC to endorse, adopt and enforce the change in approach and policy that will allow Crown IT to enforce the use of MDM to access Crown email; - Crown IT to investigate the enablement of MDM activation on all types of BYODs; - Crown IT to implement a project whereby it can enforce MDM for all Crown email access: 1. First inform and educate users that going forward Crown email access will be secured by user authentication as well as MDM; 2. Then provide a pragmatic process that will limit business disruption and allow staff to seek the assistance of Crown IT to install MDM on their devices; 3. Finally, at a set date, Crown IT to restrict all Crown email access to MDM controlled and approved devices; and - The Policy should be updated to reflect the relevant changes to BYOD processes as determined by the Crown Finance team.	May 2019 Crown IT will be beginning our Communication Plan to the Melbourne BOT and the wider Crown Executive team only for the affected properties (Crown Melbourne, Crown Sydney and our Interstate and International offices) WE will be advising them of this impending Crown Protect (MDM) rollout.	In Progress	ERCC/ Jado Knox, General Manager Melbourne IT	01 Jul 19	01 Jul 19
IT	Mobile Devices	Dec 18		Update schedule of Crown owned mobile devices	Low	Internal Audit recommends the following: - The listing should be reviewed by Crown IT and updated to ensure all information included in the schedule is accurate and up to date; and - Crown IT should look at the feasibility of implementing an alternative schedule with an audit trail to ensure any changes made to the schedule can be tracked ensuring the accountability of mobile devices.	May 2019 Crown IT has updated the spreadsheet and will ensure all relevant information is captured for new issued devices. Crown IT will implement an alternative schedule with an audit trail to ensure any changes made to the schedule can be tracked ensuring the accountability of mobile devices once the new Policy is finalised. IT will most likely utilise Peoplesoft as a tracking mechanism.	In Progress	Jado Knox, General Manager Melbourne IT	31 Mar 19	31 Aug 19
IT	Mobile Devices	Dec 18		Update Mobile Devices Policy	Process Improvement Opportunity	Internal Audit recommends the following: - Crown IT should update the Policy to reflect the current on roles and processes for employee reimbursement of Crown related calls as determined by Crown IT Management. This should include a clause stating that if you have a Crown issued device no BYOD reimbursements will be made to employees as the Crown device should be utilised; and - The Policy should be reviewed and updated on annual basis by the General Manager Melbourne IT.	May 2019 The Policy is under review and a new Policy is in draft format. Internal Audit will follow up again when the policy is complete.	In Progress	Jado Knox, General Manager Melbourne IT	31 Mar 19	31 Aug 19
Surveillance	Surveillance Internal Control Statement	Sep 18	Risk of unauthorised access to high risk and restricted areas of the casino complex		Process Improvement Opportunity	Surveillance management should reinforce the importance of the Key Watcher audit process, to ensure access to the Key Watcher System is accurate and in line with the employee's position and duties. Internal Audit recommended that the 1 terminated user identified be deleted, this was completed by surveillance management.	January 2019 A keywatcher audit has not yet been completed for this half year due to other Surveillance projects taking priority. In future the list of employees with Key Watcher System access will be compared to the termination listings out of Peoplesoft to ensure all terminated users are captured.	In Progress	Nicola Hodgson	31 Dec 18	31 Aug 19
IT	Emergency/Crisis Management	Jul 18	Risk of loss of key systems for an extended period due to an inability to recover key systems post an emergency incident		Low	Internal Audit recommends a review of the disaster recovery framework to ensure the details of all disaster recovery testing performed is captured and evidenced adequately by IT management.	November 2018 IT management has reinforced the importance of disaster recovery testing with the executives. Disaster recovery testing across key systems has been undertaken and is in progress. January 2019 Update is as follows: 7 DR tests completed 4 scheduled for completion in February 2019 (Target date for all EY/VOGLR systems to be tested by March 2019 or annually after last DR date) Established DR Framework (progress will commence with the IT gaming enterprise solutions team (currently in progress) (Target date will be Dec 19 for Framework, this includes, testing the framework, reviewing, and making any changes to ensure the framework is working effectively) This involves capturing DR via Chewo) and IR meetings. May 2019 Disaster Recovery testing has been completed and a DR framework has been implemented with the Enterprise MSolutions team for the ongoing review of DRP in future.	Actioned	Sandy Assaf / Violet Bavan	31 Dec 18	

(1) Audit Risk Rating - Consequence x Likelihood (H High S Significant M Moderate L Low)
(2) Audit Finding Risk Rating - Financial, Reputational and Customer Service Impact (Fundamental, Material, Significant, Moderate, Minor)

Status of Internal Audit Recommendations January 2019

Agenda Item 3.2

Business Unit	Audit Area	Date	Risk	Audit Finding Title	Audit Finding Rating	Audit Recommendation	Status Details	Current Status	Responsibility	Target Action Date	Current Action Date
Property Services	Indoor Air Quality Management Plan Declared Smoking Areas	Jun 18	Risk of additional Federal / State Government smoking policy restrictions (e.g. loss of Victorian State Government approved smoking exemptions permitting designated 'high roller' smoking areas within the casino complex and / or restrictions to areas where smoking is currently permitted) and possible patron / employee litigation (potentially impacting Crown Melbourne's financial performance and reputation) through failure to provide an environment for employees and customers that minimises recognised Indoor Air Quality hazards		Process Improvement Opportunity	Review and update content of the Indoor Air Quality Management Plan Declared Smoking Areas (IAQMP DSA) to reflect current scope and processes. References to the following should be removed: "Night clubs" were referenced in sections 3.2, 3.3 3.2 Section "6.1 General Air Quality" and a relevant subsections: 6.1.1 and 6.1.2 Incorporate the review of scope and processes into the annual IAQMP DSA review process to reflect current processes and to ensure that there are no inconsistencies with the IAQMP General Areas	November 2018 Given the IAQMP DSA was recently updated in February 2018 the proposed changes are minor and will be actioned in the next major revision of the IAQMP DSA. Internal Audit will follow up again next year upon the scheduled review of the IAQMP DSA. It is well understood by management that General Air Quality and the Night Club air quality scope falls under the IAQMP General Areas Rev14	In Progress	Craig Morris	30 Nov 18	30 Jun 19
Security	Lost Property	Jan 18	Risk of failure to account for and record lost property movements and potential financial loss through reduced patronage and / or adverse publicity		Process Improvement Opportunity	A Lost Property Standard Operating Procedure should be developed to ensure all aspects of lost property are documented including storage procedures, management of unclaimed cash and proceeds from the auction of valuable items (\$200 and above) and periodic spot counts of Lost Property by Security Services Managers	November 2018 Due to changes in the Security department the development of the Lost Property Standard Operating Procedure was deferred until a new Security Operations Manager was hired. A new Lost Property Standard Operating Procedure will be developed by the new Security Operations Manager May 2019 A new Lost Property Standard Operating Procedure has been developed by the Security Operations Manager. However, the SOP requires the approval of Legal before it can be put into use	In Progress	Ricky Looi	31 Mar 18	31 Aug 19
Human Resources	Workers Compensation Payments	Dec 17	Risk of financial loss via processing of fraudulent claims or incorrect authorisation of claims		Process Improvement Opportunity	Subject to feasibility, Self Insurance Management System (SIMS) batch numbers be recorded in People Soft enabling accurate reconciliation of the Workers Compensation Clearing account and the ready identification (and investigation of) any variances	November 2018 Peoplesoft Systems team is investigating the feasibility of the request in collaboration with the Workers Compensation department May 2019 Peoplesoft Systems team investigated the feasibility of this request and have stated that this request is not possible due to limitations with the current version of the SIMS system. The current reconciliation process will remain in place for the future	Actioned	Neil Ahmad	28 Feb 18	
Table Games / Gaming Machines / Hotels / Finance	Vouchers	Dec 17	Risk of financial loss via fraudulent or unauthorised use of vouchers		Low	Inventory logs should be maintained by Hotels management recording all voucher movements (Internal Audit review noted no log recording holding of vouchers by Crown Promenade is maintained; a log recording holding of vouchers by Crown Metropol is retained in the secure area however, there is currently no entry made when vouchers are transferred from the secure area to the Front Desk)	November 2018 Inventory Logs for the management of vouchers have been created at both Crown Metropol and Crown Promenade. Both properties implemented the Voucher Logs from July 2018. Internal Audit will follow up again to ensure the process is completed correctly in the coming months January 2019 Crown Metropol Log has been implemented and is being utilised correctly Crown Promenade Log has been implemented but has not been filled out consistently. Promenade management will reinforce the importance of completing the log, Internal Audit will follow up again May 2019 Crown Metropol Log has been implemented and is being utilised correctly Crown Promenade Log has been implemented and is being utilised correctly	Actioned	Sevag Keroghlian	28 Feb 18	
Legal & Regulatory Services	Privacy Legislation	Jul 17	Risk of potential breach of Privacy Act 1988 and resultant financial penalty / reputation damage, and at the extreme, action in the Federal Court for enforcement of the Privacy Commissioner's determination		Moderate	With the launch and rollout of ShareFile, current Drop Box access (a personal cloud storage service (sometimes referred to as an online backup service) that is frequently used for file sharing and collaboration. Dropbox allows users with access to 'drop' documents into the account and access them remotely, or permits access to an individual with the Dropbox credentials, essentially bypassing Crown Melbourne's remote access protocols) users be migrated to the ShareFile (and remote access requested, as required) and Dropbox access from Crown Melbourne disabled	November 2018 Crown Melbourne employees are being transitioned from Drop Box to ShareFile. Employees are advised to transition to ShareFile as they appear on the DropBox user list which is generated on a monthly basis. 231 employees used DropBox during October 2018. Crown IT have stated this process requires business executive decision to block DropBox access for employees. Crown IT will continue to highlight the risk to the business and transition employees to Sharefile with a long term view of disabling DropBox May 2019 Crown Melbourne employees have been transitioned from Drop Box to ShareFile. DropBox will remain active as some information is maintained on dropbox. Crown IT have stated business executive decision is required to block DropBox access for all employees, until this decision is made DropBox will remain active. Crown IT will continue to highlight the risk to the business and transition employees to Sharefile with a long term view of disabling DropBox	In Progress	Craig Preston / Sandy Assaf	31 Dec 17	31 Aug 19

(1) Audit Risk Rating = Consequence x Likelihood (H High S Significant M Moderate L Low)

(2) Audit Finding Risk Rating = Financial, Reputational and Customer Service impact (Fundamental, Material, Significant, Moderate, Minor)

Business Unit	Audit Area	Date	Risk	Audit Finding Title	Audit Finding Rating	Audit Recommendation	Status Details	Current Status	Responsibility	Target Action Date	Current Action Date
Finance	Payroll	Apr 17	Risk of financial loss via fraudulent activity within the Payroll function		Process Improvement Opportunity	Subject to commercial and operational feasibility, where possible, VIP International utilise established Crown Melbourne forms and procedures (e.g. Workflow) for the administration of the VIP International payroll, formalising related processes and (where applicable) providing a centralised location for the retention of information (currently email is used in some instances to communicate Payroll related requests and approvals to the Payroll Manager)	<p>November 2018</p> <p>Utilisation of established Crown Melbourne forms and procedures (e.g. Workflow) for the administration of the VIP International payroll has been approved by both the Group General Manager International Business Operations and Chief Financial Officer and is in development by IT and Payroll. Payroll Manager advised that this process should be operational by the current target date of December 2018.</p> <p>January 2019</p> <p>Absence Events for VIP International employees have been built into the Peoplesoft HR system. The new build into Peoplesoft HR is in its final stages of testing, by Peoplesoft HR development team, with a current target operation date of end of February 2019. Upon completion VIP International employees will be able to input their leave requirements directly into the system as per all salaried employees.</p> <p>May 2019</p> <p>Absence Events for VIP International employees have been built into the Peoplesoft HR system. VIP International employees are able to input their leave requirements directly into the system as per all salaried employees.</p>	Actioned	Nicola Saultry	31 Dec 17	
All Business Units	Procurement	Mar 17	Risk of financial loss via collusion with existing or potential suppliers. Existing and potential suppliers additionally pose a potential reputational risk, requiring appropriate analysis, monitoring and management practices.		Low	A deadline for Zycus implementation should be determined to providing a target date for completion. An indicative 37.20% (Crown Melbourne) and 27.01% (Crown Perth) of suppliers (representing all spend over \$100k in the period January - September 2016) currently have a contract loaded in Zycus, requiring the ongoing focus of Procurement management to ensure the timeliness of Zycus implementation, including liaison with Legal & Regulatory Services / business units to locate and upload existing contracts and the preparation, execution and uploading of outstanding contracts, as required.	<p>November 2018</p> <p>Procurement complete a review of Zycus implementation on a monthly basis. Overall compliance at October 2018 for both Crown Melbourne and Crown Perth suppliers is 59.9% (representing all spend over \$100k), based on contracted spend as a percentage of total spend. Procurement continues to monitor Zycus compliance and will continue to educate the business on the importance of utilising Zycus.</p> <p>May 2019</p> <p>Procurement complete a review of Zycus implementation on a monthly basis. Overall compliance at May 2019 for both Crown Melbourne and Crown Perth suppliers is 80.1% (representing all spend over \$100k), based on contracted spend as a percentage of total spend. Procurement continues to monitor Zycus compliance and will continue to educate the business on the importance of utilising Zycus.</p>	In Progress	Ben Briggs / Rudni ski Enad	30 Jun 18	28 Feb 19
Security	Security Operations Internal Control Statement	May 12	Risk of potential non-compliance with VCGLR approved Internal Control Statement, and associated penalties.		Low	Internal Control Statement Clause 2.1.5, requiring independent review and verification of exclusion and self-exclusion statements (by a Victoria Police representative) be updated to reflect current practices, including the exclusion of Exclusion Orders issued via post, and verification of self-exclusion statements by a solicitor (in lieu of a Victoria Police representative).	<p>January 2019</p> <p>Security Operations Internal Control Statement has been redrafted and will be resubmitted to the VCGLR in January 2019. VCGLR finalisation and approval date is unknown at this point in time.</p> <p>May 2019</p> <p>The VCGLR has rejected the latest submission and the ICS is being amended again by Compliance and Security management.</p>	In Progress	Sean Counihan	31 Aug 12	31 Aug 19
Security	Security Operations Internal Control Statement	May 12	Risk of potential non-compliance with VCGLR approved Internal Control Statement, and associated penalties.		Low	Standard Operating Procedures covering Security Operations be updated to (where applicable) reflect current practices.	<p>May 2019</p> <p>Standard Operating Procedures are to be updated following VCGLR approval of Security Operations Internal Control Statement above.</p>	In Progress	Sean Counihan	31 Aug 12	31 Aug 19

(1) Audit Risk Rating = Consequence x Likelihood (H High S Significant M Moderate L Low)

(2) Audit Finding Risk Rating = Financial, Reputational and Customer Service impact (Fundamental, Material, Significant, Moderate, Minor)



Crown Melbourne
Strategic Internal Audit Plan FY20 - FY22

May 2019



Crown Melbourne Strategic Internal Audit Plan FY20 - FY22

1. EXECUTIVE SUMMARY

1.1. Introduction

This Strategic Internal Audit Plan (**Plan**) provides a tactical plan for the FY20, as well as a further two year indicative plan (FY21 and FY22), for the assurance activity that the Internal Audit Department (**Department**) will deliver over that period.

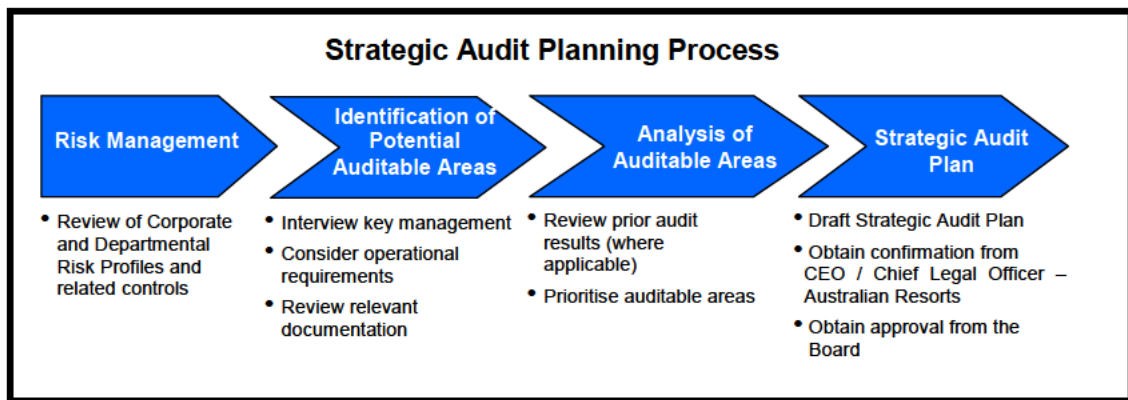
The objective of the Department is to provide Crown Melbourne Management and the Board of Directors with assurance over the effectiveness of the internal systems and controls that help mitigate the material risks of the organisation, as well as recommend improvements in the efficiency and effectiveness of business processes.

The Strategic Internal Audit Plans for both Crown Melbourne and Crown Perth will be continually monitored throughout the year, as the Risk Management Framework is enhanced along with other material business changes that may impact the planned audits. Any material changes will be presented to the Executive Risk and Compliance Committee (**ERCC**) and the Board as required.

Internal Audit Planning for Crown Sydney will also commence during FY20 which will be incorporated into the FY21 Plan.

1.2. Planning Process

The strategic internal audit planning process followed in developing the Plan is presented in the summary below:



The approach focuses on a review of the Company's material risks, as determined through the Risk Management process, to ensure that the audit activities focus on the strategies and processes in place to mitigate the major key business risks facing the organisation.



Crown Melbourne Strategic Internal Audit Plan FY20 - FY22

1.3. Corporate Risk Profile

The table below presents the current Corporate Risk Profile (Residual) for Crown Melbourne as reported to the ERCC and Board in February 2019.

The Detailed Audit Schedule presented in Section 2 below refers to these risks and outlines the Internal Audit strategy to provide Management and the Board with assurance over aspects of these risks.

CORPORATE RISK PROFILE – as at February 2019

		<i>Material Risks</i>				
Likelihood	Almost certain					
	Likely		16- Harm to persons on property		14 - Major brand damage	
	Possible		9 - Loss of key management 15 - Poor people management practices	6 - External disruption to demand for our services 7 - Physical Business Disruption 8 - IT business disruption 11 - Litigation 12 - Major criminal activities 13 - Responsible Service of Gaming 18 - Industrial action 23 - Responsible Service of Alcohol	1 - Material breach of gaming and other relevant legislation /regulation 2 - Changes in key legislation or regulatory requirements 5 - Poor credit or investment decision 21 - Data misuse 22- Breakdown in relationship with key government, legislative or regulatory body	3 - Act of terrorism on Crown property 4 - Volatility of gaming revenue
	Unlikely		17 - Breakdown in strategic partnership with third party 19 - Unsustainable environmental management	10 - Reduction in property standards		
	Rare					20 - Aviation accident
		Insignificant	Minor	Moderate	Major	Severe
Consequence						

Legend:

Critical Risk	Oversight by the RMC/Board
High Risk	Managed by CEO and relevant EGMs
Moderate Risk	Managed by BOT members
Low Risk	Managed as part of BAU



Crown Melbourne Strategic Internal Audit Plan FY20 - FY22

1.4. Mapping of material risks and internal audit activity

As the purpose of internal audit is to give assurance over the effectiveness of the internal control framework, where a risk event is mostly externally driven (for example 'External disruptors out of our control'), the assurance value of an internal audit review is limited, therefore not all material risks identified in the Corporate risk profile have an associated internal audit activity.

The table below maps the Critical and High risks from the Corporate Risk Profile to the relevant internal audit activity, where an audit activity is applicable. Please note that a number of audits cover more than one key risk area. The audit priority is determined using a number of factors such as risk rating, business impact, financial value, management concerns and prior audit results. Refer to Section 1.6 for more information on Audit Priority.

Residual Risk Rating	Corporate Risk	Auditable Area	Audit Priority
Critical	Volatility of Gaming Revenue (4)	VIP Operations – GROUP	Critical
		International Commission Business Sales – GROUP	Critical
	Act of Terrorism on Crown Property (3)	Anti-Terrorism – GROUP	Critical
High	Material Breach of Gaming and other Relevant Legislation / Regulation (1)	Crown Rewards – GROUP	Critical
		Customs Duties – GROUP	Moderate
		Complimentaries – GROUP	Critical
		Compliance Framework Review – GROUP	High
		Group Employee Licensing – GROUP	Critical
		Visa Management – GROUP	Critical
		ICS – Security Operations	High
		ICS – Table Games Operations	High
		ICS – Surveillance and Security Communications	High
		ICS – MIS Operations	High
		ICS – Gaming Machines Operations	High
		ICS – Revenue Audit & Reporting	High
		ICS – Cage Operations	High
		ICS – Gaming Equipment	High
		ICS – Count Rooms & Drop Box, Drop Bucket, Note Stacker Collection	High
		ICS – Employee Appointments for Licensed and Unlicensed Positions	High
		ICS – Cheque Cashing & Credit Facilities (Incorporating Debt Collection and the Discharge of Patron Debts)	High
		ICS – Contracts	High
		Patron Payments Gaming, Cheque and TITO	High
		Liquor Licensing	Critical
Gifts & Gratuities	Moderate		
VIP Gaming Area (Mahogany Room) Access and	High		



Crown Melbourne Strategic Internal Audit Plan FY20 - FY22

	Membership		
Data Misuse (21)	Mobile Devices – GROUP	Critical	
	Privacy – GROUP	Critical	
Major Criminal Activities (12)	Anti-Money Laundering – GROUP	Critical	
	Telegraphic Transfers – GROUP	High	
Physical Business Disruption (7)	Emergency Management / DRM / BCP – GROUP	High	
	Hotel Operations (Front Desk Operations) – GROUP	High	
	Cage & Count Operations	High	
	Accounts Payable	High	
	Food & Beverage Outlets inc Inventory, POS and Assets	Moderate	
	Fixed Assets	High	
	Carpark Operations (Valet, Multi-level and Basement)	Moderate	
	Hotel Operations (Crown Spa)	Moderate	
	Payroll	High	
	Engineering – Stores and Preventative Maintenance	High	
	Access to Sensitive Areas	High	
	Keys	High	
	Litigation (11)	Whistleblower Hotline – GROUP	High
		Customer Holding Accounts	High
Ineffective Responsible Service of Gaming (13)	Responsible Service of Gaming	Critical	
Industrial Action (18)	Staff Club	Moderate	
Failure of Responsible Service of Alcohol (23)	Responsible Service of Alcohol	Critical	
Poor Credit or Investment Decision (5)	Capital Expenditure – GROUP	High	
	Credit Control (Gaming) – GROUP	Critical	
Major Reputational Damage (14)	Crown Resorts Foundation – GROUP	Moderate	
	Marketing – GROUP	High	
	Social Media - GROUP	High	

1.5. Other Assurance activities

Assurance is also obtained through a variety of ongoing external reviews and inspections required by relevant legislation and / or regulations, or initiated by management. These include but are not limited to:

- Victorian Department of Health (cooling towers, legionella etc.);
- Victorian WorkCover Authority (occupational health & safety);
- Australian Food Institute (outlet food safety audits, review of food practices);
- Metropolitan Fire & Emergency Services Board, Victorian Police, Insurers (fire safety);



Crown Melbourne Strategic Internal Audit Plan FY20 - FY22

- Building Control Commission, Minister of Planning (essential services maintenance);
- Victorian Commission for Gambling and Liquor Regulation (VCGLR) (IT security, casino operations, liquor licensing);
- Australian Transaction Reports and Analysis Centre (AUSTRAC) (anti-money laundering and counter terrorism financing); and
- Ernst & Young Chartered Accountants (IT security, financial statement audits).

1.6. Audit Schedule

The auditable areas are presented in alignment with the key business risks to which they relate, taken from the Corporate Risk Profile. Profiles of each detailed auditable area are provided in Section 3.

The resource level for each audit is based on:

- An understanding of the level and type of operations, the risks and issues in each auditable area;
- Identification of the audit scope for each area, as detailed in the individual audit profiles; and
- Professional experience in conducting such audits.

The timing and frequency of each audit is based on the “audit priority” rating for each auditable area, which presents an assessment based on the following criteria:

Criteria	Application
Risk Rating:	The risk rating of the relevant business risk, as determined through the development of the Corporate Risk Profile (refer Section 1.3). Generally, the higher the risk rating, the higher the priority.
Business Impact:	The effect which an error, weakness or non-compliance would have on Crown’s ability to carry on business and achieve its objectives.
Financial Value:	Higher priority is given to areas dealing with large dollar amounts.
Operating Benefits:	The more the opportunities for achieving operating benefits and achieving organisational goals, the higher the priority.
Financial Exposure:	The greater the impact of inaccuracies on the final accounts, the more significant the auditable area.
Extent of Legislation:	Areas governed by legislation are considered a high priority.
Computerisation / Transaction Volume:	The greater the degree of computerisation or volume of transactions, the higher the risk exposure and priority.
Complexity of Operations:	The more complex the operations, the greater the risk exposures.
Management Concerns:	Higher ranking is given to areas where Management has expressed concern.
Internal Audit Assessment:	Taken into account are outcomes of previous audits, the control environment and relevant Internal Audit knowledge of the area.



