



Risk Management Committee

Minutes of a Meeting of the Committee held at
Level 3, Crown Towers, 8 Whiteman Street, Southbank, Victoria on
15 May, 2014 at 1.00pm

Members Present: Geoff Dixon (Chair) (by telephone)
Rowena Danziger
Rowen Craigie

Michael Neilson (Secretary)

By Invitation: Alan McGregor (Crown Melbourne)
Debra Tegoni (Crown Melbourne)
Drew Stuart (Crown Melbourne)

Craig Spence (Crown Perth) (by telephone)
Josh Preston (Crown Perth) (by telephone)
Sasha Grist (Crown Perth) (by telephone)

Mary Manos (Crown Resorts Limited)

Apologies: Nil.

BUSINESS

Minutes of Meeting held on 13 November 2013: It was **RESOLVED** that the Minutes of the Risk Management Committee Meeting held on 13 November 2013 be approved.

Matters Arising: There were no matters arising from the previous meeting.

Risk Management Report The Committee discussed key developments in relation to a number of the high rated risks listed in the Report.

State Government Proposed Casino Gaming Machine Levy

It was noted that Crown is in continued discussions with the Victorian State Government on proposed licence and associated tax reforms. It was noted that the foreshadowed levy had not been included in the State budget. Rowen Craigie noted that he would provide an update on progress of negotiations at the May Board meeting.

CBD Car Parking Levy

It was noted that Crown Melbourne had been successful in negotiating an appropriate application of the new CBD Car Parking Levy resulting in a reduced impact on Crown Melbourne, with car park pricing adjustments sufficient to mitigate that impact.

Local Government Boundary Reform

It was noted that in Western Australia, the State Government had proposed local government boundary reforms, which could result in rate changes and car park levies being imposed on Crown Perth. It was noted that Crown Perth was in the process of preparing a position paper in consultation with Burswood Park Board in relation to this matter.

Use of Credit Facilities – Melco Crown Entertainment

Ken Barton informed the Committee of an increased level of Chinese Government scrutiny of China Unionpay cash withdrawal processes in Macau. It was noted that this issue would be added to the list of Melco Crown Entertainment regulatory risks for monitoring and review.


Economy

The Committee noted the release of the Federal Budget and Ken Barton provided some observations noting that while the company tax rate had been reduced, this had been offset by the impact of the paid parental leave scheme.

Smoking Restrictions

It was noted that there had been no major developments during the reporting period.

REDACTED - PRIVILEGE



International Commission Bad Debts

Alan McGregor noted that since 31 December 2013, the Net Debtor balance in Melbourne had decreased from \$186.6m to approximately \$147m, following the receipt of a number of payments. It was noted that the Net Debtor balance is representative of the debts of a handful of individual customers which Crown was actively monitoring.

Craig Spence informed the Committee that a strong win rate at Crown Perth had seen an increase in the Net Debtor balance at Crown Perth.

It was **RESOLVED** that the Risk Management Report be noted.

Annual Review of Risk Profile:

Mary Manos informed the Committee of the process involved in conducting the Annual Review of Crown's Risk Profile.

Geoff Dixon noted that following the suggested changes in Risk Profile, International Commission Business Bad Debts would become Crown's highest rated risk and questioned whether management were comfortable with that outcome.

Ken Barton observed that based on the adopted risk definitions, where a consequence rating of 4 equates to a potential financial loss of between \$50m and \$250m, the risk of default by customers resulting in financial loss has the potential to fall within this range given current Debtor balances. On that basis, management were comfortable to assign a high rating to this risk.

The Committee was comfortable with the suggested amendments to the Risk Profile.

It was **RESOLVED** that the updated Crown Resorts Limited Head Office Risk Profile be approved.

Summary of Renewal:

Michael Neilson presented the Crown Group Insurance Program Summary for the period 30 November 2013 to 30 November 2014.

It was noted that Crown's new broker, JLT had achieved a saving in premium whilst maintaining existing levels of risk. The Committee requested that management review insurance arrangements to ensure that activities of the Crown Resorts Foundation are either included in the existing program or separate arrangements put in place.

It was **RESOLVED** that the 2014 Crown Group Insurance Program Summary for the period 30 November 2013 to 30 November 2014 be noted.

Crown Resorts Limited Gaming Compliance Committee:

Minutes of Meeting of Gaming Compliance Committee

The Minutes of the Meetings of the Gaming Compliance Committee held on 20 November 2013 and 20 March 2014 were noted.

Annual Report to the Nevada Gaming Control Board

The Annual Report to the Chairman of the Nevada Gaming Control Board was noted.

Other Business:

Review of Charter

It was noted that management had conducted an annual review of the Committee's Charter in accordance with the requirements of the Charter and that no amendments were being recommended on this occasion.

2014 Meeting Calendar

The next meeting date of the Committee for 2014 was noted.

Closure:

There being no further business, the meeting was declared closed at 1:55pm.

Signed

A large black rectangular redaction box covering the signature of Geoff Dixon.

Geoff Dixon
Chairman