



SIXTH REVIEW OF THE CASINO OPERATOR AND LICENCE - TERMS OF REFERENCE

Background

Crown Melbourne Limited ("Crown Melbourne") operates the Melbourne Casino ("the Casino") as part of the Melbourne Casino and Entertainment Complex as authorised by a licence granted under and subject to the provisions of the *Casino Control Act 1991* (the CCA) on 19 November 1993.

The Act requires the Victorian Commission for Gambling and Liquor Regulation (the Commission) to review the casino operator and licence no later than every five years. In particular, section 25 of the Act requires the Commission to investigate and form an opinion about, among other things, whether the casino operator remains a suitable person to hold the casino operator licence. The sixth review of the casino operator and licence is to be completed by June 2018.

Crown Melbourne has previously been subject to five reviews by the Commission (and by its predecessors) of its suitability to hold the casino operator licence. The focus of the sixth review will primarily be on the five year period from July 2013 to June 2018. However, the review will have regard to the findings of previous reviews.

Crown Melbourne operates both gambling and liquor licences. The Terms of Reference of this review factors in this business model.

Terms of Reference

The Commission is to assess if it is in the public interest for the casino licence to remain in force and if so, whether the casino operator is a suitable person to hold the casino licence. In particular, section 25 of the CCA states that the Commission must investigate and form an opinion and advise as to each of the following matters:

- whether or not the casino operator is a suitable person to continue to hold the casino licence
- whether or not the casino operator is complying with the CCA, the Casino (Management Agreement) Act 1993, the Gambling Regulation Act 2003 and the regulations made under any of those Acts
- in the case of the Melbourne Casino Operator, whether or not the casino operator is complying with—
 - the transaction documents and
 - any other agreements between the Melbourne Casino Operator and the State, or a body representing the State, that impose obligations on the casino operator in relation to gaming; and
- whether or not it is in the public interest that the casino licence should continue in force.

Possible issues to be considered in the review

- Approach to corporate governance, gaming legislation and, as applicable, the Crown Limited group's or other group members' corporate regulatory compliance and compliance with ASIC and ASX Principles of Good Governance. This may involve a review of:
 - Agendas, papers and reports and minutes of the Board of Directors and any compliance committees, including the Audit Committee

- Annual reports, budgets, business plans, risk management strategies and insurance policies
- Financial arrangements, resources and performance
- Performance and infrastructure benchmarked with other comparable (including international) casinos
- Corporate structure, management expertise and business ability
- Operational compliance with applicable legislation (for example, breaches of gaming machine rules)
- Compliance with external agencies
- Involvement in disputes and litigation, including general litigation, equal opportunity related claims; personal injury claims; unfair dismissal claims as well as work cover claims
- Disciplinary proceedings under relevant legislation
- Compliance with the Liquor Control Reform Act 1998
- Compliance with the transaction documents and other relevant agreements with the State of Victoria
- Compliance with the requirements of the CCA, Casino (Management Agreement) Act 1993, the Gambling Regulation Act 2003 and the regulations made under this legislation
- General suitability, and that of each of its associates to operate or be involved in the operation of a casino.

To assist in determining this, the Commission will examine – but is not limited to – those factors considered in previous reviews, together with the following:

- Crown corporate structure changes
- Crown Resorts Limited operations in other Australian and overseas jurisdiction
- Responsible gambling, self-exclusions and exclusions, and best practice harm minimisation
- Financial stability and capability
- Corporate governance (board composition and functionality, director independence, internal and external audit, risk management)
- Controlled contracts
- Litigation involving Crown Melbourne
- Consultations with other regulators and law enforcement agencies
- Junkets, Premium Player, and VIP business
- Security and surveillance
- Gambling with stolen funds / money laundering and proceeds of crime
- Any other matter as the Commission considers appropriate.