

Before Hearing Commissioners

under: the s134 of the Gambling Act 2003

in the matter of: Application for renewal of casino venue licence

between: **Christchurch Casinos Limited**
Applicant

and: **Gambling Commission**
Respondent

Statement of Evidence of Kenneth John Matthews (Christchurch
Casinos Limited)

Dated:

5 November 2018

REFERENCE: A McDonald (Alister.McDonald@chapmantripp.com)

J M Appleyard (Jo.Appleyard@chapmantripp.com)

Chapman Tripp
T: +64 3 353 4130
F: +64 3 365 4587

60 Cashel Street
PO Box 2510, Christchurch 8140
New Zealand

www.chapmantripp.com
Auckland, Wellington,
Christchurch



STATEMENT OF EVIDENCE OF KENNETH JOHN MATTHEWS

INTRODUCTION

- 1 My full name is Kenneth John Matthews.
- 2 I am a Company Director and Chair of the Board of Christchurch Casinos Limited (*CCL*).
- 3 I hold a Bachelor of Commerce (Otago University) and I am a Chartered Fellow of the Institute of Directors.
- 4 I have maintained a governance role within the casino industry for more than 5 years, and prior to my current role I was a Chairman for Skyline Enterprises Limited (*Skyline*). Until 2012, Skyline owned 50% of the shares in CCL.
- 5 I am familiar with the application to which these proceedings relate and I am authorised to give this evidence for CCL.

SCOPE OF EVIDENCE

- 6 My evidence will deal with the following:
 - 6.1 A brief history of the casino including: casino ownership, and the casino's relationship with its parent company, directors, and key personnel;
 - 6.2 Governance;
 - 6.3 Host Responsibility; and
 - 6.4 the Charitable Trust.

THE HISTORY OF THE CASINO

- 7 The initiative for a casino in Christchurch was provided by Skyline Enterprises Limited (*Skyline*), a Queenstown based public company.
- 8 Christchurch Casinos Ltd (*CCL*) was incorporated in February 1992 and the initial shareholders and their respective shareholdings were:
 - 8.1 Skyline (a New Zealand based Hospitality and Tourism company) – 23%
 - 8.2 Aspinall (NZ) Ltd (European-based casino operators) (*Aspinall*) – 23%
 - 8.3 Premier Hotels – 23%

8.4 Other South Island interests – 31%

- 9 At that time the proportion of ownership was split 61% New Zealand residents with the balance vesting with overseas interests.
- 10 Pursuant to the Casino Control Act 1990, CCL utilised the two licences arrangement and engaged Aspinall to manage the casino as operator under a management agreement. The shareholders of Aspinall provided management expertise through their association with gaming venues in the UK as well as with their casino in Darwin.
- 11 This early arrangement with Aspinall proved to be beneficial given that Christchurch casino was the first casino in New Zealand and that policies on diverse matters (such as dealing with harm minimisation and community engagement) needed to be developed consistent with both international standards and the New Zealand environment.
- 12 The casino opened to the public on November 4th 1994 and at that time the CEO, being an Aspinall appointee, reported to both Aspinall and the Board of CCL.
- 13 By June 2004, Aspinall had sold their shareholding to SkyCity Entertainment Group Limited (*SkyCity*) and the operator's licence was acquired by CCL. The result was that both Skyline and SkyCity held an equal shareholding in CCL with the balance held by minority interests.
- 14 In December 2012 Skyline purchased the SkyCity shareholding and consequently achieved full ownership after having already purchased the minority shareholdings.
- 15 By way of background, Skyline owns and operates a range of attractions within the tourism and entertainment industry both in New Zealand and overseas along with substantial property investments.
- 16 Currently, 98% of Skyline shares are owned by New Zealand residents and its market capitalisation is in excess of \$1 billion.
- 17 Skyline is therefore regarded as a 'corner stone' shareholder having retained its financial investment for over 26 years and having acquired a significant understanding of the industry throughout that period. This has been principally as a result of the involvement of two key individuals.
- 18 Mr Barry Thomas CNZM who was the Chairman of Skyline at the time of the incorporation of CCL was appointed Executive Chairman of CCL charged with securing the Premises Licence as well as

holding responsibility for both the construction and implementation stages of the casino development.

