



## Crown Melbourne Limited

Meeting of the Board of Directors held on Tuesday, 3 December 2019 at  
10.00am at Chairman's Office Boardroom, Level 3, Crown Towers

### Members Present:

Mr John Alexander (Chairman)  
Professor John Horvath  
Mrs Rowena Danziger  
Mrs Toni Korsanos  
Mr Barry Felstead  
Mr Ken Barton

Mr Joshua Preston (Co-Secretary)  
Ms Mary Manos (Co-Secretary)

### By Invitation:

Mr Michael Johnston  
Mr Todd Nisbet  
Mr Alan McGregor  
Mr Xavier Walsh

### Apologies:

### BUSINESS

#### 1. Draft Minutes of Meeting:

*Minutes of Meeting held on 13 August 2019:*

It was **RESOLVED** that the Minutes of the Board Meeting held on 13 August 2019 be approved.

*Minutes of Meeting held on 4 September 2019:*

It was **RESOLVED** that the Minutes of the Board Meeting held on 4 September 2019 be approved.

#### 2. Financial Results:

Mr Felstead spoke to the Financial Results and noted the following:

- performance had been average for the month;
- both Table Games and Gaming Machines had missed budget;
- theoretical contribution was down approximately \$12.1 million;
- local contribution was 8.4% down on budget;
- there had been poor hold in machines which was not helping

performance;

- Table Games was down on budget and down on last year with hold having a negative effect on performance;
- Gaming Machines was down on budget and down on last year;
- Food & Beverage was up on budget, however it was noted that the bars' performance was soft for the month;
- Hotels were up on budget with occupancy rates being very strong, together with strong rates across the hotels portfolio;
- the main business drivers during the period for hotels had been the key group bookings for Spring Racing, Jehovah Witness Convention and the New Zealand Food & Grocery Council Conference;
- VIP was down on budget;
- overall it was a poor month for both VIP and local;
- year to date local was down \$1.8 million or 0.8% on budget of which \$3.7 million is related to poor hold and we are currently down \$6.3 million or 2.7% on last year of which \$13.9 million is poor hold in local tables;
- the VIP market has recently seen new markets increase their share in the VIP business, particularly in Cambodia, Vietnam and Phillipines. By contrast, the Australian and Macau performance is down;
- local performance had shown strong volumes however hold had negatively affected performance, otherwise other indicators remain positive for business;
- local performance had been assisted by new products (Dragon Link and Lightning Link);
- business was focussed on strengthening its regional marketing presence and also a continuing a strong focus on opportunities with Interstate business;
- REDACTED - PRIVILEGE

REDACTED - PRIVILEGE

### 3. CEO's Report:

Mr Felstead spoke to the CEO's Report which was taken as read. Mr Felstead noted the following:

- the conversion of Club 23 into a Premium Gaming space was underway with expected completion prior to New Year's Eve this year;
- a conversion of Salon Pit 35 (which is opposite the Mahogany Bar) into new Premium ETG lounge was underway;
- the conversion of JJ's into Mahogany Lounge (Premium non-smoking gaming machines area) was expected to be operational by Christmas;
- the further expansion of the Teak Room non-smoking offering had been completed and was opened on 8 August 2019;
- the addition of a dedicated gaming area in the West End for Dragon Link / Cash product (which was called Dragon's Den) was completed and opened during July 2019. Due to the success of this initiative another Dragon Den was completed and opened during November in an area adjacent to the Jackpot Bar;
- approval had been obtained to reintroduce a \$500 chip to Premium Gaming areas (Mahogany, Teak and Maple Rooms);
- Crown's installation of the popular Aristocrat Lightning Link and Dragon Link / Cash product had increased further to over 750 units and remains the largest single site installation in the world;
- other new machine product recently launched and expanded included Scarab (IGT), Repeat Fever (Konami) and Welcome to Fantastic Jackpots (Aristocrat) with each launched successfully with strong ongoing performance;
- the F20 first half product refresh plan is well underway with 580 of the target 750 new machines to be installed by 31 December 2019;
- there are currently a total of 197 Indigenous Australians employed across Crown Melbourne and Crown Perth under the Indigenous Employment Program with 111 in Melbourne and 86 in Perth bringing the total number of Indigenous Australians hired through the program to 887;
- Crown Perth hosted the 10 year Anniversary Gala Dinner for the IEP on Friday, 1 November 2019 with over 300 people in attendance including fellow Indigenous business and community members;
- the Crown PRIDE team hosted the PrideFest Luncheon in a Crown Ballroom with over 300 people attending the event,

which included some of Perth's leading businesses. The key note speakers included Ian Roberts – a former NRL Footballer and Tea Uglow – Creative Director, Google Creative Labs. This was the first time this luncheon had been held to great success which Crown will continue to support;

- there are currently a total of 293 employees and contractors in the CROWNability program across both properties with 130 direct employees and 3 contractors at Crown Melbourne and 155 direct employees and 5 contractors at Crown Perth;
- Crown Perth's Hospitality Disability Employee initiative, the Hospitality Disability Network WA officially launches on 3 December on the International Day of People with Disability with the Hon. Stephen Dawson MLC to officially launch the Network;
- the United Voice Enterprise Agreement was settled for 3.25% increase each year for 3 years;
- it was noted that United Voice had changed its name to United Workers with a resulting change in the landscape with National representation over the casino industry as opposed to the historical model of state by state representation;

Mr McGregor spoke to the hotel cladding issue that had previously been reported on and noted the following:

