



Subject:

Bonus → F&B Offers as
part of EGM Jackpots

Date:

24/10/11

07(01)

MF to ask Edwin how the tax is represented, as in, will it become obvious that we have a larger outgoing as 'winnings' paid for EGMs → Edwin will send sample through

- Definition of 'Winnings' → if none legislatively → look @ general meaning
- Is there anything that defines that a Jackpot is a win?
- 'Sum' → search too

Crown Melbourne

Gaming Machines
Members Money Jackpot

March 2013



07/04

What is Members Money Jackpot?

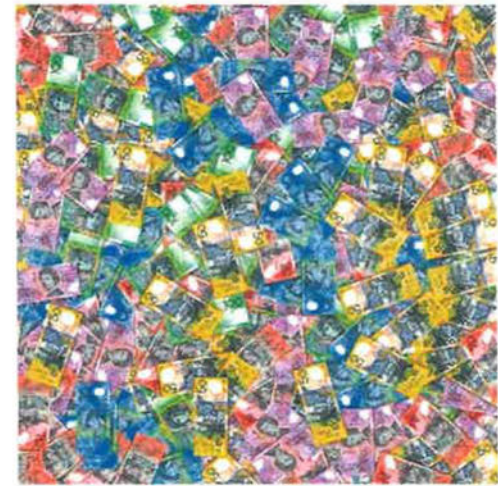


- Modified version of successful Crown Perth concept
- Key elements:
 - Large jackpot value that increments via rated turnover
 - Patron inclusion in the jackpot pool achieved with carded activity
 - Jackpot selections are scheduled for a specified date & time
- EGM's and ETG's can be included

How does Members Money Jackpot Work ?



1
*Card-in any
participating machine*



2
Enters jackpot pool

How does Members Money Jackpot Work ?



3
*Pool increments on
rated turnover*



4
*Timer display counts down
to jackpot selection*

How does Members Money Jackpot Work ?



5
*Jackpot selection time –
8pm Thursday*



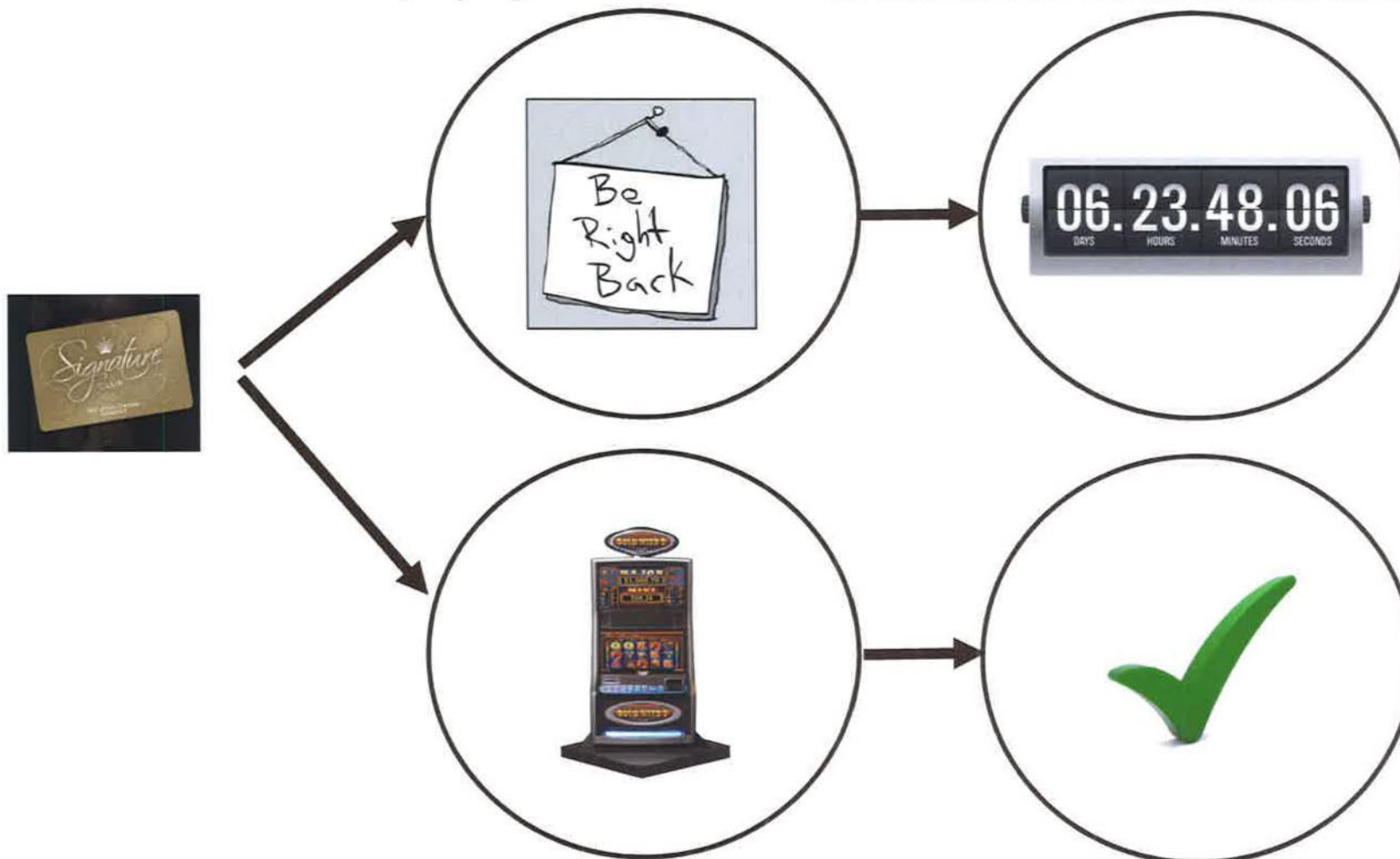
6
*System selects a random
member from jackpot pool*