- 19 After 23 years as Chairman of CCL Mr Thomas retired in March 2015.
- 20 The other key individual is Mr Phillip Hensman, a past Director of Skyline for 31 years and current Director of CCL for the past 22 years.
- 21 As regards the parent company, Skyline has operated for the past 51 years and is conservatively geared with current term debt representing less than 4% of assets employed at book value.
- 22 This percentage will change over the next 5 years as Skyline embarks on further domestic and international expansions. Nevertheless, its conservative approach to funding will ensure that CCL operations are not financially stressed as a result of the demand for capital elsewhere.
- 23 In essence Skyline is CCL's banker with any cash surpluses from CCL trading remitted as available back to Skyline, while Skyline assists with any major and unplanned capital expenditure (such as a recent land purchase).
- 24 Without current significant gambling experience on the Skyline Board, casino operations and direction are essentially left to the CCL Board to attend with little involvement from the parent company.
- 25 The independence of CCL Directors is represented by the fact that of the five current Directors of CCL, only one (Mr Donald Jackson) is a Director of Skyline as well.
- 26 The respective Chairs do meet informally from time to time, CCL Board minutes are shared with Skyline and the CEO of CCL provides a formal report to the Skyline Board on operational matters on a bi-monthly basis.
- 27 Due to the extent of its resources Skyline also provides assistance in specialist areas such as human resources, information services and risk management when required.
- 28 Three out of the five current Directors of CCL have extensive experience in both management and governance roles within the parent company ensuring the expectations and values of Skyline are well understood.
- 29 Additional to the length of service to CCL by both past and current directors, it is appropriate to record that the current average length of employment of those within the senior management team at CCL

is in excess of 13 years, with two individuals from within that team having achieved greater than 24 years' service.

- 30 To date CCL has appointed only two CEO's with the incumbent (Mr Brett Anderson) joining in 2007. For clarification though on two occasions an 'Acting CEO' was required.

GOVERNANCE

- 31 At the very core of company activities is the matter of governance and the framework of rules, processes and authority.
- 32 Accordingly the company's key document is its Board Charter (the *CCL Charter*) and the interface of such with the management of the casino. A copy of the CCL Charter is contained in **Appendix 1**.
- 33 Governance parameters within the CCL Charter are established by the CCL board and are reviewed and updated annually so as to ensure the inclusion of best practice developments.
- 34 Some key examples of governance provisions contained within the CCL Charter include:
- 34.1 the review of corporate strategy and objectives;
 - 34.2 Host Responsibility expectations;
 - 34.3 ensuring that health and safety duties are fully complied;
 - 34.4 ensuring that decision making authorities within the company are clearly defined and understood (through a formal Delegation of Authority Policy) and that the intent of applicable regulations and Host Responsibility obligations are fully complied with;
 - 34.5 monitoring of financial results as against the annual business plan, including the capital expenditure plan;
 - 34.6 the review and ratification of the company's systems of risk management, internal compliance and codes of conduct; and
 - 34.7 the performance evaluation of the Chief Executive.
- 35 While it is the responsibility of the CCL board to confirm governance parameters, the responsibility of ensuring adherence of such is delegated to the CEO who is charged with the day to day management and leadership of the company.
- 36 In addition to the CCL Charter, the Board has adopted the following:

- 36.1 Terms of Reference for Directors setting out their areas of responsibility. In particular, to the shareholder as well as the appropriate regulatory authorities;
- 36.2 A Code of Business Practice detailing the casino's responsibility as a corporate citizen and the standards of behaviour that the community can expect from the company; and
- 36.3 A board performance review process.
- 37 The board is kept informed on company affairs through periodic reports prepared by the CEO and other key managers including gaming, finance, human resources, information services, asset protection and responsible gambling, and risk and compliance managers.
- 38 The board meets formally every two months, although if matters arise requiring earlier consideration then an additional meeting(s) are arranged.
- 39 At an informal level the CEO and the Chairman retain frequent contact on all manner of issues ranging from strategic to operational.
- 40 Throughout the year individual managers are scheduled to attend meetings of the board (such appearances may include successive meetings depending on the issues at hand). This has proven to be an effective means of having an open and frank conversation where the board's view can be emphasised and that of the respective manager understood, rather than communications simply being through the CEO.
- 41 There are other various reports that the board has determined must be submitted to the board throughout the year and include:
- 41.1 The annual report to the Gambling Commission on Host Responsibility Programme activities;
- 41.2 Monthly reports from the Department of Internal Affairs (the *DIA*) including on self-reported regulatory and compliance matters (these were received each month until April 2018)¹;
- 41.3 Internal audit plan review;

¹ Unfortunately, since April 2018 the DIA stopped providing these due to a recent undergoing restructure. These reports were an effective way for the Board to measure compliance throughout the year, but have not as yet been re-established by the DIA.