- Crown's has been advised by the Council in late November 2019 that its submission regarding Crown Metropol, supported by an expert's report of a proposal to remediate the issue at a cost of approximately \$3m, was suitable. It was noted that the matter may need to be referred to a further body for consideration;
- it was noted that this matter had also been reported through to the Crown Resorts Limited Risk Management Committee papers and the relevant management had been invited to attend and present on the matter;
- an assessment of Crown Promenade was underway in advance of potentially receiving a show cause notice for that property as well;
- management had also commenced a review of the main podium and Crown Towers, again in anticipation of any potential show cause notice;
- SUBJECT TO LEGAL PROFESSIONAL PRIVILEGE: REDACTED - PRIVILEGE  
REDACTED - PRIVILEGE

#### 4. Development Update:

Mr Nisbet spoke to the Development Update which was taken as

read. Mr Nisbet noted the Mahogany works will start after Chinese New Year; construction of IT staff offices were progressing with completion date March 2020; and the works related to the construction refurbishment of the Mahogany Lounge non-smoking slots was running concurrently with the Club 23 redevelopment and targeting a December 2019 opening.

**5. Audit and Compliance Updates:**

Mr Preston spoke to the Audit and Compliance Update which was taken as read.

***Regulatory and Governance Update:***

Mr Preston noted the following:

*AML*

- Nick Stokes had been appointed as the new Group General Manager Anti-Money Laundering. Nick will bring a wealth of experience to the team having previously worked at AUSTRAC and senior regional financial crime related roles at both Standard Chartered Bank and Credit Suisse;
- The AUSTRAC AML/CTF Program Compliance Assessment with a specific focus on Politically Exposed Persons and High Risk Customers continues with Crown preparing a response and AUSTRAC following up with some further questions which Crown was continuing to respond to;
- The AUSTRAC Risk Assessment of Junkets continued noting that AUSTRAC visited Crown Melbourne on 24 September 2019 to discuss a Risk Assessment at which time Crown provided a detailed presentation on junkets to AUSTRAC staff. AUSTRAC indicated that a draft of its findings would be made available after Chinese New Year;
- The implementation plan for the roll-out of the joint AML/CTF program continued;

*Risk Management*

- The CBA had now provided formal notice that the Southbank and Riverbank accounts would be closed;
- It was noted that the risk of Industrial Action had reduced to "unlikely";

*Regulatory & Compliance*

- A verbal update on the current progress and issues related to the various investigations including the ILGA, VCGLR junket investigation and ACLEI was provided;
- The VCGLR had advised Crown that it proposed to speak to former China staff who were detained in China with respect to the China investigation that the VCGLR had been carrying out for

some considerable time;

*RSG*

- The Crown Model Trial had concluded for F19 with a draft report being prepared and provided to an external expert for review;
- Crown Melbourne participated in a range of activities relating to the Gambling Harm Awareness Week with a key event being the afternoon tea held in Groove Bar on Thursday, 10 October. Special thanks was made to Professor John Horvath as a guest speaker at the event;
- The Responsible Gaming Advisory Panel had convened its first meeting which was held on 12 November. The Panel would be reconvened in January 2020 for a workshop to review the broad Crown Resorts Responsible Gaming framework and strategy;

*Legal*

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***Section 25 Review Update:***

Mr Preston noted the Section 25 Recommendations table which had been updated reflecting the progress on responding to Recommendations during the period which was noted.

***Audit Committee Minutes:***

Mrs Korsanos spoke to the Audit Committee Minutes dated 20 November 2019 which were taken as read.

***Compliance Committee Minutes:***

Professor Horvath spoke to the Compliance Committee Minutes dated 20 November 2019 which were taken as read.

**6. Responsible Gaming Update:**

Professor Horvath spoke to the Minutes of the Responsible Gaming Committee meeting dated 9 October 2019 which were taken as read.

**7. Occupational Health & Safety Report:**

Professor Horvath spoke to the Occupational Health & Safety Committee Report – August 2019 and the Occupational Health & Safety Board Report – F19 Performance Report – August 2019 which were taken as read.

## 8. Other Business:

### ***Annual Review:***

Ms Manos spoke to Agenda Item 8.1 which was taken as read.

It was noted that the Company's Annual Review date is 25 October. The Company is required under Section 347 of the *Corporations Act 2001* (Cth) to pass a solvency resolution within 2 months after the Review Date, of the Company.

Having regard to the financial situation of the Company and the financial support from its shareholder/s, it was **RESOLVED** that, in the opinion of the Directors, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

It was noted that the shareholder/s of the Company would not require an annual general meeting for the financial year ended 30 June 2019.

It was **RESOLVED** that the Company Secretary of the Company be authorised to do anything required in connection with a foregoing resolutions, including lodging any notices required to be lodged with ASIC.

### ***Delegation Policy Proposed Update:***

Ms Manos and Mr Preston spoke to Agenda Item 8.2 which was taken as read.

It was noted that the Crown Melbourne Limited Audit Committee had duly resolved to recommend to the Board that the amended Policy be approved.

The Board **RESOLVED** to approve the amended Policy.

### ***Financing Arrangements Update:***

Mr Barton and Mr McGregor spoke to the Agenda Item 8.3 which was taken as read.

In relation to the proposed Syndicated Facility Agreement, the key terms of which were approved by the Board at its 20 August Board meeting, it was **RESOLVED** that the Lead Managers and Book Runners and the Agent be comprised of any combination of the four major Australian banks (ANZ, Westpac, NAB and CBA) acting solely or jointly as determined by the Chief Financial Officer.

The Board noted that the Company had entered into a six-month extension to the ANZ Multi Option facility.

### **Closure:**

There was no further business and the meeting was declared closed at 4.00pm.

Signed



Chair  
Andrew Demetriou