How does Members Money Jackpot Work ?



7a Member not playing a machine

8a Countdown resets to next selection time



7b Member is carded on a machine at selection time

8b Ops Manager validates winner...

How does Members Money Jackpot Work ?

Winner



Venue-wide Celebration



Venue-wide – Members' Money Jackpot



- One selection per week Thursday 8pm
- Add additional selections tactically
- Support events before / after selection to extend visit length
- Jackpot starts at \$100K
- Increment by approx \$5k - \$10k per week

Pre Promotion

- Promote the launch of the Jackpot in line with a Privilege Magazine release to maximise reach
- Include loose entry form in Privilege for pre and post competition selection on launch night
- Promote the launch of the Jackpot via our
 - On floor motiontrans/duratrans
 - On Line - Members Only area
 - Roaming Entertainment Assistants
- Install dedicated Member Money Jackpot screens to promote the jackpot amount and countdown to the next selection

Member Money Jackpot Night

- Casino Floor goes into 'Countdown' mode from 3pm
 - All motiontrans will promote Member Money Selection
 - Dedicated Member Money Screens continue to countdown
 - Entertainment Assistants in Member Money uniforms will flood the gaming floor promoting the selection schedule
- 8pm Selection
 - Announcement procedure
 - Celebration activation in the event there's a winner
- Pre Selection competition at 6pm & 7pm
- Post Selection competition at 9pm

How do we do this technically? Bits & pieces



- **Dacom**

- Jackpot engine
- Jackpot Hit/Verify and Reporting
- Development
- Testing
- Approval



- **Paltronics**

- Timer & meter display
- Celebration of Jackpot Win
- Development
- Testing



What precedents exist for this concept?



- Jackpot Prize has a start-out value and increments based on rated turnover *(as per approved carded lucky coin)*
- Electronic Member Jackpot Pool *(currently an approved function in DACOM)*
- Jackpot Winner Determination *(combination of Carded Lucky Time & Electronic Member Jackpot Pool)*



071011



Memorandum

To Peter Herring Neil Spencer
Joe Scaringi

CC Debra Tegoni Jack Troost

From Michelle Fielding

Date 16 March 2010

Jackpots vs. Trade Promotions

1. Instructions

You asked me to detail the definitions of a Trade Promotion and a Jackpot, as contained in relevant legislative provisions.