Crown Melbourne Strategic Internal Audit Plan FY20 - FY22

Consistency of
Operations:

Whether changes or initiatives are currently being implemented or planned in the area.

1.7. Other Audit Activities

In addition to the conduct of audits as specified in the audit schedule below, the Department may also be involved in other activities during the course of executing this Plan, such as special or unplanned projects, follow-up of outstanding audit recommendations and guidance to Management in the development of policies & procedures. Resources required for, and priority assigned to other activities will be assessed using the criteria outlined above.

1.8. Internal Audit Resources

The Plan has been prepared on the basis that the following Group Internal Audit resources will be available to perform internal audits and other related activities as described above, across the key business operations of Crown Resorts:

- One full time Group General Manager Risk & Audit;
- One full time Group Internal Audit Manager;
- One full time Senior Internal Auditor (Gaming); and
- Four full time Internal Auditors.

The majority of the work will be conducted across Crown Perth and Crown Melbourne, with an increase in the number of Group audits conducted across both properties. This will align with the increase in the number of functions that are now group roles and the organisation's objective to standardise some of its activities as Sydney comes on board.

Available audit days for internal resources have been calculated allowing for administration, training and leave entitlements (approximately 15% of total available time).

1.9. Performance Measurement

Measures have been included in the Department's Individual Performance Evaluation Plans to measure the performance of the Department. These include:

- Completion of the audit plan within budget;
- Satisfactory audit survey results;
- Timely issue of reports; and
- Identification of potential cost savings and process improvement initiatives.

Progress on the Plan is provided to the ERCC and the Board four times a year as part of the Internal Audit Activity Reports.



Crown Melbourne Strategic Internal Audit Plan FY20 - FY22

2. DETAILED AUDIT SCHEDULE

Group Audits

Risk Level	Risk area	Auditable Area	Audit Priority	Prior Audit Rating	FY19 Rating	FY20	FY21	FY22
Critical	Volatility of Gaming Revenue (4)	VIP Operations – GROUP	Critical	N/A	Satisfactory	-	40	-
		International Commission Business Sales – GROUP	Critical	N/A	-	25	-	25
	Act of Terrorism on Crown Property (3)	Anti-Terrorism – GROUP	Critical	N/A	-	25	-	25
High	Material Breach of Gaming and other Relevant Legislation / Regulation (1)	Crown Rewards – GROUP	Critical	N/A	Satisfactory	-	50	-
		Customs Duties – GROUP	Moderate	N/A	Satisfactory	-	-	20
		Complimentaries – GROUP	Critical	N/A	Satisfactory	-	50	-
		Compliance Framework Review – GROUP	High	N/A	-	20	-	20
		Group Employee Licensing – GROUP	Critical	N/A	-	25	-	25
		Visa Management – GROUP	Critical	N/A	Improvement Required	-	35	-



Crown Melbourne Strategic Internal Audit Plan FY20 - FY22

Risk Level	Risk area	Auditable Area	Audit Priority	Prior Audit Rating	FY19 Rating	FY20	FY21	FY22
High	Data Misuse (21)	Mobile Devices – GROUP	Critical	N/A	Improvement Required	-	20	-
		Privacy – GROUP	Critical	N/A	-	-	25	-
	Major Criminal Activities (12)	Anti-Money Laundering – GROUP	Critical	N/A	-	25	-	25
		Telegraphic Transfers – GROUP	High	N/A	Pending	-	-	20
	Physical Business Disruption (7)	Emergency Management / DRM / BCP – GROUP	High	N/A	-	35	-	35
		Hotel Operations (Front Desk Operations) – GROUP	High	N/A	-	35	-	35
	Litigation (11)	Whistleblower Hotline – GROUP	High	N/A	-	-	25	-
	Poor Credit or Investment Decision (5)	Capital Expenditure – GROUP	High	N/A	-	-	30	-
		Credit Control (Gaming) – GROUP	Critical	N/A	-	25	-	25
	Major Brand Damage (14)	Marketing – GROUP	High	N/A	Pending	-	25	-
		Social Media – GROUP	High	N/A	Pending	-	20	-



Crown Melbourne Strategic Internal Audit Plan FY20 - FY22

Risk Level	Risk area	Auditable Area	Audit Priority	Prior Audit Rating	FY19 Rating	FY20	FY21	FY22
		Crown Resorts Foundation – GROUP	Moderate	N/A	Pending	-	15	-
Moderate	Harm to Persons on Property (16)	Health & Safety – GROUP	High	N/A	-	30	-	30
		Hotel Operations (Housekeeping) – GROUP	High	N/A	-	-	30	-
Low	Breakdown in Strategic Partnership with Third Party (17)	Outsourced Services – GROUP	Moderate	N/A	-	-	25	-
		Procurement and Contract Management – GROUP	High	N/A	-	30	-	-
	Unsustainable Environmental Management (19)	Environmental Reporting – GROUP	High	N/A	-	20	-	20
	Poor People Management Practices (15)	Employee Training – GROUP	Moderate	N/A	-	-	-	20
N/A	Other Risk Areas	Credit Card / Expense Claims – GROUP	High	N/A	-	25	-	25
	Other Entities	Betfair	High	FY18 – Satisfactory	-	15	15	15
		Crown Sydney – Accounts Payable / Project Payments	High	N/A	-	20	-	-
TOTAL GROUP AUDIT DAYS						355	405	365



Crown Melbourne Strategic Internal Audit Plan FY20 - FY22

Crown Melbourne Internal Audits

Risk Level	Risk area	Auditable Area	Audit Priority	Prior Audit Rating	FY19 Rating	FY20	FY21	FY22
High	Material Breach of Gaming and other Relevant Legislation / Regulation (1)	ICS – Security Operations	High	FY12 Satisfactory	-	25	-	-
		ICS - Table Games Operations	High	FY17 Satisfactory	-	15	-	-
		ICS - Surveillance and Security Communications	High	FY14 Good	-	20	-	-
		ICS - MIS Operations	High	N/A	-	-	-	15
		ICS - Gaming Machines Operations	High	FY16 Satisfactory	Pending	-	-	15
		ICS - Revenue Audit & Reporting	High	FY15 Satisfactory	Pending	-	-	15
		ICS - Cage Operations	High	FY15 Satisfactory	-	15	-	-
		ICS - Gaming Equipment	High	FY15 Satisfactory	-	25	-	-
		ICS - Count Rooms & Drop Box, Drop Bucket, Note Stacker Collection	High	FY15 Good	Pending	-	-	15



Crown Melbourne Strategic Internal Audit Plan FY20 - FY22

Risk Level	Risk area	Auditable Area	Audit Priority	Prior Audit Rating	FY19 Rating	FY20	FY21	FY22
		ICS - Employee Appointments for Licensed and Unlicensed Positions	High	FY18 Excellent	-	-	15	-
		ICS - Cheque Cashing & Credit Facilities (Incorporating Debt Collection and the Discharge of Patron Debts)	High	FY18 Good	-	-	15	-
		ICS - Contracts	High	FY14 Good	Pending	-	-	15
		Patron Payments Gaming, Cheque and TITO	High	FY18 Good	-	-	-	15
		Liquor Licensing	High	FY17 Good	-	15	-	-
		Gifts & Gratuities	Moderate	N/A	Pending	-	15	-
		VIP Gaming Area (Mahogany Room) Access and Membership	High	FY16 Good	-	15	-	15
	Physical Business Disruption (7)	Cage & Count Operations	High	FY18 Good	Excellent	5	5	5
		Accounts Payable	High	FY18 Excellent	Pending	20	20	20
		Food & Beverage Outlets inc Inventory, POS and Assets	Moderate	FY17 Good	-	-	20	-



Crown Melbourne Strategic Internal Audit Plan FY20 - FY22

Risk Level	Risk area	Auditable Area	Audit Priority	Prior Audit Rating	FY19 Rating	FY20	FY21	FY22
		Fixed Assets	High	FY17 Excellent	-	-	20	-
		Carpark Operations (Valet, Multi-level and Basement)	Moderate	FY17 Good	-	-	15	-
		Hotel Operations (Crown Spa)	Moderate	FY17 Satisfactory	-	-	10	-
		Payroll	High	FY18 Excellent	Pending	20	20	20
		Engineering – Stores and Preventative Maintenance	High	N/A	-	-	15	-
		Access to Sensitive Areas	High	N/A	-	-	15	-
		Keys	High	N/A	-	-	15	-
	Litigation (11)	Customer Holding Accounts	High	N/A	-	-	15	-
	Responsible Service of Gaming (13)	Responsible Service of Gaming	Critical	FY17 Good	-	15	-	15
	Industrial Action (18)	Staff Club	Moderate	FY16 Satisfactory	-	-	15	-
Responsible Service of Alcohol (23)	Responsible Service of Alcohol	Critical	N/A	-	15	-	15	



Crown Melbourne Strategic Internal Audit Plan FY20 - FY22

Risk Level	Risk area	Auditable Area	Audit Priority	Prior Audit Rating	FY19 Rating	FY20	FY21	FY22
Moderate	Harm to Persons on Property (16)	Workers Compensation	Moderate	FY18 Good	-	-	-	15
		Infectious Disease	High	FY16 Good	-	15	-	-
		Indoor Air Quality Management	High	FY17 Good	Pending	-	-	10
		Mahogany Room Rostering	High	N/A	-	10	-	10
		Food Safety	Moderate	N/A	-	10	-	-
	Aviation Accident (20)	Transport – Aircraft Operations	Critical	FY18 Excellent	Excellent	5	5	5
Low	Breakdown in Strategic Partnership with Third Party (17)	Contractor Management (iTrack)	Moderate	N/A	-	-	10	-
		Tenancies	Moderate	FY16 Good	-	-	-	15
	Unsustainable Environmental Management (19)	Environmental Services	Moderate	N/A	-	-	-	10
N/A	Other Risk Areas	Accounts Receivable	Moderate	N/A	-	-	15	-



Crown Melbourne
Agenda Item 4.1: Strategic Risk Update
May 2019

Executive Summary

Since the last report in February 2019, a number of internal and external events have materialised which have impacted the overall risk profile of the organisation, and particularly its material risk exposures.

The key events that have taken place over the period include:

- The disclosure of confidential discussions with Wynn Resorts Limited regarding a potential change of control transaction following approaches by Wynn to Crown which were subsequently terminated by Wynn.
- Local economic conditions continue to be challenging, particularly in WA, with certain indicators continuing to show a downward trend.
- The proposed new Enterprise Agreement (**EA**) to replace the Crown Melbourne Limited (**CML**) Table Games and Cage Area Managers EA 2015 is still being negotiated although the parties have progressed towards settling the terms of the new EA. Although no steps have been taken at this stage to take industrial action, the risk remains heightened that this strategy will be utilised by unions during upcoming negotiations.
- The main CML United Voice EA 2016 and the CML Property Services and Technicians EA 2015 nominally expire on 1/7/19 and 30/6/19 respectively.
- The VCGLR fined Crown \$25,000 for failing to notify the VCGLR, in accordance with Internal Controls, of the registration of a new junket operator.
- The Victorian Commission for Gambling and Liquor Regulation (**VCGLR**) has concluded its investigation into allegations raised by Mr Andrew Wilkie MP in April 2018 regarding plastic picks being used on continuous play machines and multiple loyalty cards issued to patrons with respect of Crown Melbourne. The VCGLR found that there was no case to answer with regard to multiple cards. The VCGLR determined that the picks were unapproved gaming equipment and that their published Rules for Crown permitting the use of a device for the depressing and holding down of a gaming machine button should not be considered approval of Crown's device for the depressing of a gaming machine button. Although they consider Crown to be in breach of the requirement to have gaming equipment approved, they will not be taking disciplinary action. As a result Crown was issued with a Direction prohibiting the use of "button picks or like items (being any item or device designed to hold down or continuously depress an electronic gaming machine button)" at Crown.
- No further update has been received regarding the VCGLR's investigation into an electronic gaming machine which the VCGLR alleges was operating in 'Unrestricted Mode', without Your Play functionality activated.
- As part of its China investigation, the VCGLR made a further request for information which Crown responded to on 5 December 2018. The VCGLR has not yet finalised its report and will provide a copy of the draft report to Crown for comment prior to settling it. The final report will be sent to the Minister for Gaming.



- The Crown Resorts Board has endorsed an adjusted operating model for our VIP operations in Singapore and Malaysia with additional controls incorporated to manage any risk. This new adjusted model will now have staff living in Singapore and Malaysia as opposed to being based out of Hong Kong. Additional overseas jurisdictions are now being considered for an adjusted operating model.
- Provisions for international gaming bad debts remain relatively consistent with the last reporting period.
- Change to the Corporate Risk Profile: as discussed at the last meeting, the 'Responsible business model' risk has been split in two: 'Ineffective responsible service of gaming' and 'Failure in responsible service of alcohol'.
- To capture other elements of 'Responsible business model' (including ABC and human rights), risk '19 – Unsustainable environmental management' has been expanded to include other ethical matters: '19 - Unsustainable environmental management and ethical standards'.
- The wording of Risk 14 – 'Major brand damage' has been adjusted to capture feedback from members of the Crown Resorts Risk Management Committee, and updated to '14 – Major reputational damage'.

Below is a table summarising trends for each material risk.

Please note 'material' risks are those that have either a 'red'/critical rating, or the 'orange'/high risks that are one rating away from being critical. The Risk Map on page 4 shows a representation of where these material risks are situated.






MATERIAL RISKS	CURRENT TREND
1. Material Breaches of Gaming and other Relevant Legislation/ Regulations	<i>Unchanged</i> →
2. Legislative / Regulatory Changes	<i>Unchanged</i> →
3. Act of Terrorism on Property	<i>Unchanged</i> →
4. Volatility of Premium Gaming	<i>Unchanged</i> →
5. Poor credit or investment decision	<i>Unchanged</i> →
14. Major Reputational Damage	<i>Unchanged</i> →
21. Data Misuse	<i>Unchanged</i> →
22. Breakdown in relationships with key government, legislative or regulatory bodies	<i>Unchanged</i> →





Crown Melbourne Corporate Risk Map –May 2019

		<i>Material Risks</i>				
Likelihood	Almost certain					
	Likely		16- Harm to persons on property		14 - Major reputational damage	
	Possible		9 - Loss of key management 15 - Poor people management practices	6 - External disruption to demand for our services 7 - Physical Business Disruption 8 - IT business disruption 11 - Litigation 12 - Major criminal activities 13 - Ineffective responsible service of gaming (RSG) 18 - Industrial action 23 - Failure in responsible service of alcohol (RSA)	1 - Material breach of gaming and other relevant legislation /regulation 2 - Changes in key legislation or regulatory requirements 5 - Poor credit or investment decision 21 - Data misuse 22- Breakdown in relationship with key government, legislative or regulatory body	3 - Act of terrorism on Crown property 4 - Volatility of gaming revenue
	Unlikely		17 - Breakdown in strategic partnership with third party 19 - Unsustainable environmental management and ethical standards	10 - Reduction in property standards		
	Rare					20 - Aviation accident
		Insignificant	Minor	Moderate	Major	Severe
Consequence						

Legend:

Critical Risk	Oversight by the RMC/Board
High Risk	Managed by CEO and relevant EGMs
Moderate Risk	Managed by BOT members
Low Risk	Managed as part of BAU

1. MATERIAL BREACHES OF GAMING AND OTHER RELEVANT LEGISLATION/REGULATIONS	
<i>Systemic and / or material breaches of legislative and other relevant regulatory requirements, adversely impacting Crown Melbourne's reputation and performance via the imposition of financial and non – financial penalties, including potential operating licence implications prosecution and arrest / detention of employees and contractors.</i>	
CROWN MELBOURNE	
<u>EGM Continuous Play</u>	TREND: Unchanged 
<p>The VCGLR served Crown Melbourne with a Notice to answer questions and provide data concerning EGM C8308, which the VCGLR allege was operating in 'Unrestricted Mode', without Your Play functionality activated. There has been no further development since the previous report.</p> <p>POTENTIAL IMPACT TO CROWN:</p> <p>It is possible that the VCGLR may take disciplinary action against Crown under s 62AB.</p> <p>CURRENT ACTION PLAN:</p> <p>As a result of this issue, a range of audits and reviews of similar machines were undertaken and enhanced checking processes have been implemented.</p>	
<u>Junket Operator Notification</u>	TREND: NEW 
<p>In 2017 a new Junket Operator (Adelin SUJADI) commenced operation at Crown Melbourne, however, the VCGLR was not notified of the junket prior to gaming activity taking place. Mr Sujadi was approved at Crown Perth, however was mistakenly recorded as approved at both properties and therefore commenced in Melbourne prior to the notification being provided.</p> <p>POTENTIAL IMPACT TO CROWN:</p> <p>The VCGLR wrote to Crown on 7 May 2019, notifying that it was taking disciplinary action due to Crown's failure to notify it of a new Junket Operator, in the form of a \$25,000 fine.</p> <p>CURRENT ACTION PLAN:</p> <p>Processes and system changes have been put in place to mitigate an opportunity for the same form of human error to recur.</p>	
2. CHANGES IN KEY LEGISLATION OR REGULATORY REQUIREMENTS	
<i>Changes to legislation, regulation or Government policy covering the conduct of, and access to, gaming in any jurisdiction in which Crown operates, have the potential to adversely impact the performance of Crown's affiliate businesses and the value of licences granted.</i>	
CROWN MELBOURNE	
<u>Anti-Money Laundering / Counter-Terrorism Financing (AML / CTF) Statutory Review</u>	TREND: Unchanged 
No further development since the February 2019 report.	
<u>Black Economy Taskforce - \$10,000 cash transaction limit</u>	TREND: Unchanged 
No further development since the February 2019 report.	
<u>Section 25 Licence and Operator Review</u>	TREND: Unchanged 
<p>Crown is working with the VCGLR to address each of the 20 recommendations. A range of recommendations have deadlines on 30 June 2019.</p> <p>POTENTIAL IMPACT TO CROWN:</p> <p>Reputational damage and media coverage of any new issues arising from the resolution of the matters.</p> <p>CURRENT ACTION PLAN:</p> <p>Crown is working through the recommendations internally and engaging with the VCGLR on the progress of the recommendations.</p>	

Environmental Tobacco Smoke (ETS)		TREND: Unchanged 				
<p>In June 2018, Crown Melbourne announced to employees working in smoking areas, plans for the implementation of the new health monitoring program to be introduced during FY19.</p> <p>The program was successfully launched.</p> <p>POTENTIAL IMPACT TO CROWN:</p> <p>Changes to operating procedures, changes in rostering and costs to the business.</p> <p>CURRENT ACTION PLAN:</p> <p>Crown to monitor implementation and outcomes.</p>						
3. ACT OF TERRORISM ON CROWN PROPERTY						
<i>The calculated use of violence (or the threat of violence) against employees and / or customers in order to attain goals of a political, religious or ideological nature.</i>						
CROWN MELBOURNE		TREND: Unchanged 				
<p>In Melbourne, Victoria Police Executive Command has advised that the PSO proposal for Crown Melbourne has been raised with the Police Minister by the Chief Commissioner of Police as part of a broader proposal for PSO's and currently rests with her for consideration and decision.</p> <p>There has been no further development since the last report.</p>						
4. VOLATILITY OF GAMING REVENUE						
<i>Sustained unfavourable variations from theoretical win rates applicable to the gaming business (local and international). Whilst short term fluctuations are expected to occur, due to 'luck', reporting of theoretical over actual has normalised results over time. Sustained deviations, particularly negative, challenges the financial reporting model and the ongoing performance of the business.</i>						
AUSTRALIAN BUSINESSES						
Premium Gaming Volumes		TREND: Unchanged 				
<p>Overall turnover is lower than the same period last year. Turnover in other jurisdiction has also been impacted. Macau saw an 8.3% gross gaming revenue drop in April, with three months of decline over the past 4 months. Vegas saw a 3.25% decline in the first quarter of 2019.</p> <p>Year on year variations in turnover volumes and win rates are recorded as follows:</p>						
	CROWN MELBOURNE	June 2017	December 2017	June 2018	December 2018	April 2019
YTD International and Interstate Turnover (\$b)		25.2	19.5	43.8	15.4	27.3 (Budget 34.5)
Win Rate (%)		1.59	1.21	1.29	0.99	1.34 (Budget 1.40)
<p>POTENTIAL IMPACT TO CROWN:</p> <p>Increased deviation between theoretical and actual win rates has the potential to impact overall business performance. Turnover for Melbourne is 21% under budget (or \$7.2b), and win rate is currently 4% below budget, making an overall \$11.7M negative impact YTD.</p> <p>The win rate for Melbourne has materially improved since the last report, and the overall negative trend has flattened.</p> <p>CURRENT ACTION PLAN:</p> <p>An external review of the theoretical calculation model was completed, and confirmed the reasonableness of both the assumptions and the model itself.</p> <p>Management is to continue to monitor trends, and action as appropriate.</p>						
5. POOR CREDIT OR INVESTMENT DECISIONS						
<i>Crown is exposed to the risk of default by customers across its affiliate businesses, resulting in financial loss.</i>						
CROWN MELBOURNE		TREND: Unchanged 				

Due to the early adoption of AASB 9 *Financial Instruments* effective 1 July 2016, and current business conditions (including difficulties in banking in certain Asian territories), debt provisioning has increased at both Crown Melbourne and Crown Perth. As a response to these conditions, both Crown Melbourne and Crown Perth have suspended the extension of credit to Chinese domiciled players with credit granted to remaining players on a selected basis only.

The debt positions over the past 24 months for Crown Melbourne and Crown Perth are tabled below:

CROWN MELBOURNE	31 Dec 16	30 Jun 17	31 Dec 17	30 Jun 18	31 Dec 18	30 Apr 19
	\$m	\$m	\$m	\$m	\$m	\$m
Gross debtors balance (net of safekeeping)	280.1	293.0	319.9	272.8	264.8	283.1
Provision for doubtful debts	(165.2)	(171.6)	(183.1)	(202.0)	(215.0)	(214.2)
Provision as a % of gaming debtors	59.0%	58.6%	57.2%	74.0%	81.1%	75.7%
Net debtors balance	114.9	121.4	136.8	70.7	49.8	68.9

POTENTIAL IMPACT TO CROWN

Over the past 16 months, the overall gross debtor balance has decreased by 12% and the provision for doubtful debt has increased by 17% (or \$31.1M), reducing the net debtor balance by over 50% (or \$67.9M). It has remained consistent over FY19 to date. Current level of provisioning was reviewed by E&Y at half year.

CURRENT ACTION PLAN

The appetite for credit risk has materially decreased across the Australian Businesses, and measures have been taken to reduce high exposure areas. Challenges with regards to processing of overseas transactions remain an issue.

14. MAJOR REPUTATIONAL DAMAGE

Negative publicity / image of Crown and/or its affiliate businesses which may adversely impact Crown's reputation and/or performance and potentially jeopardise gaming licences, including:

- *inappropriate associations*
- *inappropriate conduct*
- *breach of confidentiality*
- *adverse media attention*

LEGALLY PRIVILEGED - April and May 2018 Allegations by Mr Andrew Wilkie MP

TREND: Reduced 



Andrew Wilkie MP raised allegations as to the appropriateness of Crown Melbourne issued plastic picks being provided to patrons to hold EGM buttons down for continuous play and multiple loyalty cards issued to patrons. The matter has been concluded and the VCGLR determined that there is no matter to answer regarding multiple cards. They did however conclude that picks are unapproved gaming equipment. The VCGLR approved definition of Gaming Equipment includes 'Gaming Equipment does not include Equipment ancillary to the conduct of gaming that has no impact on the outcome of a game and does not require Victorian Commission for Gambling and Liquor Regulation approval.' The VCGLR also published Rules for Crown which approved the use of a device for the holding down of a gaming machine button, however, the VCGLR say that this did not approve them for use at Crown. The VCGLR will not be taking disciplinary action against Crown, but served Crown with a Direction prohibiting the use of "button picks or like items (being any item or device designed to hold down or continuously depress an electronic gaming machine button)" at Crown.

POTENTIAL IMPACT TO CROWN:

Crown is obliged to approach patrons observed using picks (issued by Crown or other casinos) and request that they cease to use them.

CURRENT ACTION PLAN:

Crown Melbourne had ceased issuing picks to patrons some months prior to Mr Wilkie raising the allegations and the VCGLR undertaking its investigation. Crown is fully cooperating with the VCGLR's Direction.

