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Victorian Commission for  
Gambling and Liquor Regulation

## Sixth Casino Review – recommendations 3 and 15, and progress report on other recommendations

TRIM ID: CD/19/20167

### Recommendation

1. That the Commission:
  - (a) agrees<sup>1</sup> Crown Melbourne Limited (Crown) has implemented recommendation 3 of the Sixth Casino Review (Review), after considering the Deloitte report provided by Crown
  - (b) notes that Licensing will monitor implementation of the three outstanding recommendations in the Deloitte report
  - (c) agrees Crown has implemented recommendation 15 of the Review by providing the first Responsible Gambling report (RG report) to the Crown Resorts Responsible Gaming Committee (CRRGC) on 9 October 2019, subject to:
    - Crown continuing to provide the RG reports to the Victorian Commission for Gambling and Liquor Regulation after each CRRGC meeting, and
    - the RG reports including 'results from player data analytics' post completion of recommendation 8
  - (d) notes Crown has provided its first written quarterly report on the effectiveness of facial recognition technology, in line with recommendation 12, and
  - (e) notes the update on the progress of recommendation 19 and the other remaining Review recommendations.

### Background

2. At its meeting on 28 June 2018, the Commission adopted the findings and opinions set out in the Review report. The Review report contained 20 recommendations with corresponding deadlines for Crown to implement. All recommendations in the Review report were accepted by Crown, in a letter to the Commission dated 2 July 2018.
3. The Licensing Division has responsibility for monitoring and assessing Crown's progress in relation to each of the recommendations, and providing regular updates to the Commission in relation to the adequacy of the progress.
4. The Commission has considered Crown's implementation of a number of the Review recommendations at previous meetings, and agreed that Crown has implemented recommendations 1, 2, 4, 5, 10, 11, 12,<sup>2</sup> 13, 14, 16, 17, 18, 19<sup>3</sup> and part of recommendation 8.

<sup>1</sup> The wording of the recommendation has been the subject of consultation with the General Counsel, and the preference is that the Commission 'agree to Crown's implementation' of the Sixth Casino Review recommendations, rather than 'approves' their completion.

<sup>2</sup> Recommendation 12 is related to Facial Recognition Technology (FRT), and its implementation has been accepted subject to quarterly updates on the effectiveness of its FRT, commencing from September 2019.

<sup>3</sup> Recommendation 19 is considered implemented but the Commission has made a further request for follow-up work by Crown Melbourne Limited.

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## Issues/Comments

### Recommendation 3

5. Recommendation 3 of the Review provides:

*"The VCGLR recommends that, by 1 July 2019, Crown assess the robustness and effectiveness of its risk management framework and systems, including reporting lines in the chain of command, and upgrade them where required. This assessment should be assisted by external advice".*

6. At its meeting on 22 August 2019, the Commission considered Crown's 1 July 2019 submission and decided to defer its decision regarding Crown's implementation of recommendation 3 until members had the opportunity to review the Deloitte report which assisted Crown's assessment. **Attachment 1** provides a copy of the Commission's response to Crown following its consideration of Crown's submission, seeking a copy of the Deloitte report.
7. Crown provided the VCGLR with a further submission containing the Deloitte report on 13 September 2019 (**Attachment 2**).
8. After considering the Deloitte report, Licensing requested further information from Crown to assist it in linking the recommendations in the Deloitte report to the outcome of Crown's assessment of its risk management framework and systems. In particular, Licensing requested Crown to further advise:
  - (a) which recommendations were accepted for implementation (either through incorporation into the Crown Risk Management Strategy document<sup>4</sup> or by other means of implementation)
  - (b) why recommendations in the Deloitte report, if any, were not accepted
  - (c) the status of each accepted Deloitte recommendation, and expected timeframe for implementation of any recommendations that remain outstanding.
9. With the support of the additional information provided by Crown (**Attachment 3**), Licensing analysed Deloitte's report to determine:
  - (a) if the stated objective in the Deloitte report and its scope addresses the "external assistance" expected by recommendation 3
  - (b) if the substance of the Deloitte report appears to be fit for purpose based on the number or nature of recommendations and observations
  - (c) which Deloitte recommendations have been—
    - accepted and implemented
    - accepted, but still in progress
    - not accepted, and why

<sup>4</sup> Crown's 1 July 2019 submission indicates the importance of the Risk Management Strategy document as one of a number of elements that demonstrate its review had been undertaken and implemented. The 1 July 2019 submission states, "...the following elements have now been undertaken and/or implemented:.....the consolidated documentation of the Board's expectations in relation to risk management in a 'Risk Management Strategy' document, that was endorsed by the Crown Resorts Risk Management Committee on 29 May 2019, and was approved by the Crown Resorts board on 12 June 2019.

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- (d) whether the further information provided by Crown (**Attachments 2 and 3**) demonstrates that Crown completed recommendation 3 by the deadline of 1 July 2019.
10. Sections 1.1 and 1.2 of the Deloitte report sets out the objective and scope of Deloitte's engagement respectively. The following is noted:
- (a) the objective was to assess Crown's risk management program, provide observations and, where appropriate, make recommendations for improvement
  - (b) the scope included an assessment of risk and governance documentation relating to risk management with a particular focus on risk strategy, the risk operational model, risk reporting and risk information systems and risk monitoring
  - (c) Deloitte's engagement was limited to assessing the design of the risk management program and not to the degree to which the risk management framework has been embedded in the organisation and how well it is operating. Licensing does not consider this to be a problem as the latter issue was addressed by PwC Australia in May 2018 as part of the Review.
11. Based on the above, it can be concluded that the objective and scope of the external advice sought by Crown is fit for purpose, and relevant to recommendation 3 of the Review.
12. The Deloitte report made recommendations in 15 sections of the report<sup>5</sup> relevant to risk management. In summary, the Deloitte report recommendations and observations appear to be the result of a thorough review, consistent with the scope and objectives. See **Attachment 4** for Licensing's summary of the recommendations.
13. Crown's response to each of these recommendations is documented in **Attachment 3**. Crown's response states that, of the 15 recommendations:
- (a) 10 were accepted, and have been implemented by Crown
  - (b) three were accepted, but are yet to be implemented
  - (c) two were rejected by Crown.
14. In relation to the three accepted recommendations yet to be implemented, Licensing will monitor implementation of these recommendations and advise the Commission should Crown not implement these recommendations or is unnecessarily delayed.
15. Crown also advised that two of the Deloitte recommendations were not accepted or implemented. These were:
- (a) first part of recommendation in section 2.1 – recommends renaming the 'Crown Resorts Limited Risk Management Strategy' document as a 'Risk Management Framework' document to more accurately represent its contents. Crown considers that the impact of the recommendation is immaterial.
  - (b) second part of recommendation in section 2.1 – recommends developing a Risk Management Strategy document distinct from the above (renamed) document. Crown advised that this document is already in place at department level. Crown further advised that *updates on material changes have been provided on an ongoing basis to the ERCC and board committees on progress of enhancements or development of framework elements over the past 18 months.*

<sup>5</sup> Deloitte report sections 2.1 and 2.1.1 contain recommendations with two parts, and recommendations 2.2.2(d) and 2.2.2(e) contain two separate recommendations.

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- (c) recommendation in section 2.3(b) – recommends the escalation of Risk Appetite Breaches. Crown considers this recommendation has minor impact and will 'be reconsidered at a later stage'. Crown is of the view that both in practice and as described in the Risk Management Strategy, risk appetite reporting has proven effective and timely, with some matters requiring immediate notification to the board due to their magnitude (for example, the terrorism threat in February 2018), while others have been adequately reported at the next meeting of the relevant committee, due to their less material and less time sensitive nature. The board is satisfied with the process, and the quality and timeliness of reporting and escalation (**Attachment 3**).
16. Licensing has assessed these two recommendations and noted Crown's response outlining why they were not accepted and implemented. Licensing does not believe there are any grounds to challenge Crown's views in relation to non-acceptance of these two recommendations.
17. In determining whether Crown's response to recommendation 3 has genuinely been "assisted by external advice", and completed by 1 July 2019, it should be noted that Deloitte was engaged by Crown on 14 February 2019, and the Deloitte report was submitted to Crown on 20 June 2019. Crown's submission to the Commission was made on 1 July 2019, just ten days after receiving the Deloitte report. Furthermore, recommendation 3 of the Review requires Crown to conclude its review by 1 July 2019, but does not give any expectation of implementation of any findings of its review or the external advice.
18. It is therefore possible that Crown may not have completed its assessment "with external advice" by the deadline. However, even if the outcomes of Crown's assessment were not genuinely informed by the Deloitte report recommendations, there is alignment between the outcomes of Crown's assessment with most recommendations, and agreement to implement the accepted recommendations.
19. In conclusion, when considering the Deloitte report and matters presented above, Licensing believes that Crown's assessment of the robustness and effectiveness of its risk management framework and systems has been adequately assisted by the external advice provided in the Deloitte report, and where applicable, recommendations provided in this report have been or will be implemented where required.

#### Recommendation 15

20. Recommendation 15 of the Review provides:

*"The VCGLR recommends that, within three months of implementing the new responsible gambling strategy (Recommendation 14), there is regular reporting to the Crown Resorts Responsible Gaming Committee for it to maintain oversight of Crown Melbourne's harm minimisation strategy for responsible gambling. Regular reports every two months should include numbers and types of interventions and other harm minimisation activities of RGSC and other staff, details of the number and nature of referrals to external service providers, exclusion orders, breaches, revocation and appeals, as well as results from player data analytics and other initiatives to minimise gambling related harm. These reports should also be made available to the VCGLR for monitoring purposes. (The VCGLR intends to share this information, as appropriate, with the VRGF)".*

21. At its 24 October 2019 meeting, the Commission agreed that Crown had implemented recommendation 14 of the Review as a result of developing and implementing a responsible gambling strategy focusing on the minimisation of gambling related harm to persons attending the casino.

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22. Crown's initial submission in relation to recommendation 15 was provided on 1 October 2019 (**Attachment 5**) and advised that the next CRRGC meeting was to be held on 9 October 2019, at which time the report to address recommendation 15 would be presented. After this meeting, it was expected that Crown would provide the required evidence attesting that it had addressed recommendation 15.
23. On 26 November 2019, after the CRRGC meeting, the new RG Report, prepared in accordance with recommendation 15, was provided to the VCGLR (**Attachment 6**).
24. In addressing recommendation 15, in particular the requirement for Crown to provide regular reporting 'every two to three months', Crown has previously advised that *the CRRGC meets six times per annum, and the reporting periods may therefore vary from one to three months as the case may be*. Licensing confirms that Crown Resorts Limited held seven meetings during the 2018–19 financial year.<sup>6</sup>
25. Although strict adherence to the provision of the RG report to the CRRGC may not be achieved, being every two months, Licensing is of the view that, should the CRRGC meet every two or three months, and the RG report be provided at each meeting, as is intended, this does constitute 'regular RG reports' as required in recommendation 15.
26. In relation to the content of the RG report, the introductory paragraph refers to the Review recommendation, and the requirement for regular RG reporting to the CRRGC for it to maintain oversight of Crown's harm minimisation strategy for responsible gambling. The content of the opening paragraph reaffirms that Crown will provide the RG report to the CRRGC at each of its standing meetings.
27. The RG report also provides statistics and charts for the current and previous three financial years on responsible gambling matters, including:
- (a) numbers and types of interventions
  - (b) harm minimisation activities of the Responsible Gaming Support Centre and other staff
  - (c) details of the number and nature of referrals to external service providers
  - (d) exclusion orders
  - (e) breaches
  - (f) revocation and appeals
  - (g) other initiatives to minimise gambling related harm.
28. Licensing considers that the RG report meets the reporting requirements of recommendation 15 with one exception. Although Licensing notes that the report does not include 'results from player data analytics', it may be too early for Crown to provide details on player data analytics given that recommendation 8 (implementation of data analytic tools) is not due to be implemented until 1 January 2020.
29. In response to the above, Licensing recommends that should the Commission accept Crown's implementation of recommendation 15, the response to Crown should reference the expectation that, post completion of recommendation 8, the RG report to the CRRGC must include results from player data analytics.

<sup>6</sup> Page 54, Crown Resorts Limited 2019 annual report.  
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30. Licensing will monitor when CRRGC meetings are held and the ongoing content of the RG report provided to it. In addition, as noted in the recommendation, the VCGLR will share this information, as appropriate, with the Victorian Responsible Gambling Foundation (VRGF). Licensing considers that there is no content in the first RG report that needs to be shared with the VRGF at this time.

*Update on recommendation 12*

31. Recommendation 12 of the Review provides:

*"The VCGLR recommends that, by 1 July 2019, Crown Melbourne expand facial recognition technology to cameras on all entrances to the casino and that Crown Melbourne provide written updates on a quarterly basis on its effectiveness to the VCGLR."*

32. At its meeting on 25 July 2019, the Commission considered that recommendation 12 was completed and noted that Crown will provide the Commission with written updates on facial recognition technology's (FRT) effectiveness for the September 2019 quarter and each quarter thereafter.
33. Crown provided the first quarterly written update (July-September 2019) (FRT report) on 4 October 2019 (**Attachment 7**).
34. Upon assessing the content of the FRT report provided by Crown, Licensing believes the first quarterly report provides the VCGLR with the required data to assist in assessing the ongoing effectiveness of FRT, including data on:
- (a) Neoface FRT<sup>7</sup> detections as distinct from 'other' detections, being staff detections
  - (b) 'detected breaches', being excluded patrons detected on the casino floor, as distinct from 'attempted breaches', being excluded patrons who were detected prior to entering the casino floor
  - (c) a breakdown of all exclusion types.
35. In assessing the actual data provided in the FRT report provided by Crown, Licensing has prepared a schedule that shows a breakdown of the detections by type for the 30 September 2019 quarter (**Attachment 8**).
36. A further assessment of the Licensing schedule and the FRT report provided by Crown, notes that Neoface detection rates materially exceed Crown staff detections for excluded, self-excluded and chief commissioner excluded persons, with 86.0% of all detections being attributed to Neoface FRT.
37. Notwithstanding these positive results, Licensing believes that Crown and the VCGLR need to establish the reliability of facial recognition detection rates, determine trends and thereby the effectiveness of the technology, through a series of ongoing quarterly reports. Licensing is of the view that the VCGLR requires at least four quarters of data before any meaningful assessment of the effectiveness of Neoface FRT can be made.
38. Licensing is of the opinion that the FRT report provided by Crown will assist the VCGLR in assessing the effectiveness of FRT at Crown, and therefore adequately addresses the requirements of recommendation 12.

<sup>7</sup> NEC Australia's Neoface facial recognition technology is a software application used by Crown to capture a person's facial image, compare it with images in a database and provide real-time identification outcomes.

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*Update on recommendation 19*

39. At its 25 July 2019 meeting, the Commission agreed that Crown has implemented recommendation 19, but requested Crown to make further amendments to its Corporate Policy Statement to provide greater clarity to staff about when to issue an exclusion order pursuant to section 72(2) of the *Casino Control Act 1991*, withdrawal of licence (WoL), or both.
40. In response, Crown advised that it has identified other procedural documents which clarify the issuing of WoLs versus exclusion orders under section 72(2) of the CCA, that it believes adequately addresses the Commission's request.
41. On 3 December 2019, Crown submitted this documentation, and is currently under review.