2. Executive Summary

All definitions pertaining to Jackpots are linked to the mechanisms and configurations of a gaming machine, whereas definitions pertaining to Trade Promotion Lotteries refer to a draw or chance – without reference to gaming machines.

Chance is a factor of overlap in both winning a Jackpot on a gaming machine and in winning a prize in a Trade Promotion. However, both Trade Promotions and Jackpots have a long series of unique processes and approvals attached to them, which better defines them than do the legislative provisions. For example, the compulsory requirements of the EMS for Jackpots; auditing; Surveillance alerts; configurations etc., detailed in legislative provisions and the SOPs leave little, if any, room for variance. Further, the EGM SOPs determine the operational requirements for paying a Jackpot. These include making a payment directly from the credit meter or according to the hand pay procedures (see EGM SOP 3.2) and the verifications required (including, for example, independent verification by the Cage that the Jackpot has been confirmed in Dacom). Many of the requirements listed in the SOPs are compulsory and accordingly, go to make up what is defined as a 'Jackpot'.

Any proposed process to change the way in which we pay Jackpots (e.g. via VIK instead of credit meter etc), configure or operate Jackpots (e.g. have the VIK determine the level of prize), must comply with current legislative requirements and will either need to comply with the SOPs or, will require a VCGR notified amendment to the SOPs.



3. Findings

- (a) Section 3.1.2 of the *Gambling Regulation Act 2003* (Vic) contains various definitions in relation to Jackpots, they include:

***jackpot** means the combination of letters, numbers, symbols or representations required to be displayed on the reels or video screen of a gaming machine so that the winnings in accordance with the prize payout scale displayed on the machine are payable from money which accumulates as contributions are made to a special prize pool;*

***linked jackpot arrangement** means an arrangement whereby 2 or more gaming machines are linked to a device that—*

- (a) records, from time to time, an amount which, in the event of a jackpot or other result being obtained on one of those machines, may be payable, or part of which may be payable, as winnings; and*
- (b) for the purpose of recording the amount referred to in paragraph (a), receives data from each gaming machine to which the device is linked; and*
- (c) is not capable of affecting the outcome of a game on a gaming machine to which the device is linked;*

***linked jackpot equipment** means any jackpot meter, payout display, linking equipment, computer equipment, programming or other device (other than a gaming machine) forming, or capable of forming, part of a linked jackpot arrangement.*

- (b) The EGM SOPs only provide a definition of Jackpot Configuration (assumedly because the term 'Jackpot' is already defined in relevant legislation):

***'Jackpot Configuration'** means Jackpot name, level, player contribution, type (mystery/linked), start out, limit, number of machines linked and floor location details.*

- (c) Section 3.1.2 of the *Gambling Regulation Act 2003* (Vic) contains two definitions relative to Trade Promotions/Lotteries, they are:

***trade promotion lottery** means a lottery for the promotion of a trade or business;*

***lottery** includes—*

- (a) any scheme by which prizes of money or of any other property, matter or thing are, or are proposed to be, drawn or won by lot, dice or any other mode of chance or by reference to any event or contingency dependent on chance; or*
 - (b) any scheme in which any such prizes are, or are proposed to be, given and in which at any stage the persons eligible to receive the prizes or to participate further in the scheme are, or are to be, determined by lot, dice or any other mode of chance or by reference to any event or contingency dependent on chance despite that at an earlier or later stage a test of knowledge or skill is or may be required to be passed by any person in order to qualify him or her to receive a prize or to participate further in the scheme—*
- whether the scheme is real or pretended or is established or conducted, or intended or proposed to be established or conducted, and in any case whether wholly or partly in Victoria or elsewhere, but does not include any distribution of property or money or raffle such as is referred to in section 2.1.3.¹*

¹ All definitions on this page drawn from the *Gambling Regulation Act 2003* (Vic) are replicated in the *Casino Control Act 1991* (Vic).