21. DATA MISUSE	
<p><i>Sensitive information may be leaked or sold to external parties adversely impacting Crown's reputation. In the case of sensitive customer information visitation may be affected, adversely impacting Crown's performance.</i></p> <p><i>Loss of confidential customer or commercially sensitive data is a growing risk as the online businesses expand and the use of 3rd parties and data volume increases.</i></p> <p><i>Unauthorised and inappropriate disclosure of sensitive information can result in adverse reputational, financial and regulatory implications.</i></p>	
CROWN MELBOURNE	TREND: Unchanged 
<p>On 26 April, a Crown staff member sent confidential information (including personal information of Crown patrons and former employees) to their personal email address. This was detected by Crown's email monitoring software and IT Governance subsequently met with the employee and witnessed the deletion of the information from their personal email account.</p> <p>This matter was referred to Crown's Privacy Manager pursuant to Crown's Data Breach Response Procedure and the Privacy Manager concluded that no notification of the incident was required under the <i>Privacy Act</i>.</p> <p>POTENTIAL IMPACT TO CROWN</p> <p>Unauthorised and inappropriate disclosure of sensitive information can result in adverse reputational, financial and regulatory implications.</p> <p>CURRENT ACTION PLAN</p> <p>Continue to develop and implement monitoring and Data Loss Prevention program. Continue education and training program and monitor performance.</p>	
22. BREAKDOWN IN RELATIONSHIPS WITH KEY GOVERNMENT, LEGISLATIVE OR REGULATORY BODIES	
<p><i>Crown operates in many jurisdictions, and has to engage with a large number of government, legislative and regulatory bodies. A breakdown in these relationships could lead to targeted reviews, investigations, or actions by these bodies that could materially affect Crown's operations and reputation.</i></p>	
CROWN MELBOURNE	TREND: Unchanged 
<p>Crown Melbourne's key government, legislative and regulatory bodies include the VCGLR, VRGF, AUSTRAC, ATO, and Law Enforcement agencies.</p> <p>Crown's workstream with the VCGLR is considerable taking into account the recommendations from the s25 Review and other matters that the VCGLR is formalising which is a shift in how such matters have historically been dealt with which is presenting some challenges internally. Crown continues to focus on engagement with the VCGLR in a positive manner. Crown also remains in close contact with its other key stakeholders to continue to develop and enhance those relationships.</p>	

OTHER MATTERS

As discussed at the last meeting, please find below a table providing a current description of all of the 23 risks in the Crown Melbourne Risk profile:

Risk No.	Risk Title	Risk Definition
1	Material Breach of Gaming and Other Relevant Legislation / Regulations	Systemic and / or material breaches of legislative and other relevant regulatory requirements, adversely impacting Crown Melbourne's reputation and performance via the imposition of financial and non – financial penalties, including potential operating licence implications prosecution and arrest / detention of employees and contractors.
2	Changes in key legislative or regulatory requirements	Changes to legislation, regulations or Federal / State Government policy covering Crown Melbourne's operations including the conduct of, and access to, gaming, have the potential to adversely impact performance.
3	Act of Terrorism on Crown property	The calculated use of violence (or the threat of violence) against employees and / or customers in order to attain goals of a political, religious or ideological nature.
4	Volatility of gaming revenue	Sustained unfavourable variations from theoretical win rates applicable to the gaming business (local and international). Whilst short term fluctuations are expected to occur, due to 'luck', reporting of theoretical over actual has normalised results over time. Sustained deviations, particularly negative, challenges the financial reporting model and the ongoing performance of the business.
5	Poor credit or investment decisions	Crown is exposed to the risk of default by customers across its affiliate businesses, resulting in financial loss.
6	External disruption to demand for our services	External factors to Crown impacting business volumes or margins, including: international competition, domestic competition, economic conditions, foreign political polies or global event, acts of terrorism outside Crown property, pandemic.
7	Physical business disruption	Business being disrupted because of physical threat or damage to Crown property, including: loss of utilities, isolated fire, flood or water damage, widespread infectious disease, unauthorised access, security removals, anti-social behaviour, or car park incidents.
8	IT Business disruption	<ul style="list-style-type: none"> · Major performance, financial and / or reputational damage from cyber security incident · Failure of IT hardware / software (e.g. primary computer room, gaming machines short circuit, switchboard failure, loss of CCTV) resulting in significant disruption.
9	Loss of Key Management	The loss of management in business critical roles impacts on the ability for Crown to meet performance objectives.
10	Reduction in Property Standards	<p>The risk that facilities are not available for customers at the required and expected standard, across all areas of the Complex, due to:</p> <ul style="list-style-type: none"> - ageing infrastructure - lack of availability of capital for refurbishments - inadequate cleaning standards - inadequate ancillary areas eg. parking facilities, <p>This may impact on Crown's premium brand, the ability for Crown to effectively compete, and ultimately financial returns.</p>
11	Litigation	<p>The risk that legal action is taken against Crown by employees, customers, regulators and other third parties.</p> <p>This may result in significant financial penalties and reputation damage.</p>

12	Major criminal activities	<p>The risk that a major criminal act or activities occur at Crown, involving either patrons, employees or both, such as:</p> <ul style="list-style-type: none"> - major fraud (employee, patron and/or collusion); - loan sharking; - organised crime; - money laundering; - violet act (active shooter) - not related to terrorism; - gaming scams. <p>These activities could result in injury to people, financial loss and reputation damage. Ultimately, such activities (if widespread) could impact on Crown's probity and suitability to hold casino and liquor licences.</p>
13	Ineffective responsible service of gaming (RSG)	<p>The risk that Crown does not provide its business activities to its customers in a responsible manner, resulting in patron harm and ultimately, potentially impacting the suitability of Crown to continue to hold its casino</p>
14	Major reputational damage	<p>The risk of major reputational damage caused by an incident relating to, for example:</p> <ul style="list-style-type: none"> - Crown's inappropriate conduct (perceived or actual) - Inappropriate conduct on Crown's premises - Crown's association with disreputable third parties - Crown's perceived conflicts of interest in major transactions or supplier arrangements - Publication of Crown's customer or other sensitive business data - Inappropriate social media posts - Social media complaints go viral - Irresponsible or inappropriate marketing activities <p>This could ultimately result in reduced customer visitation (and hence revenue), or increased regulator scrutiny over Crown's suitability to continue to hold gaming/liquor licences.</p>
15	Poor people management practices (capacity and capability)	<p>The risk that Crown is unable to establish and maintain a safe and appropriate staffing base to effectively and efficiently operate, resulting in low morale, high turnover and the inability to achieve business objectives.</p>
16	Negligent harm to persons on property	<p>The risk that employees, contractors, customers and other third parties are harmed (injury or death), whilst on Crown property, as a result of:</p> <ul style="list-style-type: none"> - unsafe work practices - unsafe work environments - unsafe "front of house" environments for customers or other visitors - poor maintenance and cleaning practices throughout the property - poor safety culture - poor food safety and hygiene practices
17	Breakdown in strategic partnership with third parties	<p>The risk that third parties with whom Crown engages, do not fulfil their obligations to the required standard, impacting on the ability for Crown to continue to operate effectively or exposes Crown to integrity issues and reputation damage.</p> <p>This could be the result of poor selection and engagement practices, and poor ongoing management of the third party relationships.</p> <p>Examples include:</p> <ul style="list-style-type: none"> - Vendors supplying goods and services which are not fit for purpose, to a low standard, compromising compliance requirements and customer service - Continuity of supply issues for critical items such as playing cards - inappropriate practices of vendors/consultants/intermediaries representing Crown, such as bribery - Inability to source equipment / new products suitable for Crown's business - Unsuccessful tenancies resulting in loss of valuable tenants - Tenants do not comply with Crown's requirements, resulting in a breach of tenancy agreements and potential exposing Crown to various legal risks

18	Industrial Action	<p>The risk that industrial action is taken by employees, impacting on customer service and/or the ability to continue operations in the short term. It could also result in adverse media.</p> <p>This could be caused by poor relationships between Crown and the various unions; disgruntled employees; or in response to specific incidents.</p>
19	Unsustainable environmental management and ethical standards	<p>The risk that Crown does not appropriately or effectively manage its impact on the environment, resulting in an environmental incident, non compliance with Environmental laws and regulations, and/or reputation damage. (for example, a sewage, diesel or toxic substance spillage.)</p> <p>It also includes consideration for sustainable business practices in the matters of human rights and integrity.</p>
20	Aviation accident	<p>The risk that an accident occurs involving either a Crown owned jet or a Crown chartered jet, resulting in death or significant injury, reputation damage and litigation.</p> <p>Crown currently owns and operates 3 jets and 1 helicopter.</p>
21	Data misuse	<p>Accidental or intentional leak of patron or other business sensitive data to individuals or organisations who should not have access and who may use this information maliciously.</p> <p>This may ultimately result in a breach of the Privacy Act, and/or significant reputation damage.</p>
22	Breakdown in relationships with key government, legislative or regulatory bodies	<p>Crown operates in many jurisdictions, and has to engage with a large number of government, legislative and regulatory bodies. A breakdown in these relationships could lead to targeted reviews, investigations, or actions by these bodies that could materially affect Crown's operations and reputation.</p>
23	Failure in responsible service of alcohol (RSA)	<p>The risk that Crown does not deliver its business activities to its customers in a responsible manner, resulting in patron harm and ultimately, potentially impacting the suitability of Crown to continue to hold its liquor licences.</p>



CROWN MELBOURNE LIMITED

To: Executive Risk and Compliance Committee

From: Anne Siegers

Date: 9 May 2019

Subject: Crown Melbourne – Delegation Policy

In December 2018, the Crown Melbourne Board approved the Risk Appetite.

One of the dimensions of the Appetite is the financial impact, and the combination of the Risk Matrix and the Risk Map (below) which articulates the points of escalation between management and the Board.

Risk Map:

LIKELIHOOD	Almost certain					
	Likely		Point of escalation to Board			
	Possible					
	Unlikely					
	Rare					
		Insignificant	Minor	Moderate	Major	Severe
CONSEQUENCE						

Legend:

	Critical risk – Oversight by the RMC/Board
	High risk – Managed by CEO and relevant EGMs
	Moderate risk – Managed by BOT members
	Low risk – Managed as part of BAU

Extract of Risk Matrix, Financial Criteria:

	INSIGNIFICANT (1)	MINOR (2)	MODERATE (3)	MAJOR (4)	SEVERE (5)
Finance (EBITDA)	Financial loss outside normal trading and/or adverse to the current (normalised) forecast up to \$1M	Financial loss outside normal trading and/or adverse to the current (normalised) forecast between \$1M and \$5M	Financial loss outside normal trading and/or adverse to the current (normalised) forecast between \$5M and \$10M	Financial loss outside normal trading and/or adverse to the current (normalised) forecast between \$10M and \$20M	Financial loss outside normal trading and/or adverse to the current (normalised) forecast in excess of \$20M

What those tools articulate, is that incidents that are close to and/or of severe consequence materialising must be escalated to the Board at \$10M ('red' area).

The next step in this process, is aligning that threshold definition with the operational and financial delegations of authority.

In this respect a Delegation Policy that documents that level of delegation of authority from the Board to the CEO is being prepared for consideration and approval by the Board.

Overall, delegation of authority is currently proposed to be set at the \$10M limit (subject to the Board ultimately approving the Delegation), with exceptions set out for a number of operational expenses like taxes and payroll, where other transparency mechanism have been defined.

A review of the procurement pipeline has also highlighted that this change in limit from \$5M to \$10M will mean that in FY20, out of 17 contracts that will be renewed for an estimated contract value over \$5M, 10 contracts between \$5M and \$10M will now be approved by the CEO, and 7, for a value over \$10M, will need to go to the Board for approval.

This Policy is complemented by a management document which details how the CEO then sub-delegates that authority across the operations to ensure effective operational performance and control.

Kind Regards

Anne Siegers
Group General Manager – Risk & Audit

Agenda Item 4.3



CROWN MELBOURNE LIMITED

To: Executive Risk and Compliance Committee

From: Anne Siegers

Date: 13 May 2019

Subject: Risk Management Strategy

As part of the program of work that has been undertaken since December 2017 to review and enhance the Risk Management Framework of Crown, a number of steps have already taken place to increase the quality of documentation and formalisation of our risk practices.

Some of the elements that have been and continue to be implemented include:

- Enhancement and restructuring the risk team, with the recruitment of a Group General Manager - Risk and Audit, 2 Risk Managers and a Risk Analyst.
- Introduction of the CURA Enhancement Risk Management system to Crown Melbourne.
- Creation of 7 risk categories.
- Articulation of a Risk Appetite around those 7 categories.
- Translation of that Risk Appetite into an updated Risk Matrix, used to rate all things risk.
- Update of the Crown Melbourne Corporate Risk Profile.
- Creation of individual Executive Risk Profiles below that, and creation of individual operational risk profiles below that layer to create a systematic top down and bottom up structure.
- Creation of the ERCC, to enhance the governance framework.
- Review, enhancement and harmonisation of risk reporting.

One of the major next steps, is the introduction of a Risk Management Strategy (**RMS**) document, which formalises the fundamental expectations of the Crown Resorts Limited Board, in relation to the key elements of the Risk Framework.

The document has been reviewed by an external party, as part of the recommendations from the VCGLR's s25 Review of Crown Melbourne, with relevant amendments to be incorporated. It will be presented to the Crown Resorts Risk Management Committee for approval in due course.

Kind Regards

Anne Siegers
Group General Manager - Risk & Audit

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Crown Melbourne
Agenda Item 5.1: Compliance & Regulatory Update
February 2019 – April 2019

1. Compliance Framework Status

Business units who have been integrated to the business wide compliance framework to date include:

- AML/CTF
- Cage
- Events and Conferences (Survey's deployed in May. Annual Compliance Plan to be signed 15 May 2019)
- F&B (3 distinct sections)
- Finance
- Gaming Machines
- Gaming Machines Product
- Health and Safety
- Regulatory and Compliance
- VIP International
- IT
- Marketing (Gaming and Non-Gaming)
- Hotels
- Procurement
- Property Services
- Responsible Gaming
- Security
- Surveillance
- Table Games
- Human Resources
- Gaming Machines Technical

These departments have prepared and are completing monthly compliance surveys and reporting into the Compliance Committee.

Annual Compliance Plans for the above departments have also been drafted, finalised and signed by the Compliance Officers and relevant Executive General Managers/General Managers.

The Health and Safety Survey has now been developed (a survey that goes out to all Department to answer H&S questions). In addition, a fraud related question has been incorporated into quarterly surveys and a once off PCI question was included to assist IT in their PCI compliance project.

Material and other relevant matters from the Monthly Compliance meetings are reported on in Section 4 below.

2. Compliance Framework Next Steps

During the next reporting period, it is expected that Annual Compliance Plans and compliance surveys will be finalised for the following departments:

- Legal (drafted – to be signed shortly)
- Projects
- Showroom



In addition, the Requirements Register (which prioritises from a compliance perspective all regulatory and legislative requirements) has been reviewed in conjunction with the Risk and Audit Department and will be tabled to this Committee in an upcoming meeting.

Compliance surveys and Annual Compliance Plans for all departments will continue to evolve over time as a result of incidents, the legislative and regulatory environment and changing business practices. All Departments will review their Annual Compliance Plans, with a view to sign-off for the end of the Financial Year. New Annual Compliance Plans for each business unit will be drafted in and signed-off in Q1 of FY20.



3. Compliance Issues

The table below presents new and existing alleged material compliance breaches and other relevant issues which occurred during the period. These include breaches or issues identified either by a regulator or as reported internally via compliance surveys or other means.

Date of issue / Dept	Description of issue	Relevant legislation/regulation and Regulatory Authority	Remedial Actions / Status
<i>Cage</i>			
Existing			
June 2018	The VCGLR wrote to Crown on 1 June 2018, seeking footage of a Chip Rotation in the Main Cage on 25 May 2018 – as a VCGLR audit revealed that the log of rotations was not completed on that date. Footage from the day did not show the chips being rotated. 'Rotation' in the context of the Cage is not applied as moving chips to the front from the back, but rather as rippling the chips with the staff member's hand in order to see if there are any discrepancies with the chips.	<i>Casino Control Act 1991</i> (Vic) VCGLR	The Cage has been asked by Compliance to ensure the chips are rotated in accordance with the SOP and a submission is being prepared to alter the rotation requirement. An update to the Cage SOP has been made to change the language of the process from rotation to verification and/or rotation. The update is now live and as at 13 May 2019, no contact from the VCGLR has been received on the matter.



Date of issue / Dept	Description of issue	Relevant legislation/regulation and Regulatory Authority	Remedial Actions / Status
Compliance			
Existing			
October 2018	<p>On 31 October 2018, the VCGLR emailed Crown requesting a copy of the 2014 notification of a new Junket Operator (██████████) to update their computer system. On 1 November 2018, Crown responded to the VCGLR by forwarding a copy of the initial notification via email.</p> <p>██████████ signed his Agreement on 24 April 2014, played in May 2014, with Crown notifying the VCGLR on 10 September 2014.</p>	<p>Junket and Premium Player Program (including VIP Telephone Betting and the Introduction of Players) Internal Control Statement</p> <p>VCGLR</p>	<p>Investigations indicate that a former employee appears to have failed to have sent the Notification in a timely manner. This matter was addressed by the VCGLR (Tony Curran) at the time, in 2014.</p> <p>As at 13 May 2019, no further contact from the VCGLR has been received on the matter.</p>
Food & Beverage			
New			
April 2019	<p>On 29 April 2019, the VCGLR issued Crown a 'Letter of Warning' for failing to display the correct liquor licence within The Waiting Room.</p>	<p><i>Liquor Control Reform Act 1988 (Vic)</i></p>	<p>Crown had displayed the General Licence rather than The Waiting Room licence. Crown Legal is educating the relevant staff regarding the error. No further response to the VCGLR is required. Matter closed.</p>
April 2019	<p>On 13 April 2019, a VCGLR Inspector attended Crown Aviary in relation to inspecting Crown's RSA</p>	<p><i>Liquor Control Reform</i></p>	<p>The Liquor Licence was replaced with the correct</p>



Date of issue / Dept	Description of issue	Relevant legislation/regulation and Regulatory Authority	Remedial Actions / Status
	obligations. It was noted that the Aviary had the incorrect Liquor Licence on display (Crown Events Licence, instead of the General Licence). It was explained at the time to the Inspector that Crown has the General Licence displayed across the complex. The F&B Manager dealing with the matter advised that the VCGLR Inspector agreed that this was therefore not a breach.	Act 1988 (Vic)	Licence immediately.
February 2019	The VCGLR noted a noise complaint under investigation from a resident located on the other side of the Yarra River.	Liquor Licence (Amenity)	<p>Emma Storey (Snr Entertainment Manager) reminded (via email) all Groove Bar bands of the importance of adhering to volume control.</p> <p>A VCGLR Inspector attended a meeting on site with Crown, Crown agreed to change the angle of some external speakers and is organising sound consultants to test sound rating compliance across a number of venues. The VCGLR Inspector informed Crown that they consider the matter closed.</p>
Gaming Machines			
New			
May 2019	On 2 May 2019, the VCGLR wrote to Crown requesting an explanation as to what action had been taken by Crown in relation to Player	Gambling Regulations 2015 (Vic) s 20	Crown informed the VCGLR of its actions on the night and they considered the matter closed. Crown will



Date of issue / Dept	Description of issue	Relevant legislation/regulation and Regulatory Authority	Remedial Actions / Status
	Information Display (PID) access on the bank of D15 and D1603. The request relates to the PID not being available on the first tap of the 'i' button when the button panel is asleep (that is, it requires 2 x taps to activate the 'i' button – one to 'wake' the machine and again to activate the button).		respond to the letter shortly.
February 2019	Patron Complaint – Rewards Card Activation. A Crown Rewards member was advised by a Crown employee that they must enter the gaming floor to activate their invalid loyalty card. When the staff member was questioned by the patron, the alleged response was that it was VCGLR requirement. The patron made a complaint to the VCGLR, who in turn advised the member to make a complaint to Crown.	<i>Casino Control Act 1991</i> (Vic)	On 11 February 2019, Crown Gaming Machines Operations Manager Brett McCallum contacted the Member to address the member's concerns and moved the Member to a 'Lifestyle' membership. Relevant staff were educated as to the correct manner of dealing with these enquiries.
Existing			
November / Gaming Machines	On 30 November 2018, during a routine gaming machine audit an issue was identified with the AGT game base. The AGT game base permitted continuous play mode to be active for approximately 6 – 9 seconds after an eligible player card was removed from an unrestricted EGM. The lag in transition from Unrestricted to Restricted impacted 134 EGMs across the floor and meant	Ministerial Directions <i>Casino Control Act 1991</i> (Vic) ss 62AB and 62 AC <i>Gambling Regulation Act 2003</i> (Vic)	All AGT EGMs across the gaming floor were placed into 'maintenance mode' overnight. On 1 December 2018, the impacted EGMs were changed to Restricted Mode and switched back into game play. The VCGLR on site Inspectorate was notified of the issue by phone on 4 December 2018. A Significant Event Report was completed, with the



Date of issue / Dept	Description of issue	Relevant legislation/regulation and Regulatory Authority	Remedial Actions / Status
	that up to 2-3 more games could be played in Unrestricted Mode before the system registered that the card had been removed.		<p>matter escalated to the manufacturer for investigation. The manufacturer's investigation revealed that an issue exists within the game code. A fix has been developed which has been tested by Crown (successfully) and the ATF, for recommendation to the VCGLR.</p> <p>All six Game Recommendations were approved by the VCGLR and implemented.</p> <p>As at 13 May 2019, no contact from the VCGLR has been received on the matter.</p>
Existing			
September 2018	<p>On 27 September 2018, the VCGLR issued Crown with a s 26(1) Notice pursuant to the <i>Casino Control Act 1991 (Vic)</i>, requesting information pertaining to EGM C8303 operating in continuous play mode (alleged as 'unrestricted mode' in the Notice), when a Your Play card was not inserted.</p> <p>On 20 December 2018, the VCGLR (on-site Inspectorate) wrote to Crown requesting a clarification on several matters relating to this incident and an explanation as to why Crown breached s 62AB(2) of the <i>Casino Control Act 1991 (Vic)</i>.</p>	<p><i>Casino Control Act 1991 (Vic)</i> s 26(1) and s 62AB(2)</p> <p><i>Gambling Regulation Act 2003 (Vic)</i></p> <p>Ministerial Directions</p> <p><i>Victorian Commission for Gambling and Liquor Regulation Act 2011 (Vic)</i> Part 4 s 32(3)</p>	<p>On 11 October 2018, Crown responded to the Notice. The cause was a wiring fault, which permitted the machine to imitate play in continuous mode if a particular button was held down.</p> <p>As of 1 November 2018, the VCGLR had not provided a determination; however, Crown was verbally told that the matter had been sent down to the on-site Inspectors for review.</p> <p>A full audit of all machines has been carried out. An enhancement to the audit and checking procedures has now been implemented.</p>



Date of issue / Dept	Description of issue	Relevant legislation/regulation and Regulatory Authority	Remedial Actions / Status
	As a consequence of this matter; on 19 November 2018 the VCGLR (Director, Compliance) again wrote to Crown seeking further information as to whether regulation 18(6) of the <i>Gambling Regulation (Pre-commitment and Loyalty Scheme) Regulations 2014</i> had been complied with.	VCGLR	<p>On 8 January 2019, Crown responded to the second VCGLR letter dated 20 December 2018, reinforcing its position as documented in Crown's initial response dated 11 October 2018. As at 13 May 2019, no contact from the VCGLR has been received on this matter.</p> <p>On 18 December 2018, Crown also responded to the VCGLR's letter dated 19 November 2018, asserting that no breach of Reg. 18(6) had occurred and attaching the VCGLR's approval of the current operating format.</p> <p>As at 13 May 2019, no further contact from the VCGLR has been received on the matter.</p>
December 2017	The VCGLR issued a Notice to Show Cause in relation to the blanking button matter involving blanking plates for two weeks on 17 machines. The VCGLR determined that Crown required proper regulatory approval. Crown was issued with (and has paid) a \$300,000 fine and received a letter of censure. Crown was also required to, within 6 weeks, arrange a meeting with the Commission officers to discuss whether amendments were required to the ICS to prevent a recurrence. This meeting occurred and proposed wording framed	<p><i>Gambling Regulation Act 2003</i> (Vic)</p> <p><i>Casino Control Act 1991</i> (Vic)</p> <p>VCGLR</p>	<p>Fine of \$300,000 paid.</p> <p>Crown has met with Commission Officers regarding amendments to the ICS to prevent a recurrence. Crown made its submission to the VCGLR on 26 July 2018, which was approved on 31 December 2018.</p> <p>Crown prepared a presentation on Crown's regulatory framework for Joshua Preston and Barry Felstead to present at a Commission meeting. However, the VCGLR has since made contact and asked that Crown now provide the update in the form of a written</p>



Date of issue / Dept	Description of issue	Relevant legislation/regulation and Regulatory Authority	Remedial Actions / Status
	<p>for submission.</p> <p>The second requirement was to present to the Commission within 6 months, on Crown's regulatory framework and the changes that have been made.</p>		<p>submission to the VCGLR Offices.</p> <p>On 24 December 2018, Crown provided a submission to the Commission on its enhanced Compliance framework.</p> <p>On 10 May 2019, the VCGLR wrote to Crown stating that they have considered Crown's Compliance Framework and intend to monitor its implementation and that they would be formally seeking records from Crown, including the minutes and papers of this Committee and reports from CURA.</p>
April 2018	<p>Allegations of compliance breaches raised by Andrew Wilkie MP relating to the use of Crown issued picks to hold the EGM button down for continuous play and multiple cards issued to patrons. The VCGLR served Crown with a Notice pursuant to s 26 asking Crown to provide any authorisations for the picks and requesting answers to questions relating to picks (e.g. when were they made, how many were made etc.).</p>	<p><i>Gambling Regulation Act 2003 (Vic)</i> VCGLR</p>	<p>The VCGLR attended Crown and requested cards for a review of the multiple cards allegation which were provided and used for testing.</p> <p>Crown has responded to the s 26 Notice including providing the VCGLR Rules for the Game from 1997, which approved the use of the picks.</p> <p>On 7 March 2019, the VCGLR concluded that button picks are considered gaming equipment under the Act, and that section 62 of the Act requires that all gaming equipment must be approved.</p> <p>The VCGLR determined that no disciplinary action would be taken against Crown, however, it determined to issue a Direction to Crown under s 23</p>