*Other Review Recommendations*

42. An update on the status of all recommendations is provided at **Attachment 9**.

**Consultation**

43. No consultation was required in the preparation of this paper.

Recommended:

  
ALEX FITZPATRICK  
DIRECTOR – LICENSING

Prepared by: Rowan Harris  
Telephone:   
Date: 2 December, 2019

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Victorian Commission for  
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Attachment 1

Our ref: CD/19/14633

3 SEP 2019

Mr Joshua Preston  
Chief Legal Officer – Australian Resorts  
Crown Melbourne Limited  
8 Whiteman Street  
SOUTHBANK VIC 3006

By email: [REDACTED]

Dear Mr Preston

**Sixth Casino Review Recommendations 3, 4 and 13**

I refer to Crown Melbourne Limited's (Crown's) submissions to the Victorian Commission for Gambling and Liquor Regulation (the Commission) dated 29 June 2019 and 1 July 2019, in relation to the completion of recommendations 3, 4 and 13 of the Sixth Casino Review.

At its meeting on 22 August 2019, based on the submissions provided by Crown, the Commission noted that:

- in relation to recommendation 4, Crown has undertaken a robust review of internal controls to ensure that Crown's regulatory and compliance department is aware of all projects and works in progress for which regulatory approvals might be relevant, and
- in relation to recommendation 13, Crown has developed a new responsible gambling strategy which includes rebranding or refreshing its responsible gambling messages throughout the casino, in all Crown Melbourne publications, including online and social media platforms.

In relation to recommendation 3, the Commission decided to defer its consideration of Crown's completion of recommendation 3 until members have had the opportunity to review the external advisor's report completed by Deloitte, which informed the assessment of Crown's risk framework and systems. The Commission requests that the external advisor's report is provided within seven days of receiving this letter.

Should you wish to discuss this matter, please contact Alex Fitzpatrick, Director Licensing, on [REDACTED].

Yours sincerely

[REDACTED]  
Ross Kennedy  
Chair



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## Attachment 2

Contacts: Barry Felstead/ Joshua Preston  
 Direct Line: [REDACTED]  
 E-mail: [REDACTED]  
 Document No: COMPLIANCE\_514871.2

13 September 2019

### By Email

Mr Ross Kennedy  
 Chair  
 Victorian Commission for Gambling and Liquor Regulation  
 Level 3, 12 Shelley Street  
 RICHMOND VIC 3121

Cc: Rowan Harris

Dear Mr Kennedy

### Sixth Casino Review – Recommendation 3

We refer to your letter dated 3 September 2019 and to our earlier letter dated 1 July 2019.

Your letter requests a copy of the report from Crown's external advisors who assisted Crown in its assessment of the robustness and effectiveness of its risk framework and systems.

In this respect, Crown engaged Deloitte as the external expert. We note that the provision of the report of the external advisor was not part of Recommendation 3, and as such, it was not commissioned on the basis of being provided to a third party. Crown has therefore been required to seek Deloitte's permission to release the report to the VCGLR, which has taken some time to be approved through their various internal processes. We have today received Deloitte's approval to release the report to the VCGLR and in this respect please find enclosed a copy of the report dated June 2019, together with a covering letter from Deloitte dated 13 September 2019.

For all of the reasons and steps outlined in our letter dated 1 July 2019, Crown is of the view that it has fully complied with the requirements of Recommendation 3.

We also note, as referenced in our letter dated 1 July 2019, that the additional comments that were provided to Crown by Deloitte for future and longer term enhancements, "*will be incorporated and/or considered as to their relevance/appropriateness for the longer term continuous program of Risk Management at Crown.*"

Crown otherwise notes for completeness that both the information contained in this correspondence, and the enclosed documents, are confidential and provided to the VCGLR on a confidential basis.

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Mr Ross Kennedy  
Victorian Commission for Gambling and Liquor Regulation

Page 2  
13 September 2019

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Please do not hesitate to contact me or Barry Felstead if you have any queries.

Yours sincerely



Joshua Preston  
Chief Legal Officer – Australian Resorts



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13 September 2019

Victorian Commission for Gambling and Liquor Regulation  
Level 3, 12 Shelley Street  
Richmond  
Victoria  
3121  
Australia

To whom it may concern,

**Access to Deloitte report - Crown Melbourne Limited – Report on the Risk Management Framework June 2019**

We enclose a copy of the Crown Melbourne Limited – Report on the Risk Management Framework dated June 2019 (the "Report") as requested. If you have any questions regarding the Report, we would be happy to assist with any information we are able to provide ("Responses").

We draw your attention to the following.

1. The Report was prepared subject to and in accordance with the terms of our agreement with Crown Melbourne Limited.
2. The Report and any Responses are subject to the assumptions, qualifications, limitations, and restrictions outlined in our agreement with the client and the Report.
3. The Report was prepared for the benefit of Crown Melbourne Limited from information provided by Crown Melbourne Limited and to reflect its instructions.
4. We have not performed any further procedures or updated the Report beyond the date of the Report. Events may have occurred since that date which may have a material effect on the Report.
5. The Report may include forecasts or projections. Since forecasts or projections relate to the future, they may be affected by unforeseen events. They also depend, in part, on how effectively they are implemented. Accordingly, actual results may be materially different from those forecasts or projected because events and circumstances frequently do not occur as expected.
6. You may not rely on the Report for any purpose. We are not responsible and have no duty of care to you, or anyone else, for the Report.

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7. The Report is confidential and must be treated as such by you and must not be disclosed to another party. You may disclose the Report to the extent that it is required to be disclosed by Law, order of any court, tribunal, authority or regulatory body, rules of any stock exchange, however, where practical and to the extent permitted by law, you must notify us of the requirement to disclose and only disclose the minimum amount necessary that is required to comply with the law.
8. We request that you treat the Report in accordance with the terms set out in this letter, particularly in relation to preserving its confidentiality.

If you have any questions regarding the above, please do not hesitate to contact me on [REDACTED] or via e-mail at [REDACTED]

Yours sincerely

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**Cara Hartnett**  
Partner

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**Deloitte.**



**Crown Melbourne Limited –  
Report on the Risk Management  
Framework**

June 2019

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#### Inherent Limitations

The Services provided are advisory in nature and have not been conducted in accordance with the standards issued by the Australian Auditing and Assurance Standards Board and consequently no opinions or conclusions under these standards are expressed.

Because of the inherent limitations of any internal control structure, it is possible that errors or irregularities may occur and not be detected. The matters raised in this report are only those which came to our attention during the course of performing our procedures and are not necessarily a comprehensive statement of all the weaknesses that exist or improvements that might be made.

Our work is performed on a sample basis; we cannot, in practice, examine every activity and procedure, nor can we be a substitute for management's responsibility to maintain adequate controls over all levels of operations and their responsibility to prevent and detect irregularities, including fraud.

Any projection of the evaluation of the control procedures to future periods is subject to the risk that the systems may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

Recommendations and suggestions for improvement should be assessed by management for their full commercial impact before they are implemented.

We believe that the statements made in this report are accurate, but no warranty of completeness, accuracy, or reliability is given in relation to the statements and representations made by, and the information and documentation provided Crown Melbourne Limited personnel. We have not attempted to verify these sources independently unless otherwise noted within the report.

#### Limitation of Use

This report is intended solely for the information and internal use of Crown Melbourne Limited in accordance with our letter of engagement dated 14 February 2019, and is not intended to be and should not be used by any other person or entity. No other person or entity is entitled to rely, in any manner, or for any purpose, on this report. We do not accept or assume responsibility to anyone other than Crown Melbourne Limited for our work, for this report, or for any reliance which may be placed on this report by any party other than Crown Melbourne Limited.

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20 June 2019

Anne Siegers  
Group General Manager – Risk and Audit | Crown Resorts  
8 Whiteman Street,  
Southbank  
VIC 3006,  
Australia

By email: 

Commercial In Confidence

Dear Anne,

#### **Assessment of Risk Management Program**

In accordance with the engagement letter dated 14 February 2019 between Deloitte Risk Advisory Pty Ltd ("Deloitte") and Crown Melbourne Limited ("Crown"), we have completed an assessment of the risk management program at Crown. This report summarises the procedures performed, our observations and recommendations for improvement resulting from that assessment.

We look forward to further discussing this report with you, at your convenience. We would also like to take this opportunity to thank the Executive and staff of Crown for the strong level of co-operation we have received in performing this engagement.

Yours sincerely



**Cara Hartnett**

Partner

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Commercial In Confidence - Crown Melbourne Limited – Report on the Risk Management Framework

# 1 Executive Summary

## 1.0 Background

In June 2018, the Victorian Commission for Gambling and Liquor Regulation ("VCGLR") issued its Sixth Review of the Melbourne Casino Operator and Licence, which presents the VCGLR's view as to the ongoing suitability of Crown Melbourne Limited (CML), to hold its casino licence. The VCGLR report made a number of recommendations, including Recommendation 3, which states:

*'The VCGLR recommends that, by 1 July 2019, Crown assesses the robustness and effectiveness of its risk frameworks and systems, including reporting lines in the chain of command, and upgrade them where required. This assessment should be assisted by external advice.'*

As a result, Crown engaged Deloitte to assess the design of the organisation's risk management program, and provide relevant observations that will form part of Crown's above mentioned assessment for the VCGLR prior to 1 July 2019.

### 1.1 Objective

The objective of this engagement was to assess Crown's risk management program and provide observations, and where appropriate, recommendations for improvement.

### 1.2 Scope and Approach

The scope of our engagement included an assessment of risk and governance documentation relating to risk management with particular focus on:

1. Risk strategy – including the risk management policy, strategy, framework and risk appetite statements;
2. Risk operational model – including three lines of defence, roles and responsibilities and delivery model;

3. Risk reporting – including both management and Board reporting; and
4. Risk information systems and risk monitoring, including key risk indicators

#### Scope Limitations

Our engagement was limited to assessing the design of the risk management program. We did not assess the degree to which the risk management framework has been embedded in the organisation and how well it is operating. It is understood that an independent review was undertaken in May 2018 (by another service provider) that reported on how risk management was embedded across Crown. Enhancements to the risk management framework have been made since this independent review, which will need to be in place for a period of time before their operation and the degree to which they are embedded is assessed.

Our assessment was also restricted to the risk management in place as at March 31, 2019 and did not include a comparisons or benchmarking with risk management practices and processes in the past.

### 1.3 Observations from Our Assessment

Crown's risk management framework and its design is consistent with the risk management standard ISO 31000:2018 Risk Management.

Based on documentation reviewed, Crown has a risk management program with the key elements for effective risk management either in place or under development. Elements in place include:

- A risk management framework which sets out the key elements of Crown's risk management program, including overall governance (including adequate reporting lines and chain of command), roles and responsibilities, risk identification and assessment methodology, risk appetite and the risk reporting process;
- Documentation of identified risks and the assessment of their materiality in risk registers and corporate risk profiles;



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Commercial In Confidence - Crown Melbourne Limited – Report on the Risk Management Framework

- Risk reporting, including risk appetite dashboards, leading risk indicators (KRI's) and aggregate corporate risk profiles; and
- A risk information system to support the risk management program (CURA), which facilitates risk analysis.
- How quantitative metrics and triggers for risk appetite are expressed and how they are used for reporting and proactive risk management; and
- How escalation of risk appetite breaches is actioned and reported.

Efforts to mature the design of the risk management program are ongoing. Over the last 18 months, Crown has undertaken, and continues to undertake programs to enhance the level of maturity and understanding of its risk management framework. Discussions with the Group General Manager – Risk and Audit, indicated that Crown is committed to making continued improvement and enhancements to the risk management program. Key areas that are currently being focused on include:

- Developing key risk indicators and associated reporting;
- Linking principles included in the risk management program with the delegations of authority policy; and
- Developing targeted risk management training programs which compliment compliance and risk-related training programs already in place at Crown.

Recommendations and suggestions for improvement should be assessed by management for their full commercial impact before they are implemented.

In reviewing the recommendations, consideration should be given to the time period for implementation. Some recommendations may be implemented immediately with minimal effort. Others may be addressed over a longer period, as iterations and updates are made to mature the risk management process.

#### 1.4 Recommendations for improvement

This report makes recommendations and observations that would build upon and further enhance Crown's risk management program. The recommendations are intended to provide insights regarding areas for enhancement and improve future maturity. Many of these can be implemented immediately and are being considered as inputs into Crown's Risk Management Strategy prior to its finalisation (currently in draft). Others may be expected to be implemented over the longer term as Crown's risk management program is enhanced.

These recommendations and observations include considerations for the following areas:

- How roles and accountabilities for risk and risk culture are expressed;
- How material risks are aligned to risk appetite to support an aggregate view of risk;
- How qualitative statements for risk appetite are expressed;

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## 2 Detailed Findings

### 2.1 Risk Management Strategy

The Group Risk Management Framework is outlined in the Crown Resort Limited draft Risk Management Strategy ("draft RMS") document. The draft RMS describes in detail the risk management framework, including governance (roles and responsibilities), risk appetite and process and methodology that the Crown Resorts Limited Board expects to be implemented across all Group entities.

It does not outline the strategic priorities for the risk function or risk management.

**Recommendation:** Consider renaming the document as Crown Resorts Limited Risk Management Framework to more accurately represent its contents.

Consideration should be given to developing a Risk Management Strategy document over the medium to longer term. This document would typically set out the strategic priorities for the risk function and program, including those key areas of focus to embed a more efficient and effective risk management function. This could include reference to People and Capability, Risk Culture, Risk Appetite (including corporate profiles) and Risk Reporting.

The following observations are made with regard to the key elements of the Risk Management Framework as outlined in the draft RMS.

#### 2.1.1 Risk Culture

A favourable feature of the draft RMS is recognition of the importance of risk culture.

One of the roles of the Second Line of Defence is to support the communication of the Board's desired risk culture (S5.5). However, accountabilities for risk culture are not clearly referenced in other areas of the draft RMS, including the role of the Board.

**Recommendation:**

- a) Accountabilities for risk culture should be reviewed in the following sections of the draft RMS:
  - The Executive Summary
  - The role of the Board in setting the desired risk culture

- The role of RMC in overseeing risk culture;
- The role of "All other Crown staff" performing their role in a manner consistent with the expected risk culture"
- Monitoring and reporting.

- b) If there is no clear expression of a target risk culture or an approach to its assessment, reference to risk culture may be better expressed as a strategic priority.

#### 2.1.2 Risk Management Principles (DRAFT RMS S3)

The risk management principles contained within the draft RMS provide sound context around which the risk management framework is designed.

Other common principles that we have observed, which are not currently included in Crown's framework are:

- A principle related to the promotion of the safety and soundness of the organisation.
- A principle related to supporting Crown's existing Excellence of Standards of Service (ESOS) statement and CX/EX values.

**Recommendation:**

Consider including safety and soundness and customer service as additional principles to support an effective and meaningful risk management framework in the ongoing review of the draft RMS document.

#### 2.1.3 Risk Identification and Assessment

The Corporate Risk profiles and associated Risk Matrix and Risk map provide the Executive and Board greater clarity over the identification, measurement and management of Crown's material risks.

The risk assessment methodology adopted by Crown is typical, using likelihood and consequence criteria to assess identified material risks in terms of inherent and residual risk. Reporting is also typical, using heat maps to show Critical, High, Moderate and Low level risk. This is used to inform further risk reporting and risk monitoring. Importantly, the approach also recognises financial and non-financial impacts and provides clarity on responsibilities for oversight and management of the risks.