Subject:

EGMs

07/01/13

Date:

13/6/13

John Cav, Athla, Simon M

Inka Fortune - Jackpots (phantoms)

— Category to report machine/game faults

— Aristocrat can't find the error

— BMM approved it / VCAIR approved

— Crown can make the adjustment in the meantime

— Commercially, don't want to remove it.

Crown Melbourne

Gaming Machines
Food Program Initiative

October 2011



- Is it a jackpot?
- Is it awarded
randomly or
is it → earn
this & get this?
In which case it
will be an offer.

07/01/11

Objective



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

Quote



**“If anyone in this country doesn’t try to minimise
their tax they want their heads read”**

Kerry Packer 1991 – House of Representatives Select Committee

Background



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

Current Jackpots and Bonuses



Extra Credits



Welcome Back



Mailed Credits



Consolation Prizes



Jackpot Start-outs



Jackpot Increment



Gaming Food Program



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

Current Gaming Food Program Structure



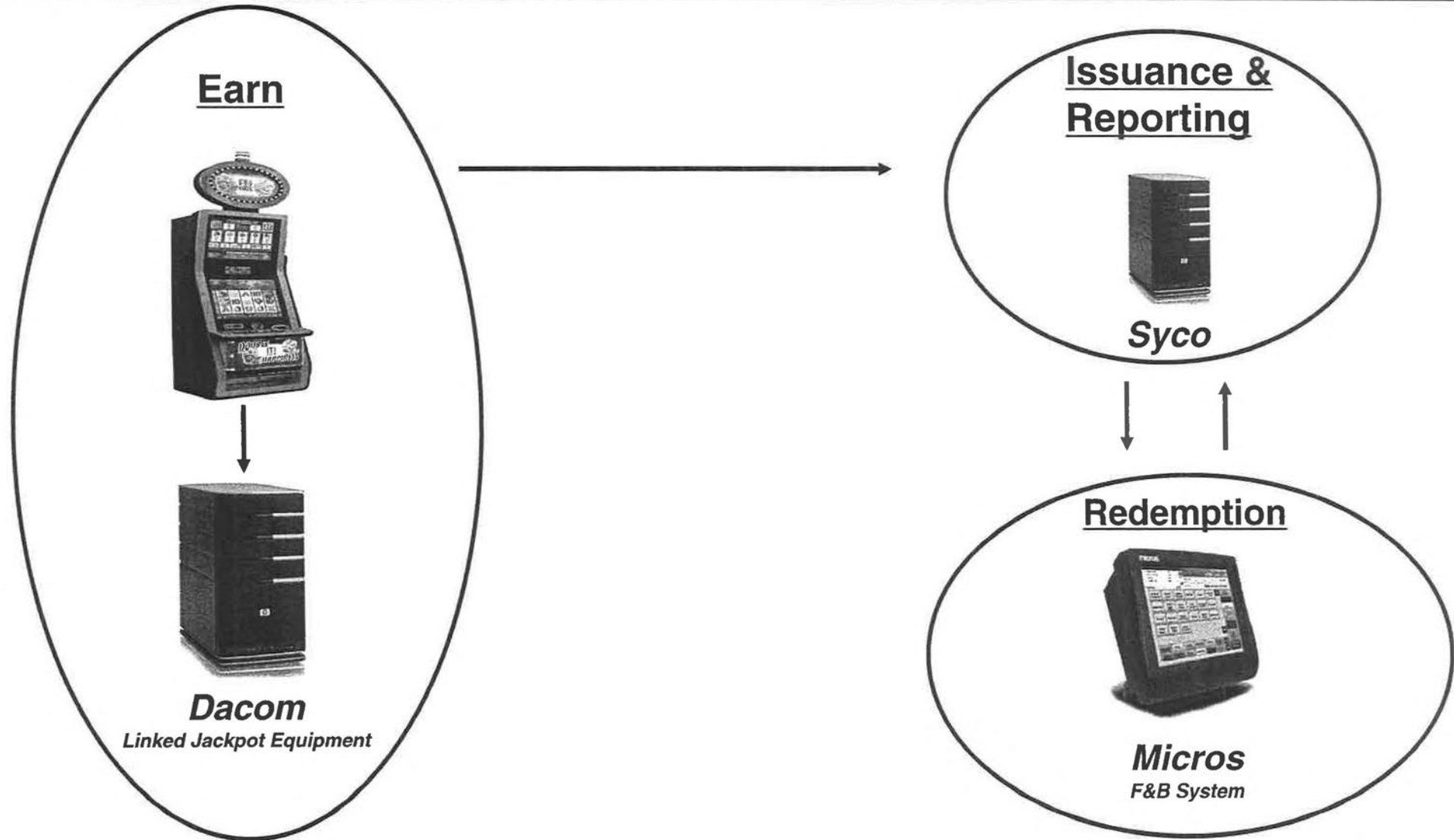
- Gaming Machines
 - Seniors Special
 - Earn 100 on GM's and receive \$5 Meal or Discount
 - Meal
 - Earn 150 on GM's and receive \$7.50 Meal or Discount
- Gaming Machines and Table Games
 - Grande Meal (Bronze / Silver / Gold)
 - Earn 650 points on GM's or 650 points on TG and receive \$17.50 Meal or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