Date of issue / Dept	Description of issue	Relevant legislation/regulation and Regulatory Authority	Remedial Actions / Status
			<p>of the Act. The Direction, directs Crown to: 1. Crown must not issue or supply to patrons any button picks or like items (being any item or device designed to hold down or continuously depress an electronic gaming machine button) for use on any electronic gaming machine in the Melbourne casino; 2. Crown must take all reasonable steps to ensure that button picks or like items (as described above) are not used by patrons for gaming on electronic gaming machines in the Melbourne casino.</p> <p>Crown was further required to provide a report to Mr Ockwell, Director, Compliance, by 8 April 2019 detailing the steps taken by Crown to comply with the Direction.</p> <p>On 8 April 2019, Crown responded to Mr Ockwell, outlining the measures in place to address the Direction. No response has been received to our letter.</p> <p>On 21 March 2019, the VCGLR wrote to Crown advising that its investigation into the use of multiple cards has concluded. The VCGLR found that there is no contravention of any applicable gaming laws in the state of Victoria, but has referred the matter to the Department to determine whether regulatory reform is required.</p>



Date of issue / Dept	Description of issue	Relevant legislation/regulation and Regulatory Authority	Remedial Actions / Status
<i>IT</i>			
Existing			
November 2018	As a result of an administrative oversight, the IT department failed to process terminations within seven (7) days of the cessation of employment of two (2) contractors; both holders of a Casino Special Employee Licence. Crown has a reporting obligation pursuant to the <i>Casino Control Act 1991</i> (Vic) to report a cessation of a licensed employee within seven (7) days.	<i>Casino Control Act 1991</i> (Vic) Section 56(1)(c) VCGLR	Both employees were placed onto the relevant Cessation Report to the VCGLR. On 26 November 2018, the Regulatory and Compliance Department sent a reminder to the HR and BOT teams outlining Crown's obligations pursuant to the Act. As at 13 May 2019, no contact from the VCGLR has been received on the matter.
October 2018	The Count for 20 October 2018, which was uploaded on 21 October 2018, failed to push the financial numbers for pits 33 to 99 through to the Master Gaming Report and therefore did not go through to the VCGLR in their daily Tag report.	VCGLR	The numbers have since been rectified and an investigation is under way as to what caused the failure. The VCGLR was notified and will be informed of the outcome of the investigation. On 9 January 2019, IT advised that they have identified database disconnect error messages in the soft count log process, which IT were able to replicate by pressing Ctrl+C or by clicking 'X' on the SYCO screen. Crown has informed the VCGLR (Jason Cremona) of the findings of IT's review. As at 13 May 2019, no further contact from the VCGLR



Date of issue / Dept	Description of issue	Relevant legislation/regulation and Regulatory Authority	Remedial Actions / Status
			has been received on the matter.
Security			
Existing			
August 2018	Minor ██████████ was located on the gaming floor by a VCGLR inspector on 11 August 2018. ██████████ used his brother's ID to gain access. The VCGLR requested information from Crown related to the incident.	<i>Gambling Regulation Act 2003 (Vic)</i> Part 7 Reg. 10.7.7	Crown responded to the VCGLR's request on 8 November 2018. The on-site Inspectorate has informally notified Crown that this matter has been sent to their Richmond offices for further review. As at 13 May 2019, no further contact from the VCGLR has been received on the matter.
Table Games			
New			
May 2019	On 2 May 2019, the VCGLR wrote to Crown requesting an explanation as to what action Crown had taken regarding the bias/balance of Roulette Table BW3109. The matter relates to a VCGLR inspection of BW3109 on 19 April 2019, with an alleged finding of a 'significant bias', which was	<i>Casino Control Act 1991 (Vic)</i>	Crown is considering the VCGLR letter and will respond shortly.



Date of issue / Dept	Description of issue	Relevant legislation/regulation and Regulatory Authority	Remedial Actions / Status
	disputed by Crown staff.		
May 2019	On 2 May 2019, the VCGLR wrote to Crown requesting an explanation as to why on 18 February 2019, Roulette Rule 5.3 was not adhered to on AR2504. It is alleged that the Dealer failed to signal 'no more bets' prior to the ball dropping, on multiple occasions. It is also alleged that the Dealer failed to return the late bets.	<i>Casino Control Act 1991</i> (Vic) Roulette Rule 5.3	Crown is considering the VCGLR letter and will respond shortly.
May 2019	On 2 May 2019, the VCGLR wrote to Crown requesting an explanation as to why on 18 February 2019, Roulette Rule 5.3 was not adhered to on AR0903. It is alleged that the Dealer failed to signal 'no more bets' prior to the ball dropping on a single occasion.	<i>Casino Control Act 1991</i> (Vic) Roulette Rule 5.3	Crown is considering the VCGLR letter and will respond shortly.
March 2019	On 26 March 2019, the VCGLR requested Crown to provide footage of a patron who they allege was gambling while intoxicated. It is alleged that the patron placed a bet on Roulette 3112 at approximately 05:28 hours. The VCGLR has recently also requested a statement from the Dealer and an F&B employee involved.	<i>Casino Control Act 1991</i> (Vic) S 81AAC Gambling or betting by intoxicated persons prohibited	On 4 April 2019, Crown provided the VCGLR with the requested footage. On 3 May 2019, Crown became aware that archived footage of the incident was corrupted. The VCGLR is aware that not all footage was provided and has now requested an investigation into how the footage became corrupted. Crown will respond to the matter shortly.



Date of issue / Dept	Description of issue	Relevant legislation/regulation and Regulatory Authority	Remedial Actions / Status
March 2019	On 28 March 2019, the VCGLR wrote to Crown seeking an explanation as to why on 10 March 2019 an alleged breach of Poker Rule 17.4.1 and 17.6.1 occurred on PK17 between 04:30 and 05:44. It alleged that the Dealer failed to activate the Jackpot Button on multiple occasions and did not alert the TG AM (or above) to remedy the situation.	<i>Casino Control Act 1991</i> (Vic) Poker Rule 17.4.1 and 17.6.1	On 15 April 2019, Crown responded to the matter. The Dealer received disciplinary action and the Poker team received additional extensive briefing to ensure adherence with Rule 17.4.1 and 17.6.1. As at 13 May 2019, no further contact has been made by the VCGLR on this matter.
March 2019	On 18 March 2019, an alleged breach of the SOP (to be confirmed) occurred on MT0652 (Sic Bo). A job was logged with Maintenance to clean the dice, however, it was discovered that the seal was broken (a VCGLR Inspector was not in attendance when this occurred).	<i>Casino Control Act 1991</i> (Vic) Sic Bo	The VCGLR has asked Crown to review whether the VCGLR should be removed as part of the seal process.
February 2019	On 28 February 2019, the VCGLR wrote to Crown noting no further action would be taken against Crown in regards to an incident that occurred on BJ0736 on 23 November 2018. A patron claimed to have been denied the opportunity to indicate his intentions during a hand.	<i>Casino Control Act 1991</i> (Vic) Blackjack Rule 7.5.1	The matter is considered closed.
January 2019	On 29 January 2019, the VCGLR wrote to Crown requesting an explanation as to why on 9 January 2019, Poker Rule 17.4.1 & 17.6.1 was disregarded	<i>Casino Control Act 1991</i> (Vic) Poker Rule 17.4.1 &	On 27 February 2019, Crown responded to the VCGLR noting the seriousness of the matter. The Dealer received disciplinary action and the Poker team



Date of issue / Dept	Description of issue	Relevant legislation/regulation and Regulatory Authority	Remedial Actions / Status
	by the Dealer on PK10. The VCGLR alleges that the Dealer did not activate the jackpot button at the commencement of play, nor notify the Area Manager to make the appropriate adjustment.	17.6.1	received extensive briefing to ensure adherence with Rule 17.4.1 and 17.6.1. As at 13 May 2019, no further contact has been made by the VCGLR on this matter.
January 2019	On 29 January 2019, the VCGLR wrote to Crown requesting an explanation as to why on 8 January 2019, Poker Rule 17.4.1 was disregarded by the Dealer on PK16. The VCGLR allege that the Dealer activated the jackpot button multiple times during a single hand, thus manipulating the jackpot system.	<i>Casino Control Act 1991</i> (Vic) Poker Rule 17.4.1	On 27 February 2019, Crown responded noting human error as the cause and that this was not an intentional act to manipulate the jackpot or contravene the Rules. The Dealer received disciplinary action and the Poker team received extensive briefing to ensure adherence with Rule 17.4.1. Table Games has sent a note to all poker staff regarding this issue and has issued file notes and written warnings to relevant staff. The escalated response arose from the Compliance Framework identifying a negative trend in this area and rectification action was initiated to address the weakness. As at 13 May 2019, no further contact has been made by the VCGLR on this matter.
January 2019	On 29 January 2019, the VCGLR wrote to Crown requesting an explanation as to why on 1 December 2018, Poker Rule 7.7 was disregarded. The VCGLR allege that the Dealer on PK17 allowed	<i>Casino Control Act 1991</i> (Vic) Poker Rule 7.7	On 18 February 2019, Crown responded to the matter. Crown noted human error as the cause, with the error being rectified immediately by the ACM on duty. Crown emphasised that the Dealer did not



Date of issue / Dept	Description of issue	Relevant legislation/regulation and Regulatory Authority	Remedial Actions / Status
	additional commission to be collected.		intentionally collect additional commission contrary to Poker Rule 7.7. The Dealer received the appropriate disciplinary action and received additional training. As at 13 May 2019, no further contact has been made by the VCGLR on this matter.
Existing			
November – December 2018	Seventy-five (75) Provisional Improvement Notices (PINs) were issued by Health & Safety Representatives. Generally the PINS related to alleged issues such as a failure to provide information on incidents, insufficient time afforded the HSR's to perform workplace inspections and perceived staffing level reductions and failure to consult. Multiple PINs were issued covering the same allegation but each alleging a different breach of the <i>Occupational Health and Safety Act 2005</i> .	<i>Occupational Health & Safety Act 2004</i> <i>WorkSafe</i>	Twenty-six (26) were cancelled by WorkSafe. Thirty-four (34) were withdrawn after meeting with WorkSafe. Seven (7) were closed. The eight (8) outstanding PINs have been subsequently cancelled. For the current period January 2019 to April 2019, there were no new PINs issued.
January 2019	On 15 January 2019, the VCGLR wrote to Crown requesting an explanation as to why on 21 August 2018, multiple (alleged) breaches of cl. 10.2.1 of the Pai Gow Rules (patrons talking to each other about their hands) occurred on PG8910 (between 3:00am – 4:00am), being a breach s 60(2)(c) of the	<i>Casino Control Act 1991</i> (Vic) Pai Gow Rules	On 7 February 2019, Crown responded to the matter. Crown asserted that the game had been dealt in accordance with the Rules of Pai Gow, with adequate supervision from the Area Manager. However, did agree that the Dealer could and should have been more assertive in ceasing the communication between



Date of issue / Dept	Description of issue	Relevant legislation/regulation and Regulatory Authority	Remedial Actions / Status
	<i>Casino Control Act.</i>		the players. As at 13 May 2019, no further contact has been made by the VCGLR on this matter.
January 2019	On 14 January 2019, the VCGLR wrote to Crown requesting an explanation as to why on 16 October 2018, Caribbean Stud Poker Rules 7.5.3 (63 alleged breaches) – including failing to increment the Jackpot amount, 7.6.2 (3 alleged breaches) and 7.5.1(a) (one alleged breach) were not followed by the Dealer on CS0718.	<i>Casino Control Act 1991</i> (Vic) Caribbean Stud Poker Rules 7.5.3, 7.51(a) and 7.6.2	On 7 February 2019, Crown responded to the matter. Crown accepted that the Dealer made errors when dealing the game and that the oversights were corrected by the Area Manager on duty. The Dealer was issued with the appropriate disciplinary action and has undergone re-training in the Rules and procedures of Caribbean Stud Poker. As at 13 May 2019, no further contact has been made by the VCGLR on this matter.
December 2018	On 6 December 2018, the VCGLR wrote to Crown stating that on 20 October 2018, Inspectors observed an alleged breach of Poker Rule 14.2.5 by the Dealer on PK16. The VCGLR has sought an explanation from Crown as to why the Dealer did not place the 'boxed card' in the 'muck'.	<i>Casino Control Act 1991</i> (Vic) Poker Rule 14.2.5	On 18 December 2018, Crown responded to the letter citing human error as the cause of the incorrect placement of the boxed card. The boxed card was isolated and unable to be used in play and therefore there was no risk to the integrity of the game or any players. The Poker management team and the Dealer have been advised of the importance of compliance with the Poker Rules and SOPs. As of 13 May 2019, no further comment has been



Date of issue / Dept	Description of issue	Relevant legislation/regulation and Regulatory Authority	Remedial Actions / Status
			received from the VCGLR.
July 2018	Table Games closed a FATG in SYCO but left half of the terminals operating for approximately 6 hours on the gaming floor. There was no impact to reporting of revenue. The matter was self-reported to the VCGLR on 11 July 2018.	<i>Casino Control Act 1991</i> (Vic) VCGLR	Matter under review by the VCGLR. As of 13 May 2019, no further contact has been received from the VCGLR on this matter.
October 2017	In October 2017, three Provisional Improvement Notices (PINs) were issued alleging breaches of Section 22(1)(a) and (b) of the <i>Occupational Health & Safety Act</i> in that there was no ongoing monitoring of health of employees in designated smoking areas. Crown has advised it consulted with the Health and Safety Representatives (HSRs) and indicated that it would undertake a full review and obtain expert opinion and advice to be completed by 31 March 2018. The HSRs have withdrawn the PINs to await completion of the review. The review has now been completed.	<i>Occupational Health & Safety Act 2004</i> WorkSafe	Crown has enhanced its framework with the introduction of employee health medical assessments, for those working in designated smoking areas. The roll-out commenced in February 2019.



Date of issue / Dept	Description of issue	Relevant legislation/regulation and Regulatory Authority	Remedial Actions / Status
VIP			
New			
February 2019	A Junket claimed a \$300K variance in their records. An investigation noted a TG AM was present at a computer terminal at the time of the adjustment and may have inadvertently adjusted the rating.		A SYCO change was requested to remove a SYCO menu item that facilitated the error. This change is expected to be implemented in May 2019.
Existing			
November 2018	On 21 November 2018, a minor who was a guest in a Villa situated within Crown Towers, accessed a Salon on Level 29 after exiting the lift. The Salon door was open and the child walked in.	<i>Gambling Regulation Act 2003 (Vic)</i> VCGLR	VIP has agreed that all Salon doors must remain closed at all times. This matter was reported to the VCGLR in the Self-Reporting Quarterly Minors Report.
August 2018	The VCGLR wrote to Crown seeking an explanation as to why the Commission was not notified of a new Junket Operator (██████████) prior to commencing dealings with CML. On 1 March 2019, the Commission issued Crown with a Notice to Show Cause (Notice), under s 20(1)(b) of the <i>Casino Control Act 1991 (Vic)(Act)</i> . The Commission alleges that Crown contravened s	<i>Casino Control Act 1991 (Vic)</i> Internal Control Statements VCGLR	Crown responded advising that our review of the matter indicated that human error was the cause of the issue. Crown noted to the VCGLR that Mr ██████████ had passed probity checks and was approved to operate at Crown Perth. Crown's Compliance Department and VIP International Department have reviewed the process and made changes to safeguard against a repeat error



Date of issue / Dept	Description of issue	Relevant legislation/regulation and Regulatory Authority	Remedial Actions / Status
	121(4) of the Act, by failing to notify the VCGLR of a new non-resident Junket Operator as per the Junket and Premium Player Program Internal Control Statement (ICS). The ICS sets out that Crown will provide the VCGLR with notification of all new non-resident Junket Operators at cl.2.4.1.		<p>of this nature.</p> <p>On 29 March 2019, Crown responded to the Notice. Crown stressed that the matter was administrative in nature and not a deliberate act committed to conceal or deceive the Commission. On 7 May 2019, the VCGLR issued Crown with a \$25,000 fine. On 14 May 2019, a cheque was sent to the VCGLR.</p> <p>The matter is now closed.</p>
October 2018	<p>On 25 October 2018, the VCGLR wrote to Crown requesting an explanation in relation to the amount of commission paid on an International VIP program. The letter sought an explanation as to why commission was paid for play on Pai Gow, when clause 3 of the Program Agreement provided that it would be paid for play on Baccarat and Roulette only.</p> <p>On 12 November 2018, Crown responded to the request, advising that cl.14 of the Agreement permitted a change to the terms, if they are to the benefit of the patron. The VCGLR subsequently replied via writing on 6 December 2018, seeking further advice as to when cl.14 was applied and how was it documented. The VCGLR also reiterated that its initial calculation of accrued turnover was</p>	<p>Clause 3 of the Terms and Conditions of the Table Games Junket Program Agreement.</p> <p>Internal Control Statement</p> <p>VCGLR</p>	<p>A communication breakdown between VIP Operations and Table Games was originally thought to have led to an oversight. However, further review shows that the play on Pai Gow was requested by the Group.</p> <p>A change has been made to clause 3 of the Agreement, to better clarify the discretion to be applied to the games that attract commission.</p> <p>On 3 January 2019, Crown responded to the VCGLR's letter dated 6 December 2018, providing the information sought.</p> <p>As at 13 May 2019, no further contact has been made by the VCGLR on this matter.</p>



Date of issue / Dept	Description of issue	Relevant legislation/regulation and Regulatory Authority	Remedial Actions / Status
	different to that of Crown's calculation.		
October 2016	The VCGLR is investigating the detention of 19 Crown employees in China, charged and found guilty of offences relating to the promotion of gambling in the region.	<i>Casino Control Act 1991</i> (Vic) VCGLR	Investigation remains in progress.
Various Departments			
New			
February 2019 to May 2019	Four Notifiable Incidents (NIs) occurred during the period. The NIs were reported to WorkSafe or Energy Safe Victoria (where applicable) with remediation actions undertaken (where applicable).	<i>Occupational Health & Safety Act 2004</i> WorkSafe Energy Safe Victoria	<ul style="list-style-type: none"> ➤ A Food & Beverage employee suffered a laceration to the thigh requiring six stitches. ➤ A cleaner walked through the Silks door and was struck on hand. ➤ A Bistro Guillaume employee used tweezers to activate a broken switch and suffered an electric shock. ➤ A Nobu apprentice chef inserted a skewer into their left palm flesh between the index finger and thumb.



4. Serious Security & Surveillance Matters

	Date Reported	Background: Details of Serious Incident	Comments: including follow-up action, potential for media interest, litigation, etc.
1.	01/01/2019	<p>STAFF ASSAULT / MEDICAL INCIDENT</p> <p>Three Security Officers are alleged to have been assaulted after a female was asked to leave Club 23 due to unacceptable behaviour. The female, as well as two other patrons that became involved in the incident, were subsequently restrained by Security. Several glasses were broken during the incident, resulting in shards on the ground causing cuts to patrons and staff.</p>	<p>Two females that were restrained sustained minor cuts to the head, and one male who struggled whilst being restrained is suspected to have sustained a fractured nose.</p> <p>A Crown First Aid Officer attempted to provide medical assistance to the patrons, but was unable to proceed due to their aggression.</p> <p>Police attended and one female was arrested. The other two patrons involved were conveyed by ambulance to hospital for further treatment. All three patrons have been issued a Withdrawal of Licence by Crown.</p> <p>There was no media coverage of this incident.</p>
2.	11/01/2019	<p>ALLEGED ROBBERY</p> <p>A patron reported to Security that he was robbed of his watch and sunglasses after being approached and threatened by a group three young males near Nobu restaurant.</p>	<p>Police attended to speak to the alleged victim, after they were contacted by his girlfriend.</p> <p>Two of the alleged offenders were spoken to by a staff member, however all offenders left site as Security arrived. Surveillance and Security assisted Police with their inquiries into this matter.</p> <p>There was no media coverage of this incident.</p>



	Date Reported	Background: Details of Serious Incident	Comments: Including follow-up action, potential for media interest, litigation, etc.
3.	19/01/2019	<p>PATRON ARREST – DRUGS AND FIREARM</p> <p>A patron staying at Crown Towers was arrested by Police when he returned to his room after a quantity of suspected illicit substance and drug paraphernalia was found in his room. The patron was searched by Police, and was found in possession of a large quantity of Methamphetamine as well as a loaded gun.</p>	<p>The patron was conveyed off site by Police. The patron has been issued a Withdrawal of Licence by Crown.</p> <p>There was no media coverage of this incident.</p>
4.	24/01/2019	[REDACTED]	
5.	26/01/2019	<p>SERIOUS ASSAULT – GLASSING</p> <p>A patron is alleged to have smashed a glass over the head of another male during a physical altercation between a group of patrons at Atrium Bar.</p>	<p>The altercation quickly escalated and several Security Officers attended to separate the parties involved. One injured patron was offered medical assistance which was refused. Police attended and spoke to the remaining persons involved. As the person believed to have been the main aggressor had left site, there was no further action taken by</p>



Date Reported	Background: Details of Serious Incident	Comments: including follow-up action, potential for media interest, litigation, etc.
		<p>Security.</p> <p>There was no media coverage of this incident.</p>
6.	<p>01/02/2019</p> <p>PROPERTY DAMAGE / BROKEN GLASS HAZARD</p> <p>Security was advised of the presence of broken glass on the riverside below Lumia Balcony. On further inspection, one of the glass panels of the balcony had shattered and fallen to the ground.</p> <p>It is alleged that a patron threw a drink at the panel after an altercation with another patron on the balcony.</p>	<p>Security immediately directed patrons away from the area on the riverside. The balcony and area below remained closed off to patrons while Maintenance staff completed temporary repairs.</p> <p>There were no injuries to patrons or staff as a result of the falling glass.</p> <p>The alleged offender left site after the incident, but has been identified and issued a Withdrawal of Licence by Crown. As per standard practice, Crown anticipates that the Police will seek orders for restitution (compensation).</p> <p>There was no media coverage of this incident.</p>
7.	<p>12/03/2019</p> <p>ATTEMPTED ROBBERY</p> <p>A patron ran into the Level 1 Food Court and reported to Security that he had been approached by a male and female in the Multi Deck Car Park, who had demanded that he handover his wallet and phone to them.</p>	<p>Security attended the Car Park and was able to locate the alleged offenders with the assistance of the alleged victim. The male offender ran off as Security approached, and was seen discarding a knife that he was carrying. The female remained with Security, and was spoken to by Police. The male was later apprehended by Security in the level 1 retail area and was subsequently arrested and taken off site by Police. The female was released. Both the male and female have been issued with a Withdrawal of Licence by Crown.</p> <p>The female was later confirmed by Police as being 17 years old and on</p>



	Date Reported	Background: Details of Serious Incident	Comments: Including follow-up action, potential for media interest, litigation, etc.
			<p>review of CCTV footage, was found to have entered the gaming floor on four occasions prior to the incident, using fake identification.</p> <p>There was no media coverage of this incident.</p>
8.	30/03/2019	<p>SERIOUS ASSAULT – GLASSING</p> <p>Security was requested to assist a patron on the dancefloor at Groove Bar, who was bleeding heavily from the mouth after she was allegedly assaulted with a glass by another female patron.</p>	<p>The female was treated by Security and a Crown First Aid Officer. Victoria Police attended and spoke with the female before she left in a taxi with her partner to attend hospital.</p> <p>A review of CCTV was conducted and the alleged offender was identified and detained for Police. The female was later released by Police and issued with a Withdrawal of Licence by Crown.</p> <p>There was no media coverage of this incident.</p>
9.	31/03/2019		



Serious Security and Surveillance Statistics¹

	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19
Headcount (Complex)	2,502,195	2,853,373	3,065,943	2,993,650	3,000,094	2,985,311	3,015,306	3,943,872	3,197,822	2,917,507	3,035,277	2,911,766
Serious assaults between patrons involving injuries (Medical Officer Involved)	3	0	1	0	2	3	1	4	2	0	1	2
Assaults between patrons	14	35	36	24	35	22	18	44	28	23	22	19
Assaults on Crown Melbourne employees	10	12	5	11	7	5	10	13	7	7	13	6
Intoxicated patrons refused entry	4,538	5,056	4,799	4,938	4,937	4,703	5,154	5,258	2,957	3,318	4,082	3,350
Intoxicated patrons removed	930	1,112	1,122	974	1,356	923	1,250	1,344	731	814	1,051	993
Assisted removals	44	58	47	41	55	36	71	81	31	30	46	45
Peaceful Removals	1,858	2,141	2,180	1,903	2,340	1,804	2,036	2,301	1,515	1,504	1,863	1,810
Weapons found on site	9	5	4	5	6	4	5	3	4	3	4	4
Minors on Gaming Floor	1	1	5	6	2	0	2	6	4	3	8	1

¹ Numbers are based on reports received, some are allegations only.