- 41.4 Organisational structure review;
- 41.5 Senior executive remuneration and performance objectives;
- 41.6 Report on anti-money laundering and independent audit;
- 41.7 Internal control reviews as well as those for risk management; and
- 41.8 Insurance review and recommendations.

HOST RESPONSIBILITY

- 42 The board oversees and monitors the company's host responsibility and problem gambling programmes and initiatives and views the obligation as being absolutely paramount to the operation of the casino.
- 43 Key to that is the accepted responsibility that the company must continue at all times to provide a safe entertainment environment for both visitors and staff. Awareness as to the potential harm of both problem gambling as well as intoxication is a fundamental obligation of which CCL is acutely aware.
- 44 Irrespective of their role, staff training involves all new employees attending host responsibility induction training.
- 45 Supervisory staff from gaming, food and beverage, security and surveillance participate in extended training. This includes detailed information on the identification of potential problem gamblers and those demonstrating the effects of excessive alcohol consumption. It also makes staff aware of the processes to be followed for those visitors requesting assistance. Advanced training is provided to those responsible for conducting interventions.
- 46 Aspinall, as operators, were responsible for the initiative to establish 'CARG' (Community Action for Responsible Gambling) appreciating that there are other groups in the community that had more than a passing interest in the matter of problem gambling per se.
- 47 The casino coordinated the meetings which were initially held quarterly and then reduced to 2-3 times per annum at the request of the attendees. The meetings were attended by representatives from the likes of City Mission, Christchurch City Council, Salvation Army, DIA, Problem Gambling Foundation and Gambling Advisory Services.
- 48 CARG meetings were subsequently replaced with Problem Gambling Liaison Meetings in order to ensure consistency with the changed focus and obligations under the 2003 Gambling Act.

- 49 The successful development and implementation of CCL's Host Responsibility Programme has resulted in national honours. In 2009, the casino was awarded the Hospitality New Zealand Award for Excellence in Host Responsibility and further secured the award over four consecutive years between 2013 and 2016. The casino was also a finalist for this category in 2017 and 2018.
- 50 Further national achievements were awarded in 2010 when the casino secured the Supreme Tourism Award at the New Zealand Tourism Awards and won the Workplace Training category in the same year.
- 51 Management's response to the increasing demands associated with harm minimisation has resulted in changes within the executive team structure in order to better attend to visitor welfare. Initially Host Responsibility activities were overseen by the Risk and Compliance Manager. In 2015, responsibility for these activities moved to the Asset Protection and Responsible Gambling Manager to better reflect the importance and operational practice within the business. Resourcing of the Host Responsibility team has also been significantly increased.
- 52 While a comprehensive staff training programme dealing with the potential issues of harm is a fundamental requisite, the company has over recent years in particular, engaged in a number of technological initiatives in order to further assist this process.
- 53 As a result of such investments it has enabled the casino to monitor and generate alerts, or to help to identify adverse patterns of play. These solutions have been demonstrated to a number of Government organisations and at a number of international Host Responsibility forums.
- 54 It is appropriate to record that the initiative for such development occurred in house through the efforts of the Gaming Manager (Mr Stuart Anderson).
- 55 Other tools in this area include the introduction of a pre-commitment solution for players and more recently the development of facial recognition technology. Enhancements in the area of risk minimisation are made possible by having a modern content management system and database which enables detailed analysis of play by key staff.
- 56 Currently other technological developments include:
- 56.1 The enhancement of live floor view in order to provide graphical alerts and tracking in order to better facilitate host responsibility intervention;