Proposal

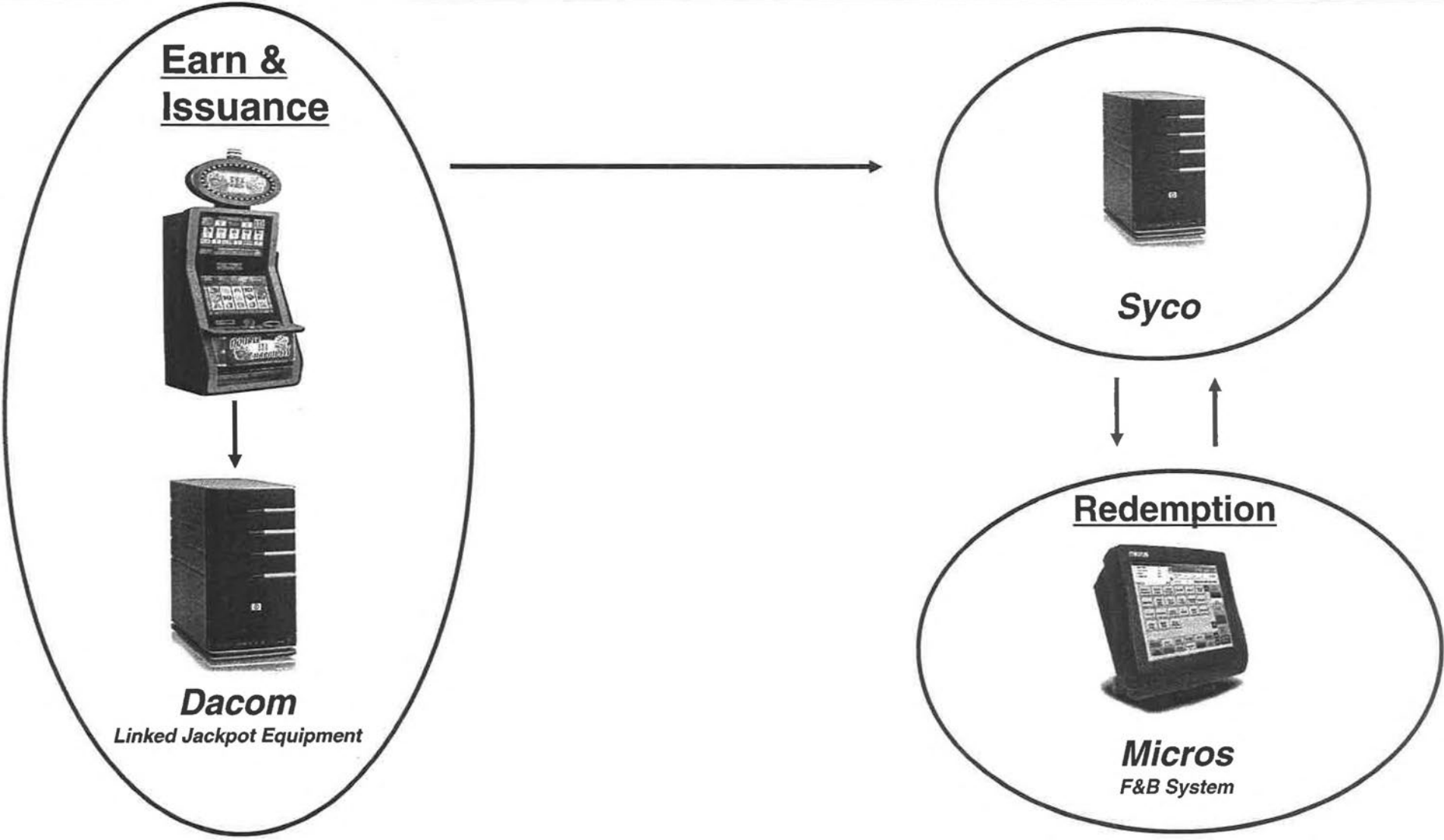


- Transfer the Issuance control of the Gaming Machine Food Program from Syco to Dacom
- Classify the Gaming Machines Food Program to be a Bonus/Jackpot as per Welcome Back (earn X receive Y)
- Allow the Gaming Machine Food Program Costs to be a Gaming Machine Tax Deduction
- Reduce:
 - Gaming Machines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

Current Technical Structure



Proposed Technical Structure



Financials



Modelling of Snacks & Daily Dine cost in GM Revenue

	F12	F13	F14	F15	F16	
	as @ 19.09.11					
Turnover	5,238,717	5,565,170	5,871,254	6,194,173	6,534,853	
Win %	8.72%	8.72%	8.72%	8.72%	8.72%	
New Win %	8.71%	8.56%	8.58%	8.60%	8.62%	
WPM	\$501.27	\$531.76	\$561.01	\$591.86	\$622.71	
New WPM	\$498.56	\$521.98	\$552.20	\$583.94	\$615.60	
Other Gaming Revenue	2,511	2,275	2,275	2,275	2,275	
GM Revenue	458,663	485,231	511,919	540,075	569,779	
Snack program	-1,975	-7,111	-6,400	-5,760	-5,184	Cost is 90% of previous years cost as per the 5 year plan workings
Black Daily Dine	-193	-694	-625	-562	-506	
Platinum Daily Dine	-311	-1,120	-1,008	-907	-816	
Total GM Revenue	458,696	478,581	506,161	535,120	565,547	
Tax rate	27.41%	29.13%	30.85%	32.57%	32.57%	
Tax	139,162	146,269	166,244	186,076	198,001	