Some are sexual/indecent assault allegations.

Contractors are included for the Assaults on Crown Melbourne Staff.

The three rows for the assault numbers include some overlap.

Some incidents involved Assault of staff and patrons by patrons, and all the incidents counted as serious also counted as assaults between patrons.



5. Regulatory Matters

Your Play

On 5 October 2018, the VCGLR (Compliance Director) wrote to Crown making enquiries of a preliminary nature, regarding the operation of the Your Play Pre-commitment Scheme at the Casino. The queries concerned multiple cards; active Your Play members; number of Casual Cards etc. and largely sought data, training and directions provided to staff and operational information; however, no allegations were made as to any wrong doing by Crown.

Crown responded to the VCGLR's letter on 26 October 2018, providing the information and data as requested.

As of 13 May 2019, no further comment has been received from the VCGLR.

Section 25 Review

The VCGLR concluded its Sixth review of the Casino Operator and Licence, pursuant to s 25 of the *Casino Control Act*, for the period covering 1 July 2013 to 30 June 2018 (the Review was undertaken by a team headed by Robert Chappell (ex-CEO of the South Australian Regulator)) (**VCGLR Report**). The VCGLR Report, with Crown's Response appended, was published on Friday, 3 August 2018.

The VCGLR's Report (as anticipated) had a significant focus on RSG and Crown's Risk, Governance and Compliance processes/frameworks. The VCGLR's Report also covered the outcome of the VCGLR's investigation of the Wilkie allegations, finding that (setting aside the Blanking Button issue) all allegations were unfounded and/or misconceived.

The VCGLR's Report contains 20 Recommendations, which Crown has accepted and is currently working through internally and is engaging with the VCGLR on. To date, Recommendations 1 & 2 have been completed. Almost half of the Recommendations are due for completion by 1 July 2019. Attached at Agenda Item 5.2 is a table detailing the status of Crown's progress and commentary on the Recommendations.

China Matter

It is expected that the VCGLR will shortly be finalising its draft report, which will be provided to Crown and Crown will be invited to make submissions. The finalised report will be sent to the Minister for Gaming.

There has been no progress with former China based staff member Jenny Jiang.

April/May 2018 Wilkie Allegations

Allegations of compliance breaches were raised by Mr Andrew Wilkie MP relating to the use of Crown issued plastic picks to hold EGM buttons down for continuous play and multiple loyalty cards issued to patrons.



On 7 March 2019, the VCGLR concluded that button picks are considered gaming equipment pursuant to the *Casino Control Act*, and that section 62 of the Act requires that all gaming equipment must be approved (but has determined not to take disciplinary action on this occasion). The VCGLR issued a Direction to Crown under s 23 of the Act, which requires Crown to: *1. Crown must not issue or supply to patrons any button picks or like items (being any item or device designed to hold down or continuously depress an electronic gaming machine button) for use on any electronic gaming machine in the Melbourne casino; 2. Crown must take all reasonable steps to ensure that button picks or like items (as described above) are not used by patrons for gaming on electronic gaming machines in the Melbourne casino.*

Crown was further required to provide a report to Mr Ockwell, Director, Compliance, by 8 April 2019 detailing the steps taken by Crown to comply with the Direction. On 8 April 2019, Crown responded to Mr Ockwell, outlining the measures in place to address the Direction. No feedback has been received from the VCGLR concerning Crown's report.

On 21 March 2019, the VCGLR wrote to Crown advising that it had concluded its investigation into the issue and use of multiple player cards and found that Crown had not contravened any Victorian laws. The VCGLR further noted that they have referred the matter to the Victorian Department of Justice and Community Safety to determine whether regulatory reform was necessary.

Poker Tax

The VCGLR claims that Crown is required to pay Gross Gaming Revenue (**GGR**) gaming tax on the entry fee component of poker tournaments held at Crown. Crown has disputed that entry fees are subject to gaming tax, primarily based on:

- For a number of years in times past, the Rules for Poker Tournaments, approved by the VCGLR, specifically provided that GGR did not apply to the entry fee;
- The ATO has declared that the entry fee component is 'not a gambling supply' and is therefore subject to GST;
- The fee does not fit the definition of GGR or gambling, in that there is no possibility of a return from paying the fee as it is not wagered; and
- The VCGLR has determined that poker tournaments where the buy-in is returned to players as prizes which are permitted outside the casino, are not subject to gambling regulation or a casino licence and are not subject to a gaming tax.

The VCGLR has raised the matter periodically over more than 11 years and on 2 May 2018 served Crown with a Notice pursuant to s 26 of the *Casino Control Act 1991 (Vic)* to provide certain data for an assessment to be made. Crown responded to the Notice providing the first of two large tranches of data covering 2014 to 2018.



A second tranche of data, covering the period 2010 to 2014 was subsequently provided and Crown advised the VCGLR that no further data was available for the years preceding 2010, as it had either been destroyed and/or it is now unreadable, as Crown no longer had the historic systems required to read it (note that Crown is only required by the *Casino Control Act* to keep data going back 7 years (8 years of data was provided)).

On 6 September 2018, the VCGLR again wrote to Crown querying the circumstances of the destroyed and unreadable data. In preparing the response to this letter, further detail was sought from the IT Department and an experienced employee who had recently returned to the relevant IT team was able to write code to extract further data going back to 2003. Crown subsequently wrote to the VCGLR explaining that further data had become available and that data was provided.

On 5 December 2018, the VCGLR (Chairman) again wrote to Crown, seeking detail as to what steps would be required to recover the unreadable data; what would be the cost of rebuilding the system and what amount of time would it require (it is notable that the period for which this information was sought was for between 16 and 22 years ago – the *Casino Control Act* requires the retention of the material for 7 years). The letter sought a further tranche of data (under s 26 Notice) (for the period since data was last provided) and required Crown Melbourne to commence reporting the taking of Poker Tournament Entry Fees in its usual Gross Gaming Revenue (**GGR**) report. Crown replied on 19 December 2018, providing all of the information requested – Entry Fees will be reported in the GGR report, but will not form part of the calculation. Crown has not yet received a response to its letter.

No further update has been received from the VCGLR.

EGM Continuous Play

On 27 September 2018, the VCGLR served Crown with a Notice pursuant to s 26 of the *Casino Control Act 1991* (Vic) to answer questions and provide data concerning EGM C8308, which the VCGLR allege was identified by Government Inspectors as operating in 'Unrestricted Mode', without YourPlay functionality activated. Crown investigated the machine with its Approved Testing Facility (ATF) (BMM) and the machine's manufacturer (IGT). It was identified that the machine was not operating in unrestricted mode, however, it had a wiring fault, which meant that when a particular button was held down, it performed as if continuous play was in operation. It should be noted that s 62AB of the *Casino Control Act 1991* (Vic) provides:

(2) A casino operator must not allow a game to be played on a gaming machine unless each spin can be initiated only by a distinct and separate activation of the machine by the player (whether by pushing a play button, touching the screen or otherwise).

Crown responded to the Notice, advising that it was as a result of a machine hardware fault and also provided a copy of the manufacturer's report into the machine.

On 20 December 2018, the VCGLR (on-site Inspectorate) wrote to Crown requesting clarification on several matters relating to this incident and an explanation as to why



Crown breached s 62AB(2) of the *Casino Control Act 1991* (Vic) [a casino operator must not allow a game to be played on a gaming machine unless each spin can be initiated only by a distinct and separate activation of the machine by the player]. On 8 January 2019, Crown responded to the letter dated 20 December 2018, reinforcing its position as documented in Crown's initial response dated 11 October 2018. No reply has yet been received from the VCGLR.

As a consequence of this matter; on 19 November 2018 the VCGLR (Director, Compliance) wrote to Crown advising that they are continuing to investigate the circumstances relating to the malfunction of EGM C8308. In this letter, the VCGLR sought further information from Crown as to whether regulation 18(6) of the *Gambling Regulation (Pre-commitment and Loyalty Scheme) Regulations 2014* have been complied with. On 18 December 2018, Crown responded asserting that no breach of Reg. 18(6) had occurred and attaching the VCGLR's approval of the current operating format. No response has yet been received from the VCGLR.

As a result of this issue, various audits and reviews of similar machines have been undertaken.

As of 13 May 2019, no further update has been received from the VCGLR.

6. Legislative Update

Proposal to Restrict Cash Transactions

The Federal Treasury Department issued a paper titled "Introducing an Economy-Wide Cash Payment Limit; Government Response to the Black Economy Taskforce Final Report" dated 23 May 2018 inviting submissions from the public (which were due by 24 June 2018).

Included in the resulting report is a proposal to restrict cash transactions for goods and services to under \$10,000, to address its concerns around the black economy. All transactions over \$10,000 are proposed to be by electronic transfer only.

Crown prepared a joint submission with The Star Group and Sky City to the Treasury Department seeking an exemption to the \$10,000 proposal on the basis they are already major reporters (with the banks and payment providers who are to be exempt) to AUSTRAC. To date, the Treasury Department has not provided its formal response. Informal discussions continue between Crown, the Treasury Department and AUSTRAC.

Agenda Item 5.2



Section 25 – Recommendations Table At 2 May 2019

Recommendation	Crown's Response	Proposed Action/Progress Update	Target/Action Dates	Completed Yes/No
<p><u>Recommendation 1</u></p> <p>The VCGLR recommends that, by 1 January 2019, Crown develop, and submit to the VCGLR for approval, a change program to fully engage its independent directors in proactive strategic oversight of the operations of the Melbourne Casino. Particular consideration should be given to -</p> <ul style="list-style-type: none"> • formulating a charter for the Crown Melbourne board • fully documenting, for visibility to the VCGLR, the reporting and decision-making relationships between all of the boards, committees and executive meetings with responsibility for, or oversight of, Melbourne Casino functions, and • elevation of governance to the group board and committees. <p>The submission should identify any changes to regulatory frameworks and how these will be addressed.</p>	<p>Recommendation Accepted</p> <p>Crown will, in conjunction with its parent company, review its governance framework, taking into account the matters recommended by the Commission for consideration. A new framework for reporting has already been designed and is being worked through. Crown will continue to review its corporate structure moving forward with any proposed changes brought to the attention of the Commission.</p> <p>We also note that the current Crown Melbourne Framework has been considered by the Commission in times past, with some of the current structures in place as a result of regulatory obligations.</p>	<ul style="list-style-type: none"> • A submission addressing all points referenced in Recommendation 1 was submitted to the VCGLR on 24 December 2018. The submission included a Crown Melbourne Board Charter. • Although not specifically related to Recommendation 1, Crown is drafting a new updated Company Constitution, which will require the approval of the Commission in due course. 	1 January 2019	Yes
<p><u>Recommendation 2</u></p> <p>The VCGLR recommends that, by 1 January 2019, Crown undertake a review of the required qualifications for committee chairs set out in the charters, and ensure that the appointees' actual qualifications match.</p>	Recommendation Accepted	<ul style="list-style-type: none"> • Review undertaken and letter outlining actions taken by Crown submitted to the VCGLR on 24 December 2018. 	1 January 2019	Yes
<p><u>Recommendation 3</u></p> <p>The VCGLR recommends that, by 1 July 2019, Crown assess the robustness and effectiveness of its risk framework and systems, including reporting lines in</p>	Recommendation Accepted	<ul style="list-style-type: none"> • The Group General Manager Risk & Audit has reviewed Crown's risk framework and commenced enhancements to the framework and systems in early 2018. In this respect the 	1 July 2019	In Progress

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Section 25 – Timeline – Implementation of Recommendations

Recommendation	Crown's Response	Proposed Action/Progress Update	Target/Action Dates	Completed Yes/No
<p>the chain of command, and upgrade them where required. This assessment should be assisted by external advice.</p>	<p>by an IT based reporting, recording and management framework.</p> <p>Also, a Group General Manager – Risk and Audit was appointed in 2017 to oversee the group function of risk and audit. Additional resources have also been committed to support the enhanced framework.</p>	<p>enhanced risk framework has started to be rolled out across the business and is being embedded into work processes and systems.</p> <ul style="list-style-type: none"> • A new "Risk Appetite" was presented to, and ultimately approved, in December 2018 by the relevant Crown Boards and Committees. • The supporting risk matrix was revised, approved by the business and embedded into the risk system to ensure the capture of risk profile data. • Risk reporting has been restructured, and organised around seven risk categories, including the development of a key risk indicator (KRI) dashboard. • An external firm has also been engaged to carry out a review of the risk framework elements, and feedback has been considered and embedded where appropriate. • The risk system has been updated to reflect the updated framework elements, and implemented across Crown Melbourne. • Crown will shortly write to the VCGLR regarding this Recommendation. 		
<p><u>Recommendation 4</u></p> <p>The VCGLR recommends that, by 1 July 2019, Crown 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.</p>	<p>Recommendation Accepted</p> <p>In this respect, a new business-wide compliance framework has been designed and the roll out has commenced across the business. Further a new process has been implemented to address any proposed changes to the regulatory environment.</p>	<ul style="list-style-type: none"> • A Gaming Initiatives Form was developed and implemented into processes in the business and is the key action in satisfying this recommendation; along with the new Regulatory and Compliance Requirements Policy. • A submission was made for an amendment to the EGM ICS to provide for the Gaming Initiative Form – VCGLR approval has been received. • Review being undertaken to determine whether additional Internal Controls require amendment. 	<p>1 July 2019</p>	<p>In Progress</p>

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Recommendation	Crown's Response	Proposed Action/Progress Update	Target/Action Dates	Completed Yes/No
		<ul style="list-style-type: none"> Although not specifically in response to this Recommendation, a new business wide compliance framework has been developed and rolled out to the business (95% of relevant departments are now integrated into the new framework). This included the commissioning of a reporting system (known as CURA) to support the new compliance framework. A detailed submission on the Compliance Framework was sent to the Chairman of the Commission on 24 December 2018, related to the Blanking Buttons matter. Following the review of internal controls, Crown will include a reference in relevant SOPs to Compliance being consulted prior to new initiatives being implemented. 		
<p><u>Recommendation 5</u></p> <p>The VCGLR recommends that Crown convene annual roundtable sessions briefing key internal staff on the VCGLR's risk-based approach to regulation, with a particular focus on how that approach relies on the integrity of Crown's internal processes.</p>	<p>Recommendation Accepted</p>	<ul style="list-style-type: none"> An annual briefing will be provided to Management at the Crown Melbourne Executive Risk and Compliance Committee (ERCC) meeting on the VCGLR's risk-based approach and its impact on Crown and its processes. The next meeting of the ERCC is scheduled for 21 May 2019 and the VCGLR's risk-based approach and its impact on Crown and its processes, will be presented to the Committee at that time. 	<p>Annual, ongoing.</p>	<p>No</p>
<p><u>Recommendation 6</u></p> <p>The VCGLR recommends that, by 1 January 2020, Crown Melbourne review its allocation of staffing resources to increase the number of work hours actually available to responsible gambling and intervention with patrons. This might be achieved by training more gaming staff to undertake assessments and then approach patrons identified as at risk, without the need to contact a RGLO. However, this will only be effective if those staff</p>	<p>Recommendation Accepted</p> <p>Crown has already commenced the process of employing an additional five Responsible Gaming staff members. Additionally, there will be a review of training for gaming and other related staff</p>	<ul style="list-style-type: none"> The recruitment of 5 extra Responsible Gaming Liaison Officers has been completed. We now have 12 RGLOs which has assisted in having a greater presence on the gaming floor. The roles and responsibilities of RGLOs are being reviewed to accommodate new Responsible Gaming (RG) initiatives. Currently reviewing the concept of gaming staff undertaking some RG specific activities. 	<p>1 January 2020</p>	<p>In Progress</p>

Section 25 – Timeline – Implementation of Recommendations

Recommendation	Crown's Response	Proposed Action/Progress Update	Target/Action Dates	Completed Yes/No
have sufficient time aside from their gaming duties.		<ul style="list-style-type: none"> The Gaming Machines and Table Games staff training framework has been reviewed - Crown remains of the view that the referral to expert RG staff remains a corner stone of its RG model. However, additional training for relevant gaming staff was reviewed and adjustments will be made. 		
<p><u>Recommendation 7</u></p> <p>The VCGLR further recommends that Crown Melbourne use observable signs in conjunction with other harm minimisation measures such as data analytics to identify patrons at risk of being harmed from gambling.</p>	<p>Recommendation Accepted</p> <p>A new data analytics trial has commenced in relation to carded players.</p>	<ul style="list-style-type: none"> Crown has developed a data analytics program called the "Crown Model", which has been developed from data and behaviours of former patrons who have self-excluded from Crown Melbourne. The Crown Model is designed as a predictive tool to assist in proactively identifying patrons who may be gambling in a manner which could be an indicator of potential harm. The trial of the Crown Model commenced on 25 June 2018 with operational procedures developed to respond to players of interest that are identified. The Crown Model is in its early stages with processes being adjusted as we learn from outputs. The first six month review is complete and the team is meeting regularly to discuss refinements. 	Ongoing	In Progress
<p><u>Recommendation 8</u></p> <p>The VCGLR recommends that Crown Melbourne proceed with development and implementation of comprehensive data analytics tools for all patrons, to proactively identify for intervention patrons at risk of harm from gambling. These tools would utilise both historical data (with parameters developed from the second player model), and real-time monitoring of play periods. Crown Melbourne should look to models in other jurisdictions, and consult with external data analytics experts, with a view to implementing world-class, proactive</p>	<p>Recommendation Accepted</p> <p>As referenced above, Crown has commenced a data analytics trial in relation to carded players.</p> <p>Further, work will be undertaken on systems to explore and implement real-time concepts by 1 January 2020.</p> <p>Crown also supports reviewing the extent to which further data analytics tools might enhance the framework into the future. In this respect, the use and reliability of data from uncarded play is new ground for the land based gaming industry which is</p>	<p>Rec 8(a)</p> <ul style="list-style-type: none"> Crown Melbourne has commenced its Crown Model trial. Crown has commenced its review of relevant literature and other jurisdictional experiences. The "real time monitoring" of play periods is currently under consideration and development including the recent adjustment of Crown's own "Play Periods" whereby RG, in conjunction with IT, is developing a reporting system, that identifies if a carded patron has been on the 	<p>Recommendation 8(a) 1 January 2020</p> <p>Recommendation 8(b) Commence study by 1 January 2019</p> <p>Report to the VCGLR by 1 January 2020</p>	In Progress

Section 25 – Timeline – Implementation of Recommendations

Recommendation	Crown's Response	Proposed Action/Progress Update	Target/Action Dates	Completed Yes/No
<p>approaches with real-time (or near-real time) operational effectiveness. In particular—</p> <p>(a) for carded play (that is, player activity which can be systematically tracked), Crown Melbourne will have in operation a comprehensive real-time player data analytics tool by 1 January 2020, and</p> <p>(b) for uncarded play (that is, all other player activity), Crown Melbourne will, by 1 January 2019, commence a comprehensive study of all the practical options for a real time player data analytics tool, with a view to reporting in detail (including legal, technical and methodological issues) to the VCGLR by 1 January 2020 and the tool being in operation by 1 July 2022.</p>	<p>not yet supported by reliable research and evidence.</p> <p>Crown will commit to carrying out a study of the options available and assess and analyse the research and expert evidence available with a view to exploring appropriate tools and options available to it for uncarded play.</p>	<p>property for 12 hours or more and play has been recorded.</p> <ul style="list-style-type: none"> • A tool for monitoring Play Periods has been developed. • Considering development of an app based alert and case management system. <p>Rec 8(b)</p> <ul style="list-style-type: none"> • We refer to our letter dated 24 December 2018 and subsequent email correspondence with Mr Rowan Harris dated 18 January 2019. • Undertaking regular meetings with Gaming senior management to discuss possible approaches. • Crown is in discussions with external parties regarding possible solutions. 	<p>Commence operation by 1 July 2022</p>	
<p><u>Recommendation 9</u></p> <p>The VCGLR recommends that Crown Melbourne arrange, at its expense, for an independent assessment of the real-time player data analytics tool for carded play (see Recommendation 8(a)), to be completed 12 months after implementation of the tool. The independent assessment is to be undertaken by a person approved by the VCGLR, after consultation with Crown.</p>	<p>Recommendation Accepted</p>	<ul style="list-style-type: none"> • Will be progressed in due course 	<p>1 July 2023</p>	<p>No</p>
<p><u>Recommendation 10</u></p> <p>The VCGLR recommends that, by 1 July 2019, Crown Melbourne undertake a comprehensive review of its policy for the making and revocation of voluntary exclusion orders under section 72(2A) of the <i>Casino Control Act</i>. 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:</p>	<p>Recommendation Accepted</p>	<ul style="list-style-type: none"> • Literature review commenced internally. • The VCGLR, VRGF and Crown had their first meeting on 29 November 2018 to commence discussions on this recommendation. • The VCGLR, VRGF and Crown met for the second tripartite meeting on 18 December 2018, with undertakings to provide further material for the literature review. • Four tripartite meetings have been held with 	<p>1 July 2019</p>	<p>In Progress</p>

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Recommendation	Crown's Response	Proposed Action/Progress Update	Target/Action Dates	Completed Yes/No
<ul style="list-style-type: none"> • Crown Melbourne issuing short term exclusion orders for 3, 6, 12 or 24 months under section 72 of the <i>Casino Control Act</i>, 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. 		<p>the VCGLR/VRGF.</p> <ul style="list-style-type: none"> • A first draft response regarding the short term exclusion proposal has been finalised and is currently being reviewed. • (Second Limb) – Crown has considered voluntary exclusion orders, which are more than 10 years old. A letter will be forwarded to the VCGLR regarding the outcome of Crown's review. 		
<p><u>Recommendation 11</u></p> <p>The VCGLR recommends that, by 1 July 2019, Crown Melbourne develop and implement a policy and procedure to facilitate Crown Melbourne issuing involuntary exclusion orders under section 72(1) of the <i>Casino Control Act</i> 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.</p>	<p>Recommendation Accepted</p>	<ul style="list-style-type: none"> • The Crown Perth Third Party Exclusion Policy and Procedure has been reviewed and adjusted, in draft, to suit Crown Melbourne. • The VCGLR, VRGF and Crown had their first meeting to commence discussions on 29 November 2018 regarding this recommendation. • Crown provided the draft of the Crown Melbourne Policy and Procedure adapted from the Crown Perth Policy and procedure to the group. • The VCGLR, VRGF and Crown met for the second tripartite meeting on 18 December 2018, with undertakings to provide further material for the literature review. The VCGLR requested that Crown Melbourne provide Third Party Exclusion statistics from Crown Perth. • The VCGLR is scheduling a tripartite meeting with the South Australian Regulator to discuss 	<p>1 July 2019</p>	<p>In Progress</p>

Section 25 – Timeline – Implementation of Recommendations

Recommendation	Crown's Response	Proposed Action/Progress Update	Target/Action Dates	Completed Yes/No
		<p>its processes.</p> <ul style="list-style-type: none"> Four tripartite meetings have been held with VCGLR/VRGF. A first draft policy and procedure has been reviewed by the tripartite group and modifications are currently being made from the feedback received. 		
<p><u>Recommendation 12</u></p> <p>The VCGLR recommends that, by 1 July 2019, Crown Melbourne 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.</p>	<p>Recommendation Accepted</p> <p>Crown notes that it has already expanded its facial recognition capabilities and proposes to continue to do so in FY20.</p>	<ul style="list-style-type: none"> Facial recognition cameras are now operating on all entrances to the casino. Crown to formally write to the VCGLR confirming that all entrances to the Casino are now covered by facial recognition cameras and to notify a commencement date for quarterly updates on the effectiveness of the system. A letter to the VCGLR confirming that all entrances to the Casino are now covered by facial recognition cameras has been drafted and is in the process of being settled internally. Crown will commence providing quarterly updates from October 2019 (which will cover the period 1 July 2019 to 30 September 2019) on the effectiveness of its Facial Recognition Technology. 	<p>1 July 2019 (and ongoing quarterly reports)</p>	<p>Yes (but for official notification to the VCGLR and ongoing quarterly reports)</p>
<p><u>Recommendation 13</u></p> <p>The VCGLR recommends that, as part of developing a new responsible gambling strategy, by 1 July 2019, Crown Melbourne 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.</p>	<p>Recommendation Accepted</p>	<ul style="list-style-type: none"> To be progressed upon finalisation of the RG Strategy (see recommendation 14). Initial drafts of new logo being developed. Marketing has been briefed regarding a refresh and a new logo has been developed – ready for internal review/approval. Strategy will be set by 1 July 2019 and roll-out will commence at that time. Crown is finalising the new marketing design and refresh (including logo). Nomenclature is proposed to be changed from Responsible Gambling Support Centre to Responsible Gambling Centre and Responsible Gambling 	<p>July 2019</p>	<p>In Progress</p>