- 56.2 A re-design and update of the surveillance infrastructure to support Host Responsibility initiatives including the ability to identify visitors that have been on site for what is considered to be a long time; and
- 56.3 The development of an algorithm by the internationally recognised Focal Research (based in Nova Scotia) to enable the early identification potential problem gamblers.
- 57 The extent of expenditure associated with the afore mentioned is significant, running into many hundreds of thousands of dollars and hundreds of man hours. Any improvements are not always guaranteed and in many instances the activity could rightfully be categorised as simply research and development.
- 58 Whilst the casino is committed to pursuing such it does so with the recognition that these are just tools to assist and that the continued engagement of all staff in the identification of those deemed to be at risk is an operational fundamental at the very heart of providing a safe entertainment venue.
- 59 We acknowledge that while we always strive to get it right we may not always do so, however the experience is never lost and we can only learn from it and improve.

THE CHARITABLE TRUST

- 60 Through both the media and commentary from various submitters there is an element of misinformation concerning the extent of the funding by CCL to its Charitable Trust and indeed its very purpose.
- 61 The Casino Impact Report (at fig 5.6, page 74) is not entirely accurate in that there appears to be confusion in the early years (1995 to 2004) where the gross amount provided to the Charitable Trust by CCL is recorded whilst in subsequent years the aggregate of the net distributed funds are shown.
- 62 It is certainly acknowledged that immediately following the Christchurch earthquakes that the contribution provided by CCL was reduced in line with the uncertainty that prevailed at that time (and in successive years from 2011 to 2014).
- 63 Some submitters have attempted to make comparison with contributions by other casinos to their respective charitable trust (s). Unless there is a degree of analysis then such superficial comparisons are wide off the mark.
- 64 The casino continues to increase its support of its Charitable Trust which makes payments to charities for the following charitable purposes (as provided for in the Trust Deed, see **Appendix 2**):

- 64.1 for the relief of poverty; or
 - 64.2 the advancement of education; or
 - 64.3 the advancement of religion; or
 - 64.4 the advancement of sport; or
 - 64.5 any other charitable purpose beneficial to the community.
- 65 The casino also provides direct financial support and services in kind (additional to the Charitable Trust distributions) for altruistic causes, including to:
- 65.1 St John New Zealand;
 - 65.2 The Ronald McDonald House;
 - 65.3 The Canterbury Westland Rescue Trust;
 - 65.4 REACH Child Cancer;
 - 65.5 Cholmondeley Children's Centre;
 - 65.6 Various Surf Life Saving Clubs; and
 - 65.7 Christchurch City Mission.
- 66 Comparison of CCL's support of its Charitable Trust with another casino's is not valid or even possible without full knowledge of whether their summary of distributions includes similar additional payments and support outside of their Charitable Trust.
- 67 Whilst the obligation to establish a Charitable Trust was mandated in CCL's terms of licence, the quantum to be applied to such endeavours was not established even when last reviewed by the Gambling Commission in 2006/2007.
- 68 CCL does acknowledge that it has, as befits any significant organisation, a responsibility to give something back to the community.
- 69 In order to provide some clarity around future annual contributions to the Charitable Trust, CCL would accept as a condition that for the ensuing years the level of such contribution would be established as the greater of:
- 69.1 2.5% of the annual tax paid profit for the casino; or
 - 69.2 \$250,000 annually and CPI adjusted at 3 yearly intervals.

- 70 CCL would further annually budget for and distribute directly at its discretion up to \$100,000 to like or same organisations as mentioned in paragraph 65 on the basis that no direct commercial advantage accrues to CCL as result of such payments.
- 71 If the \$100,000 is not spent annually, any shortfall in direct distribution from the casino to charities will be forwarded to the Charitable Trust.
- 72 CCL's obligations in this matter are to be confirmed annually by the company's external auditors.
- 73 This undertaking would result in a minimum \$350,000 a year being paid from CCL to the community split between the Charitable Trust's annual process of calling for applications and decision making, and leaving our CEO flexibility to make other distributions during the year to organisations who we have traditionally supported directly.