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Material risks are contained within the Corporate Risk profile which is reported to the Crown Resorts Board. The Corporate Risk profile identifies:

- Name of material risk, its definition and description of how it may arise, and the outcome if the risk is not managed;
- The inherent risk using the Consequence and Likelihood methodology and its mapping to the Corporate Risk Map;
- The controls in place to manage the risk.
- The residual risk using the Consequence and Likelihood methodology and its mapping to the Corporate Risk Map;
- How these align to the 7 Risk Appetite impact categories.

It was observed that Crown Melbourne is completing Corporate Risk profiles and reporting these to the Board. It has also commenced documenting departmental risk registers.

**Recommendation:**

None noted.

#### 2.1.4 Risk Appetite

Risk appetite was recently designed and approved by the Crown Resorts Board and the Crown Melbourne Board in December 2018.

Risk appetite has been set for seven (7) impact categories, including:

- Financial;
- Brand / Reputation;
- Regulation / Legal;
- People;
- Customers / Patrons;
- Infrastructure; and
- Strategy /Business Sustainability.

Each is assigned a qualitative statement, qualitative Statements and Quantitative Metrics – RMC Reporting Triggers.

##### a) Qualitative Statements

The qualitative risk appetite statements ("RAS") for the seven impact categories are not expressed in a manner typical of a risk appetite statements.

Typically a risk appetite statement provides a clear statement of acceptable risk tolerance. In the majority

of cases the qualitative statements are expressed in a manner that does not reference risk tolerances.

For example:

- *Financial*: "Protect and deliver shareholder value".  
A RAS that more clearly expresses risk tolerances may be: "We have limited risk appetite for activities that weaken shareholder value"
- *Brand / Reputation*: Maintain shareholder confidence"  
A RAS that more clearly expresses risk tolerances may be: "We have a low risk appetite to undertake any activity that leads to a loss of shareholder confidence or damages our brand or reputation."

**Recommendation:** As Crown continues to develop and embed the concept of risk appetite, any updated to the qualitative statements should consider including a clearer statement of acceptable risk tolerances.

##### b) Quantitative Metrics and Triggers

Quantitative metrics for risk appetite triggers are based on tolerance for individual risk events. This is acceptable provided the trigger is set conservatively – and this appears to be the case. However it is noted that in terms of reporting:

"The trigger can be either a single event, or a series of events cumulating to the [below] thresholds."  
(Memorandum to RMC, 19 November, 2018)

The risk appetite framework would benefit from greater transparency on the relationship of the individual material risks recorded in Corporate Risk profiles and the seven higher level risk categories. For example, what are the material risks that if cumulatively considered are assessed against a specific trigger for an impact category? This would support greater insights at the enterprise level of the level of risks attributable with each impact category.

This also impacts on the reporting of risk appetite and is covered in the Risk Reporting section (see below).

**Recommendation:**

None noted.

##### c) Operationalisation of the Risk Appetite

The draft RMS recognises that a review of the risk appetite is undertaken annually with changes recommended to the Board.

**Recommendation:**

None noted.

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## 1.5 Risk Management Policy

The Risk Management policy sets out clear expectations in relation to its risk management objectives, particularly:

- Risk identification and risk management (including controls) within risk appetite
- Cascading and implementation of the risk management framework
- Documentation and reporting of risks

### Recommendation:

None noted.

## 2.2 Risk Operational Model

### 2.2.1 Risk Governance Framework

Within the introductory comments of the Governance section of the draft RMS, references are made to responsibilities for material risks. For example:

*"An effective risk governance framework requires risk ownership and risk management accountability to be clearly defined and assigned to those responsible for material business decision making. This supports the integration of risk identification and assessment into organisational decision making processes."*

This is inconsistent with the commonly held view that risk is everyone's responsibility, not just those responsible for material business decision making.

It is also inconsistent with the statement in the 1LOD that *"All Crown's staff are responsible for managing and being accountable for risks particular to their area of responsibility"*

Another example includes:

*"Independent oversight, challenge, reporting and monitoring of the risk profile, risk management framework and material business decisions that have the potential to impact the organisation's risk profile"*

It could be argued that an accumulation of many seemingly poor decisions can cumulatively have a material impact – not just those that are material decisions.

**Recommendation:** A more meaningful way to express the above could be as follows:

- Risk ownership and risk management accountability to be clearly defined to **support the consideration of risk in all decision making**. This supports the integration of risk identification and assessment into organisational decision making processes;

- Independent oversight, challenge, reporting and monitoring of the **risk culture (INSERT)** risk profile, risk management framework and **material (DELETE)** business decisions that have the potential to impact the organisation's risk profile

### 2.2.2 Three Lines of Defence

The general articulation and use of the Three Lines of Defence ("3LOD") within the draft RMS is consistent with the common standard used to give greater clarity on roles and responsibilities for risk.

#### a) Role of the Board (DRAFT RMS S5.1)

As noted above the draft RMS does not reference the role of the Board in setting the desired risk culture although it is referenced as part of the 2LOD

**Recommendations:** The role of the Board should include setting the desired risk culture.

#### b) Role of the RMC (DRAFT RMS S5.2)

It would be expected the role of RMC should also include oversight of the embedding of the Board's desired risk culture, however, this is not referenced. A clearer expression of the role of the RMC in monitoring the risk profile of Crown would be helpful to ensure that risks are being managed within risk appetite.

**Recommendation:** Consider amending the role of the RMC to also include oversight of the embedding of the Board's desired risk culture and management of risks within risk appetite.

#### c) Crown Melbourne Executive Risk and Compliance Committee ("ERCC")

A key purpose of ERCC should include oversight of the risk profile of Crown Melbourne to ensure that risks are being managed within approved risk appetite as well as oversight of the embedding of the Board's desired risk culture. The ERCC charter does not reference either risk appetite or risk culture.

**Recommendation:** Consider amending the ERCC Charter to include oversight of management of risks within risk appetite and the embedding of the Board's desired risk culture.

#### d) First Line of Defence (DRAFT RMS S5.4)

The First Line of Defence (1LOD) commentary recognises that they own and manage the risk and implement risk frameworks. However, this is not reflected in the 3LOD graphic in the draft RMS document.

**Recommendation:** For clarity the First Line of Defence commentary in the graphic should be updated.

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The draft RMS contains the following statements

- *"An effective risk governance framework requires risk ownership and risk management accountability to be clearly defined and assigned to those responsible for material business decision making. This supports the integration of risk identification and assessment into organisational decision making processes"*
- *"The CEO, Executives and Senior Management for the first line of defence and assume ownership of, and accountability for the management of, the material risks faced and effective implementation of the risk management framework"*

The above statements could be considered inconsistent with the application of an effective 3LOD model because:

- Ownership and management of risk is everyone's responsibility - not just those responsible for material business decision making. For example a Table Games Dealer is responsible for the ownership and management of the risks in his activities
- It also appears inconsistent with the statement in the draft RMS (5.4 (b)) where it is stated that "All Crown staff are responsible for managing and being accountable for risks in their particular area"

**Recommendations:** Review the accountabilities of the 1LOD to reinforce that everyone has ownership of risk and should consider risk in the decision making and activities. It is also recommended that the accountabilities of all staff in the 1LOD in embedding the Boards desired risk culture should be recognised.

#### e) **Second Line of Defence (2LOD) (DRAFT RMS S5.5)**

The description of the role of the 2LOD is generally sound and fit for purpose and recognises the key principle that of the 2LOD to develop and design the risk management framework

- The Second Line of Defence is referred to as "Drafting of policies, framework..." The commonly held view is that the 2LOD own and design the risk framework which are then implemented by the 1LOD.

**Recommendation.** Amend the above to recognise that that 2LOD own the design of the Risk Management framework

- *"effectively supporting the communication of the risk management framework, risk appetite, risk management strategy..."*

**Recommendation:** This statement could be altered to state that the risk function "own and lead" not support the communication of the risk management framework

## 2.3 Reporting

The Risk Management Strategy, the Risk Policy and Committee Charters set out expectations with regard to the reporting and oversight of risk. All material risks are summarised within the Corporate Risk profile which is required to be reported to the Crown Resorts Board.

### a) Use of Quantitative Triggers for Reporting

Reporting of risk and escalation of risk issues particularly in relation to risk appetite and risk triggers would benefit from greater clarity.

The draft RMS states:

- *"reporting against this risk appetite [table] will be prepared by the GGM – R&A. It will highlight events against reporting triggers by exception"*
- *"In most circumstances reporting trigger events at the regular RMC meeting will be sufficient at other times special meetings of the RMC or other Board members may be required based on the magnitude of the event, as well as the requirement for a timely Board decision"*

The Memorandum to RMC (19 November 2018) states that

*"In simple terms, once a quantitative metric is triggered, the Risk Appetite then requires that the matter be reported to RMC. The trigger can be either a single event, or a series of events cumulating to the [below] thresholds"*

The following would benefit from greater clarity:

- Is a trigger excess the same as a breach of risk appetite?
- What is the clear and timely escalation process for breaches of risk appetite?
- Who is responsible for escalating breaches of risk appetite and what is required to be reported?
- How is reporting of individual events aggregated to assess cumulative risks against approved triggers?
- What is meant by "magnitude" of the event within the context of a breach of risk appetite and reporting to RMC as opposed to the Board?

In some instances quantitative reporting triggers are stated in a way that could lead to ambiguity with regard to their application and subsequent reporting.

Unless clearly defined, use of terms such as "Significant", "Material" and "Sustained" can lead to different interpretations with a consequential impact on

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escalation and reporting. Often this can be overcome with a combination of more clearly expressed RAS and quantitative metrics.

For example:

Brand / Reputation. Currently states; “An internal event creating a sustained share price loss”. This is defined as >5%.

Over what period does “sustained” mean. Is this over a 24 hour, 1 week or a 1 month period? A way of expressing this with greater clarity to inform reporting may read as follows:

“This is measured by 5% fall in our share price over a rolling 30 day period”

There is apparent ambiguity around the term “trigger” and “risk appetite”. In other organisations the term trigger is used to flag a situation where:

- Unless mitigating action is taken it is likely that a risk will rise above the accepted tolerance level (risk appetite); or
- In less common situations the level of risk is so far below accepted tolerance levels (risk appetite) that there is a concern that the organisation is being too risk averse.

Triggers should be used to provide management with opportunities to more proactively manage risk against agreed risk appetite. The reporting approach to risk appetite in the draft RMS implies that once a trigger point is reached the level or risk is already in excess of risk appetite.

Common practice for reporting of triggers and excesses of risk appetite would be to report these to the Governing body that approved the risk appetite. For example any concerns about potential excesses of risk appetite may be escalated to RMC and actual excesses of risk appetite that have been approved by the Board should be reported to the Board at the earliest opportunity.

**Recommendation:** Greater clarity could be provided on the:

- Reporting of risks against risk appetite;
- Nature of risk aggregation and reporting;
- Definition and value of triggers and their definitions to support proactive risk management, and the timely escalation where risk appetite is exceeded.

It is acknowledged that the risk appetite framework including reporting has only been recently designed and

that many of the concepts above may be developed over time as the program matures.

#### b) Escalation of Risk Events

The draft RMS would benefit from greater clarity on the escalation of risk events outside of risk appetite.

**Recommendation:** Greater clarity could be provided on the following:

- How quickly after a risk event should the approving authority be informed? This could range from immediate escalation to the line manager to a longer period for RMC and the Board.
- A description of the nature of the risk event, how it happened, and what mitigating actions have been done
- What lessons have been learned, additional training given or policies or processes changed to prevent a recurrence?

## 2.4 Risk Information Systems

Crown is in the process of;

- Developing a reporting dashboard of Key Risk Indicators that will support risk reporting and the consideration of risks relative to risk trigger
- Implementing CURA to support the recording and management of risk issues
- Completing Corporate Risk Profiles and supporting departmental risk registers
- Indicators that will support risk reporting and the consideration of risks relative to risk triggers

#### **Recommendation**

Efforts related to implementing risk information systems and reporting should be continued.

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Crown Melbourne Limited – Report on the Risk Management Framework

# Appendices

## Appendix 1

### Documents Reviewed in the performance of the assessment

The following documents were reviewed as part of this engagement:

- Crown Resorts Ltd Risk Management Strategy (DRAFT)
- Crown Resorts Ltd Risk Management Policy (August 2018)
- Crown Resorts Risk Management Reference Guidelines (DRAFT V1.1 Dec 2018)
- Crown Resorts Ltd – Risk Management Committee Charter (February 2019)
- Crown Melbourne ERCC Charter (July 2018)
- Fraud Management Committee Terms of Reference (January 2019)
- Crown Melbourne Ltd- Audit Committee Charter (July 2018)
- Example of Communication and escalation for a critical incident - Terrorist Threat (March 2018)
- Crown Resorts Ltd - Risk Matrix – various iterations and supporting emails
- Crown Melbourne Ltd – Emergency Management Plan Summary (March 2018)
- Crown Melbourne Ltd - Risk Management Update July – Oct 2018
- Crown Melbourne Ltd – Risk Management Update June 2018
- Crown Melbourne Ltd – Fraud risk profile (December 2018)
- Crown Resorts Ltd – Strategic Risk Update 11 Feb 2019
- Crown Melbourne Audit Committee – 15 November 2018
- Crown Melbourne Audit Committee – 11 February 2019
- Crown Melbourne Ltd – Extract of Regulatory and Governance Update paper, Feb 2019
- Crown Melbourne Ltd – Draft KRI table
- Crown Melbourne Board – Risk Appetite November 2018
- Crown Melbourne Ltd – ERCC 13 November 2018
- Crown Melbourne Ltd – ERCC 30 Jan 2019
- Crown Melbourne Ltd – Fraud Management Committee 23 January 2019
- Crown Australian Resorts – Business Continuity Management Framework –January 2019
- Crown Resorts Ltd – Date Governance Framework – Draft February 2019
- Draft tool for Date Governance Framework – Operationalisation
- Example tool : IT initiative form
- Example tool: Gaming form
- CURA Assessor: User Guide
- Extract Training Register Material Risks
- Extract Risk Tool – key meeting points with Business
- Extract AML program and alignment with risk matrix
- List of key meetings attended by Risk Staff
- Meeting Minutes – Risk Weekly Team Meeting 11 January 2019
- Crown Melbourne Risk Management Framework – Graphic
- Crown – Risk Universe Graphic
- Draft Risk controls

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## Attachment 3

Contact: Michelle Fielding / Joshua Preston  
 Direct Line: [REDACTED] / [REDACTED]  
 E-mail: [REDACTED]  
 Document No: COMPLIANCE\_526647.2

25 October 2019

Mr Rowan Harris  
 Principal Major Licence Officer  
 Victorian Commission for Gambling and Liquor Regulation  
 Level 3, 12 Shelley Street  
 RICHMOND VIC 3121

By Email: [REDACTED]

Dear Mr Harris

**Sixth Review of the Casino Operator and Licence (Sixth Review) - Recommendation 3**

I refer to your email dated 14 October 2019, requesting additional information with regards to Crown's response to the VCGLR's Recommendation 3 and the provision of the Deloitte report, and the meeting between Jason Cremona, Steve Thurston, Joshua Preston, Anne Siegers and myself on 24 October 2019.

Please find attached in response to your request for additional information a table that references each recommendation from the Deloitte report together its status as to impact, timeframe for implementation (related to future and longer term enhancements) and Crown's comments (including whether it accepted the recommendation or not).