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Recommendation	Crown's Response	Proposed Action/Progress Update	Target/Action Dates	Completed Yes/No
		Liaison Officer to Responsible Gambling Advisors. Brochures are currently under review.		
<p><u>Recommendation 14</u></p> <p>The VCGLR recommends that, by 1 July 2019, Crown Melbourne develop and implement a responsible gambling strategy focusing on the minimisation of gambling related harm to persons attending the casino. The strategy should address:</p> <p>(a) early proactive intervention initiatives</p> <p>(b) player data analytics</p> <p>(c) proactive engagement with pre-commitment</p> <p>(d) intervening with local players with continuous play based on shorter timeframes which are more reflective of responsible gambling</p> <p>(e) the role of all staff in minimising harm</p> <p>(f) the effective use and monitoring of exclusion orders</p> <p>(g) internal reporting arrangements</p> <p>(h) integrating responsible gambling into proposals for trialing or introduction of new products and equipment</p> <p>(i) performance measures to assess the performance of the RGLOs, RGSC and casino staff in relation to harm minimisation</p> <p>(j) the roles of the Crown Resorts Responsible Gambling Committee and the Responsible Gambling Management Committee in driving harm prevention strategies based on world's best practice</p> <p>(k) the objectives of the RGSC in relation to minimising harm to patrons, and</p> <p>(l) the responsible service of gambling as a</p>	<p>Recommendation Accepted</p>	<ul style="list-style-type: none"> Revised draft Strategy currently being considered. Various elements of each specific point referred to by the VCGLR are currently being progressed (see commentary on recommendations above) or will be addressed in due course. A draft strategy is being prepared for senior management review and then ratification by the Crown Resorts Limited Responsible Gaming Committee. 	<p>July 2019</p>	<p>In Progress</p>

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Recommendation	Crown's Response	Proposed Action/Progress Update	Target/Action Dates	Completed Yes/No
fundamental core business consideration when making strategic decisions regarding casino operations.				
<p><u>Recommendation 15</u></p> <p>The VCGLR recommends that, within three months of implementing the new responsible gambling strategy (Recommendation 14), there is regular reporting to the Crown Resorts Responsible Gambling Committee for it to maintain oversight of Crown Melbourne's harm minimisation strategy for responsible gambling. Regular reports every two months should include numbers and types of interventions and other harm minimisation activities of RGSC and other staff, details of the number and nature of referrals to external service providers, exclusion orders, breaches, revocation and appeals, as well as results from player data analytics and other initiatives to minimise gambling related harm. These reports should also be made available to the VCGLR for monitoring purposes. (The VCGLR intends to share this information, as appropriate, with the VRGF).</p>	Recommendation Accepted	<ul style="list-style-type: none"> Revised reporting to be developed in due course. Reporting drafts have been prepared for senior management. 	1 October 2019	In Progress
<p><u>Recommendation 16</u></p> <p>The VCGLR recommends that within three months of implementing the strategy, a charter is developed for the Crown Melbourne Responsible Gambling Management Committee (staff committee) which includes reference to the role and responsibility of driving a harm minimisation culture.</p>	Recommendation Accepted	<ul style="list-style-type: none"> Management is currently reviewing all Australian Resorts RG Committees to align processes where appropriate. Draft Charter is in progress. 	1 October 2019	In Progress
<p><u>Recommendation 17</u></p> <p>The VCGLR recommends that, by 1 July 2019, Crown 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.</p>	Recommendation Accepted	<ul style="list-style-type: none"> Crown has met with AUSTRAC to discuss this recommendation. A new joint AML Program across Crown's Australian Resorts is being developed and will be reviewed by an external party. AUSTRAC is being kept informed of progress. Internal Controls have been reviewed, preliminary discussions with AUSTRAC have taken place and draft changes have been made 	1 July 2019	In Progress

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Recommendation	Crown's Response	Proposed Action/Progress Update	Target/Action Dates	Completed Yes/No
		for management review.		
<p><u>Recommendation 18</u></p> <p>The VCGLR recommends, in all future submissions by Crown Melbourne to the VCGLR for approvals under the <i>Casino Control Act</i> or <i>Gambling Regulation Act</i>, that Crown document:</p> <ul style="list-style-type: none"> the purpose obligations under relevant provisions of legislation, the Transaction Documents, and existing approvals what changes the grant of the approval would make to products, rules and procedures, etc risks associated with the approval and how they will be treated how responsible gambling considerations have been taken into account in the process and the measures Crown will implement to mitigate the risk of gambling related harm, and <p>which areas of Crown will be responsible for managing implementation.</p>	<p>Recommendation Accepted</p>	<ul style="list-style-type: none"> A new template for submissions to the VCGLR for seeking approvals has been drafted and in use since July 2018. Crown Management and VCGLR Officers will continue dialogue on the form of the submission and develop it where required. 	<p>Immediate effect</p>	<p>In Progress</p>
<p><u>Recommendation 19</u></p> <p>The VCGLR recommends that, by 1 July 2019, Crown Melbourne implement a policy to make an exclusion order under section 72 of the <i>Casino Control Act</i> in appropriate cases where a person has engaged in significant unacceptable conduct in the casino or is the subject of serious criminal charges.</p>	<p>Recommendation Accepted</p> <p>Crown notes that it has had a policy in place to issue Exclusion Orders for unacceptable behaviour for over ten years and does issue Exclusion Orders for this purpose in appropriate circumstances. Crown also notes that it issues withdrawal of licence notices to persons in appropriate circumstances, as it is entitled to do as a common law right, as those notices cover broader areas of the Crown property than the more limited area covered by Exclusion Orders.</p>	<ul style="list-style-type: none"> The existing 'Unacceptable Behaviour' policy statement has been reviewed and amended to strengthen the use of exclusion orders either instead of or as well as withdrawal of licences (in appropriate cases). Policy is currently under review by management. Management feedback has been received and the policy has been updated. A letter to the VCGLR has been prepared and is currently being reviewed. 	<p>1 July 2019</p>	<p>In Progress</p>

Section 25 – Timeline – Implementation of Recommendations

Recommendation	Crown's Response	Proposed Action/Progress Update	Target/Action Dates	Completed Yes/No
<p><u>Recommendation 20</u></p> <p>The VCGLR recommends that, between November 2019 and March 2020, VCGLR Commissioners and directors of the Crown Resorts Board meet to review the implementation of the recommendations set out in this report.</p>	<p>Recommendation Accepted</p>	<ul style="list-style-type: none"> To be actioned in due course 	<p>Between November 2019 and March 2020</p>	<p>No</p>

VCGLR's Regulatory Approach

Introduction

The VCGLR's Regulatory Approach sets out our strategy to regulate the gambling and liquor industries in Victoria.

This strategy is based on contemporary regulatory theory, Government policy and operates in accordance with relevant legislation.

The VCGLR's Regulatory Approach provides a framework for the use of our resources, and to guide decision-making.

The VCGLR's goals are to:

- achieve high levels of voluntary compliance with gambling and liquor laws by setting clear expectations, encouraging the right behaviour and taking strong enforcement action where required
- constrain the regulatory costs and restrictions we impose on the gambling and liquor industries to what is necessary to achieve regulatory objectives
- uphold a culture of integrity and harm minimisation in the gambling and liquor industries.

The VCGLR regulates businesses focussing on the people, premises, products and promotions involved in supplying gambling and liquor. We work together with a diverse number of bodies and groups to achieve positive outcomes for the Victorian community.

There are some synergies with gambling and liquor regulation and industries, which can produce efficiencies under an integrated regulator model. There are also some differences including the harms experienced by the community from gambling and alcohol consumption. The VCGLR:

- takes a consistent approach to regulation across both industries where this provides benefits for industry and the community
- takes a tailored approach with some aspects of gambling and liquor regulation where necessary to effectively regulate and minimise harm.

Synergies and differences

- The VCGLR approaches many gambling and liquor regulatory functions in the same way. For example, the VCGLR uses the same framework for deciding what enforcement action to take for breaches of both gambling and liquor laws.
- The VCGLR will make decisions taking into account the unique nature of gambling and liquor regulation. For example, the VCGLR has a case management approach for major gambling licensees providing intensive oversight given their size and potential impact on the industry and community. However, with approximately 20,000 liquor licences in Victoria, the VCGLR relies more on risk-based targeting to concentrate its efforts onto areas most likely to cause harm to the community.

VCGLR's vision and regulatory objectives

Vision

The VCGLR's vision is for Victorians and visitors to enjoy safe and responsible gambling and liquor environments.

Regulatory objectives

The VCGLR must regulate in a way that supports the achievement of the legislative objectives we are charged with administering.

The VCGLR endeavours to operate without undue formality, and as expeditiously as practicable. The VCGLR also adheres to the rules of natural justice and affords procedural fairness. In working to achieve our regulatory objectives, we only impose costs or restrictions on the liquor and gambling industries that are appropriate and proportionate.

Gambling

The VCGLR balances the following regulatory objectives in respect of gambling:

- foster responsible gambling in order to minimise harm and accommodate those who gamble without harming themselves or others
- ensure that gambling venues remain free from criminal influence or exploitation
- ensure that gambling is conducted honestly
- ensure that minors are neither encouraged to gamble nor allowed to do so
- ensure that community and charitable gaming benefits the community or charitable organisations and that practices that could undermine public confidence are eliminated
- through the regulation of gambling promote tourism, employment, and economic development generally in Victoria.

Liquor

The VCGLR's primary regulatory objective in respect of liquor is to minimise harm from the misuse and abuse of alcohol.

The VCGLR's other regulatory objectives are:

- to facilitate the development of a diversity of liquor licensed facilities reflecting community expectations
- to contribute to the responsible development of the liquor, licensed hospitality and live music industries
- to regulate liquor licensed premises that provide sexually explicit entertainment.

Minimise harm

The VCGLR minimises harm by:

- focussing on types of harm that our statutory powers are best suited to targeting
- concentrating our efforts on action that the businesses and individuals we regulate can take.

We focus on the following harms resulting from the gambling industry:

- problem gambling
- unfairness to players
- criminality
- minors gambling or being encouraged to gamble
- detriment to community and charitable organisations.

We focus on the following harm from the misuse and abuse of alcohol:

- risky drinking
- minors consuming alcohol

What is our approach to problem gambling?

- Individuals and businesses in the gambling industry have an obligation to create environments designed to minimise problem gambling.
- The VCGLR is focused on **fostering responsible gambling** in order to minimise harm from problem gambling. The predominant role of the VCGLR is to ensure the gambling industry meets required standards to create environments that minimise problem gambling.

- violence and anti-social behaviour
- detriment to the amenity of community life.

The VCGLR uses a broad range of tools to minimise harm throughout our licensing, information and education, monitoring and enforcement functions.

We take action where there is a lack of compliance with gambling

What is our approach to the misuse and abuse of alcohol?

- Those involved in the liquor industry are required to implement measures to minimise the risks that intoxicated patrons will be served liquor and that disorderly patrons will harm those in and around licensed premises.
- The VCGLR is focused on minimising **immediate or short-term alcohol-related harms** attributable to licensed premises that occur in and around licensed premises. In particular, the VCGLR will act to minimise intoxication and anti-social and violent behaviour.

and liquor laws because the community may be at risk of harm. The VCGLR will take strong enforcement action when appropriate to deter future non-compliance and educate the gambling and liquor industries about the need to comply with the law.

The VCGLR monitors for unacceptable levels of harm or emerging harm from the gambling and liquor industries. The VCGLR will take action if we have the ability to minimise harm. In these situations, the VCGLR is acting to protect the Victorian community rather than seeking to establish fault or non-compliance by particular individuals and businesses.

Sometimes, the VCGLR may not be best placed to take action to minimise harm. In these cases, the VCGLR will collaborate with our regulatory partners including Victoria Police, the community and the gambling and liquor industries to develop ways to minimise harm.

Our approach to harm minimisation

- Where data from research shows an increase in rates of problem gambling in a particular area for example, the VCGLR will focus on raising awareness of requirements for venues to create an environment that fosters responsible gambling and ensuring there is compliance. The VCGLR will also collaborate with other regulatory partners to support additional actions.
- Another example is if data from Victoria Police shows a significant increase in alcohol-related violence in an area. The VCGLR will review the licence conditions of premises in the area to see whether changes can be made to minimise the risk of violence in the future.
- If the VCGLR has evidence suggesting money laundering is occurring in a gaming venue, this evidence is provided to Victoria Police and Austrac for them to investigate.

VCGLR's principles for regulation



Risk-based

Our risk-based strategy guides the VCGLR's decisions to make the biggest difference to the Victorian community. An understanding of risk guides the VCGLR's decision-making, priorities and use of resources in discharging our statutory functions in licensing, information & education, monitoring and enforcement.

By adopting a risk-based approach, we acknowledge a tolerance of risk is necessary to properly meet our regulatory objectives.

Risk assessment

The VCGLR considers the risks associated with activities, for example the risks of particular kinds of liquor licensed premises or types of gambling.

The VCGLR looks at the risks presented by individuals and businesses in the gambling and liquor industries, for example a particular business may be more at risk of causing harm to the community than other businesses. This includes the risk of non-compliance with regulatory requirements.

The VCGLR:

- strives for a consistent approach to the assessment of risk throughout our operations
- asks for input on risk assessments from other relevant government agencies, including Victoria Police and local councils, to ensure we use all relevant data, information and intelligence
- uses information and data provided to us from sources outside government in risk assessments if relevant and appropriate, taking into account the need for accuracy and objectivity
- scans for emergent or unfamiliar risks to enable us to take a proactive approach to regulation.

How we assess risk

- A venue like a late trading nightclub has a higher risk of community harm than a cafe that serves a glass of wine with lunch. This has been established by research looking at assault and intoxication rates.
- A company that frequently conducts trade promotion lotteries but has had a history of repeated breaches of the law will have a higher likelihood of not complying in the future. This makes the company higher risk.

Risk communication

The VCGLR shares risk assessments with affected individuals and businesses and other relevant government agencies as appropriate.

Risk management

We use information generated by risk assessments to prioritise risks and our use of resources to manage risks.

The VCGLR:

- uses risk assessments in decision-making in accordance with our available discretion under relevant legislation
- uses legal, economic, policy and other forms of analysis in addition to risk assessments to guide our decision-making. Risk assessments are persuasive, but not determinative
- puts greater focus on activities, individuals and businesses at higher risk of undermining regulatory objectives
- works to coordinate its risk management activities with other government regulatory partners where appropriate.

Reviewing risk assessment and management

The VCGLR regularly reviews and updates our risk assessments and risk management practices to reflect changes in the gambling and liquor industries, regulatory objectives, the Victorian community and the availability of new data and information.

How we manage risk

- VCGLR Inspectors will more frequently inspect events like large music festivals than school fetes because they have a higher risk of harm to the community.
- The VCGLR will more closely scrutinise applications from businesses with a history of non-compliance with gambling and liquor laws because they have a higher likelihood of not complying in the future. This may mean these applications take longer to process.
- The VCGLR continues to work with Victoria Police and other regulators to conduct joint inspections of liquor licensed premises.



Proactive

The VCGLR is proactive in undertaking our role as a regulator.

We take a forward-looking approach in assessing the environment to detect emerging issues so we can dedicate more effort to proactively managing these issues.

The VCGLR makes independent decisions balancing the views and needs of regulatory partners, the community and the gambling and liquor industries. We independently assess the merits of stakeholder concerns and decide whether to act, and what action to take.

What does it mean to be proactive?

- An example of the VCGLR's proactive approach is our practice of identifying peak periods where the risk of harm to the community is increased. In preparation for the 'White Night Festival' for example, the VCGLR liaises with event organisers and licensees to provide information about our processes and approach to licence extensions as well as important regulatory obligations. Before the Spring Racing Carnival the VCGLR proactively provides information to relevant businesses to remind them of their regulatory obligations.



Collaborative

Regulatory power is not held solely by the VCGLR in respect of the gambling and liquor industries. There are a diverse number of bodies and groups that the VCGLR co-regulates with to achieve positive outcomes for the Victorian community. In particular, we work closely with Victoria Police and local government.

We actively look for opportunities to partner, collaborate and share information with others because it improves our effectiveness and reduces potential duplication.

The VCGLR works with the gambling and liquor industries and the community. We look for opportunities for self-regulation where the gambling and liquor industries take it upon themselves to work towards a regulatory outcome. The VCGLR gives clear information to the Victorian community about opportunities for input into our decision-making.

What does it mean to be collaborative?

- The VCGLR holds a range of forums to facilitate collaboration including state-wide information sessions, community sector forums and liquor forums. This complements our regular engagement with industry associations, peak bodies, Victoria Police, VicHealth, the Victorian Responsible Gambling Foundation, local councils and many other bodies.



Transparent

The VCGLR's efforts to achieve regulatory objectives depend upon the actions of others. We are transparent and:

- give the gambling and liquor industries, the Victorian community and regulatory partners a clear understanding of what to expect from us
- provide guidance to VCGLR commissioners and staff to support consistent and effective regulatory action for the benefit of the Victorian community
- provide a transparent account of the way we regulate, our operations and the decisions we make.

How are we transparent?

- One way the VCGLR is transparent is by continually looking for opportunities to publish useful data about our operations and the gambling and liquor industries. For example, the VCGLR has a publicly accessible map with geo-coded information about all permanent liquor licences in Victoria. The VCGLR also publishes data about gaming expenditure regularly on our website.





Targeted

The VCGLR is focused on achieving high rates of compliance with gambling and liquor laws. We rely on theories of responsive regulation and when making decisions about the types of enforcement action to take: we ask ourselves "when to punish, when to persuade?" In many instances, the VCGLR can achieve compliance by seeking to persuade those we regulate in the first instance with tools such as education and warnings, with more significant sanctions being used for more risky individuals and businesses or where there has been greater harm to the community, or a more significant risk of harm.

The three critical elements to our targeted enforcement approach are:

- systemic, fairly directed and fully explained disapproval of those who do not comply with the law
- a respect for individuals and businesses regulated by the VCGLR by taking into account individual circumstances
- an escalation of the severity of enforcement sanctions in the absence of genuine effort to meet required standards.

The VCGLR has a graduated approach to the use of enforcement sanctions where sanctions increase in accordance with the severity of the breach and the harm or risk of harm to the community.

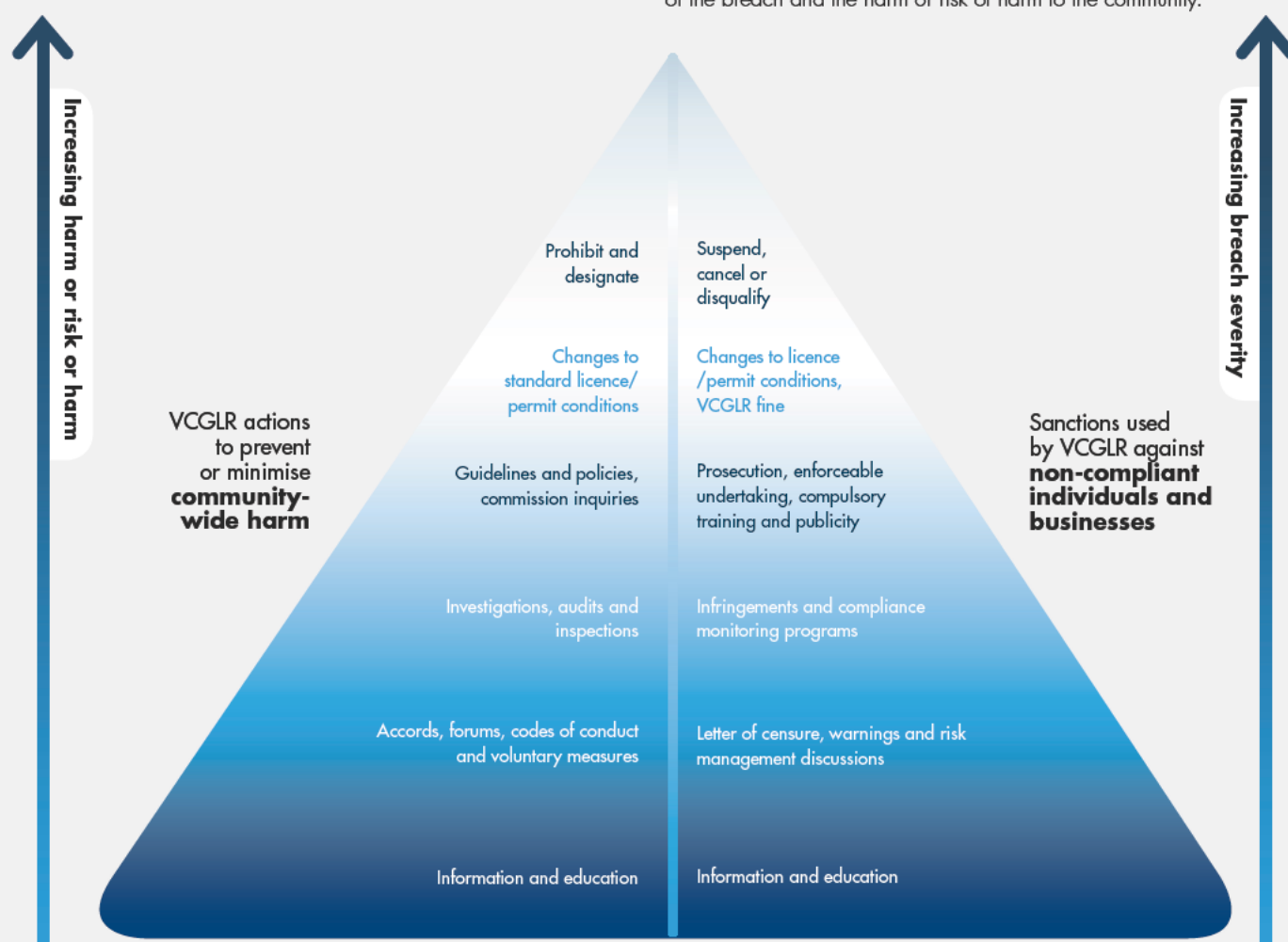


Figure: VCGLR's Graduated Enforcement Pyramid⁰⁴

Whole of VCGLR integrated approach

Key VCGLR functions forming a regulatory cycle are:



The VCGLR uses an integrated approach to performing our regulatory functions that is focused on:

- using the VCGLR's licensing, information & education, monitoring and enforcement functions in combination to solve problems recognising that we are more effective if different regulatory tools are used in combination
- achieving our regulatory objectives and outcomes for the community.

We use information and education in all stages of the regulatory cycle to support voluntary compliance. Information we gather from monitoring the gambling and liquor industries informs all of our functions. We coordinate action across the VCGLR's functions to reduce inconsistency for the gambling and liquor industries and improve our operational effectiveness.

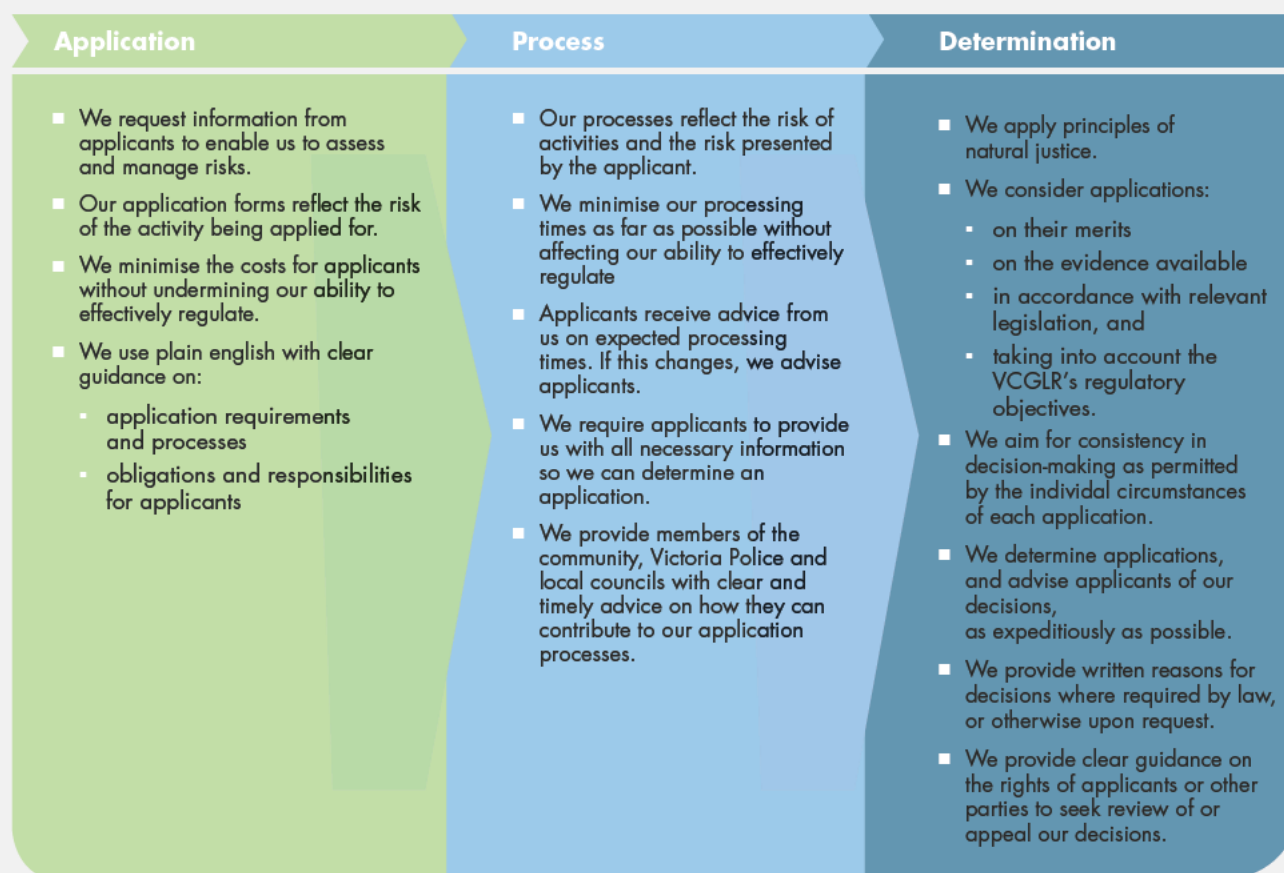
How we work together

- One example is where a venue operator's licence is issued for a new gaming venue. The VCGLR will make sure there is enough information provided so the venue operator is aware of important obligations. VCGLR inspectors are also notified about the opening of a new venue and visit the premises shortly after opening to answer any questions and check obligations are being complied with.
- If the VCGLR detects a venue not complying with the law, it may take action in multiple areas to bring a venue back into compliance. For example, if a liquor licensed premises has been caught serving an intoxicated patron, the VCGLR may give the licensee information to make them aware of their responsibilities, charge the licensee with an offence, vary licence conditions to minimise the risk it will happen again and make sure all bar staff have completed RSA training.



