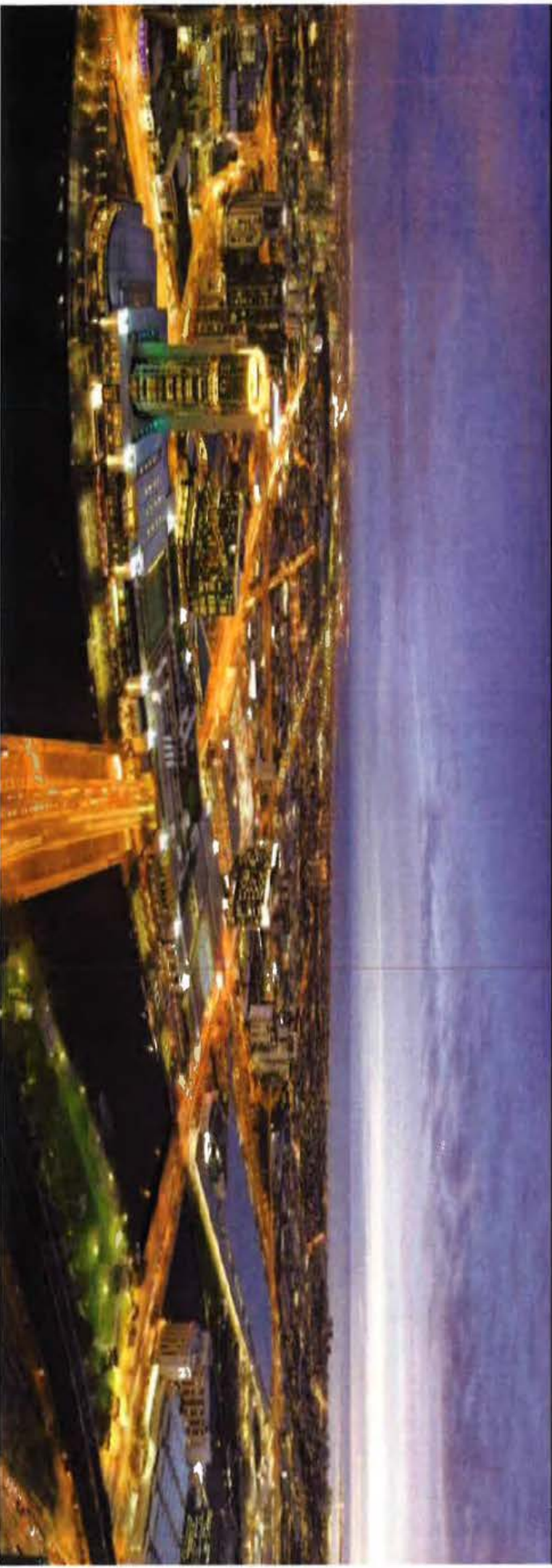


Crown Melbourne

Gaming Machines
Food Program Initiative

March 2012



Objective



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

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 as a 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