CONCLUSIONS

- 74 In summary then to date CCL has proven itself as an excellent casino operator with the following attributes:
- 74.1 The successful engagement of Aspinall at the outset to establish internationally accepted best practice systems and controls, and set values and direction for a successful enterprise;
- 74.2 A shareholder that since incorporation has achieved outright ownership and importantly provided a high level of consistency and common purpose for management;
- 74.3 The security provided by the same shareholder and the extent of resources that it is able to provide;
- 74.4 The benefits of experience both within the board and senior management team of CCL;
- 74.5 Host Responsibility practices and capabilities which are at the very core of our operations and have achieved national and international recognition;
- 74.6 An excellent working relationship with the various regulatory agencies and Problem Gambling treatment providers; and
- 74.7 A successful business that is:
- (a) a part of and supportive of the community;
 - (b) a significant tourist attraction for Christchurch; and

- (c) operated in a manner which provides a safe environment in all respects for customers and employees.

Dated: 5 November 2018

A handwritten signature in black ink, appearing to read 'Kenneth John Matthews', written over a horizontal line.

Kenneth John Matthews

APPENDIX 1



Christchurch Casinos Limited

BOARD CHARTER

**Approved by the
Christchurch Casinos Limited Board
25 October 2018**

CHRISTCHURCH CASINO

BOARD CHARTER

INDEX

1.	Governance at Christchurch Casino	3
2.	Role of the Board	4
3.	Structure of the Board	5
4.	Matters Relating to Directors	5
5.	Board Sub-Committees	6
6.	Integrity and Ethical Behaviour	6
7.	Financial Reporting	6
8.	Confidentiality	7
9.	Recognition and Management of Risk	7
10.	Business Knowledge	7
11.	Remuneration and Expenditure	8
	Non-Executive Directors	8
	Chief Executive	8
12.	Internal and External Stakeholders and Community Responsibility	8
	Schedule 1: Terms of Reference for Directors	9
	Schedule 2: Code of Business Practice	12
	Schedule 3: Audit and Risk Management	17
	Schedule 4: Governance, HR and Remuneration	21

CHRISTCHURCH CASINOS LIMITED

BOARD CHARTER

This charter covers the role and structure of the board of Christchurch Casinos Limited (Christchurch Casino) and the interface with the management of the business. Where reference is made to the Chief Executive carrying out certain functions, the reference is intended to mean that this function has been delegated to the Chief Executive and is not the responsibility of the board or an individual director.

1. Governance at Christchurch Casino

- 1.1 Corporate governance at Christchurch Casino encompasses the company's decision-making structures and the mechanisms used to manage the organisation.
- 1.2 The board has responsibility for the affairs and activities of the company which in practice is achieved through delegation to the Chief Executive and others who are charged with the day to day leadership and management of the company.
- 1.3 The board has adopted the governance parameters set out below as the cornerstone principles of its corporate governance charter. The board will review this charter from time to time to take into consideration best practice developments for corporate governance.
- 1.4 The board of Christchurch Casino, through a set of formal policies and procedures comprising the corporate governance framework of the company:
 - ensures the safety and wellbeing of employees and guests through a robust health and safety process and reporting
 - establishes a clear framework for oversight and management of the company's operations and for defining the respective roles and responsibilities of the board and management
 - structures itself to be effective in discharging its responsibilities and duties
 - sets standards of behaviour expected of company personnel
 - safeguards the integrity of the company's financial reporting
 - requires efficient and timely disclosure of key issues and performance trends by management to the board
 - respects and facilitates the rights of the shareholder of the company
 - recognises and manages risk
 - encourages board and management effectiveness
 - remunerates fairly and responsibly
 - recognises its obligations to all stakeholders.
- 1.5 This Charter is the principal specification of the governance framework within which Christchurch Casino conducts its affairs. The other supporting documents which combine together to comprise Christchurch Casino's governance framework are:
 - the company's Constitution
 - Code of Business Practice (Schedule 2)

- Delegated Authorities Policies
- Policies and Procedures for Employees
- Risk Management Programme.

- 1.6 The company does not have separate sub-committees for audit/risk or governance/HR/remuneration. The board sets aside time in its annual schedule of meetings to deal with matters that would otherwise be handled by a sub-committee structure.
- 1.7 The Chief Executive is accountable to the board for governance matters including the matters as set out in this Charter and the practices and policies referred to in sections 1.4 and 1.5 above.