License

A particular focus for the VCGLR is making sure we have the appropriate processes in place in our licensing function to afford natural justice to individuals and businesses.



How risk informs the licensing process

- The VCGLR will ask questions in its applications to help assess and manage risks. This helps the VCGLR streamline its processes. For example, an application for a restaurant and cafe licence that will only open until 5pm on weekdays will have fewer application requirements and will be determined more quickly than a higher risk application for a new large pub.
- The VCGLR will spend comparatively more time and effort considering higher risk applications. For example, the VCGLR has an intensive decision-making process to assess applications for increases in numbers of gaming machines

Probity and suitability checks are an important part of supporting the achievement of regulatory objectives and protecting the community.

The VCGLR:

- conducts checks in a way that minimises costs for individuals and businesses without undermining the integrity of gambling and liquor industries
- doesn't just assess probity and suitability upon entry into the gambling and liquor markets - individuals and businesses can have their suitability reassessed by us at any time.

Major gambling licensees

The VCGLR holds major gambling licensees to the same standard as other individuals and businesses in the gambling and liquor industries.

However, major gambling licensees:

- are larger so their operations can have a significant impact on the gambling industry and the community
- have some unique circumstances resulting from monopoly or duopoly licences.

The VCGLR uses a case management approach to manage the performance and compliance of major gambling licensees. This brings together elements from all of the VCGLR's functions in order to comprehensively and consistently regulate major gambling licensees.



Inform and educate

We target two key audiences for our information and education activities:

- individuals and businesses involved in the gambling and liquor industries
- the Victorian community.

Gambling and liquor industry

Informing and educating the gambling and liquor industries throughout all parts of the regulatory cycle supports compliance with gambling and liquor laws. The VCGLR uses the provision of information and education as an important regulatory tool to influence the behaviour of individuals and businesses regulated by the VCGLR in large numbers and in a cost effective manner.

The VCGLR works together with industry associations and regulatory partners to:

- understand the information and education needs of the gambling and liquor industries
- effectively distribute important information.

Victorian community

The VCGLR works to support the community to participate in regulating the gambling and liquor industries.

Consistent with legislation, we provide information so community members can:

- contribute to decisions made by the VCGLR
- tell us about potential non-compliance and emerging or unacceptable levels of gambling and liquor related harm
- make informed choices about purchasing goods or services in the gambling and liquor industries armed with information about the compliance of individuals and businesses with gambling and liquor laws.



Monitor

We monitor the activities of the gambling and liquor industries in order to detect where individuals and businesses are not complying with their regulatory obligations.

The VCGLR's aim is to identify problems in the gambling and liquor industries that put the achievement of regulatory objectives at risk. The VCGLR's monitoring approach is characterised by flexibility, responsiveness and the use of intelligence. We collaborate with regulatory partners, especially Victoria Police and local councils to gather an in-depth understanding of the gambling and liquor industries.

The VCGLR:

- has a targeted monitoring program informed by risk assessments with a particular focus on gambling and liquor related harm
- conducts random audits and inspections
- looks to identify trends or emerging issues in the gambling and liquor industries as a whole.

The VCGLR uses face-to-face inspections as an opportunity to remind those involved in the gambling and liquor industries of their obligations. We also provide information and advice to assist individuals and businesses to comply with the law and to minimise harm to the community.

Investigations and Commission inquiries provide us with an in-depth examination of an issue. More of the VCGLR's resources are dedicated to investigating or inquiring into potential breaches of gambling and liquor laws or public interest matters where the matters to be investigated present a higher risk to regulatory objectives.



Enforce

The aim of the VCGLR's enforcement regime is to encourage individuals and businesses regulated by us to choose to comply with their obligations.

The VCGLR takes enforcement action:

- to remedy non-compliance with gambling and liquor laws
- where appropriate, to punish individuals and businesses for non-compliance with gambling and liquor laws.

We take a problem solving approach to enforcement where sanctions are chosen based on their likelihood of successfully motivating those found to be non-compliant to change their behaviour and comply with gambling and liquor laws in the future.

When deciding what sanction is appropriate to respond to non-compliance, the VCGLR:

- considers the severity of a breach
- considers what is appropriate for each individual to change their behaviour
- chooses enforcement sanctions that:
 - are proportionate to the breach
 - impose costs only as far as are necessary to appropriately respond to the breach
 - act as a specific deterrent to future non-compliance by the individual offender
 - act as a general deterrent to the gambling and liquor industries by educating them about the need to comply with the law.

The VCGLR has a graduated response to enforcement.

Sanctions applied by the VCGLR for non-compliance increase:

- with the severity of the breach including the degree of culpability of the offender and the risk or harm to the community from the breach
- if non-compliance continues or is repeated.

The VCGLR requires strict compliance with requirements to pay taxes and fees. We require all taxes and fees to be paid in accordance with relevant legislation and by the due date. We take enforcement action in the case of non-compliance.

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Feedback

The VCGLR's Regulatory Approach will continue to be reviewed and updated in response to feedback or any significant changes to legislation, government policy or our regulatory practice. We welcome feedback about the VCGLR's Regulatory Approach or the performance of the VCGLR.

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August 2015



VCGLR's Regulatory Approach

The Victorian Commission for Gambling and Liquor Regulation (VCGLR) is the independent regulator of businesses involved in Victoria's gambling and liquor industries.

Our vision is for Victorians and visitors to enjoy safe and responsible gambling and liquor environments.

The VCGLR regulates for the benefit of the Victorian community by focussing on integrity, harm minimisation and the attainment of socio-economic benefits from the gambling and liquor industries. In balancing competing regulatory objectives, the VCGLR will:

- **Minimise harm** by focusing our efforts on action that the businesses we regulate can take
- **Be proportionate** and only impose costs or restrictions on the gambling and liquor industries as appropriate to achieve regulatory objectives and compliance with the law.



The VCGLR uses these overarching principles to guide how we regulate:

Risk-based – we use risk to guide our activities and the use of our resources and we aim for consistency

Proactive – we make independent decisions, identify emerging issues and respond before the community suffers significant harm

Collaborative – we work collaboratively with our regulatory partners, the gambling and liquor industries and the community

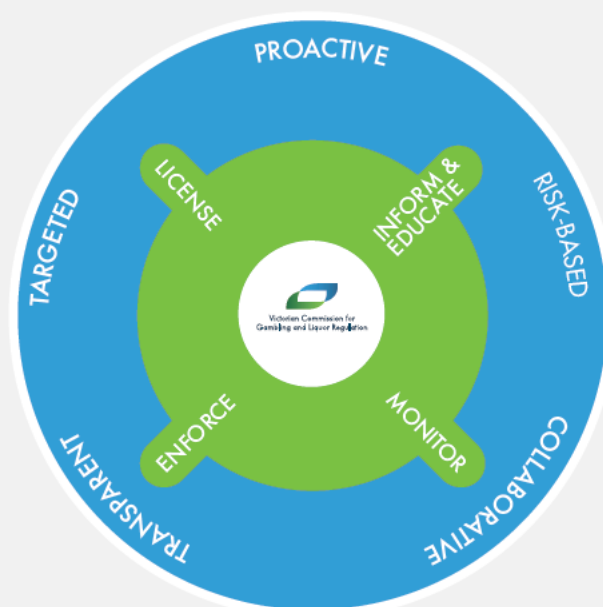
Transparent – we are open about how we regulate

Targeted – we choose proportionate enforcement sanctions that target individual offenders to change their behaviour and secure compliance with gambling and liquor laws for the protection of the community.



The VCGLR uses an **integrated approach** to performing our regulatory functions.

We license, inform & educate, monitor and enforce in combination with the aim of solving problems and achieving outcomes for the Victorian community.



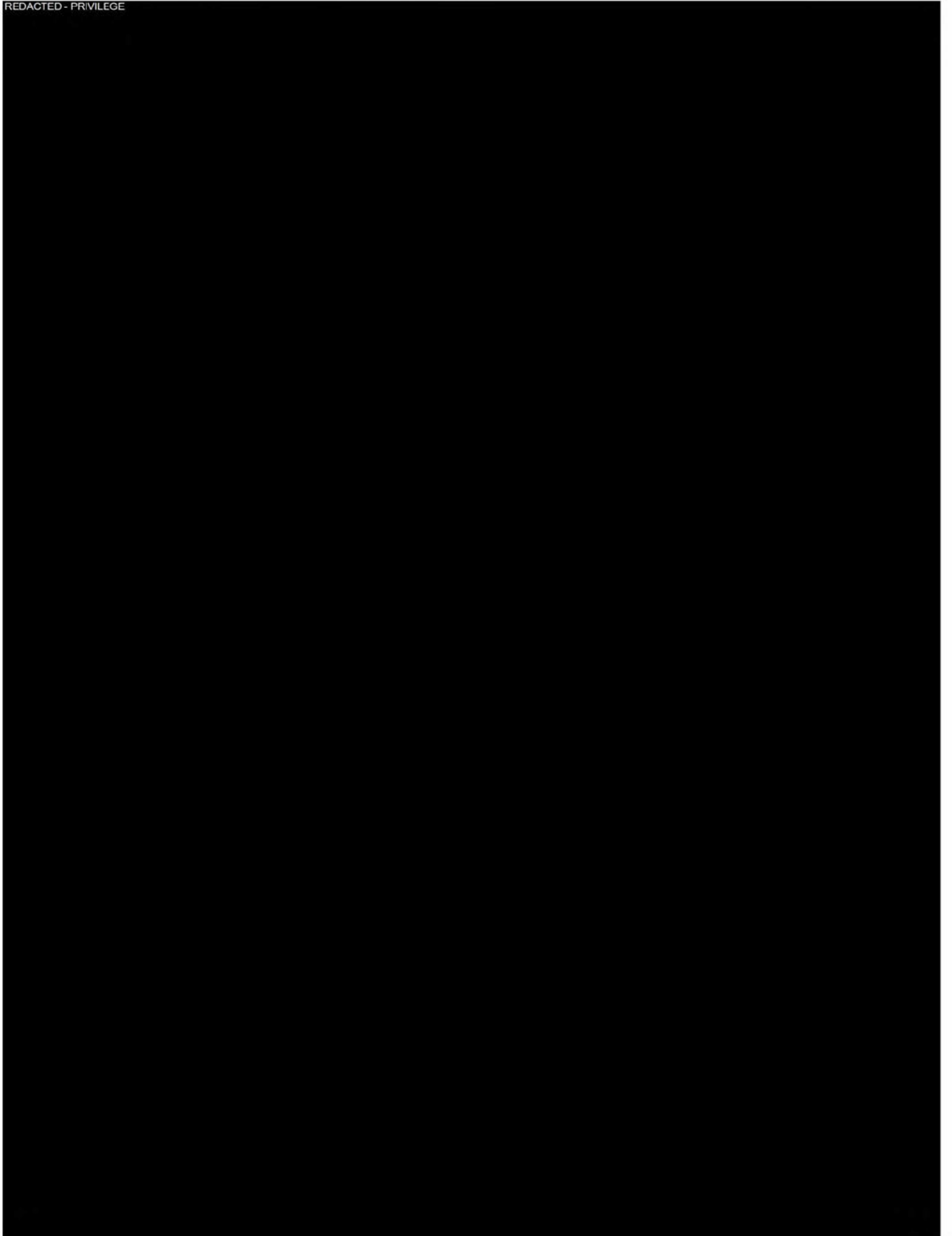
The full Regulatory Approach is available to download from vcglr.vic.gov.au





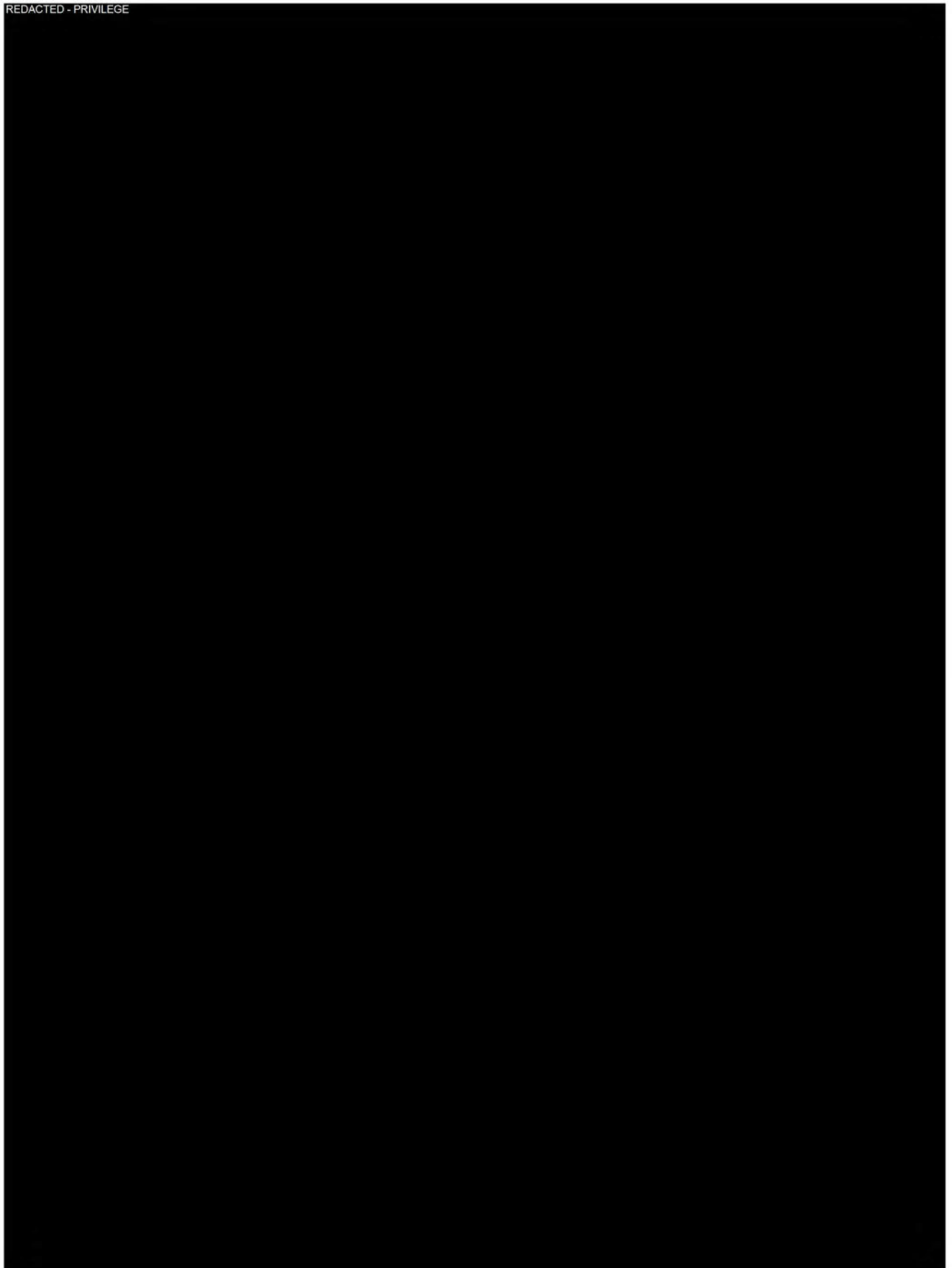
Crown Melbourne
Agenda Item 6: Litigation Report
February 2019 – April 2019

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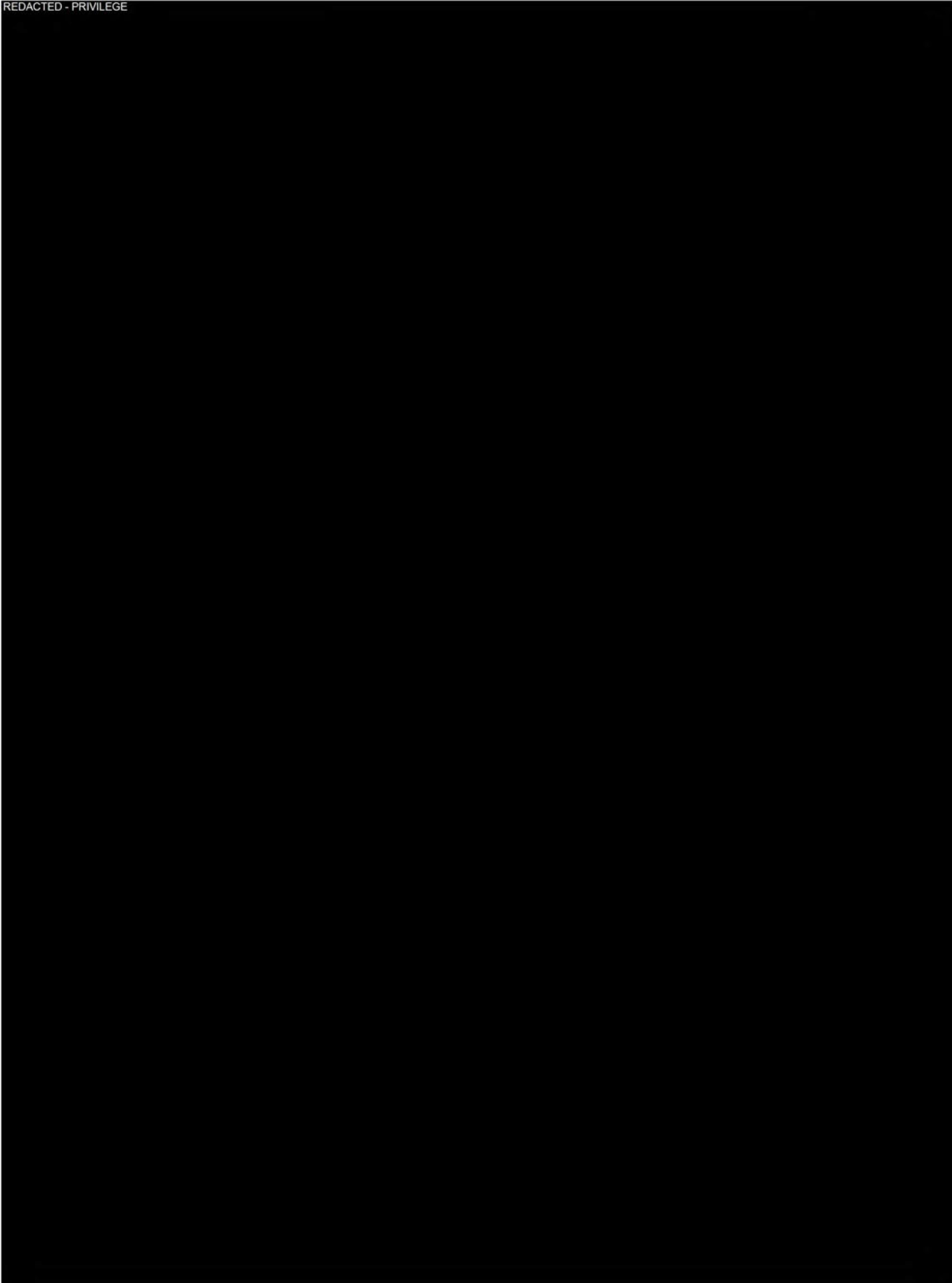


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ANNEXURE A – DEBTORS

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Crown Melbourne
Agenda Item 7: AML/CTF Update
May 2019

1. AUSTRAC

(a) AUSTRAC Compliance Assessments

AUSTRAC has advised Crown that it will be conducting a Compliance Assessment on Crown Perth in October 2019 (having deferred the June assessment following discussion with Crown). This review will consider, amongst other matters:

- the Joint AML/CTF Program;
- the results and progress of the new automated transaction monitoring program (see section 7(a) below); and
- staff training initiatives.

Whilst this Compliance Assessment is to be largely focused on the Crown Perth operations, we should expect AUSTRAC to make enquiries in respect of the Group in respect of the matters listed above.

(b) AUSTRAC enquiry – Suncity

We have had no further correspondence with AUSTRAC on this matter.

(c) Fintel Alliance

We have been advised that, due to a reconsideration of composition and role of the Fintel Alliance, AUSTRAC were not progressing with new invitees at this point.

In its discussions with AUSTRAC, Crown Melbourne was advised that this was not a reflection on Crown and entirely an internal matter for AUSTRAC and the strategic direction of the Fintel Alliance going forward.

(d) AUSTRAC relationship

Crown Melbourne recently carried out a familiarisation tour with representatives from AUSTRAC (including the Deputy CEO) together with a presentation on the proposed transaction monitoring automation solution.

2. AUSTRAC Reporting and Program Matters

(a) Reporting statistics (January 2019 – April 2019)

The following table shows the number of Suspicious Matters Reports (**SMR**), Threshold Transactions (**TTR**) and International Funds Transfer Instructions (**IFTI**) reported to AUSTRAC since 1 January 2019 (reported by transaction date):



Month	Jan 19	Feb 19	Mar 19	Apr 19	YTD
TTRs	3,574	3960	3444	3476	14,454
SMRs	183	149	176	190	698
IFTIs	195	140	82	79	496

In respect of Crown Melbourne's AUSTRAC reporting obligations:

- AUSTRAC has approved Crown Melbourne's move to its updated Schema 1.2 for Suspicious Matter Reporting in early May. Crown Melbourne is now making appropriate IT changes to move to the updated online reporting requirements; and
- Crown Melbourne's Annual Compliance Report was filed with AUSTRAC on 31 March 2019, in accordance with its obligations under the AML/CTF Act.

(b) Joint Program

A draft of a Joint Program continues to be prepared with the assistance of external advisors, which will ultimately be rolled out across the Australian Resorts.

3. Customer Information

An update on existing projects follows:

- merging Crown Rewards memberships (or "merge and close") – the bulk merge foreshadowed in January / February 2019 is now occurring in two stages. Stage one has occurred, with the transposition of data from the "merged from" number into the "merged to" number now expected to occur in June/July 2019 (concurrent with the Crown Program Play (CPP) roll-out);
- the 'enhancement' of the Deposit Account (DAB) customer experience – enabling customers to open DABs at both properties through the one form and through the one process - is under user acceptance testing and is expected to be released into production at or about late June 2019; and
- a review of consents given by Customers to Crown Melbourne has commenced, to update those consents as necessary to enable Crown Melbourne to provide Customer information to third parties (for instance, our banks where we need to do so to facilitate a foreign transfer). An updated consent has been included in Crown's new DAB form (see above) for this purpose.



4. Customer Due Diligence

(a) Sanctions and PEP Screening (as well as other official lists)

Crown Melbourne and Crown Perth screen new and active customers against Dow Jones, in compliance with our AML/CTF Program and our AML/CTF Act and Rules obligations.

These new and existing customers are extracted from our SYCO database on a daily basis and, from this month, are uploaded on an automated basis. Results of the screen are then alerted to the AML Team for further actioning through the Dow Jones system. Appropriate quality checks will be implemented to ensure that automation operates as anticipated.

The VIP / Credit Control Team continues to screen identified VIP patrons through Dow Jones and alerts the AML Team (amongst others) of any relevant result for actioning.

(b) AML/CTF Patron Risk Register

As foreshadowed, Crown Melbourne continues its investigation of the extension of the Crown Perth Customer Risk Register (through the use of CURA) to Crown Melbourne, which will involve the exporting of relevant customer data from SYCO. This investigation includes a consideration of CURA's capacity to integrate with Crown's systems and how that integration might operate.

(c) Enhanced Customer Due Diligence

No matters to report on in this reporting period.

5. Existing Designated Services

The annual risk assessment of Crown Melbourne's ML/TF risks, conducted by the AML Team in conjunction with the Business Units (and this year, looking at the ML/TF risks presented across both Crown Melbourne and Crown Perth on a group basis) was completed in May 2019.