Please note that all of the Deloitte recommendations were accepted save for two. In respect to the two recommendations not accepted, we note that:

- one was immaterial (the naming of the document) which Crown determined was not appropriate in the circumstances to progress with; and
- the other was already in place, however Deloitte suggested increasing the level of detail described in the Risk Management Strategy. This recommendation was not deemed appropriate by Crown as it would not effectively reflect the range of events that could be escalated to the Board and the range of possible responses. That level of detail already exists in other documents and the process is effective in practice.

Please do not hesitate to contact Anne Siegers on [REDACTED] or Joshua Preston if you have any queries.

Yours sincerely

[REDACTED]  
**Michelle Fielding**  
 Group General Manager – Regulatory and Compliance  
 End

COMPLIANCE\_526647.3

December Commission Meeting #14/2019- STATUTORY DECISION MAKING MATTERS

Deloitte Ref.	Deloitte Sub-title	Deloitte Recommendations	Impact of Recommendation	Timeframe	Crown Comments	Status
2.1	RMS	<p>Consider renaming the document as Crown Resorts Limited Risk Management Framework to more accurately represent its contents.</p> <p>Consideration should be given to developing a Risk Management Strategy document over the medium to longer term. This document would typically set out the strategic priorities for the risk function and program, including those key areas of focus to embed a more efficient and effective risk management function. This could include reference to People and Capability, Risk Culture, Risk Appetite (including corporate profiles) and Risk Reporting.</p>	<p>Immaterial (title of document)</p> <p>Moderate</p>	<p>Immediate</p> <p>Mid-Longer term</p>	<p>The Crown risk management framework is the totality of its people, systems, tools, documents, etc. The Risk Management Strategy (RMS) document is only a part of it, and as such referring to the document as the 'framework' would not in our opinion properly reflect the reality of risk management and the extent of the risk management structure at Crown.</p> <p>Already in place at department level. Updates on material changes have been provided on an ongoing basis to the Executive Risk and Compliance Committee (ERCC) and Board Committees on progress of enhancements or development of framework elements over the past 18 months.</p>	<p>Rejected</p> <p>Already in place</p>
2.1.1	Risk Culture	<p>a) Accountabilities for risk culture should be reviewed in the following sections of the draft RMS:</p> <ul style="list-style-type: none"> <li>• The Executive Summary</li> <li>• The role of the Board in setting the desired risk culture</li> <li>• The role of the Risk Management Committee (RMC) in overseeing risk culture</li> <li>• The role of "All other Crown staff" performing their role in a manner consistent with the expected risk culture</li> <li>• Monitoring and reporting</li> </ul> <p>b) If there is no clear expression of a target risk culture or an approach to its assessment, reference to risk culture may be better expressed as a strategic priority.</p>	Moderate	<p>a) Immediate</p> <p>b) Longer term</p>	<p>a) Completed (also addresses part of 2.1.2 below)</p> <p>b) Introduction of Group-wide 'values' was just completed. Compliance and Risk KPO into all PEPs for F20.</p> <p>Longer term deliverable in terms of risk culture assessment is in progress.</p>	<p>Completed</p> <p>First part completed</p> <p>Longer term part: in progress</p>
2.1.2	Risk Management principle (RMS53)	Consider including safety and soundness and customer service as additional principles to support an effective and meaningful risk management framework in the ongoing review of the draft RMS document.	Moderate	Immediate	Completed	Completed
2.1.3	Risk Identification and Assessment	No Deloitte recommendations noted		N/A		-
2.1.4	Risk Appetite	No Deloitte recommendations noted		N/A		-
2.1.4 - a	Qualitative statements	As Crown continues to develop and embed the concept of risk appetite, any updates to the qualitative statements could consider including a clearer statement of acceptable risk tolerances.	Moderate	Longer term	Will continuously review the document and consider recommendations in future iterations	Will consider at a later stage
2.1.4 - b	Quantitative metrics and triggers	No Deloitte recommendations noted		N/A		-
2.1.4 - c	Operationalisation of the risk appetite	No Deloitte recommendations noted		N/A		-
2.1.5	Risk Management Policy	No Deloitte recommendations noted		N/A		-
2.2	Risk Operational Model	No Deloitte recommendations noted		N/A		-

December Commission Meeting #14/2019 - STATUTORY DECISION MAKING MATTERS

2.2.1	Risk Governance Framework	A more meaningful way to express the above could be as follows: <ul style="list-style-type: none"> <li>• Risk ownership and risk management accountability to be clearly defined to support the consideration of risk in all decision making. This supports the integration of risk identification and assessment into organisational decision making processes;</li> <li>• Independent oversight, challenge, reporting and monitoring of the risk culture (INSERT) risk profile, risk management framework and material (DELETE) business decisions that have the potential to impact the organisation's risk profile.</li> </ul>	Moderate	Immediate	Completed  Crown was not agreeable to deleting the word 'material'. Per ASIC Corporate Governance Report (Oct 2019), the Board should focus on material risks, therefore it was determined that we would keep the reference to material in the definition.	Completed
2.2.2	Three lines of defence	No Deloitte recommendations noted		N/A		
2.2.2 - a	Role of the Board	The role of the Board should include setting the desired risk culture.	Moderate	Immediate	Completed	Completed
2.2.2 - b	Role of the RMC	Consider amending the role of the RMC to also include oversight of the embedding of the Board's desired risk culture and management of risks within risk appetite.	Moderate	Immediate	Completed	Completed
2.2.2 - c	ERCC	Consider amending the ERCC Charter to include oversight of management of risks within risk appetite and the embedding of the Board's desired risk culture.	Moderate	In future iterations	Will address with the next review of the ERCC Charter.	Accepted - next Charter review
2.2.2 - d	First line of defence	For clarity the First Line of Defence commentary in the graphic should be updated.  PART B - Review the accountabilities of the 1LOD to reinforce that everyone has ownership of risk and should consider risk in decision making and activities. It is also recommended that the accountabilities of all staff in the 1LOD in embedding the Board's desired risk culture should be recognised.	Minor	Immediate	Completed	Completed
2.2.2 - e	Second line of defence	Amend the above to recognise that that 2LOD own the design of the Risk Management framework.  PART B - This statement could be altered to state that the risk function "own and lead" not support the communication of the risk management framework	Minor	Immediate	Completed	Completed
2.3	Reporting	No Deloitte recommendations noted		N/A		
2.3 - a	Use of quantitative triggers for reporting	Greater clarity could be provided on the: <ul style="list-style-type: none"> <li>• Reporting of risks against risk appetite;</li> <li>• Nature of risk aggregation and reporting;</li> <li>• Definition and value of triggers and their definitions to support proactive risk management, and the timely escalation where risk appetite is exceeded.</li> </ul> <p>It is acknowledged that the risk appetite framework including reporting has only been recently designed and that many of the concepts above may be developed over time as the program matures.</p>	Moderate	Longer term	Already clear reporting structure defined, with reporting against risk appetite reporting triggers at every risk committee meeting. Practice has shown effective and timely reporting and escalation of matters to the satisfaction of the Board.  Will consider at a later stage and in future iterations of the RMS	Will consider at a later stage

December Commission Meeting #14/2019- STATUTORY DECISION MAKING MATTERS

2.3 - b	Escalation of Risk Appetite Breaches	<p>Greater clarity could be provided on the following:</p> <ul style="list-style-type: none"> <li>• How quickly after a risk event should the approving authority be informed? This could range from immediate escalation to the line manager to a longer period for the RMC and the Board.</li> <li>• A description of the nature of the risk event, how it happened, and what mitigating actions have been done</li> <li>• What lessons have been learned, additional training given or policies or processes changed to prevent a recurrence?</li> </ul>	Minor	In future iterations	<p>Both in practice and as described in the RMS, risk appetite reporting has proven effective and timely, with some matters requiring immediate notification of the Board due to their magnitude (i.e. terrorism threat in February 2018 or Nine Group media allegations in July 2018), while others have been adequately reported at the next meeting of the relevant committee due to their less material and time sensitive nature. The Board is satisfied with the process, and the quality and timeliness of reporting and escalation. The description in the RMS document reflects actual practices and therefore is considered adequate and appropriate for the purpose.</p> <p>Documentation of these processes is provided in entity processes at operational level and vary depending on the nature of the events. One process will not fit all and describing all possible events and situations is not an appropriate level of information in this document.</p>	Rejected
2.4	Risk Information Systems	Efforts related to implementing risk information systems and reporting should be continued.		N/A	Will continue	Part of Crown's plan, in progress

Legend:

	No recommendation
	Recommendation accepted and implemented
	Recommendation accepted - will be implemented at a later stage
	Recommendation rejected at this stage. Will be reconsidered at a later stage.

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## Attachment 4

## Licensing's analysis of the Deloitte recommendations

Rec. No.	Deloitte Section	Description
1 & 2 (Contains two parts) Part: 1– Rejected Part: 2– Accepted and implemented	2.1	<p>Consider renaming the document as <i>Crown Resorts Limited Risk Management Framework</i> to more accurately represent its contents.</p> <p>Consideration should be given to developing a Risk Management Strategy document over the medium to longer term. This document would typically set out the strategic priorities for the risk function and program, including those key areas of focus to embed a more efficient and effective risk management function. This could include reference to People and Capability, Risk Culture, Risk Appetite (including corporate profiles) and Risk Reporting.</p>
3 & 4 (Contains two parts) (Accepted and implemented)	2.1.1	<p>a) Accountabilities for risk culture should be reviewed in the following sections of the draft RMS:</p> <ul style="list-style-type: none"> <li>• The Executive Summary</li> <li>• The role of the Board in setting the desired risk culture</li> <li>• The role of RMC in overseeing risk culture;</li> <li>• The role of "All other Crown staff" performing their role in a manner consistent with the expected risk culture"</li> <li>• Monitoring and reporting.</li> </ul> <p>b) If there is no clear expression of a target risk culture or an approach to its assessment, reference to risk culture may be better expressed as a strategic priority.</p>
5 (Accepted and implemented)	2.1.2	Consider including safety and soundness and customer service as additional principles to support an effective and meaningful risk management framework in the ongoing review of the draft RMS document.
6 (Accepted and yet to be implemented)	2.1.4(a)	As Crown continues to develop and embed the concept of risk appetite, any updated to the qualitative statements should consider including a clearer statement of acceptable risk tolerances.
7 (Accepted and implemented)	2.2.1	<p>A more meaningful way to express the above could be as follows:</p> <ul style="list-style-type: none"> <li>• Risk ownership and risk management accountability to be clearly defined to support the consideration of risk in all decision making. This supports the integration of risk identification and assessment into organisational decision making processes;</li> <li>• Independent oversight, challenge, reporting and monitoring of the risk culture risk profile, risk management framework and business decisions that have the potential to impact the organisation's risk profile</li> </ul>
8 (Accepted and implemented)	2.2.2(a)	The role of the Board should include setting the desired risk culture.
9 (Accepted and implemented)	2.2.2(b)	Consider amending the role of the RMC to also include oversight of the embedding of the Board's desired risk culture and management of risks within risk appetite.

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## Attachment 4

## Licensing's analysis of the Deloitte recommendations

Rec. No.	Deloitte Section	Description
10 (Accepted and yet to be implemented)	2.2.2(c)	Consider amending the ERCC Charter to include oversight of management of risks within risk appetite and the embedding of the Board's desired risk culture.
11 (Accepted and implemented)	2.2.2(d)	2 recommendations: For clarity, the First Line of Defence commentary in the graphic should be updated. Review the accountabilities of the 1LOD to reinforce that everyone has ownership of risk and should consider risk in the decision making and activities. It is also recommended that the accountabilities of all staff in the 1LOD in embedding the Board's desired risk culture should be recognised.
12 (Accepted and implemented)	2.2.2(e)	2 recommendations: Amend the above to recognise that that 2LOD own the design of the Risk Management framework This statement ( <i>effectively supporting the communication of the risk management framework, risk appetite, risk management strategy</i> ) could be altered to state that the risk function "own and lead" not support the communication of the risk management framework
13 (Accepted and yet to be implemented)	2.3(a)	Greater clarity could be provided on the: <ul style="list-style-type: none"> <li>• Reporting of risks against risk appetite;</li> <li>• Nature of risk aggregation and reporting;</li> <li>• Definition and value of triggers and their definitions to support proactive risk management, and the timely escalation where risk appetite is exceeded.</li> </ul>
14 (Rejected)	2.3(b)	Greater clarity could be provided on the following: <ul style="list-style-type: none"> <li>• How quickly after a risk event should the approving authority be informed? This could range from immediate escalation to the line manager to a longer period for RMC and the Board.</li> <li>• A description of the nature of the risk event, how it happened, and what mitigating actions have been done</li> <li>• What lessons have been learned, additional training given or policies or processes changed to prevent a recurrence?</li> </ul>
15 (Accepted and implemented)	2.4	Efforts related to implementing risk information systems and reporting should be continued.

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## Attachment 5



Contact: Barry Felstead / Joshua Preston  
 Direct Line: [REDACTED]  
 E-mail: [REDACTED]  
 Document No: COMPLIANCE\_520429.2

1 October 2019

Ms Catherine Myers  
 Chief Executive Officer  
 Victorian Commission for Gambling and Liquor Regulation  
 Level 3, 12 Shelley Street  
 RICHMOND VIC 3121

cc: Rowan Harris

**By Email**

Dear Ms Myers

**Sixth Review of the Casino Operator and Licence (Sixth Review) - Recommendation 15**

I refer to Recommendation 15 of the Sixth Review and our response dated 2 July 2018.

Recommendation 15 provides:

*The VCGLR recommends that, within three months of implementing the new responsible gambling strategy (Recommendation 14), there is regular reporting to the Crown Resorts Responsible Gambling Committee for it to maintain oversight of Crown Melbourne's harm minimisation strategy for responsible gambling. Regular reports every two months should include numbers and types of interventions and other harm minimisation activities of RGSC and other staff, details of the number and nature of referrals to external service providers, exclusion orders, breaches, revocation and appeals, as well as results from player data analytics and other initiatives to minimise gambling related harm. These reports should also be made available to the VCGLR for monitoring purposes. (The VCGLR intends to share this information, as appropriate, with the VRGF).*

In addressing Recommendation 15, Crown Melbourne Limited (**Crown**) has previously advised that the Crown Resorts Limited Responsible Gaming Committee (**Committee**) meets six (6) times per annum, and the reporting periods may therefore vary from one to three months as the case may be.

Notwithstanding the temporal anomalies, regular reporting to the Committee is being expanded to include the types of interventions that comprise harm minimisation activities, referrals, player data and other activity as comprises the functions of the Responsible Gaming Centre.

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By way of an update, the next Committee meeting will be held on 9 October 2019, at which the first of such additional reporting will be presented.

Please do not hesitate to contact me or Joshua Preston if you have any queries.

Yours sincerely



Barry Felstead  
Chief Executive Officer – Australian Resorts



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Attachment 6

Telephone: [REDACTED]  
Email: [REDACTED]

22 November 2019

Mr Steve Thurston  
Victorian Commission for Gambling and Liquor Regulation  
Level 3, 12 Shelley Street  
NORTH RICHMOND VIC 3121

Copy: Rowan Harris

Dear Mr Thurston

**Sixth Review of Casino Operator and Licence – Recommendation 15 – Confidential and Commercially Sensitive**

We refer to your email of 12 November 2019, seeking Crown Melbourne Limited's (**Crown Melbourne's**) Responsible Gaming Report (**Report**), which was provided to the Crown Resorts Limited Responsible Gaming Committee meeting on 9 October 2019. The Report is attached.