Food & Hotel Jackpots



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



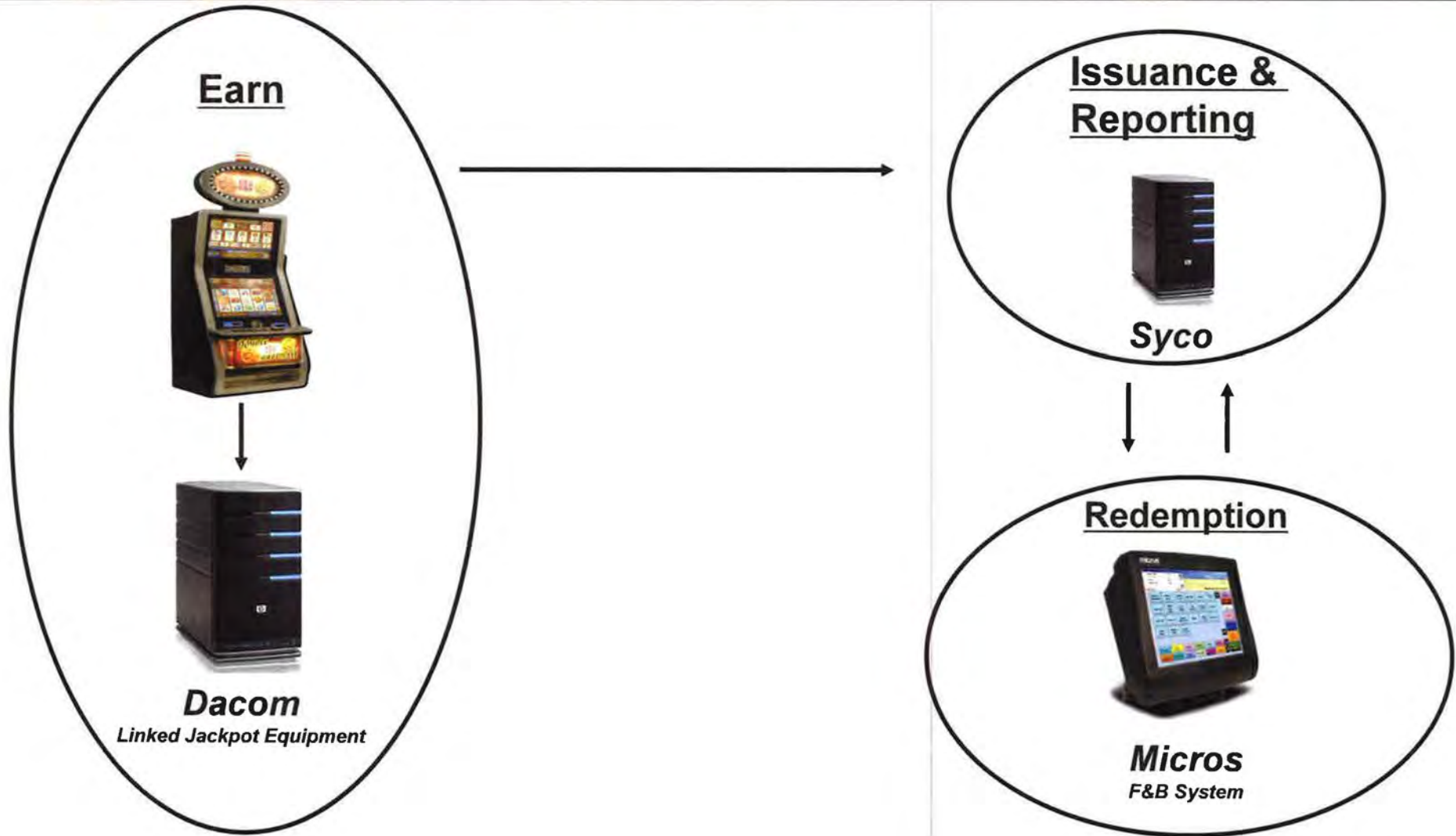
- Gaming Machines
 - Seniors Special
 - Earn 100 on GM's and receive \$5 Meal or Discount
 - Meal
 - Earn 150 on GM's and receive \$7.50 Meal or Discount
- Gaming Machines and Table Games
 - Grande Meal (Bronze / Silver / Gold)
 - Earn 650 points on GM's or 650 points on TG and receive \$17.50 Meal or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

