

8 July 2021

Steve McCann Chief Executive Officer Crown Resorts Limited

Leon Zwier Partner Arnold Bloch Leibler





Dear Mr McCann and Mr Zwier

Re: Requests for meetings with the State

We refer to Mr Zwier's letter dated 2 July 2021 addressed to the Honourable Melissa Horne MP, Minister for Consumer Affairs Gaming and Liquor Regulation, requesting a meeting to discuss the affairs of Crown (ABL Correspondence) and Mr McCann's letter dated 1 July 2021 addressed to Mr David Martine, Secretary of the Department of Treasury and Finance regarding casino gaming tax (Crown Correspondence).

We understand the ABL Correspondence was sent by Mr Zwier on behalf of the directors of Crown Resorts Limited and the non-executive directors of Crown Melbourne, and the Crown Correspondence was sent by Mr McCann on behalf of Crown Resorts Limited, in the capacity of Chief Executive Officer.

As you are aware, we act on behalf of the State of Victoria (the State) in the Royal Commission into the Casino Operator and Licence (the Royal Commission).

We have also been made aware of correspondence from Mr McCann to the Chief Executive Officer of the Victorian Commission for Gambling and Liquor Regulation (VCGLR), also dated 1 July 2021, in similar terms to the letter sent to Mr Martine. We note that we do not make comments in relation to that letter and that we do not act for the VCGLR in the Royal Commission.

As noted below, the Crown Correspondence and the ABL Correspondence traverse matters relevant to the Royal Commission's Terms of Reference and its inquiries. There are matters of fact in the correspondence which have been put to the witnesses, including Mr McCann, during the last week of hearings commencing on 5 July 2021.

We confirm that both the Crown Correspondence and the ABL Correspondence have been provided to the Royal Commission pursuant to a Notice to Produce, along with this response to those items.

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Casino Gaming Tax

Both the Crown Correspondence and the ABL Correspondence contain statements addressing Crown's estimation of casino tax underpayments, and seek meetings with Minister Horne, and Mr Martine, in relation to this issue.

The VCGLR is responsible for administering the annual fees and taxes that the Casino licensee, Crown Melbourne Ltd is required to pay the State. Various legislative instruments and agreements govern these arrangements. The functions of the VCGLR are set out in the *Casino Control Act 1991* (CCA), while the *Casino (Management Agreement) Act 1993* requires that taxes, fees, charges and other payments payable by Crown be made to the VCGLR. Under the CCA the VCGLR, as the independent regulator, is authorised to ensure that the taxes, charges and levies are paid.

We note that the issue of potential casino tax underpayments is currently under consideration by the Royal Commission, and has been the subject of recent, and continuing evidence.

Given the above, we are instructed that the VCGLR is responding separately to the correspondence from Mr McCann about the casino gaming tax underpayment.

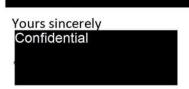
Request for a meeting with Minister Horne

The ABL Correspondence also traverses additional matters relevant to the Royal Commission's Terms of Reference, including matters relevant to Crown Melbourne's suitability to continue to hold a casino licence. The ABL correspondence also addresses some matters that relate to the potential consequences of various possible outcomes that might follow after the Royal Commission makes its findings and recommendations.

We note that the ABL Correspondence requests a meeting with Minister Horne in relation to these issues. The State considers that entering into discussions of the kind invited in the correspondence would likely add complexity to the matters the Royal Commission is required to address, and the State is unwilling to conduct any such process in parallel to the Royal Commission's inquiry.

The State has established the Royal Commission to inquire into these matters and considers that the Royal Commission is the most appropriate forum for these matters to be considered. The State does not wish to prejudice or pre-empt the inquiries of the Royal Commission in any way.

Should you have any questions or concerns, please contact Alexandra Tighe via email at Confidential



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