The Report and the information, statistics and material contained therein (**Material**) contains confidential and commercially sensitive information. The Report and Material is provided to the Victorian Commission for Gambling and Liquor Regulation (**VCGLR**) in strict confidence for its sole and exclusive use in connection with the Sixth Section 25 Review (**Review**) of the Casino Operator and Licence.

It is the view of Crown Melbourne and Crown Resorts Limited (**Crown Resorts**) (collectively **Crown**) that the Report and Material provided is exempt from disclosure under the *Freedom of Information Acts 1982* (Cth) and (Vic). As such the Report and/or any part of the Material must not be placed on any file, register website or database that is (or possibly is) available to the public. Crown does not consent to the Report or any part of the Material being disclosed to any third party whatsoever – whether under the *Freedom of Information Acts* or otherwise – and the Report and Material is made available strictly on this basis, and on the basis that no disclosure of the Report and Material or any part of it be made without giving adequate prior notice to Crown, in order that it may object to such disclosure.

We note that Recommendation 15 provides that the Reports should be made available to the VCGLR for monitoring purposes and that the VCGLR intends to share the information with the VRGF as appropriate. Crown requests that where information is deemed appropriate to be shared with the VRGF, that Crown be notified in advance of it being shared and of the content that is to be shared.

Should you have any queries with the information provided, please do not hesitate to contact me direct [REDACTED].

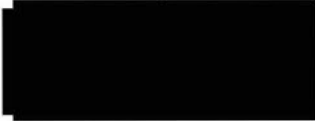
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Victorian Commission for Gambling and Liquor Regulation  
**CONFIDENTIAL AND COMMERCIALY SENSITIVE**

Page 2  
22 November 2019

Yours sincerely



**Michelle Fielding**  
Group General Manager – Regulatory and Compliance  
Crown Melbourne Limited

[Encl.]

Report to the Crown Resorts Limited Responsible Gaming Committee - 9 October 2019

Confidential and Commercially Sensitive

Draft for discussion

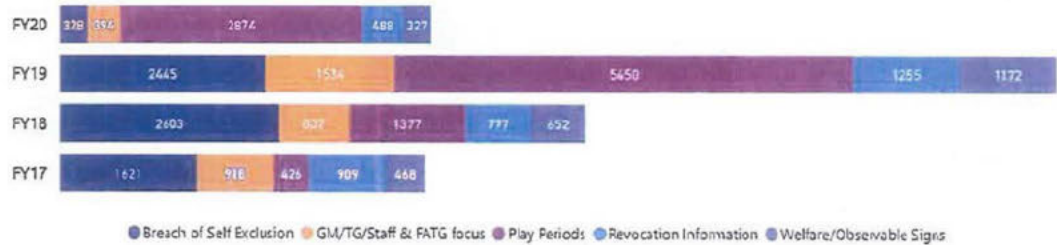


**responsible gaming** - Harm Minimisation Overview  
AWARENESS. ASSISTANCE. SUPPORT

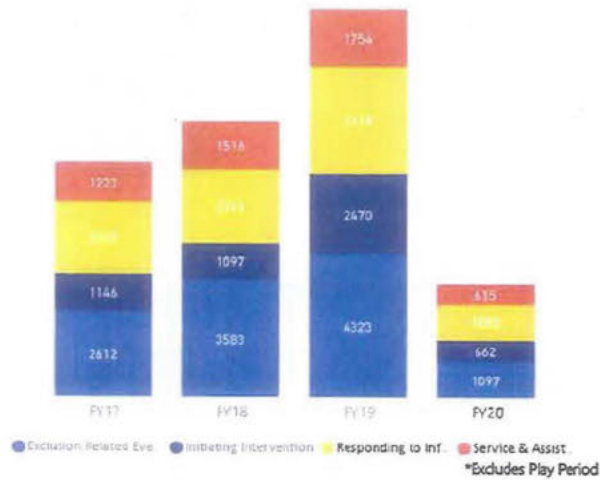
1.1 - Total Patron Contact with RGC



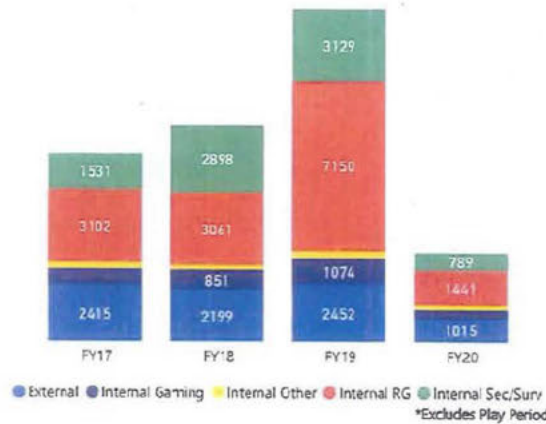
1.2 - Main Activities of RGC Staff



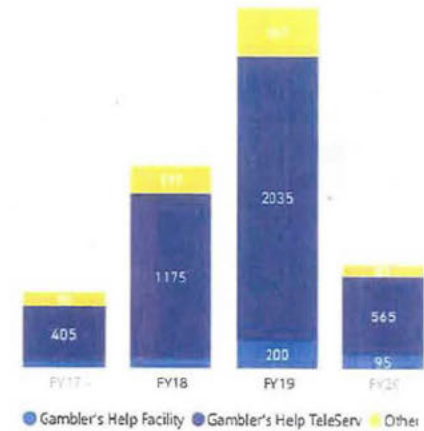
1.3 - Services By Harm Minimisation Categories



1.4 - Referrals from Crown Staff and Customers/Other

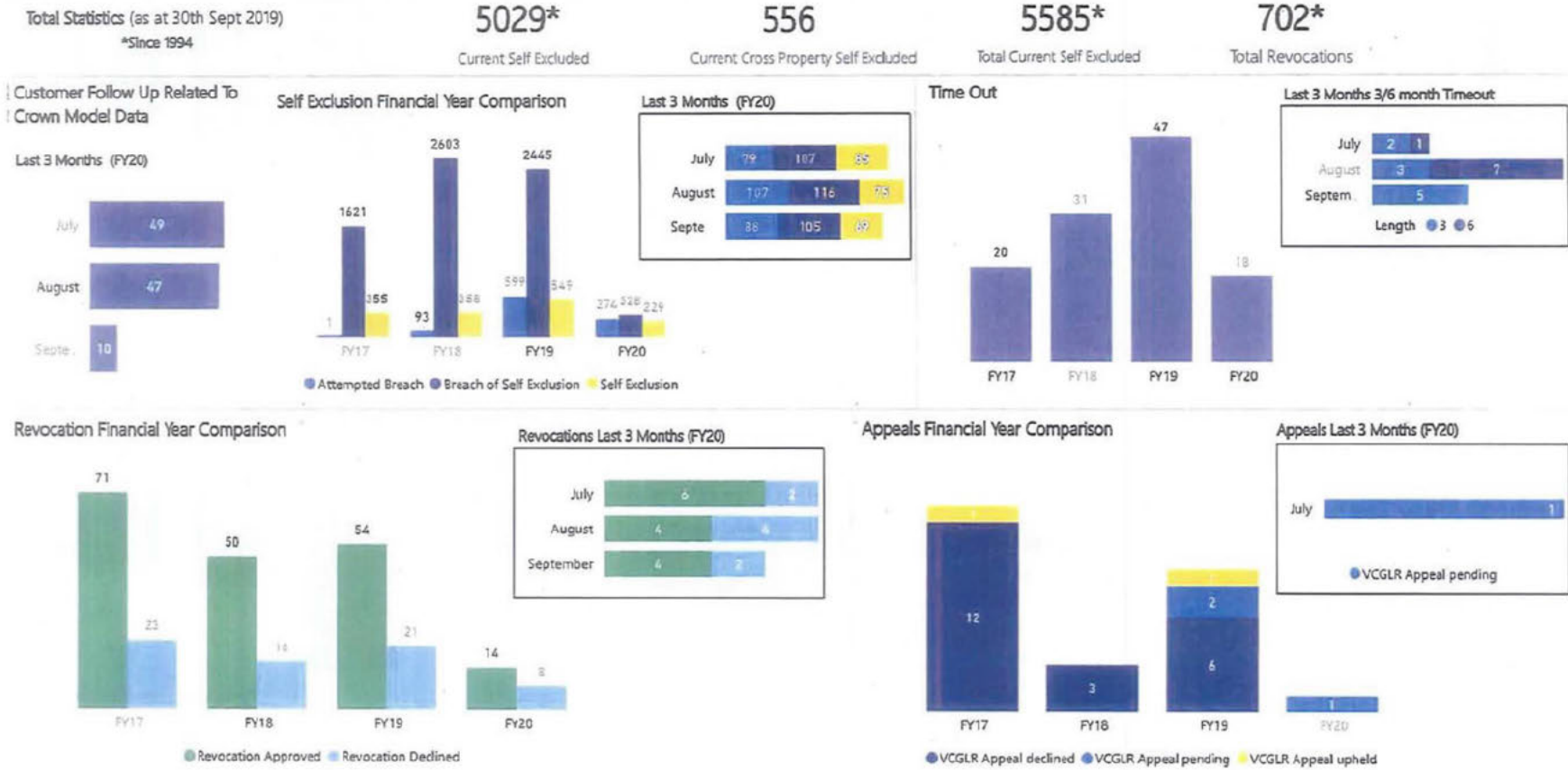


1.5 - External Service Providers Referred To



Confidential and Commercially Sensitive

Draft for discussion



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Confidential and  
Commercially Sensitive



## Crown Melbourne Responsible Gaming Statistics Commentary

Recommendation 15 requires regular reporting to the Committee for it to maintain oversight of Crown Melbourne's harm minimisation strategy for responsible gambling. Specifically, the reporting requires numbers and types of interventions and other harm minimisation activities of RGC and other staff, details of the number and nature of referrals to external service providers, exclusion orders, breaches, revocation and appeals, as well as results from player data analytics and other initiatives to minimise gambling related harm. This reporting will be provided to the Committee at each of its standing meetings.

### Harm Minimisation Overview

#### 1.1 Total Patron Contact with RGC (Responsible Gaming Centre)

This comprises all entries from the Responsible Gambling Register, which records program and service information. The Admin Services section refers to those entries that are administrative such as change of address.

#### 1.2 Main Activities of RGC Staff

This denotes the top five activities Responsible Gaming staff engage in. Note that Facial Recognition Technology was implemented in February 2018. Additionally, changes in the Play Periods technology and process commenced from late 2018.

#### 1.3 Services by Harm Minimisation Categories

The Responsible Gaming Operations Manager and Responsible Gaming Psychologists worked to categorise the various activities recorded in the Responsible Gambling Register. These are defined by the following harm minimisations categories:

Harm minimisation category	Main activities
Exclusion Related events	Includes Self exclusions issued, breach and attempted breach of self exclusion, Time Outs issued, Time Outs breached, Bans issued and Third Party Exclusion issued
Initiating intervention	Includes Gaming Machines, Table Games, staff interaction and Fully Automated Table Games focus, Observable signs, Exclusion/Revocation follow up
Responding to Information	Includes Self exclusion and Third Party Exclusion inquiries, Revocation information, Missing persons, Unattended Children
Service and Assistance	Includes Counselling, Chaplaincy, Counselling information, Revocation contact

Excludes Play Periods as the volumes would affect the visual representation. These are depicted in 1.2.

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Commercially Sensitive

#### 1.4 Referral from Crown Staff and Customers/Other

The 'Internal RG' category incorporates activities that are initiated by Responsible Gaming staff such as proactive presence on the gaming floor (includes Gaming Machines, Table Games, staff interaction and Fully Automated Table Games focus), program follow up, observable signs and welfare follow up. The other 'Internal' staff categories are referrals from gaming machines, table games, security, surveillance, hotel staff etc. 'External' referrals are mainly where customers have 'referred' themselves.

Excludes Play Periods as the volumes would affect the visual representation. These are depicted in 1.2.

#### 1.5 External Service Providers Referred To

In these, 'Gambler's Help Facility' denotes the direct referral to the Gambler's Help offices such as Southern, City, Northern et al; 'Gambler's Help TeleServ' means the customer was referred to the 24/7 telephone counselling service; and 'Other' refers to specialised services including Chinese Peer Connection, Australian Vietnamese Women's Association, other industry Self Exclusion Programs and law enforcement (such as in the case of Missing persons).

#### Exclusion Related Events

*Data Follow up* – Relates to the conversations initiated by the Responsible Gaming Advisors on information provided by the Customer Analytics team as part of the Crown Model Trial.

*Appeals Financial Year Comparison* – Relates to Self Exclusion Appeals received by the VCGLR and the status, either upheld, declined or pending.

The attached tables are a visual representation of the data contained in Section 2.2 (Self Exclusion and Revocation Statistics) of the Australian Resorts Responsible Gaming Report.

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Attachment 7

Contact: Michelle Fielding  
 Direct Line: [REDACTED]  
 E-mail: [REDACTED]  
 Document No: COMPLIANCE\_521152.1

4 October 2019

Ms Catherine Myers  
 Chief Executive Officer  
 Victorian Commission for Gambling and Liquor Regulation  
 Level 3, 12 Shelley Street  
 RICHMOND VIC 3121

cc: Rowan Harris

By Email

Dear Ms Myers

**Sixth Review of the Casino Operator and Licence (Sixth Review) - Recommendation 12 Quarterly Update**

I refer to Recommendation 12 of the Sixth Review, which provides:

*'The VCGLR recommends that, by 1 July 2019, Crown Melbourne expand facial recognition technology to cameras on all entrances to the casino and that Crown Melbourne provide written updates on a quarterly basis on its effectiveness to the VCGLR.'*

Crown Melbourne Limited (**Crown**) wrote to you on 28 May 2019, confirming that it had completed the installation of Facial Recognition Cameras at all public entrances to the casino.

Pursuant to Recommendation 12, Crown is also to commence providing quarterly written updates to the VCGLR on the effectiveness of Facial Recognition Technology (or Neoface), which Crown undertook to provide for the first quarter (July-September 2019) from October 2019. Accordingly, attached is Crown's first Quarterly Update, providing the data captured during the reporting period.

The attached Quarterly Update demonstrates that Crown's Facial Recognition Technology has been effective during the quarter, in detecting persons who are not permitted to enter either the Casino and/or the Property. We expect that this new technology will continue to evolve and assist in strengthening our perimeter access, in identifying barred persons and ultimately our responsible gaming framework.

By way of overview we note as follows:

- Of the 679 breaches/attempted breaches detected during the quarter (committed by 518 unique persons), Neoface identified 584 of the instances or 86% of all detections.<sup>1</sup>

<sup>1</sup> Crown is unable to determine how many of those breaches/attempted breaches would have been identified by staff, as Neoface is the first line of defence and has the earlier detection capability, with staff being a second line of defence. Crown does not hold data in relation to false positives.

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- In comparison, there were 1067 breaches/attempted breaches (by 422 unique persons) during the prior calendar period of 1 July – 30 September 2018, pre-Neoface.

Although software upgrades will continue to improve the effectiveness of our Facial Recognition Technology, limitations remain. In this respect, we note that failures to identify barred persons can result from a number of variables, including, for example: a person looking downwards, wearing a hat or facial coverings like sunglasses, a person covering their face with their hands i.e. scratching their face and poor quality images stored in Neoface. We also note that persons who are Excluded by the Chief Commissioner of Police in Victoria or other states or territories by way of Order, will automatically breach their Order if detected by Neoface, as legislation prohibits their entry to any part of the Property.

Please let me know if you would like to discuss the attached Quarterly Update or if there is any further information that can be provided to assist.

Yours sincerely



Michelle Fielding  
 Group General Manager – Regulatory and Compliance

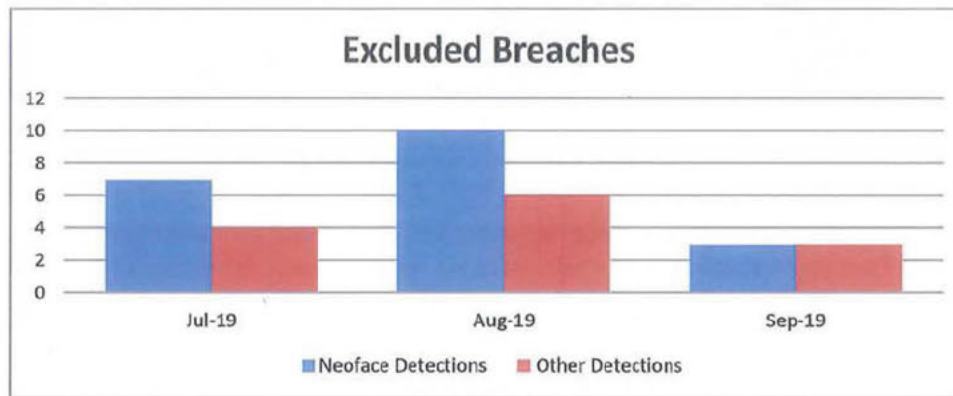


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## Facial Recognition Effectiveness Update 1 July – 30 September 2019

This Quarterly Update details recorded breaches<sup>1</sup> and attempted breaches<sup>2</sup> by persons who are prohibited from entering the Casino Gaming Floor<sup>3</sup> and/or the Property,<sup>4</sup> as directed by an Exclusion Order or Self-Exclusion Order. These persons are detected via the Neoface system or by other methods of detection.<sup>5</sup>



The above graph represents the number of persons who are Excluded from entering the Casino Gaming Floor and have breached during the reporting period. Six people committed the 11 breaches in the month of July, 10 people committed the 16 breaches in August and 6 people committed the 6 breaches in September.

<sup>1</sup> A 'breach' occurs where a person enters the Casino Gaming Floor in breach of their Exclusion or Self-Exclusion Order; or enters the Property in breach of their Police Commissioner's Exclusion Order.

<sup>2</sup> An 'attempted breach' occurs where a person attempts to enter the Casino Gaming Floor in breach of their Exclusion or Self-Exclusion Order but is prevented by staff. Note that there cannot be an 'attempted breach' for Police Commissioner Exclusions, because as the subject person is excluded from the entire Property, they have breached as soon as they enter any part of Crown whereby Neoface could detect them.

<sup>3</sup> The 'Casino Gaming Floor' means the licensed casino boundary.

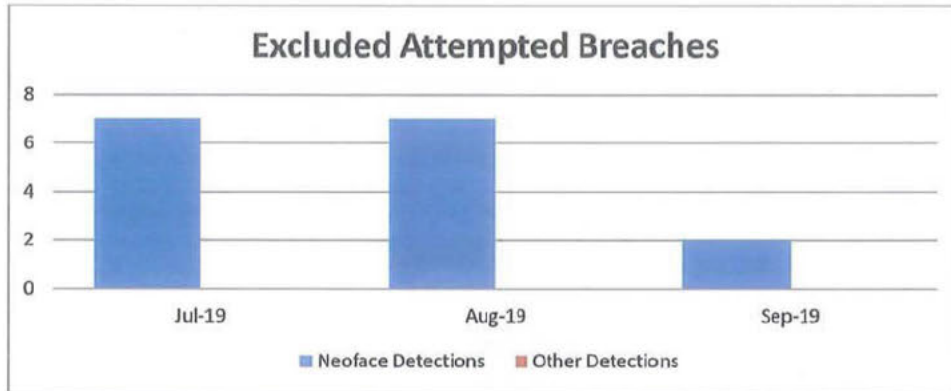
<sup>4</sup> The 'Property' means the entire Crown Site.

<sup>5</sup> 'Other Detections' means persons are detected by employees, through loyalty card use identification, MICK swipes and guest ID checking and/or registration at The Mahogany Room entrances.

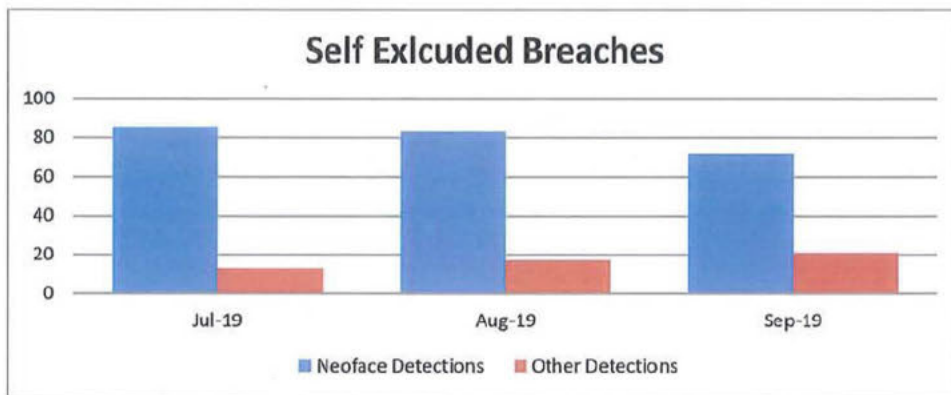
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**Facial Recognition Effectiveness Update 1 July – 30 September 2019**



The above graph represents the number of persons who are Excluded from entering the Casino Gaming Floor and have attempted to breach during the reporting period. Seven people committed the 7 attempted breaches in the month of July, 6 people committed the 6 attempted breaches in August and 2 people committed the 2 attempted breaches in September.

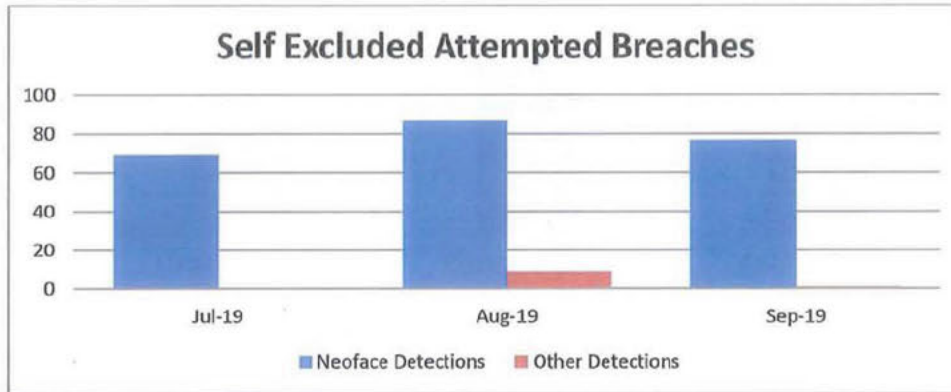


The above graph represents the number of persons who are Self-Excluded from entering the Casino Gaming Floor and have breached during the reporting period. Seventy-seven people committed the 99 breaches in the month of July, 83 people committed the 100 breaches in August and 65 people committed the 93 breaches in September.

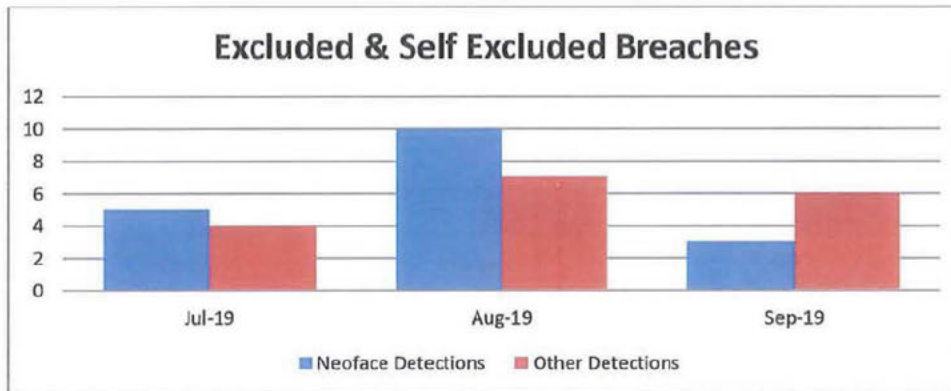
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Facial Recognition Effectiveness Update 1 July – 30 September 2019



The above graph represents the number of persons who are Self-Excluded from entering the Casino Gaming Floor and have attempted to breach during the reporting period. Sixty people committed the 69 attempted breaches in the month of July, 76 people committed the 96 attempted breaches in August and 61 people committed the 78 attempted breaches in September.

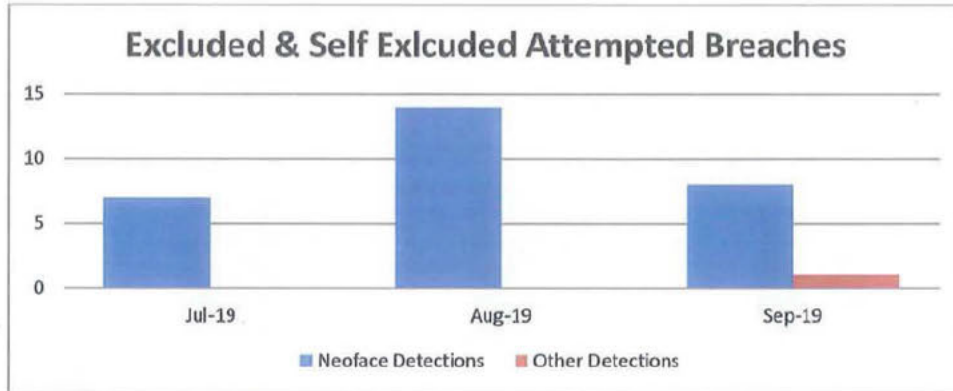


The above graph represents the number of persons who are dual Excluded and Self-Excluded from entering the Casino Gaming Floor and have breached during the reporting period. Six people committed the 9 breaches in the month of July, 5 people committed the 17 breaches in August and 5 people committed the 9 breaches in September.

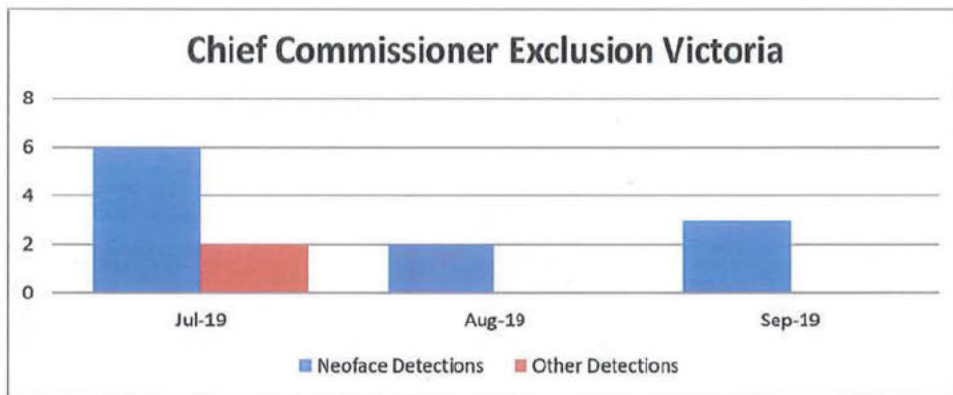
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**Facial Recognition Effectiveness Update 1 July – 30 September 2019**



The above graph represents the number of persons who are dual Excluded and Self-Excluded from entering the Casino Gaming Floor that have attempted to breach during the reporting period. Six people committed the 7 attempted breaches in the month of July, 9 people committed the 14 attempted breaches in August and 6 people committed the 9 attempted breaches in September.

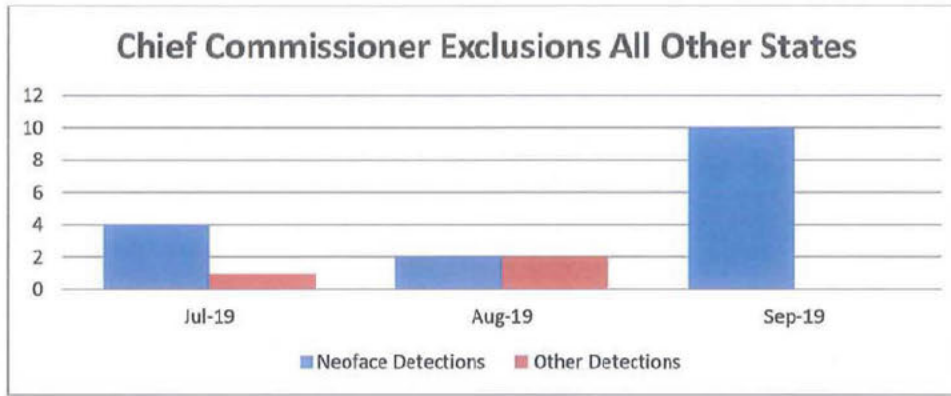


The above graph represents the number of persons who are Excluded from entering the Property by the Chief Commissioner of Police in Victoria that have breached during the reporting period. Three people committed the 8 breaches in the month of July, 2 people committed the 2 breaches in August and 3 people committed the 3 breaches in September.

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## Facial Recognition Effectiveness Update 1 July – 30 September 2019



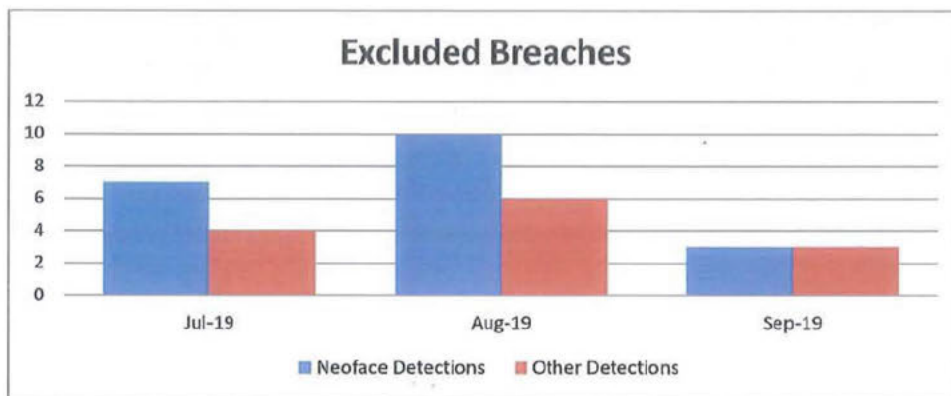
The above graph represents the number of persons who are Excluded from entering the Property by the Chief Commissioner of Police in other states or territories in Australia, that have breached during the reporting period. Three people committed the 5 breaches in the month of July, 2 people committed the 4 breaches in August and 9 people committed the 10 breaches in September.

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### Facial Recognition Effectiveness Update 1 July – 30 September 2019

This Quarterly Update details recorded breaches<sup>1</sup> and attempted breaches<sup>2</sup> by persons who are prohibited from entering the Casino Gaming Floor<sup>3</sup> and/or the Property,<sup>4</sup> as directed by an Exclusion Order or Self-Exclusion Order. These persons are detected via the Neoface system or by other methods of detection.<sup>5</sup>



The above graph represents the number of persons who are Excluded from entering the Casino Gaming Floor and have breached during the reporting period. Six people committed the 11 breaches in the month of July, 10 people committed the 16 breaches in August and 6 people committed the 6 breaches in September.

<sup>1</sup> A 'breach' occurs where a person enters the Casino Gaming Floor in breach of their Exclusion or Self-Exclusion Order; or enters the Property in breach of their Police Commissioner's Exclusion Order.

<sup>2</sup> An 'attempted breach' occurs where a person attempts to enter the Casino Gaming Floor in breach of their Exclusion or Self-Exclusion Order but is prevented by staff. Note that there cannot be an 'attempted breach' for Police Commissioner Exclusions, because as the subject person is excluded from the entire Property, they have breached as soon as they enter any part of Crown whereby Neoface could detect them.

<sup>3</sup> The 'Casino Gaming Floor' means the licensed casino boundary.

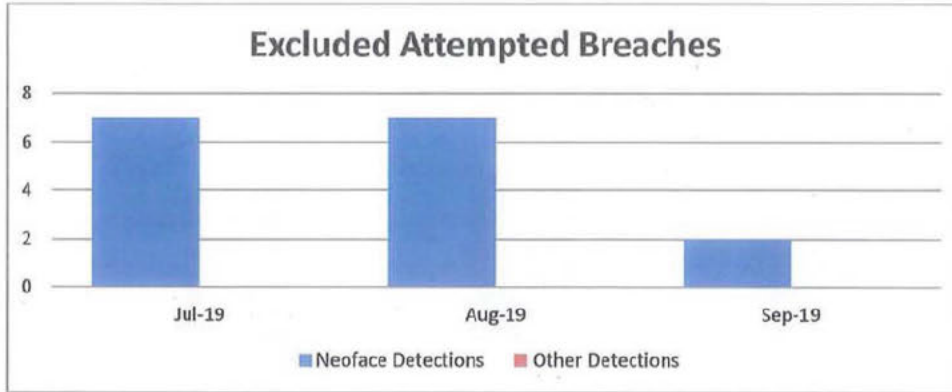
<sup>4</sup> The 'Property' means the entire Crown Site.

<sup>5</sup> 'Other Detections' means persons are detected by employees, through loyalty card use identification, MICK swipes and guest ID checking and/or registration at The Mahogany Room entrances.

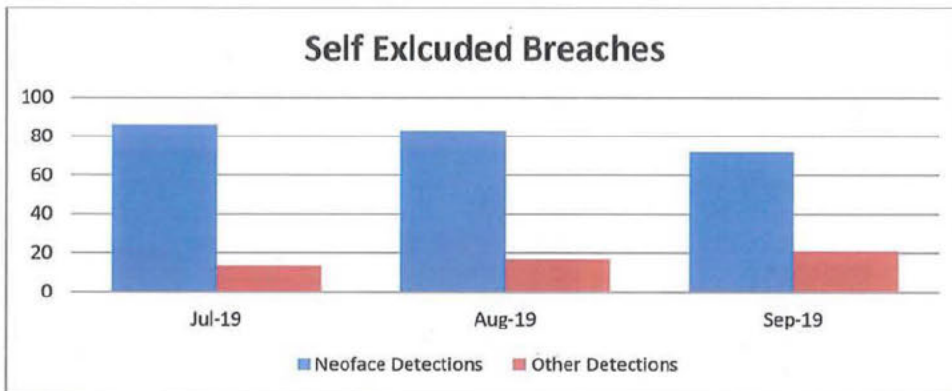
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**Facial Recognition Effectiveness Update 1 July – 30 September 2019**



The above graph represents the number of persons who are Excluded from entering the Casino Gaming Floor and have attempted to breach during the reporting period. Seven people committed the 7 attempted breaches in the month of July, 6 people committed the 7 attempted breaches in August and 2 people committed the 2 attempted breaches in September.

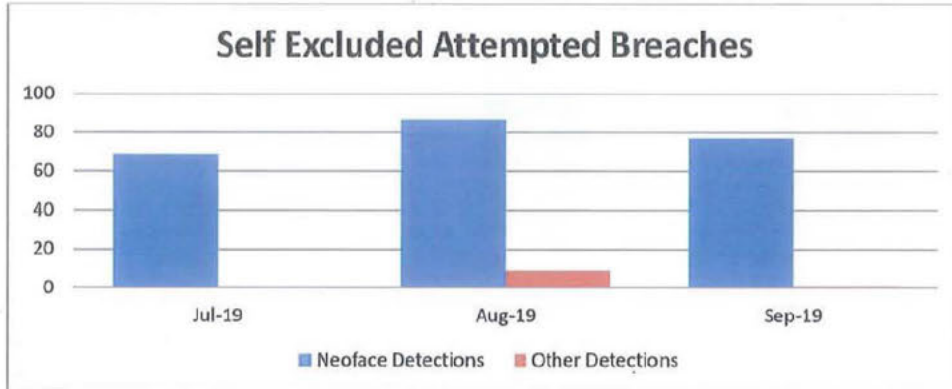


The above graph represents the number of persons who are Self-Excluded from entering the Casino Gaming Floor and have breached during the reporting period. Seventy-seven people committed the 99 breaches in the month of July, 83 people committed the 100 breaches in August and 65 people committed the 93 breaches in September.

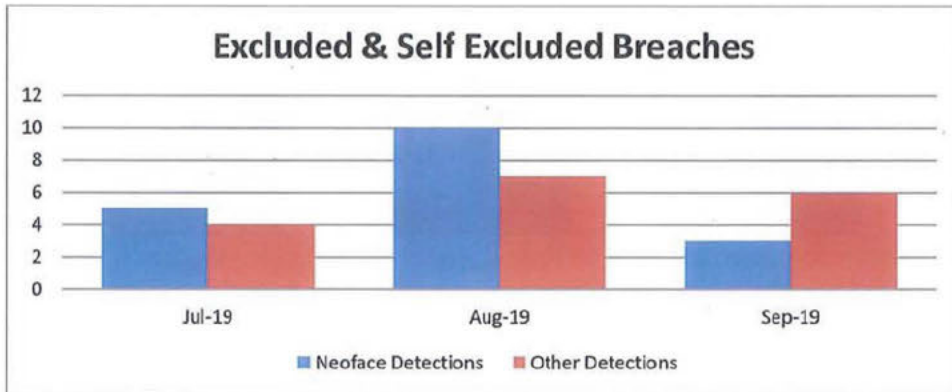
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Facial Recognition Effectiveness Update 1 July – 30 September 2019



The above graph represents the number of persons who are Self-Excluded from entering the Casino Gaming Floor and have attempted to breach during the reporting period. Sixty people committed the 69 attempted breaches in the month of July, 76 people committed the 96 attempted breaches in August and 61 people committed the 78 attempted breaches in September.



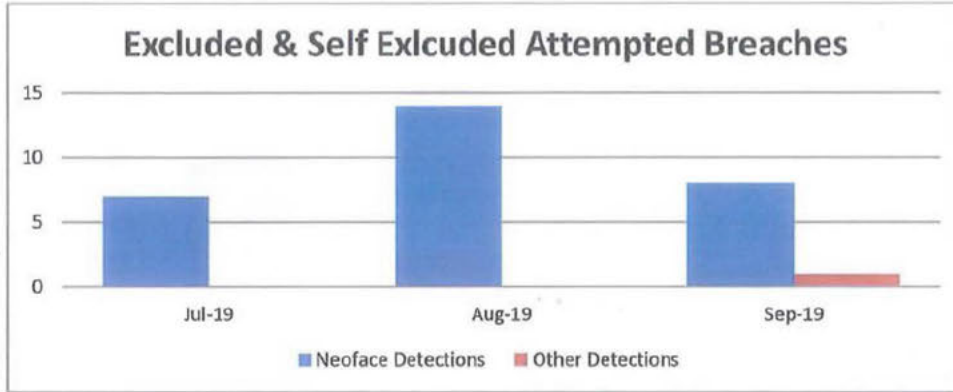
The above graph represents the number of persons who are dual Excluded and Self-Excluded from entering the Casino Gaming Floor and have breached during the reporting period. Six people committed the 9 breaches in the month of July, 5 people committed the 17 breaches in August and 5 people committed the 9 breaches in September.



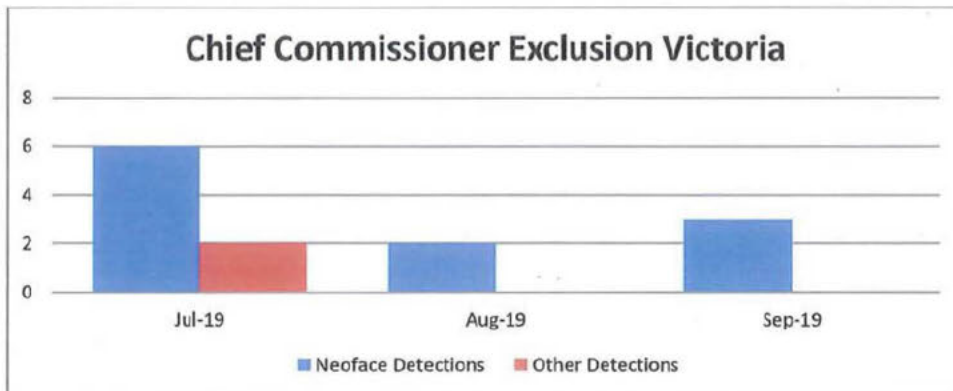
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**Facial Recognition Effectiveness Update 1 July – 30 September 2019**



The above graph represents the number of persons who are dual Excluded and Self-Excluded from entering the Casino Gaming Floor that have attempted to breach during the reporting period. Six people committed the 7 attempted breaches in the month of July, 9 people committed the 14 attempted breaches in August and 6 people committed the 9 attempted breaches in September.

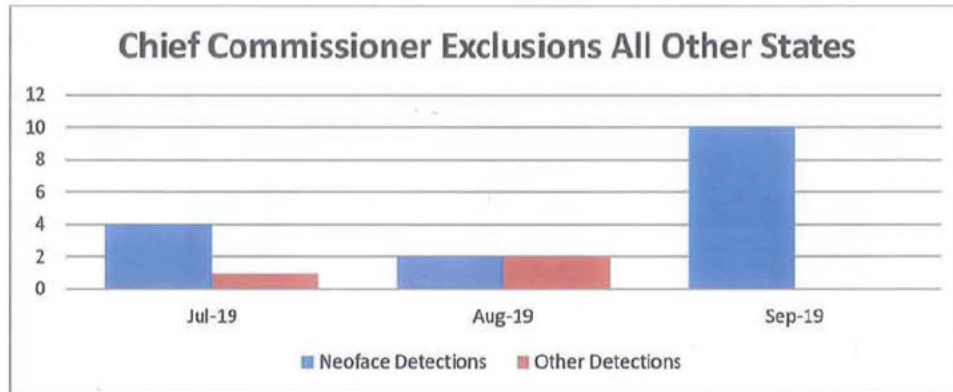


The above graph represents the number of persons who are Excluded from entering the Property by the Chief Commissioner of Police in Victoria that have breached during the reporting period. Three people committed the 8 breaches in the month of July, 2 people committed the 2 breaches in August and 3 people committed the 3 breaches in September.

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## Facial Recognition Effectiveness Update 1 July – 30 September 2019



The above graph represents the number of persons who are Excluded from entering the Property by the Chief Commissioner of Police in other states or territories in Australia, that have breached during the reporting period. Three people committed the 5 breaches in the month of July, 2 people committed the 4 breaches in August and 9 people committed the 10 breaches in September.

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## Attachment 8

### Analysis of Crown's first quarterly report (July -September 2019)

	<i>Neoface</i>	<i>Staff</i>	<i>Total</i>	<i>% Neoface</i>	<i>% Staff</i>	<i>% Total</i>
<b>Attempts</b>						
Excluded	20	13	33	60.6	39.4	100.0
Self-excluded	233	10	243	95.9	4.1	100.0
Excluded and self-excluded breaches	28	2	30	93.3	6.7	100.0
	<u>281</u>	<u>25</u>	<u>306</u>	<u>91.8</u>	<u>8.2</u>	
<b>Breaches</b>						
Excluded	16	0	16	100.0	0.0	100.0
Self-excluded	243	48	291	83.5	16.5	100.0
Excluded and self-excluded breaches	17	17	34	50.0	50.0	100.0
Chief Commissioner	11	2	13	84.6	15.4	100.0
Chief Commissioner - other states	16	3	19	84.2	15.8	
	<u>303</u>	<u>70</u>	<u>373</u>	<u>81.2</u>	<u>18.8</u>	
<b>Total</b>	<u>584</u>	<u>95</u>	<u>679</u>	<u>86.0</u>	<u>14.0</u>	<u>100.0</u>

Status of Sixth Casino Review Recommendations as at 29 November 2019

TRIM: CD/19/17116

Please note: The recommendations highlighted in blue have been implemented. The recommendations highlighted in green are pending. The recommendations highlighted in red will be considered at the 19 December 2019 Commission meeting. The recommendations in black are not due yet.

Number	Recommendation	Due Date	Comments re Commission Decisions
<b>Corporate Governance and Risk</b>			
1.	<p>The VCGLR recommends that, by 1 January 2019, Crown develop, and submit to the VCGLR for approval, a change program to fully engage its independent directors in proactive strategic oversight of the operations of the Melbourne Casino. Particular consideration should be given to:</p> <ul style="list-style-type: none"> <li>• formulating a charter for the Crown Melbourne board</li> <li>• fully documenting, for visibility to the VCGLR, the reporting and decision-making relationships between all of the boards, committees and executive meetings with responsibility for, or oversight of, Melbourne Casino functions, and</li> <li>• elevation of governance to the group board and committees.</li> </ul> <p>The submission should identify any changes to regulatory frameworks and how these will be addressed.</p>	1 January 2019	Commission determined Crown implemented recommendation 1 at its 28 February 2019 meeting

ATTACHMENT: 9

Status of Sixth Casino Review Recommendations as at 29 November 2019

TRIM: CD/19/17116

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<i>Number</i>	<i>Recommendation</i>	<i>Due Date</i>	<i>Comments re Commission Decisions</i>
2.	The VCGLR recommends that, by 1 January 2019, Crown undertake a review of the required qualifications for committee chairs set out in the charters, and ensure that the appointees' actual qualifications match.	1 January 2019	Commission determined Crown implemented recommendation 2 at its 28 February 2019 meeting  The Commission further requested a review of Crown Resorts committee chairs by 30 May 2019.  The Commission at its 25 July 2019 meeting noted Crown's review of the above.

ATTACHMENT: 9

## Status of Sixth Casino Review Recommendations as at 29 November 2019

TRIM: CD/19/17116

Please note: The recommendations highlighted in blue have been implemented. The recommendations highlighted in green are pending. The recommendations highlighted in red will be considered at the 19 December 2019 Commission meeting. The recommendations in black are not due yet.

<i>Number</i>	<i>Recommendation</i>	<i>Due Date</i>	<i>Comments re Commission Decisions</i>
3.	The VCGLR recommends that, by 1 July 2019, Crown assess the robustness and effectiveness of its risk framework and systems, including reporting lines in the chain of command, and upgrade them where required. This assessment should be assisted by external advice.	1 July 2019	At its meeting on the 22 August 2019, the Commission deferred its consideration of implementation until members reviewed the external advice obtained by Crown to support this recommendation. A copy of the external advice was provided on 13 September.  The VCGLR has completed its review of the Deloitte report and recommends implementation of recommendation 3. Licensing will monitor implementation of the remaining three Deloitte recommendations.
<b>Regulatory Compliance</b>			
4.	The VCGLR recommends that, by 1 July 2019, Crown undertake a robust review of internal controls to ensure that Crown's regulatory and compliance department is aware of all projects and works in progress for which regulatory approvals might be relevant.	1 July 2019	Commission determined Crown implemented recommendation 4 at its 22 August 2019 meeting

ATTACHMENT: 9

## Status of Sixth Casino Review Recommendations as at 29 November 2019

TRIM: CD/19/17116

Please note: The recommendations highlighted in blue have been implemented. The recommendations highlighted in green are pending. The recommendations highlighted in red will be considered at the 19 December 2019 Commission meeting. The recommendations in black are not due yet.

<i>Number</i>	<i>Recommendation</i>	<i>Due Date</i>	<i>Comments re Commission Decisions</i>
5.	The VCGLR recommends that Crown convene annual roundtable sessions briefing key internal staff on the VCGLR's risk-based approach to regulation, with a particular focus on how that approach relies on the integrity of Crown's internal processes.	Annual	Commission determined Crown implemented recommendation 5 at its 26 September 2019 meeting
	<b>Responsible Gambling</b>		
6.	The VCGLR recommends that, by 1 January 2020, Crown Melbourne review its allocation of staffing resources to increase the number of work hours actually available to responsible gambling and intervention with patrons. This might be achieved by training more gaming staff to undertake assessments and then approach patrons identified as at risk, without the need to contact a RGLO. However, this will only be effective if those staff have sufficient time aside from their gaming duties.	1 January 2020	
7.	The VCGLR recommends that Crown Melbourne use observable signs in conjunction with other harm minimisation measures such as data analytics to identify patrons at risk of being harmed from gambling.	Ongoing	

ATTACHMENT: 9

## Status of Sixth Casino Review Recommendations as at 29 November 2019

TRIM: CD/19/17116

Please note: The recommendations highlighted in blue have been implemented. The recommendations highlighted in green are pending. The recommendations highlighted in red will be considered at the 19 December 2019 Commission meeting. The recommendations in black are not due yet.

Number	Recommendation	Due Date	Comments re Commission Decisions
8.	<p>The VCGLR recommends that Crown Melbourne proceed with development and implementation of comprehensive data analytics tools for all patrons, to proactively identify for intervention patrons at risk of harm from gambling. These tools would utilise both historical data (with parameters developed from the second player model), and real-time monitoring of play periods. Crown Melbourne should look to models in other jurisdictions, and consult with external data analytics experts, with a view to implementing world-class, proactive approaches with real-time (or near-real time) operational effectiveness. In particular—</p> <p>(a) for carded play (that is, player activity which can be systematically tracked), Crown Melbourne will have in operation a comprehensive real-time player data analytics tool by 1 January 2020, and</p> <p>(b) for uncarded play (that is, all other player activity), Crown Melbourne will, by 1 January 2019, commence a comprehensive study of all the practical options for a real time player data analytics tool, with a view to reporting in detail (including legal, technical and methodological issues) to the VCGLR by 1 January 2020 and the tool being in operation by 1 July 2022.</p>	<p>1 January 2020</p> <p>1 January 2019</p> <p>1 January 2020 and 1 July 2022</p>	<p>Commission determined Crown implemented recommendation 8(b) only at its 28 February 2019 meeting</p>



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TRIM: CD/19/17116

**Status of Sixth Casino Review Recommendations as at 29 November 2019**

*Please note:* The recommendations highlighted in blue have been implemented. The recommendations highlighted in green are pending. The recommendations highlighted in red will be considered at the 19 December 2019 Commission meeting. The recommendations in black are not due yet.

<i>Number</i>	<i>Recommendation</i>	<i>Due Date</i>	<i>Comments re Commission Decisions</i>
9.	The VCGLR recommends that Crown Melbourne arrange, at its expense, for an independent assessment of the real-time player data analytics tool for carded play (see Recommendation 8(a)), to be completed 12 months after implementation of the tool. The independent assessment is to be undertaken by a person approved by the VCGLR, after consultation with Crown.	12 months after implementation of the tool	

Status of Sixth Casino Review Recommendations as at 29 November 2019

TRIM: CD/19/17116

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<i>Number</i>	<i>Recommendation</i>	<i>Due Date</i>	<i>Comments re Commission Decisions</i>
10.	<p>The VCGLR recommends that, by 1 July 2019, Crown Melbourne undertake a comprehensive review of its policy for the making and revocation of voluntary exclusion orders under section 72(2A) of the Casino Control Act. The comprehensive review should be undertaken in conjunction with the VCGLR, VRGF and other relevant external stakeholders. The review should be undertaken with a view to implementing policies that facilitate:</p> <ul style="list-style-type: none"> <li>• Crown Melbourne issuing short term exclusion orders for 3, 6, 12 or 24 months under section 72 of the Casino Control Act, considering the specific circumstances of the person and their preferred time period for exclusion, and conditional on the person undertaking to comply with the order and with other matters (such as obtaining treatment), and</li> <li>• Crown Melbourne reviewing voluntary exclusion orders which are more than 10 years old to consider whether the continued operation of these orders serves a useful purpose, with a view to retaining only those orders that are beneficial to the persons who are subject to them, and can be adequately enforced. The VCGLR further recommends that the review of such orders occurs in an orderly manner between 1 July 2019 and 30 June 2020.</li> </ul>	1 July 2019	<p>At its 24 October 2019 meeting the Commission agreed that Crown had implemented recommendation 10</p> <p>The Commission directed Crown to provide data from its 12-month evaluation trial of three- and six-month Time Out Program Agreements, to determine whether it is necessary for TOPAs to transition to a formalised exclusion order under section 72(2A) of the CCA.</p>

ATTACHMENT: 9

TRIM: CD/19/17116

## Status of Sixth Casino Review Recommendations as at 29 November 2019

Please note: The recommendations highlighted in blue have been implemented. The recommendations highlighted in green are pending. The recommendations highlighted in red will be considered at the 19 December 2019 Commission meeting. The recommendations in black are not due yet.

Number	Recommendation	Due Date	Comments re Commission Decisions
11.	The VCGLR recommends that, by 1 July 2019, Crown Melbourne develop and implement a policy and procedure to facilitate Crown Melbourne issuing involuntary exclusion orders under section 72(1) of the Casino Control Act at the request of family members and friends in appropriate cases. The policy and procedure should be developed in conjunction with the VCGLR, VRGF and other external stakeholders. Crown Melbourne should include information about this option in all its responsible gambling publications, website and regularly provide information to relevant stakeholders, such as Gambler's Help and other similar organisations, about this option.	1 July 2019	Commission determined Crown implemented recommendation 11 at its 24 October 2019 meeting.
12.	The VCGLR recommends that, by 1 July 2019, Crown Melbourne expand facial recognition technology to cameras on all entrances to the casino and that Crown Melbourne provide written updates on a quarterly basis on its effectiveness to the VCGLR.	1 July 2019	Commission determined Crown implemented recommendation 12 at its 25 July 2019 meeting.  First written update for the September 2019 quarter was provided by Crown on 4 October 2019. A review of the first written update as to the effectiveness of facial recognition technology has been completed and provided to the 19 December 2019 Commission meeting.

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## Status of Sixth Casino Review Recommendations as at 29 November 2019

TRIM: CD/19/17116

Please note: The recommendations highlighted in blue have been implemented. The recommendations highlighted in green are pending. The recommendations highlighted in red will be considered at the 19 December 2019 Commission meeting. The recommendations in black are not due yet.

<i>Number</i>	<i>Recommendation</i>	<i>Due Date</i>	<i>Comments re Commission Decisions</i>
13.	The VCGLR recommends that, as part of developing a new responsible gambling strategy, by 1 July 2019, Crown Melbourne rebrand or refresh its responsible gambling messaging and publish new responsible gambling messages throughout the casino, in all Crown Melbourne publications, including online and social media platforms.	1 July 2019	Commission determined Crown implemented recommendation 13 at its 22 August 2019 meeting

Status of Sixth Casino Review Recommendations as at 29 November 2019

TRIM: CD/19/17116

Please note: The recommendations highlighted in blue have been implemented. The recommendations highlighted in green are pending. The recommendations highlighted in red will be considered at the 19 December 2019 Commission meeting. The recommendations in black are not due yet.

<p>14.</p>	<p>The VCGLR recommends that, by 1 July 2019, Crown Melbourne develop and implement a responsible gambling strategy focusing on the minimisation of gambling related harm to persons attending the casino. The strategy should address:</p> <ul style="list-style-type: none"> <li>• early proactive intervention initiatives</li> <li>• player data analytics</li> <li>• proactive engagement with pre-commitment</li> <li>• intervening with local players with continuous play based on shorter timeframes which are more reflective of responsible gambling</li> <li>• the role of all staff in minimising harm</li> <li>• the effective use and monitoring of exclusion orders</li> <li>• internal reporting arrangements</li> <li>• integrating responsible gambling into proposals for trialling or introduction of new products and equipment</li> <li>• performance measures to assess the performance of the RGLOs, RGSC and casino staff in relation to harm minimisation</li> <li>• the roles of the Crown Resorts Responsible Gaming Committee and the Responsible Gambling Management Committee in driving harm prevention strategies based on world's best practice</li> <li>• the objectives of the RGSC in relation to minimising harm to patrons, and</li> </ul>	<p>1 July 2019</p>	<p>Commission determined Crown implemented recommendation 14 at its 24 October 2019 meeting.</p>
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Status of Sixth Casino Review Recommendations as at 29 November 2019

TRIM: CD/19/17116

Please note: The recommendations highlighted in blue have been implemented. The recommendations highlighted in green are pending. The recommendations highlighted in red will be considered at the 19 December 2019 Commission meeting. The recommendations in black are not due yet.

Number	Recommendation	Due Date	Comments re Commission Decisions
	<ul style="list-style-type: none"> <li>the responsible service of gaming as a fundamental core business consideration when making strategic decisions regarding casino operations.</li> </ul>		
15.	<p>The VCGLR recommends that, within three months of implementing the new responsible gambling strategy (Recommendation 14), there is regular reporting to the Crown Resorts Responsible Gaming Committee for it to maintain oversight of Crown Melbourne's harm minimisation strategy for responsible gambling. Regular reports every two months should include numbers and types of interventions and other harm minimisation activities of RGSC and other staff, details of the number and nature of referrals to external service providers, exclusion orders, breaches, revocation and appeals, as well as results from player data analytics and other initiatives to minimise gambling related harm. These reports should also be made available to the VCGLR for monitoring purposes. (The VCGLR intends to share this information, as appropriate, with the VRGF.)</p>	<p>Within three months of implementing the new responsible gambling strategy. (effectively: 1 October 2019) Regular reports every two months.</p>	<p>Crown's submission was received on 1 October 2019 and has been assessed. Recommend to the Commission that Crown has completed recommendation 15, subject to providing the reports to the VCGLR for ongoing monitoring purposes, and including 'results from player data analytics' in the reports to the Crown Resorts Responsible Gambling Committee post completion of recommendation 8.</p>

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Status of Sixth Casino Review Recommendations as at 29 November 2019

TRIM: CD/19/17116

Please note: The recommendations highlighted in blue have been implemented. The recommendations highlighted in green are pending. The recommendations highlighted in red will be considered at the 19 December 2019 Commission meeting. The recommendations in black are not due yet.

<i>Number</i>	<i>Recommendation</i>	<i>Due Date</i>	<i>Comments re Commission Decisions</i>
16.	The VCGLR recommends that within three months of implementing the strategy, a charter is developed for the Crown Melbourne Responsible Gaming Management Committee (staff committee) which includes reference to the role and responsibility of driving a harm minimisation culture.	Within three months of implementing the strategy (effectively 1 October 2019)	Commission determined Crown implemented recommendation 16 at its 28 November 2019 meeting
	<b>Money laundering</b>		

Status of Sixth Casino Review Recommendations as at 29 November 2019

TRIM: CD/19/17116

Please note: The recommendations highlighted in blue have been implemented. The recommendations highlighted in green are pending. The recommendations highlighted in red will be considered at the 19 December 2019 Commission meeting. The recommendations in black are not due yet.

<p>17.</p>	<p>The VCGLR recommends that, by 1 July 2019, Crown undertake a robust review (with external assistance) of relevant internal control statements, including input from AUSTRAC, to ensure that anti-money laundering risks are appropriately addressed.</p>	<p>1 July 2019</p>	<p>At its meeting on 15 August 2019, the Commission determined to defer its decision on implementation until Crown provided a copy the external report (Initialism Pty Ltd report) which assisted Crown's review. The external report was received on 29 August 2019.</p> <p>At its meeting on 26 September 2019, the Commission considered the Initialism Pty Ltd report and agreed that recommendation 17 has been implemented, noting that the VCGLR will undertake its own review of Crown's relevant ICSs to consider whether risks relating to money laundering and junkets have been adequately considered by Crown, and whether further controls in its ICSs are required to address any risks identified.</p>
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ATTACHMENT: 9

## Status of Sixth Casino Review Recommendations as at 29 November 2019

TRIM: CD/19/17116

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<i>Number</i>	<i>Recommendation</i>	<i>Due Date</i>	<i>Comments re Commission Decisions</i>
	<b>Applications for approvals</b>		
18.	<p>The VCGLR recommends, in all future submissions by Crown Melbourne to the VCGLR for approvals under the Casino Control Act or Gambling Regulation Act, that Crown document:</p> <ul style="list-style-type: none"> <li>• the purpose</li> <li>• obligations under relevant provisions of legislation, the Transaction Documents, and existing approvals</li> <li>• what changes the grant of the approval would make to products, rules and procedures, etc</li> <li>• risks associated with the approval and how they will be treated</li> <li>• how responsible gambling considerations have been taken into account in the process and the measures Crown will implement to mitigate the risk of gambling related harm, and</li> <li>• which areas of Crown will be responsible for managing implementation.</li> </ul>	Ongoing	Commission determined Crown implemented recommendation 14 at its 24 October 2019 meeting
	<b>Integrity exclusion orders</b>		

ATTACHMENT: 9

## Status of Sixth Casino Review Recommendations as at 29 November 2019

TRIM: CD/19/17116

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<i>Number</i>	<i>Recommendation</i>	<i>Due Date</i>	<i>Comments re Commission Decisions</i>
19.	The VCGLR recommends that, by 1 July 2019, Crown Melbourne implement a policy to make an exclusion order under section 72 of the Casino Control Act in appropriate cases where a person has engaged in significant unacceptable conduct in the casino or is the subject of serious criminal charges.	1 July 2019	At its meeting on 25 July, the Commission agreed that Crown has implemented recommendation 19, and requested Crown to make further amendments to Crown's Corporate Policy Statement (clauses 3.4.2 (e) and 3.4.3). This matter is in progress.
<b>Review of implementation of recommendations</b>			
20.	The VCGLR recommends that, between November 2019 and March 2020, VCGLR Commissioners and directors of the Crown Resorts board meet to review the implementation of the recommendations set out in this report.	Between November 2019 and March 2020	

Prepared by: VCGLR Licence Management and Audit unit