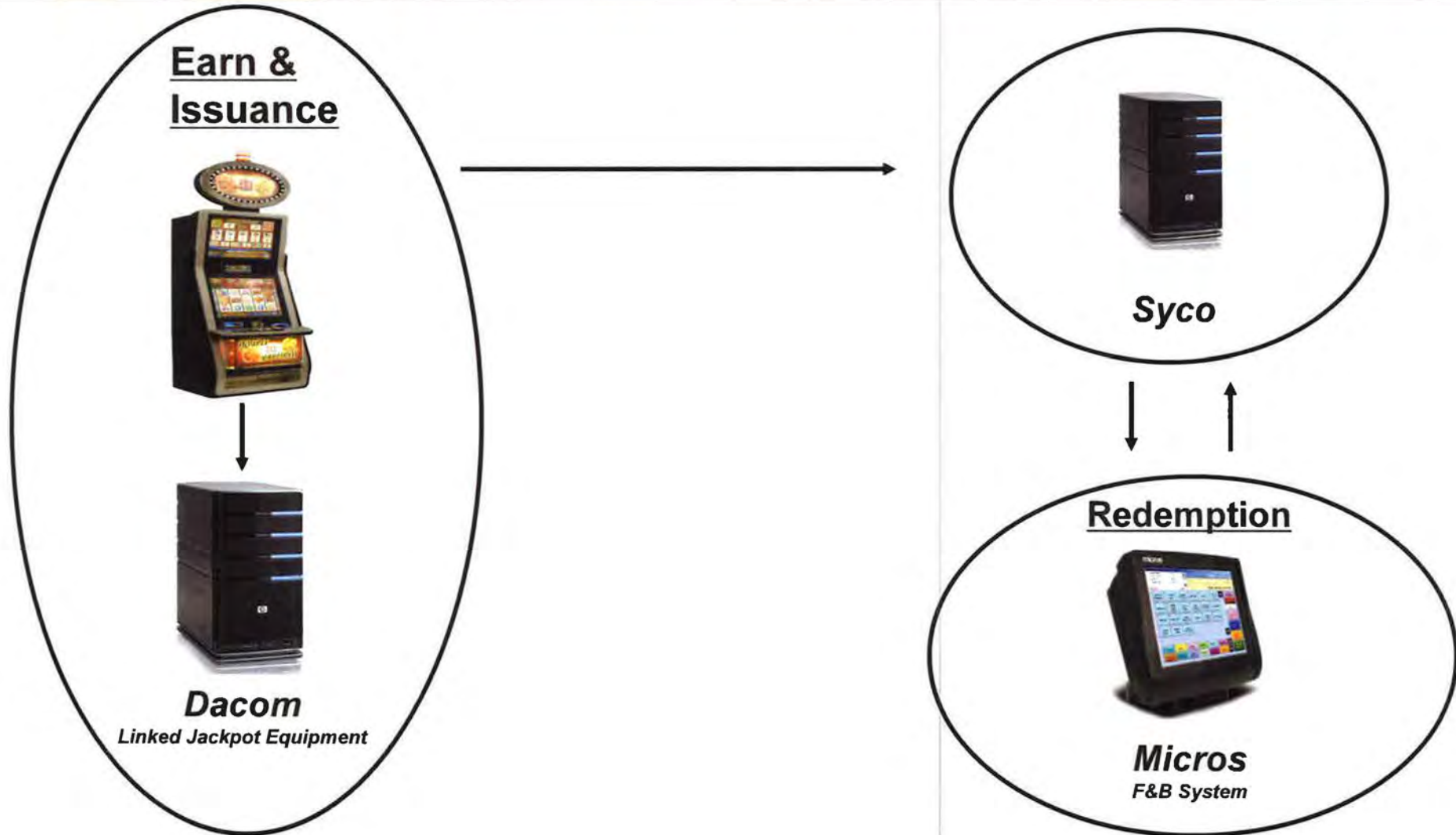


- Transfer the Issuance control of the Gaming Machine Food Program from Syco to Dacom
- Classify the Gaming Machines Food Program to be a Bonus/Jackpot as per Welcome Back (earn X receive Y)
- Allow the Gaming Machine Food Program Costs to be a Gaming Machine Tax Deduction
- Reduce:
 - Gaming Machines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

Current Technical Structure



Proposed Technical Structure



Financial Roll-out



F13 Rollout

GST Excl

July	\$38,188 Senior \$5	-	34,716
August	\$38,188 Senior \$5	-	34,716
September	\$379,908 Senior \$5 & \$7.50	-	345,371
October	\$379,908 Senior \$5 & \$7.50	-	345,371
November	\$696,191 Senior \$5 & \$7.50 & \$17.50 Grande	-	632,901
December	\$696,191 Senior \$5 & \$7.50 & \$17.50 Grande	-	632,901
January	\$806,991 Senior \$5 & \$7.50 & \$17.50 Grande & DD Platinum	-	733,628
February	\$806,991 Senior \$5 & \$7.50 & \$17.50 Grande & DD Platinum	-	733,628
March	\$878,893 Senior \$5 & \$7.50 & \$17.50 Grande & DD Plat/Black	-	798,994
April	\$878,893 Senior \$5 & \$7.50 & \$17.50 Grande & DD Plat/Black	-	798,994
May	\$878,893 Senior \$5 & \$7.50 & \$17.50 Grande & DD Plat/Black	-	798,994
June	\$878,893 Senior \$5 & \$7.50 & \$17.50 Grande & DD Plat/Black	-	798,994
		-	6,689,207

<i>Total</i>	\$7,358,128
<i>less GST</i>	-\$668,920.73
<i>Final Total</i>	\$6,689,207.27

F13 Profit Impact (Tax 29.13) **\$1,948,566.08**

Note: No staged roll-out would result in an additional \$950K

Financials Impact



-		
<i>Revenue</i>		(\$6.816m)
<i>Hold</i>		(0.12%)
<i>WPM</i>		(\$7.47)
+		
<i>Tax</i>		\$2.0m
<i>Marketing</i>		\$6.816m
<i>Contribution</i>		\$2.0
<i>Margin</i>		0.43%



Finance and Legal Positions



- Finance (Greg Foord & Justine Henwood):
 - Impact of the change to the Daily Revenue Report, Gross Gaming Revenue and any possible reaction of the VCGLR to the proposed changes.

“Factoring in refurbishment, economic environment, impacts from negative publicity and the increase in Gaming Machines Tax by 1.72% in July 2012, we are of the opinion that the proposed change will not be noticed by the VCGLR.”

- Legal (Debra Tegoni):
 - Refer to Attachment

Next Steps / Timeline



- Present to Finance, Legal and Compliance: *Complete*
- Approval to Proceed: *Pending*
- Create Technical Specification: *Complete*
- System Changes
 - Development: *Complete May 2012*
 - Testing: *May – June 2012*
 - System Change Approval – *June/July 2012*
 - Installation – *July 2012*
- Target – July 2012 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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@ 29.12% (FY13 Tax Rate)	\$4.1M
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