Snack program tax saving	-541	-2,072	-1,974	-1,876	-1,688	
Black Daily Dine tax saving	-53	-202	-193	-183	-165	
Platinum Daily Dine tax saving	-85	-326	-311	-295	-266	
Costs	74,459	63,805	61,512	59,552	57,895	
GM Contribution	245,755	271,108	280,884	291,847	311,770	
Original Contribution	246,367	268,508	278,406	289,492	309,651	
Variance	-612	2,600	2,478	2,355	2,119	Saving of \$680k v latest contribution forecast of \$245,075m
Growth Rate T/O	4.77%	6.23%	5.50%	5.50%	5.50%	
Contribution Margin	53.58%	56.65%	55.49%	54.54%	55.13%	
Contribution Growth %	3.51%	10.32%	3.61%	3.90%	6.83%	

25% of F12 costs taken based on Q4 implementation assumption

Cost is 90% of previous years cost as per the 5 year plan workings

Risks



- Legal / Compliance Approval
- VCGR / Treasury Questions on Tax Deductable Items
 - Focus on Bonusing and Jackpots

Next Steps / Timeline



- Present to Finance, Legal and Compliance
- Approval to Proceed
- Create Technical Specification
- Develop / Test and Approval of System Changes
- Target – Q4 F12 Implementation

Other Possible GM Opportunities



Annual Costs:

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

Total	\$14.1
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@ 27.2% (FY12 Tax Rate)	\$3.83M
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