

## **Maxgaming secures the exclusive monitoring rights for all NSW hotel and club gaming machines until 2032**

Tatts today announced its subsidiary, Maxgaming NSW (**Maxgaming**) will continue to hold the exclusive rights to monitor all hotel and club based gaming machines in New South Wales, Australia's largest gaming market, until 2032. Maxgaming is to be issued a new licence to operate a Central Monitoring System (**CMS**) having been selected as the successful party following an extensive international public tender process conducted by the NSW Government.

The new arrangements agreed with the NSW Government will commence on 1 December 2017 and will continue until 30 November 2032. The Government has also agreed to issue Maxgaming an extension to its current monitoring licence for the period 1 December 2016 until 30 November 2017 until the new arrangements commence.

The new licence maintains the current monitoring fee structure and quantum. Provision is made for the fee to be indexed annually by Sydney CPI (previously a fixed 3% rate). In addition to revenues generated from exclusive monitoring, Maxgaming is able to provide services outside core monitoring functionality including online authorisations for machine movements, testing services, loyalty and membership systems, venue reporting and other workflow management products.

Tatts will make total licence fee payments of \$209 million payable in instalments, with the final instalment due and payable in FY18.

As part of the licence Maxgaming will deploy its proprietary Maxsys monitoring system across the entire NSW network.

A copy of the NSW Government's announcement released today is attached.

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## **MEDIA RELEASE**

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### **CENTRALISED MONITORING SYSTEM LICENCE AWARDED**

A licensee has been selected to operate the Centralised Monitoring System (CMS) that monitors gaming machines across NSW for a 15 year period.

Following a competitive tender process, Maxgaming NSW Pty Ltd has been selected to operate the CMS from 1 December 2017 until 30 November 2032. Maxgaming is the holder of the current CMS licence which will be extended by another 12 months from 1 December 2016 to manage the transition to a new modern CMS system.

Maxgaming will pay the NSW Government a combined fee of \$209 million for the 12 month extension and new 15 year licence.

Under the new CMS licence, hotels and registered clubs with gaming machines will be required to pay Maxgaming a monthly CMS monitoring fee for each machine. The monitoring fee will be \$43.20 (excluding GST) from the extension of the existing licence and indexed annually to inflation each 1 July.

The competitive tender process was overseen by a government steering committee and underwent a rigorous assessment of financial, commercial, technical, legal and probity considerations.

The CMS is an important regulatory tool to which all gaming machines in NSW clubs and hotels must be connected to monitor and ensure the integrity of gaming machine operations and to calculate taxes payable on gaming machine revenues.

As part of the new licence, Maxgaming will also manage the development and implementation of a new CMS system using updated technology that can ensure the ongoing effective monitoring and management of NSW's gaming machine network.

The new system will include enhancements to ensure the integrity of gaming operations in NSW, including detecting potential money laundering activities, in-venue fraud and ensuring gaming machines operate within approved times.

The new system will also provide a number of enhancements for venues including new tools such as cash flow analysis reports and the online submission of ClubGRANTS returns.

Development of the new CMS system will start immediately and is scheduled to be implemented across all licensed venues with gaming machines by December 2017.