This updated register will shortly be distributed to each of the Business Units, and will be incorporated into the Joint AML/CTF Program supporting documentation.

6. New Designated Services (or new methods of delivery of existing)

A number of Gaming Initiative Forms have been considered by the AML Team since the last meeting of the ERCC including:

- Approval of DACOM testing to ensure 'lock up' of EGMs at \$10k and \$75k operates as expected (testing of existing control).



- Approval of the ability of a Patron or Customer to purchase TITO Ticket at the Cage in Teak. TITO Tickets (or “Gaming Tickets”) are presently available for purchase by Customers in the Mahogany Room. Training will be provided to relevant Cage staff in Teak on potential ML/TF risks presented by this service.
- Approval of improvements to the MICK system. The contemplated improvements allow for scenarios and colour coding of MICK (to alert staff to whether the individual is permitted to enter a VIP room), and to display the Customer’s current program, privileges and entitlements.

7. IT Matters

(a) AML Sentinel Project

AML Sentinel, developed by the IT and AML Teams utilising the SPLUNK software system, is presently in user acceptance testing by the AML Team.

The transaction monitoring system will, in due course and following user acceptance and necessary approvals, replace the very manual and time consuming historical – compliant - transaction monitoring system in Melbourne (which involves the manual review by Crown Melbourne staff of system-generated transactional data, involving a substantial number of false positive results as a consequence).

(b) Duplicate patron accounts: roll out of CPP

No further update following the last meeting of the Committee, other than CPP is now scheduled for a delivery date of June 2019 and the AML Team will participate in relevant UAT in May 2019.

Due to an identified dependency (testing), the ‘merge’ of the ‘merge and close’ project is to be implemented concurrently with the CPP delivery. Both projects remain subject to appropriate Business Unit approvals prior to roll out.

8. Countries

The AML/CTF Program provides that the risk of particular jurisdictions is considered (once known) by utilising recognised lists published by relevant Government authorities.

Where appropriate, the jurisdiction of a customer may prompt further investigation of a customer and/or gaming activity, which in turn may affect the overall ML/TF risk of a customer. The AML Team looks at the country of origin of a customer as part of daily transaction monitoring.



During the period no new countries have been added to the following:

- Department of Foreign Affairs (**DFAT**) – Australia’s Implementation of UN Security Council sanctions;
- DFAT – Autonomous Sanctions; or
- FATF – Non Co-Operative Countries & Territories / High Risk Jurisdictions.

It is noted that “Cambodia” has been included by FATF under “other monitored jurisdictions” and will be considered by the Legal Officer – AML when reviewing patron activity under the AML/CTF transaction monitoring program.

The AML Team has the discretion to undertake further investigation of a customer and/or gaming activity.

9. Compliance Breaches

Individual departments are responsible for deciding the disciplinary action taken in response to breaches.

Where identified by the AML Team, the non-compliance is recorded and actioned by the AML Team. The AML Team will correct the error where it can to ensure that the appropriate information is submitted to AUSTRAC in compliance with the AML/CTF Act. Where it cannot correct the error and/or the error is identified following lodgement, then the AML Team will recall and correct it within the reporting time period wherever possible.

AML/CTF Program compliance breaches are reported:

- on the monthly Legal Compliance Certificates to the Crown Melbourne Compliance Committee; and
- directly to the Group General Manager – AML, which is then escalated to the AML/CTF Compliance Officer.

Should an Incident Report for a material breach or for re-occurring issues relating to particular staff member(s) be issued, serious disciplinary action is expected to be implemented.

Type of Breach	Jan	Feb	Mar	Apr	YTD
Failure to obtain residential address for a Threshold Transaction from a Customer	-	1	-	-	1
Expired ID obtained from Customer at time of Threshold Transaction	-	1	-	-	1

Crown Melbourne is seeking to address non-compliance matters in the form of training ‘Alerts’ to the relevant Business Units.



In respect of the two non-compliances listed above:

- “failure to obtain the residential address”: other than remedial training for the relevant staff member, Crown Melbourne has included a notation on the number for the patron to obtain the residential address when the person is next at Crown. When this has occurred, Crown Melbourne will recall the prior TTR from AUSTRAC, update the residential address and resubmit; and
- “expired ID”: Crown Melbourne has obtained updated Appropriate ID from the Customer.

10. Training

As advised, applicable staff are enrolled in the AML online course every two years from the date of their initial enrolment. A list of the employees who have not completed their on-line courses is sent to the department managers each month.

In addition to our AML/CTF Risk Awareness Training, Crown Melbourne is providing (or is shortly to provide) focused AML/CTF training or communications to particular departments, referable to identified potential ML/TF risks as well as on identified areas for improvement (for example, IFTI and TTR reporting).

11. Legislative Changes and other relevant information

(a) Updates to the AML/CTF Act

There has been no update to the AML/CTF Act (or any potential changes thereto) since the last meeting of the Committee.

(b) Updates to the AML/CTF Rules

A new compilation of the AML/CTF Rules was released on 1 May 2019. This new compilation does not impact upon Crown Melbourne’s operations.

(c) AUSTRAC Restructure

Following the last meeting of the Committee, AUSTRAC has implemented a restructure of its Regulatory Supervision team along industry lines.

As a result, the Crown Reporting Entities are now overseen by the Regulatory Supervision – Gambling Team, managed by Ms Briony Olmedo. Ms Olmedo has been involved in prior compliance assessments of Crown Melbourne and has a good knowledge of casino, wagering and gambling operations. As recently as 2 May 2019, we have taken Briony and her team through Crown Melbourne’s operations and the contemplated updates to our transaction monitoring system.

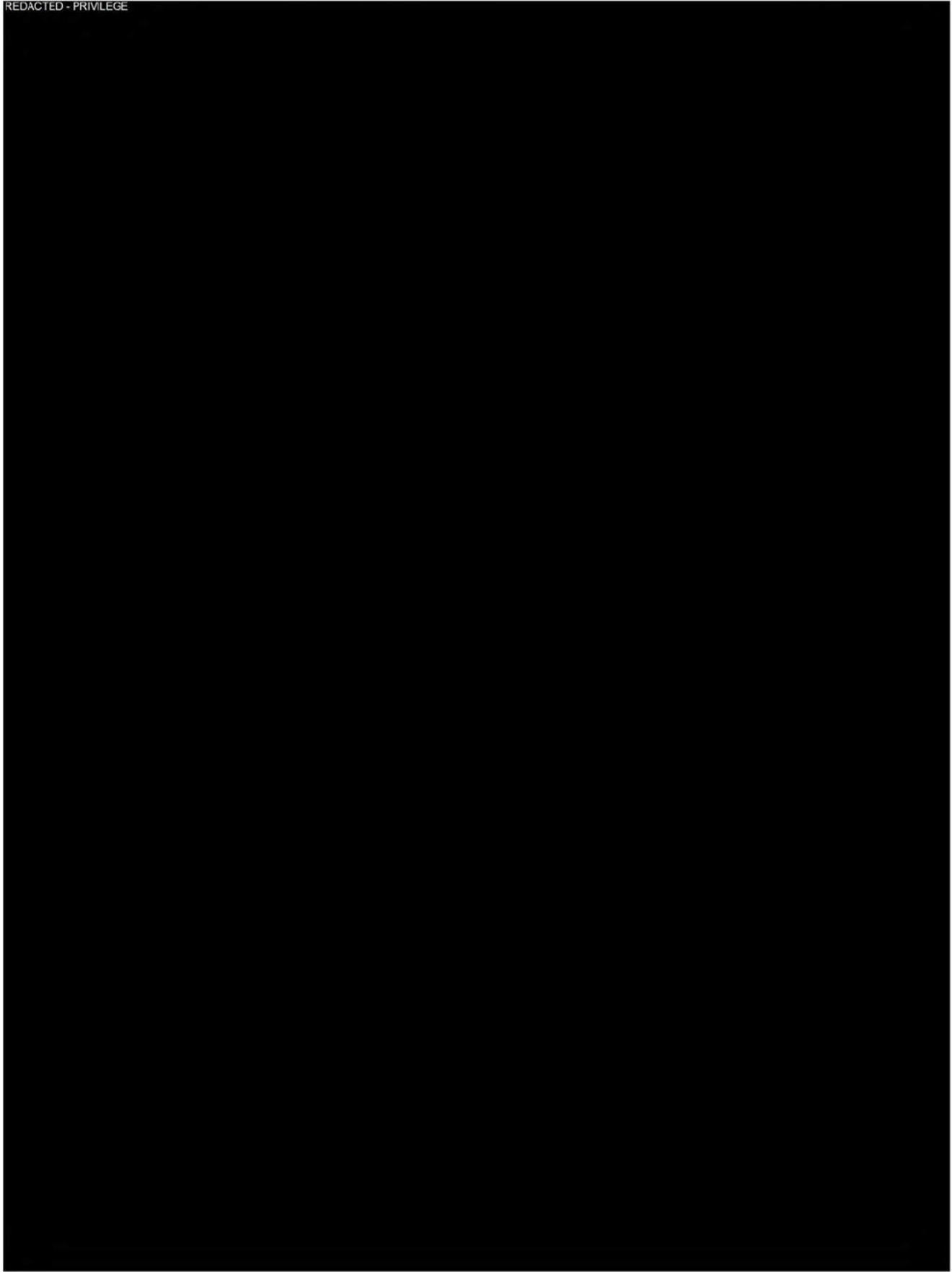


Janet McCarthy, formerly the Director of Major Reporters, Compliance (and to whom Briony reported), has recently left AUSTRAC for a senior AML role at ANZ. Her replacement is yet to be announced.



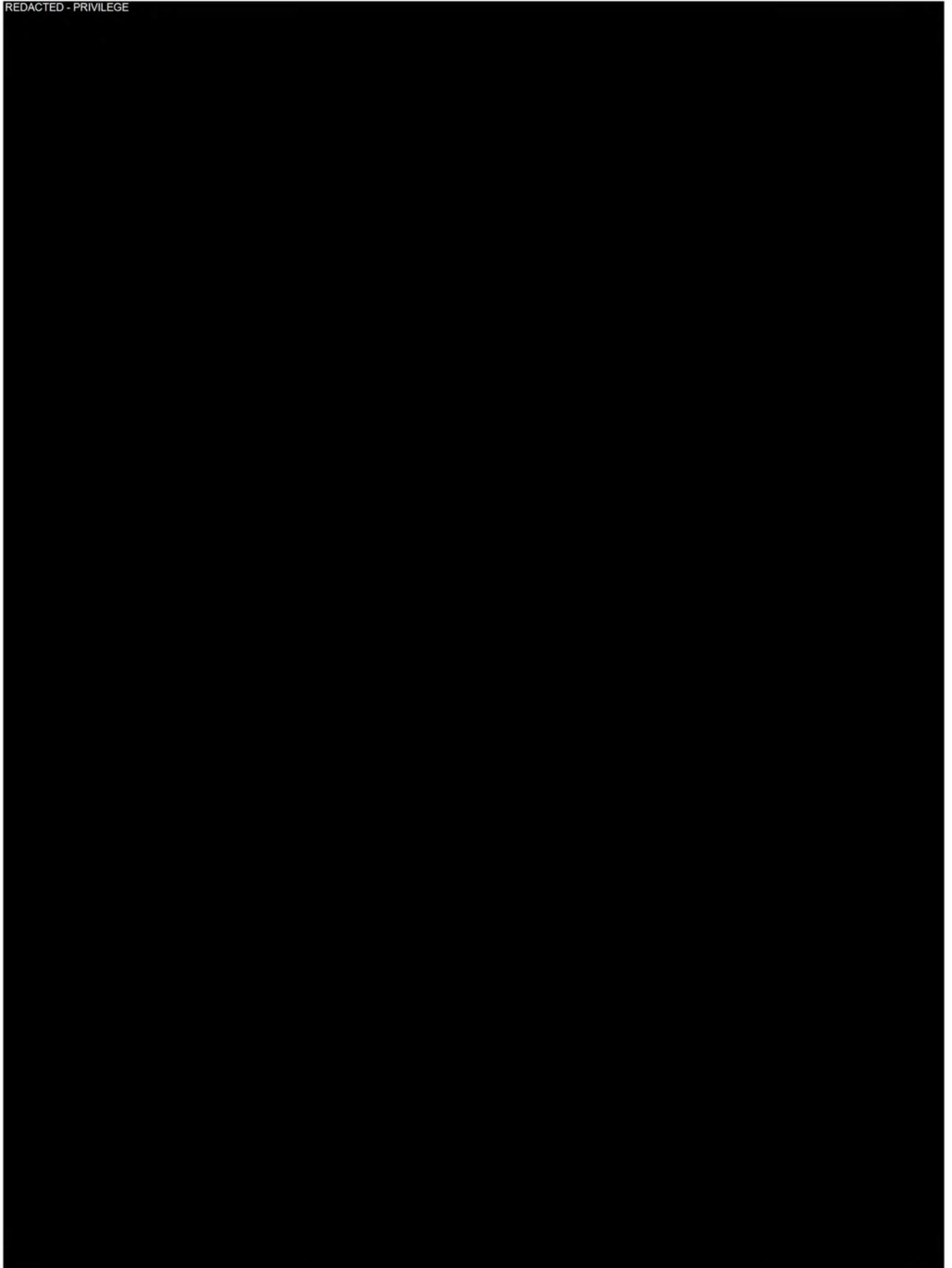
Crown Melbourne
Agenda Item 8: Health, Safety & Wellbeing Update
February 2019 – April 2019

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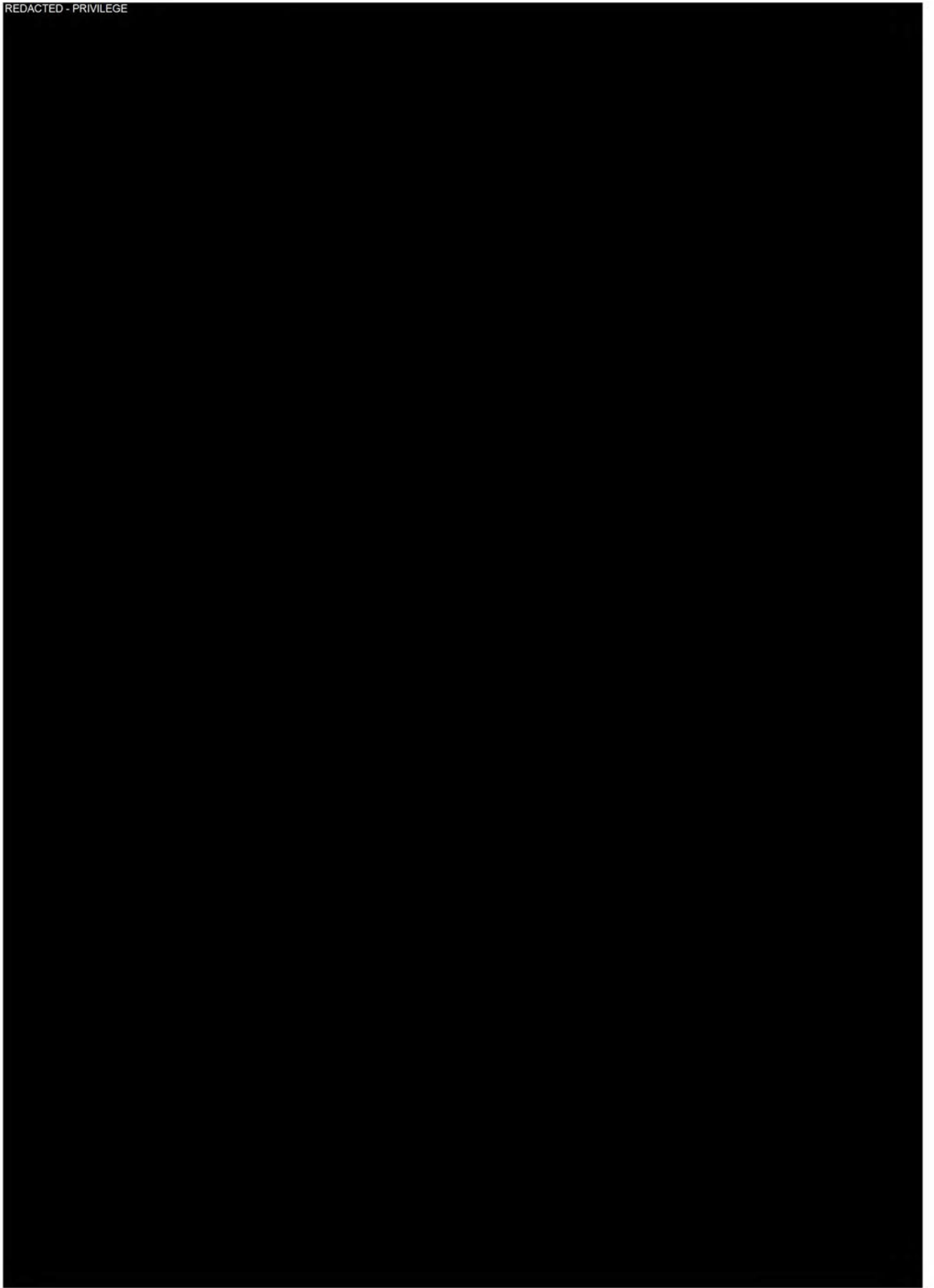


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Crown Melbourne
Agenda Item 9.1: Responsible Gaming Update
February 2019 – April 2019

1. Initiatives and Activities

Section 25 Review Recommendations

- Crown Melbourne is continuing to progress the implementation of the 11 Responsible Gaming Recommendations (**s25 Recommendations**) made by the Victorian Commission for Gambling and Liquor Regulation (**VCGLR**) in its Section 25 Review.

A copy of the s25 Recommendations Progress Report is attached, which was provided to the VCGLR on 2 May 2019.

Crown Model

- The Crown Model trial is continuing. The Responsible Gaming team is currently working with the eighth data set of 100 members that has been provided by the Customer Analytics team. With each data set, data and operational refinements are being made. These are a product of the monthly meetings with the Customer Analytics and Responsible Gaming teams.

The Crown Resorts Responsible Gaming Board Committee has requested that the Chair of the Responsible Gambling Advisory Panel (see section 2 below), review the Crown Model Trial.

2. Stakeholder Engagement

Victorian Responsible Gambling Foundation (VRGF)

- On 18 March 2019, the Minister for Consumer Affairs, Gaming and Liquor Regulation, the Hon. Ms Marlene Kairouz announced the appointment of Shane Lucas as the Victorian Responsible Gambling Foundation's new Chief Executive Officer. Mr Lucas has held executive and senior management positions in the non-government, government and private sectors since 2000. He served as CEO of Early Learning Association Australia from 2013 to 2017, and most recently was a full-time member of the Administrative Appeals Tribunal.

Mr Lucas is visiting Crown Melbourne on 28 May 2019, to meet with Crown Senior Management and for a tour and presentation on Responsible Gambling.

Responsible Gambling Ministerial Advisory Council (RGMAC)

- There have been no RGMAC meetings in the reporting period.

Separately, Barry Felstead wrote to Minister Kairouz to recommend the appointment of Chris Reilly, the recently appointed General Manager – Tourism, Crown Resorts, to the RGMAC in place of Sonja Bauer. Sonja Bauer has resigned from her position on the RGMAC.



Responsible Gaming Advisory Panel

- The establishment of the Crown Resorts Responsible Gaming Advisory Panel (the **Panel**) is progressing.

Prof. Alex Blaszczyński has agreed to Chair the Panel. Prof. Blaszczyński visited Crown Melbourne in April and briefly in May to undertake some initial meetings to familiarise himself with Crown Melbourne's operations and to provide feedback on the progress of the s25 Recommendations and the Crown Model.

Additionally, Barry Felstead and Prof. John Horvath have liaised with two other proposed Panel members, Ass. Prof. Paul Delfabbro and Prof. Lia Nower and have recommended their appointment as members of the Panel, which was settled at the Crown Resorts Responsible Gaming Committee Meeting on 3 April 2019.

All appointments have now been ratified and a first meeting is in the process of being scheduled.

Australasian Gaming Council (AGC)

- The AGC is currently reviewing its Charter and Strategy for Responsible Gambling. The AGC Board, of which Crown Resorts is a member, appointed a Responsible Gaming Executive Committee (**RGEC**) to contribute to the review, of which Sonja Bauer is a member. The RGEC commenced work in July 2018, and most recently met on 1 April 2019, to finalise the draft for presentation to the AGC Board.

The RGEC participants include Gaming Technologies Association, Australian Hotels Association NSW, Aristocrat Technologies, The Star Casinos, Tabcorp, ALH Group and Crown Resorts.

3. Regulatory updates

Button Picks

- In 2018 the VCGLR commenced an investigation into the use of button picks by patrons at Crown Melbourne which it recently completed.

On 7 March 2019, the VCGLR issued a direction to Crown Melbourne to cease and prevent the use of button picks and made a public announcement on their website. The announcement notes that Crown Melbourne voluntarily ceased the issuance of button picks "before the commencement of the investigation". Crown ceased issuing button picks in February 2018, well before either the investigation started or Andrew Wilkie raised the issue.

No formal disciplinary action has been taken.



The Department of Justice and Community Safety (DJCS) (Vic)

- Cate Carr, who has led the DJCS's Liquor, Gaming and Racing Division for the past five years, has resigned from her position as Executive Director, Liquor, Gaming and Racing. Simon Cohen has been appointed Deputy Secretary, Regulation, DJCS. Josh Preston and Chris Reilly have had an introductory meeting with Mr Cohen, who is scheduled to visit Crown Melbourne in mid-June 2019 to meet with Crown Senior Management and for a tour of Crown Melbourne and a presentation on Responsible Gambling.

Liquor and Gaming and the Office of Responsible Gambling (NSW)

- On 20 March 2019, Natasha Mann Executive Director, Regulatory Policy & Strategy, Liquor and Gaming NSW and Natalie Wright, Director, Office of Responsible Gambling, visited Crown Melbourne. The visit included a property tour, as well as a presentation pertaining to the Facial Recognition Technology currently in use at Crown Melbourne. The visit concluded in the Responsible Gaming Support Centre, where the Responsible Gaming Framework was discussed. Ms Mann will be visiting Crown Perth for a similar tour in May 2019.

VCGLR – approval of Responsible Service of Gaming (RSG) Training

- Discussion with the VCGLR in relation to the five-yearly approval of Crown Melbourne's RSG Training program have commenced. The VCGLR will be involving the VRGF for external expert advice, similar to the previous approval discussions.

4. Research and Industry Participation

Conference

- Sonja Bauer participated in a Panel Discussion on *Responsible Gambling (RG) – Assessing the importance of healthy and responsible players for your business* at the Gaming, Racing and Wagering Conference held in Brisbane on 26 February 2019.

VRGF

- Sonja Bauer attended the VRGF 'Issues Based Gambling Industry Engagement Forum - Land Based' on 27 February 2019. The Forum is held semi-annually and the focus for this Forum included: venue staff and risk; gambling related stigma and impact on help seeking; and Industry linkages with support services.
- Chris Reilly attended the VRGF 'Gambling Industry Leaders Meeting' held 21 March 2019. The meeting is held semi-annually and the focus for this meeting included the movement towards a 'cashless society'; land-based gambling forms noted their need to innovate to attract a customer base and to compete with the online gambling environment; and the use of technology and data to monitor gambling involvement and responses to potentially harmful gambling.



5. Internal Audit Activity

- Internal Audit activity in this period consisted of spot audits completed by the Gaming Audit Team. A high level of compliance has been noted, with no significant issues requiring follow up.



Crown Melbourne
Agenda Item 9.2: Responsible Service of Alcohol Update
February 2019 – April 2019

Responsible Service of Alcohol (RSA)

- Crown continues to review, enhance and reinforce the RSA message to its service, staff generally and its patrons.
- It is noted that VCGLR inspectors have increased visibility and visitation to licensed outlets, the Palladium and on the gaming floor. The inspectors have undertaken compliance audits but have also focussed on service of alcohol to patrons and have engaged directly with patrons and Crown staff regarding RSA matters. In particular, they have questioned staff and asked for their views about specific patrons and their level of intoxication. The inspectors have raised some matters with Crown and asked for information about upcoming events in the Palladium. The VCGLR is also undertaking an investigation into allegations of knowingly allowing a patron to gamble whilst intoxicated. Crown has provided footage and is providing requested statements from a dealer, food and beverage attendant and a security officer around their engagement with the patron..
- On 7 April 2019 a serious assault occurred on Whiteman Street between two groups. One group had attended Therapy Nightclub for a birthday celebration. Crown undertook a review of consumption, bottle and shot service. As a further risk strategy Crown has implemented at this stage the following:
 - The cessation of shot service in Club 23, Therapy & Co (previously shots were available until 1.00am);
 - Neat spirits and spirits on ice will only be available in Club 23;
 - Bottle Service of spirits in Club 23, Therapy and Co will cease;
 - Wine and champagne bottle service will continue in Club 23 but cease in Therapy and Co; and
 - Further enhanced training to be delivered specifically tailored to the late night nightclub environment and clientele.

Crown is enhancing its RSA training of dealers with regular refresher training specifically tailored to dealers.