

Bonus Jackpots Review

Bonus Jackpots are used as part of the Crown Rewards Loyalty program to reward customers for their continued loyalty. Bonus Jackpots are specific to Gaming Machines and redeemed through varying methods as a loyalty benefit.

The items that fall under the category of Bonus Jackpots are as follows:

1. Pokie Credit Rewards (Welcome Back / Free Credits Program)
 - Based on Pokie Points earned on a Gaming Machine during a patron's last visit, will determine the patron's reward value
 - Senior Pokie Credit Reward receive a bonus \$3 at specific levels
2. Mail Outs (Bonus Pokie Offer)
 - These are Bonus Pokie Credit Offers sent via mail/EDM to Crown Reward Members for varying amounts
3. Pokie Credits (Match play)
 - These are Pokie Credits received by exchanging Crown Rewards points for Pokie Credits at any gaming machine
4. Random Riches (Carded Lucky Rewards)
 - Pokie Credit rewards based on earning Pokie Points on a gaming machine for specific groups, dates and times of Crown Rewards Members
5. Jackpot Payments
 - Pokie Credit payments as Pokie Credits from Lucky Time Jackpots
6. Consolation
 - Consolation payments e.g. issued from Lucky Time Jackpots or Lucky Numbers
7. Pokie Credit Tickets
 - Promotional Pokie Credit Game Tickets issued to players for redemption at Gaming Machines
 - These Pokie Credits are non-cashable and non-transferable
8. Bonus Jackpots
 - Based on Pokie Points earned on Gaming Machines
 - o Carpark 25 Pokie Points in a day
 - o Valet Parking for Black and Platinum Crown Rewards - 1,000 Pokie Points
 - o Hotel Night Benefits Crown Rewards Rewards Black - 1,000 Pokie Points
 - o Hotel Night Benefits Crown Rewards Rewards Platinum - 1000 Pokie Points
 - o Dining Rewards, the amount issued is based on Pokie Points earned on Gaming Machines during a visit example:
 - Receive \$7.50 Dining Reward by earning 150 points on gaming machines in a day

Points to note:

- All bonuses and bonus jackpots are only deducted from Gaming Machine Revenue at the time they are redeemed.
- All the Bonus and Bonus Jackpots are issued via the EMS (Electronic Monitoring System) and all changes to these systems are tested by the approved testing facility, recommended to VCGLR and subsequently approved prior to implementation. (example attached)

The current Technical Requirements Document (TRD1995) that Crown Melbourne operates under has recently been reviewed and a revised document approved by the VCGLR (TRD2020) is being reviewed with BMM (approved testing facility) to determine the changes required for Crown

Melbourne to meet the new requirements. An implementation date for the TRD2020 has not yet been agreed with VCGLR.

MinterEllison – Extract on the advice received 18th Nov 2018 in regards to the Gaming Machine Bonus Jackpot Program in reference to a deductible from Gross Gaming Revenue (GGR).

The previous Technical Requirements Document – TRD1995

1. The previous Technical Requirements Document approved by the VCGLR (**TRD1995**) presented particular challenges with respect to Crown's approach to and treatment of its Gaming Machine Bonus Jackpot Program psot-2012.
2. In particular, the TRD1995:
 - (a) defines a 'Bonus Jackpot' as being one where *'an EGM is instructed by an external device to pay additional bonus prizes where the amount/multiplier, bonus eligibility criteria and time period are specified by the external device.'*
 - (b) provides that all Bonus Jackpots need to be approved. Paragraph 7.7.1 provides that *'All Bonus Jackpot parameters are to receive the approval of the Director.'*
3. In these respects, Crown's approach to the Gaming Machine Bonus Jackpot Program was arguably at odds with the TRD1995. As we noted in our Earlier Advice:
 - (a) there is an argument that, based on the TRD1995, the Gaming Machine Bonus Jackpot Program does not fall within the definition of a Bonus Jackpot. This turns on whether the EMS (ie DACOM) can be regarded as an external device for the purposes of the definition in paragraph 7.1 of the Technical Criteria;
 - (b) , if the Gaming Machine Bonus Jackpot Program is not a Bonus Jackpot, then the case for deductibility by reference to that term, and the way such jackpots have been treated historically, would be weakened accordingly.

The impact of the new Technical Requirements Document – TRD2020

4. Crown seeks our observations about the effect of the new Technical Requirements Document (version 4.05) (**TRD2020**), once in force.
5. Ultimately, the question of whether deductions made in respect of the Gaming Machine Bonus Jackpot Program meet the statutory definition of sums 'paid out as winnings' is a question of statutory construction, and not to be resolved by reference to other documents.
6. Paragraph 1.1.2 of the TRD2020 reinforces this point (*'the Requirements specified in this document are supplementary and do not take the place of any requirements in the prevailing legislation, licence, and related agreement(s), rules and directions'*). Paragraph 1.1.5 also expressly provides that legislation prevails over the TRD2020 to the extent of any inconsistency.
7. Nevertheless, there are a number of helpful aspects to the TRD2020, which Crown could point to in the event any issues are raised going forward with the Gaming Machine Bonus Jackpot Program and the way GGR is calculated.

The estimated deductions from GGR for the Gaming Machines Bonus Jackpots program (Excl Welcome Back) from F2012 to F2021 is below: