

CROWN MELBOURNE LTD: THE SUITABILITY DECISION

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In preparing this statement on the Crown Melbourne suitability story the VGCCC acknowledges the wide-ranging contribution of the Special Manager and his team in ensuring that the Casino has been held rigorously to account and realistically on-track in its improvement task for the past two years, and we express our thanks for his significant contribution to the Commission's decision on suitability.

Introduction

Holding an exclusive licence to operate a casino confers unique privileges.

The story of Crown Melbourne casino is a tale of profit, power, and privilege. It is also a tale of extraordinary abuse of that privilege.

As the Royal Commission into the Casino Operator and Licence (RCCOL) stated, Crown's "privilege to hold a casino licence is dependent upon it being, at all times, a person of good character, honesty and integrity".

It was not.

As millions of people entered the doors of Crown Casino in the years following the opening in the mid-1990s they had every right to expect that it would provide an environment in which gambling was safe, criminal influence was not allowed to flourish and that patrons were not exploited rapaciously. The community had every right to expect the conditions of the casino's licence would be met and the conditions of its social licence to operate would be honoured appropriately. The community had every right to expect Crown Melbourne would behave in a way that met the suitability test of its licence.

It did not.

The traits of character, honesty and integrity are integral to Crown Melbourne's suitability to continue to hold the casino licence, and the privilege of holding the exclusive casino licence entails a social licence, as well as a legal licence, to operate.

Background

The Victorian Gambling and Casino Control Commission (VGCCC) has been required to make a decision about suitability to hold the casino operators licence because the Crown Melbourne casino fundamentally breached its legal, social and moral obligations, resulting in illegal activities, tax avoidance, money laundering, criminal associations, significant harm to the community, a Royal Commission and other inquiries, the appointment of a Special Manager and ultimately a decision by the Victorian Gambling and Casino Control Commission (VGCCC) on whether Crown Melbourne is now suitable to hold a Victorian casino licence.

Over the past five years the casino industry's arrogance and disregard towards its communities and obligations has been exposed across the nation. Notable was the extent to which the then senior management and Board of Crown Melbourne, were culpably engaged in behaviours that broke the law, the terms of its licences and flouted its obligations to the community, government and its own staff.

These failings, many subsequently shown to be mirrored in casinos around Australia, were not initially detected nor effectively acted upon by out-matched and underpowered regulators - including the VGCCC's predecessor. Casinos throughout Australia ruthlessly used their financial power to intimidate, cajole, obfuscate and cover-up.

An example that palpably demonstrates the previous arrogance of the casino industry in Australia was the response by the then Crown Melbourne Board in 2019 to the exposure of some of Crown's abuses by investigative reporters. The board placed full-page advertisements in major newspapers denying the facts and condemning a "deceitful campaign against Crown".

The allegations, and many more, were subsequently and largely substantiated by the (Finkelstein) Royal Commission, NSW's Bergin Inquiry and other investigations.

The activities of Crown Melbourne and other casinos abused the privilege conferred by their licences and trashed any level of public trust in the industry.

This reinforced growing and broadly held concerns about gambling and its impact on our communities, especially through the exploitation of people vulnerable to harmful gambling.

We are now in an environment where community expectations of both the casino and the regulator are higher, and deservedly so, than when the events triggering this suitability story began.

The failures of Crown Melbourne Limited and its associates were comprehensively outlined in the 2021 Royal Commission into the Casino Operator and Licence (RCCOL). At the heart of Crown Melbourne's failures was broken governance, absence of appropriate standards of risk management and regulatory compliance, and a culture that prioritised profit over the well-being of customers.

The Royal Commission concluded Crown had engaged in an alarming catalogue of wrongdoing and was therefore unsuitable to continue holding its licence. Commissioner Ray Finkelstein found Crown Melbourne had engaged in disgraceful conduct that was 'illegal, dishonest, unethical and exploitative'. However, the RCCOL also determined that the refreshed Crown Melbourne Board and leadership had the will and capacity to transform itself to again become suitable to hold a casino licence, noting it had already commenced a substantial reform program.

Subsequently, Crown's directors and senior executives resigned and Crown Melbourne Limited's owners ultimately sold to a new owner, Blackstone, which embarked on its own transformation project to address the findings of the Royal Commission and directions from its new regulator, the VGCCC. The current Board and leadership of Crown Melbourne are wholly different from the Boards in place before, during and in the days immediately after the Royal Commission.

Prospects for remediation

Despite the enormity of its findings, the Finkelstein Royal Commission recommended Crown Melbourne be permitted to continue operating the casino under stringent, independent oversight conditions for two years and for two significant reasons:

- It determined that immediate cancellation of the casino operator's licence was not in the interests of the Victorian community due to the significant risk to innocent third parties (including Crown employees and suppliers) and to the state's economy more broadly.
- The Royal Commission also determined Crown had the will and capacity to transform itself to become suitable again to hold the Melbourne casino operator licence. It concluded that an independently scrutinised reform program was likely to succeed and this would be to Victoria's benefit.

The final report of the Royal Commission observed that "Crown Melbourne has, at great financial cost, embarked on a significant reform program led by people of goodwill and skill". It noted that "cultural change takes time" and that "embedding sustained cultural change can take between three to five years". Crown was given two years to demonstrate a sufficient return to suitability.

The Victorian Government's Response – two actions to hold the Casino to account

The shocking findings of the RCCOL elicited a strong response by the Victorian Government. This consisted of two main elements:

- Establishment of a Special Manager with the power to direct the Crown Melbourne Board and organisation in their task of remediating the issues described in the RCCOL. The Special Manager had a mandate to report on the extent to which Crown Melbourne acted in remediating the finding of the Royal Commission, and in the evidence of failure to act, the power to direct them to do so; and
- Establishment of a new regulator, the VGCCC, with significantly enhanced powers of direction, increased capacity to fine and a stronger legal base to require co-operation from Crown.

On 1 January 2022, Stephen O'Bryan KC was appointed as the Special Manager for the Melbourne Casino Operator with two key and complementary functions:

- to independently oversee Crown Melbourne's operations,
- and assess Crown's reforms to address the significant issues and failings identified by the 2021 Finkelstein Royal Commission.

The Special Manager was required to consider:

1. Whether there was any evidence of maladministration;
2. Whether there was any evidence of illegal or improper conduct;
3. Whether Crown Melbourne had engaged in conduct that may give rise to a material contravention of any law ;
4. The conduct of the casino operations generally since the conclusion of the Commission.

Specifically this required close oversight of remediation in the areas of:

- cultural change
- responsible service of gambling to minimise gambling-related harm
- financial crime, in particular anti-money laundering/counter-terrorism financing
- risk management, governance and compliance with statutory obligations.

The Special Manager's work involved independently monitoring and assessing all projects and activities Crown is undertaking to effect change in all the areas outlined in Appendix I of the RCCOL.

The Special Manager powers were considered unprecedented, but were necessary in order to enable clear line of sight into every area of operation of the casino, and access to all decision making. The Crown Resorts Board in place at the end of the Royal Commission unhelpfully questioned the need for a Special Manager with these extraordinary powers.

Despite the then Crown Resort's dire prognostications of confusion and unworkability, the Special Manager has operated professionally and objectively with Crown Melbourne. He and his office undertook their work diligently and in a way that supported the separate and distinct role of the VGCCC, which was established at the same time to regulate Crown and which would ultimately decide its suitability to hold the casino licence.

The Special Manager has provided four reports to the Minister for Casino, Gaming and Liquor Regulation, the Hon Melissa Horne, and the VGCCC in the course of the past two years. The final report was received on 12 January 2024.

Each of the four reports has tracked the reform efforts of Crown Melbourne in great detail and with a clinical objectivity. The Special Manager established clear criteria to determine whether Crown Melbourne has made appropriate progress from the low point established through the Royal Commission to a state of improvement that demonstrated tangible actions and a strong commitment to change. Whilst recognising that two years is a short period in which to redress the manifold failings of Crown Melbourne, he has required Crown Melbourne to demonstrate measurable improvements not just aspirations.

The Minister and the VGCCC determined that the first three reports be provided to Crown Melbourne so that they would have no doubt about where they were at on their road to suitability.

Parallel with the announcement of the Special Manager, immediately following the end of the RCCOL, the Victorian Government announced the formation of the Victorian Gambling and Casino Control Commission (VGCCC) - as part of a comprehensive overhaul of the regulation of casino gambling in Victoria – a new regulator with stronger powers and an additional mandate to reduce gambling harm. The VGCCC was required to establish a division solely devoted to casino regulation, with specialist leadership and staff. It commenced operation on 1 January 2022.

The VGCCC was specifically granted stronger enforcement powers through the Casino Legislation Amendment (Royal Commission Implementation and Other Matters) Act 2022, which increased the maximum penalty it could impose on Crown from \$1 million to \$100 million. A measure that would finally ensure that fines could be fitted to the size and impact of the wrongdoing, serve as a powerful deterrent, and provide the Commission with sufficient “bite” that that regulatory action became a credible threat and expensive option for Crown.

This substantive response by government also required the Melbourne Casino to embark on a rapid introduction of mandatory carded play – a measure that combats both criminal exploitation and money laundering, and provides the casino and the VGCCC with an ability to monitor whether the Crown Melbourne casino’s harm reduction policies are being adhered to.

Collectively, these reforms have led to what is probably the highest level of scrutiny of any casino worldwide.

Scope of suitability decision

Turning to the purpose of the VGCCC’s announcement – whether or not Crown Melbourne Ltd is suitable to hold a casino licence and whether the casino licence remains in the public interest.

The Commission’s determination of suitability has never been a decision about whether there should be a casino in Melbourne. Our brief was to examine Crown Melbourne’s suitability to continue to hold the casino licence and whether that licence remains in the public interest. The framing of the suitability decision through the changes to the Casino Control Act introduced following the RCCOL is precise about the nature of the decision to be made and very specific as to the sources of evidence for that decision.

The Commission was directed to determine if it is clearly satisfied that Crown Casino is a suitable entity to hold the Melbourne Casino licence and if it is in the public interest for its licence to continue in force. The matter of suitability involves determination of whether the operator:

- is of good repute, having regard to character, honesty and integrity;
- is of sound and stable financial background;
- has a satisfactory ownership, trust or corporate structure;
- has or is able to obtain financial resources that are adequate to ensure the financial viability of the casino and the services of persons who have sufficient experience in the management and operation of a casino;
- has sufficient business ability to establish and maintain a successful casino
- comprises associates, Directors and senior managers suitable to act in that capacity and
- has remediated the wrongdoing exposed by the RCCOL.

On 12 January 2024 the Special Manager submitted his fourth and final report to the VGCCC and the Minister setting out his assessment of the effectiveness and sustainability of Crown Melbourne's reforms. Upon receipt of that final report the Commission had until 14 April to assure itself to its clear satisfaction whether Crown Melbourne has returned to suitability. In the absence of a decision by that date Crown Melbourne would be automatically deemed unsuitable and its licence would be revoked.

The VGCCC has given full consideration to the Special Manager's reports (all four of them amounting to nearly 4000 pages of evidence). These reports, the Victoria Royal Commission, the Sydney-based Bergin Inquiry, and the Western Australian Royal Commission into Crown Perth and the Commission's own Inquiries into various matters relating to suitability have been the primary inputs into our sole discretion to determine whether Crown Melbourne Ltd is a suitable entity to continue to hold the Melbourne casino licence.

The Commission did not wait for the receipt of the Special Manager's final report to commence preparation for its decision making on suitability. We have been preparing for the suitability decision for two years and this preparation involved four distinct avenues of work:

1. Redressing the findings on wrong doings unearthed by the Royal Commission, resulting in 5 different disciplinary actions, with fines totalling \$250M¹; and in addition to the fines issuing directions to Crown to institute significant harm minimisation initiatives, to improve their approach to money laundering and financial crime, improvement of marketing efforts locally and internationally to avoid exploitation and illegal practices, and documenting all casino practices so that proper control and oversight can be exercised.
2. Establishing a framework that would enable the Commission to determine if on the evidence presented by the Special Manager we could be clearly satisfied that Crown Melbourne met the tests of suitability.
3. Building a Casino Division and regulatory oversight regime for Crown that enabled us to be confident that the Government and community could be reassured that the Casino would be held appropriately and stringently to account in the longer term.
4. Preparing for two binary alternatives allowed for under the Casino Control Act – suitability on the one hand; or total loss of licence to operate and on the other hand the appointment of a manager to operate the casino by the VGCCC – otherwise known as the "Plan B" project.

This last activity was critical to ensure that the Commission would be able to make a decision on suitability confident that, whatever the decision, thousands of jobs and businesses would not be at risk, and the economic and social benefits of a well-functioning casino would not be lost. It would enable the removal of Crown Melbourne's licence while ensuring the continued operation of the casino under a statutory manager if Crown Melbourne Limited were found to still be unsuitable.

Early in 2022 the new Commission realised that Crown Melbourne had never been required to put in place a workable transition out plan, unlike other major gambling licence holders. A transition out plan is required to ensure the continuity of the business in the event of a loss of licence or changeover of licence holder. In addition to the absence of any transition out arrangements, the legislative provisions covering the removal of an operator and institution of a manager to oversee orderly transition would have been difficult to achieve. This left the Commission and Government exposed to bad actions by a "sacked" licence holder.

The Commission invested heavily in preparing transition out arrangements to ensure it never faced a casino operator that was "too big to fail". The Commission holds that no licence holder should be allowed to be too big to fail, and that changing the lack of implementable and enforceable transition out arrangements in the event of an unsuitable Crown Melbourne was a critical base for the suitability decision.

¹ The fines were in response to: China Union Pay, Responsible Service of Gambling (x 2); Unpaid Taxes; Bank Cheques and Blank Cheques. See the VGCCC website for the relevant decisions -

This process this included liaising with government to determine and improve the powers of a statutory manager, which would step in to operate the casino should a decision be made to cancel the casino licence. As a result, legislative amendments to the manager provisions in the Casino Control Act 1991 have been passed by the Victorian Parliament. In addition, the Commission engaged a commercial advisor to assist with determining what needed to be in place organisationally to effect transition out, and to de-couple the casino from the rest of Crown Melbourne and Crown Resorts – the same advisor was also on notice to be appointed statutory manager on behalf of the VGCCC if required.

The Commission has also engaged with Crown Melbourne, Crown Resorts and Blackstone to put in place enduring transition-out arrangements to facilitate a smooth transition to the statutory manager if the licence is cancelled, including agreement to co-operate and provide a range of ongoing services currently vested in Crown Resorts. This was necessary to ensure that the operations of the casino would continue unaffected, and that the employees and businesses that make up the Crown Melbourne casino footprint would be unaffected by a finding of unsuitability against Crown Melbourne Limited.

We wanted to ensure that that Crown was NOT and NEVER would be 'too big to fail' and now have in place a process and legislation to enable the removal of its licence and introduction of a new operator if the Commission is not clearly satisfied about Crown Melbourne Limited's suitability, and which can also be instituted in the future if any casino operator fails to deliver on its obligations. This will be an enduring legacy of the Commission's work over the past two years.

The decision

To be suitable to operate a casino an operator must obey the law; act honestly and with integrity; deter illegal and immoral behaviour; not exploit gamblers; actively minimise gambling harm and cooperate fully and candidly with its regulators.

These are not immeasurably difficult things to do, neither are they unreasonable expectations of any entity holding or aspiring to the privilege of holding a casino licence.

In making its determination the Commission has carefully considered the reports of the Royal Commission, the Bergin Inquiry and a West Australian Royal Commission into Crown's Perth casino.

It has carefully considered the Special Manager's Reports. It is satisfied that the Special Manager has assessed all relevant matters and that a significant body of evidence supports the Special Manager's conclusions.

The Commission today announces that it is clearly satisfied that Crown Melbourne Limited is suitable to operate the Melbourne Casino and that it is in the public interest for the Melbourne Casino Licence to remain in force.

Why we are clearly satisfied

The Commission has made its own, independent determination on the suitability of Crown Melbourne on the basis of three key considerations, reported by the special manager:

1. The findings of the Special Manager that Crown Melbourne has addressed the systemic failings identified by the Royal Commission.
2. Our own work with Crown Melbourne, substantiating that the various suitability requirements have been met. As the special manager has reported, during our investigations, we observed a different Crown emerging with a clear understanding of the privilege and obligations of holding the licence.
3. Crown's recognition that to meet its own aspirations to be more than suitable, to be excellent, it needed a comprehensive transformation plan, referred to by the Special Manager, to continue its reform efforts, and against which it will be held accountable.

The Special Manager's opinion

The final Report states that in the period of the Special Manager's appointment there was no evidence of maladministration, or illegal or improper conduct indicative of the serious and systemic failures previously identified by the Royal Commission and elsewhere.

It reports that reforms to improve and implement responsible service of gambling have been implemented, although further work to embed these reforms is required.

It reports that Crown Melbourne has significantly enhanced its board independence and oversight, implementing both the letter and spirit of governance requirements.

Crown has satisfactorily addressed the systemic risk management failures identified by the Royal Commission, and significantly strengthened its integrity framework.

The work confirms extensive reforms focussed on preventing financial crime. These measures are in the context where junkets have been banned and premium gamblers made subject to greater scrutiny due to a Commission direction. The Special Manager found no further evidence of systemic financial crime.

The Special Manager's concluding assessment is that Crown Melbourne has remediated the failings exposed in RCCOL and has also put in place the critical foundations it needs to have a realistic prospect of achieving effective and sustainable overall transformation in coming years.

The Commission's view

The Commission considers the issues identified by the Royal Commission have been comprehensively addressed.

On the responsible service of gambling and minimising harm, the Commission believes that the legislative changes supporting carded play and matters such as Crown Melbourne's active redress of failures to protect gamblers from exploitation mean that the systemic failings identified by the Royal Commission have been addressed. There is no evidence that gamblers are being systemically exploited at the Melbourne Casino, as they were in the past.

It is inevitable that some gamblers may engage in risky gambling practices, and the Commission will require Crown Melbourne to address any incidents seriously and comprehensively. Measures continue to be implemented by both Crown Melbourne and the Commission to ensure the historical matters identified by the Royal Commission are not repeated.

The Commission has also formed the view that the systemic financial crime matters identified by the Royal Commission and elsewhere have been addressed. The reforms implemented are extensive and significantly reduce the likelihood of these issues reoccurring. However, ongoing vigilance against criminal infiltration and exploitation will be the expected standard for Crown.

And Crown Melbourne is taking a responsible and proactive approach to regulatory compliance and cooperation, which the Commission also expects to continue.

The suitability of all Crown Melbourne's Directors, senior management, and key associates (Crown Resorts and Blackstone) have all been closely assessed in the last two-year period, and the Special Manager's final Report confirms that this positive character and integrity is still being exhibited by the relevant corporate entities and individuals.

The Public Interest test

The Commission is also required to determine whether it is in the public interest that the Crown Melbourne casino licence remain in force.

The public interest is not a legal conclusion. It is a matter that the Commission must determine based on its position as the subject matter expert. The Commission's consideration of the public interest only becomes relevant if the Commission determines that Crown Melbourne is a suitable person to hold the licence. Having determined that Crown Melbourne is suitable, the Commission then had to consider whether the licence currently in force remains in the public interest.

To be clear, the public interest test required by the legislation is not a question about whether a casino is in the public interest. That is a question for governments and parliaments. Instead, the public interest test applied by the Commission was, in effect, limited to assessing the workability of the licence as it currently stands.

The Commission considered the extent to which the regulatory framework that applies to the Melbourne Casino requires a balance to be struck between ensuring that the casino remains free of criminal influence and that gambling is conducted honestly and simultaneously promoting tourism, employment, and economic development generally in the state.

The following matters have occurred since the 2021 Royal Commission:

- the Melbourne Casino has been subjected to far greater scrutiny than in the past. Among other things, this has resulted in more than \$250 million in fines being imposed for wrongdoings in the years before 2022. It has also resulted in the Commission exercising almost all of the additional regulatory powers it was granted based on findings and recommendations made by the Royal Commission;
- as well as exercising new powers, the Commission has made greater use of existing powers. Among other things, this has included ensuring that the internal control statements by which regulatory control is primarily exerted over casino operations are adequate and reflect casino operations;

- the Commission has made several statements of its regulatory intent, including the reasons it published in the cheque disciplinary action where the Commission expressly noted that the regulatory regime intends that the operations of the Melbourne Casino be controlled by the regulator rather than merely supervised. Having made such statements of regulatory intent, the Commission also clarified that the risk-based approach historically applied to the Melbourne Casino would no longer be the sole basis for determining regulatory approach. The VGCCC has adopted a more balanced approach to regulation consistent with the risks posed by casino, and evidenced by issuing a variety of directions to specifically control casino certain operations and not leave important issues for the casino operator itself to determine – for example, whereas once it was a matter for the casino operator to decide which junket operators to engage with, junkets are now banned; where Crown once had latitude to market its services to patrons overseas, they may only now do so in a very limited fashion where they comply with detailed requirements issued by the Commission and ensure they obtain independent legal advice; and
- the reports of the Special Manager have generally described a positive shift in the operations of the Melbourne Casino insofar as they relate to the specific deficiencies identified through the work of the Royal Commission.

The public interest in the continuation of the Melbourne Casino Licence is applied with regard to the Commission's ability to exercise its functions in pursuit of public confidence and trust in the credibility, integrity and stability of casino operations. Legislative changes and actions taken by the Commission have significantly increased regulatory control over operations at the casino.

The Commission is clearly satisfied that Melbourne Casino Licence remains in the public interest.

Crown Melbourne's transformation plan

The Royal Commission expected it would take longer than the two years to demonstrate full transformation from the sorry corporate object that Crown Melbourne had become to a world standard example of excellent practice in the delivery of casino services embedded firmly in concerns for safety and integrity. Transformation is a much higher test than suitability.

Whilst the Special Manager is unequivocal in his assessment that Crown is successfully redressing the wrongs of the past, as with Commissioner Finklestein in the RCCOL, he also notes that full rectification to world leading excellence is a longer task. Hence the Special Manager's emphasis on the development of a longer term roadmap by Crown Melbourne to demonstrate sustained commitment to integrity and safety in the operation of a casino licence.

The Special Manager's final report notes that: "There is evidence of change occurring in parts of the organisation, including critical areas such as the responsible service of gambling and the prevention of financial crime. Although these foundational elements have been successfully established, it will take time for Crown to demonstrate reform outcomes and embedded culture change throughout the organisation."

The efforts by Crown Melbourne, and level of improvement demonstrated to date enable the Commission to say it is clearly satisfied about the suitability of Crown Melbourne to hold a casino licence. Signally, it is the recognition by Crown Melbourne that their reform is not yet complete as demonstrated by their detailed transformation plan for the next 2-3 years involving considerable investment in ongoing improvement efforts that are a real indicator of a new Crown Melbourne and its likelihood of staying suitable to the privilege of holding a casino licence.

In stating that the Commission is clearly satisfied that Crown Melbourne has returned to suitability we are mindful of the future, and the continued need for active oversight and intervention where necessary, be it Crown or any other holder of the casino licence which begins to slip from suitable to unsuitable.

In his final report the Special Manager identifies key risks facing Crown Melbourne in completing a full transformation. These are:

- flagging momentum and management commitment,
- change fatigue and employee burnout,
- pressure to reduce resourcing for key operational and transformation priorities,
- allowing the interests of Crown Resorts, or the owner, to take precedence over those of Crown Melbourne, in particular by the pursuit of profit over the well-being of its customers and employees.

The Commission shares these concerns and will continue closely monitoring the effectiveness and implementation of Crown Melbourne's transformation by issuing a statutory direction requiring it to implement and report on its commitments laid out in its Transformation Plan. This scrutiny is necessary to ensure that integrity and safety of casino operations are maintained at high standards and that the public is adequately protected from the harm gambling can cause now and into the future.

The Melbourne Transformation Plan will be a three year compact at the heart of our oversight of Crown. The plan specifies the Crown Melbourne Board's transformation objectives, priorities and some measurable outcomes, appropriate milestones and timelines for the next three years.

Importantly, it covers the continued implementation of longer-term Victorian Government reforms to minimise gambling harm and prevent financial crime at the casino. The Commission found the plan comprehensive - a far-reaching blueprint against which Crown Melbourne can be held to account.

This Transformation Plan provides the next level standard for Crown Melbourne – and the Commission will require Crown Melbourne to deliver it through an enforceable direction which will be issued shortly.

The plan will be subject to ongoing development and refinement, including incorporating new programs of work and initiatives. The Commission's direction will require that the Transformation Plan must be appropriately resourced with ambitious, but achievable, timelines and priorities. Thus will suitability be supported as an ongoing state.

Expectations of Crown

For the past two years, Crown Melbourne has probably been the most closely scrutinised casino in the world. The ending of the Special Manager's term in June this year will not leave a void nor a reduction in the level of expectation. The VGCCC has been holding Crown Melbourne to account since its inception two years ago and we are ready to maintain that level of vigilance.

Crown Melbourne must continue to rebuild and earn public trust by demonstrating its good character, honesty and integrity, and addressing any operational shortcomings as and when they arise. Suitability was never about perfection, but it is about maintaining vigilance in operating a casino to an appropriate standard, and without exposing its patrons to criminal infiltration or gambling harm caused by exploitative behaviours – including turning a blind eye to criminal activity or harmful gambling behaviours.

Our expectation is that Crown Melbourne will respect the privilege conferred by retaining its licence and live up to that privilege, with a program of continual improvement, including measures to reduce gambling harm.

We will be providing Crown Melbourne with a clear statement of our expectations, which states: "Crown Melbourne and its associates should conduct themselves and operate in ways that go beyond their strict legal obligations, being mindful of both the legal and social licences Crown Melbourne has with Victorians. Crown Melbourne and its associates must:

- act with integrity and be honest, trustworthy and transparent;
- be accountable and cooperative;
- understand their regulatory obligations and engage with the Commission if unsure;
- comply with and uphold the spirit, and not just the letter, of the law;
- actively prevent, and operate free from criminal influence or exploitation; and
- prevent the harmful impacts of gambling by acting decisively and promptly whenever they see or suspect harm is occurring.

Further, Crown Melbourne should continually challenge itself to achieve global leading practice in its efforts to prevent gambling harm at the Melbourne Casino." Failure to meet the Commission's expectations will result in the Commission seeking redress through the full range of its powers.

Last year, the Commission released its Position Statement on Harm Minimisation. The statement made clear that the Commission considers all gambling operators have a duty to act wherever harm is identified or might reasonably be suspected. Crown Melbourne's size and privileged position as an exclusive casino operator obliges it to be a leader in discharging this duty. Its manner of implementing mandatory carded play, for example, has demonstrated its willingness to act as a leader.

Victorians are entitled to have confidence that the Melbourne Casino is being run honestly and free from criminal influence and exploitation. Likewise, in return for the privilege of an exclusive licence, Victorians have a right to expect that Crown Melbourne will never again prioritise profit ahead of the safety and well-being of its patrons and staff.

We believe Crown Melbourne Limited now recognises it must earn its social licence to operate, as its new code of conduct states: "The licences we hold across the jurisdictions we operate in are a privilege. Compliance with our regulatory obligations is a non-negotiable and compliance with our social obligations is a must, as we look to rebuild trust with our stakeholders, including our guests, team members, governments, regulators and communities."

Reforms must continue apace. While the Commission will monitor the implementation of the Melbourne Transformation Plan, we remind Crown that its implementation cannot be allowed to become a mere compliance exercise. We will direct Crown Melbourne to regularly review its transformation plan to ensure Crown's investments remains effective. Where the plan is found wanting or out-of-date, we will expect Crown Melbourne to update the plan to reflect new knowledge and opportunities.

A lawfully run casino, operated with integrity, deterring illegality and minimising gambling harm, provides a demonstrable benefit to Victoria and its economy.

In return for the privilege of operating within our community, the community

has a right to know that the casino is a safe place – free from crime, safe for patrons and free from exploitation - the days of allowing or encouraging patrons to play continuously for 36 hours or more, or facilitating money laundering and other illegal practices, are over.

We endorse Crown's position on its obligations and privilege, but Crown must be true to its words, and the commitments it has made to this Commission – and through the Commission, the commitments it has made to the community.

Alongside constant monitoring of Crown's behaviour and enforcement of regulations, we are already preparing for the seventh major review of Crown Melbourne, which will review suitability and the public interest again in 2027. We will ensure the public can participate in this process and consider other avenues for involving the community in our regulatory oversight of Crown.

We believe in the power of public scrutiny. For this reason, Crown Melbourne will be directed to develop a public reporting framework to demonstrate its continued progress in its transformation.

We recognise the achievements made to date by Crown Melbourne in returning to suitability and we put Crown on notice that this Commission will not hesitate to act if the privilege of holding the casino licence is again abused.