2. Role of the Board

- 2.1 Christchurch Casino Limited's board of directors is responsible for supervising the management of the company.
- 2.2 The board establishes the company's objectives, the major strategies for achieving those objectives, the overall policy framework within which the business of the company is conducted, and monitors management's performance with respect to these matters.
- 2.3 The board is also responsible for ensuring that the company's assets are maintained under effective stewardship, that decision-making authorities within the organisation are clearly defined, that the letter and intent of all applicable laws (including gaming and other regulations and host responsibility obligations) are complied with, and that the company is well-managed for the benefit of its shareholder.
- 2.4 The Board has a core governance role that requires strong leadership and proactive oversight on all matters relating to health and safety. The Board is committed to ensuring that Christchurch Casinos Limited complies with its health and safety duties arising out of the conduct of the business of Christchurch Casinos Limited.
- 2.5 Specific responsibilities of the board also include the following:
- oversight of the company, including its control and accountability procedures and systems
 - appointment, performance evaluation, and removal of the Chief Executive and confirmation of the appointment and removal of the senior executive group (being the direct reports to the Chief Executive)
 - setting the remuneration of the Chief Executive and approval of the remuneration of the senior executive group
 - approval of the corporate strategy and objectives and oversight of the adequacy of the company's resources required to achieve the strategic objectives
 - approval of and monitoring of actual results against the annual business plan and budget (including the capital expenditure plan)
 - review and ratification of the company's systems of risk management and internal compliance and control, codes of conduct, and legal compliance
 - approval and monitoring of the progress of capital expenditures, capital management initiatives, and acquisitions and divestments.

- 2.6 In relation to the Chief Executive, the following roles are the responsibility of the board:
- reviewing candidates to be appointed to the position of Chief Executive
 - reviewing and evaluating the Chief Executive's performance against key performance objectives
 - reviewing the Chief Executive's remuneration, considering proposed changes to the remuneration and any other variation of the Chief Executive's conditions and terms of employment, including any agreed or proposed termination payment.
- 2.7 The board maintains a formal set of delegated authorities which define the responsibilities that are delegated to management and those which are retained by the board. These delegated authorities are approved by the board and are subject to periodic (approximately annually) review by the board.
- 2.8 Directors must at all times comply with the Terms of Reference for Directors (Schedule 1).
- 2.9 The board is to make sure a plan is in place for the continuation of business in the event of a change of management, or temporary absence of management, to ensure the needs of the company are met.

3. Structure of the Board

- 3.1 The board will ensure it adequately discharges its responsibilities and duties and adds value to the company's decision-making.
- 3.2 Directors are expected to attend scheduled board meetings and to be available for non-scheduled meetings as may be required from time to time.
- 3.3 Directors are appointed and removed in terms of the relevant provisions of the company's constitution. The constitution also governs the position of board chairperson.
- 3.4 The board should meet at least five times per annum on a formal, scheduled basis and will meet on other occasions as may be required.

4. Matters Relating to Directors

- 4.1 Directors will advise the company of all outside directorships or other appointments which may have a bearing on their role as a Christchurch Casino director.
- 4.2 The company will sign a deed of indemnity in favour of each director and will provide professional indemnity insurance cover for directors acting in good faith in the conduct of the company's affairs.
- 4.3 The disclosure of existing interests is an ongoing responsibility of each director. Where conflicts of interest may arise (or where potential conflicts of interest may arise), the directors must formally advise the company about any matter relating to that conflict (or potential conflict) of interest.

5. Board Sub-Committees

- 5.1 Separate sub-committees are not established to deal with audit/financial/risk management or governance, human resources (HR), or remuneration matters. Rather, given the scale of the company and the size and composition of the board, the board itself undertakes the functions that might otherwise be delegated to an audit or remuneration (or similar) committee.
- 5.2 Specific time is scheduled in the annual board agenda for audit/risk/tax/financial, governance, HR and remuneration matters.
- 5.3 From time to time the board may create a specific sub-committee to deal with a particular matter or matters and/or to have certain decision-making authority as the board may elect to delegate to that sub-committee. The minutes of any such sub-committee meetings will be circulated to all directors.

6. Integrity and Ethical Behaviour

- 6.1 Members of the board must at all times comply with the express terms and spirit of their fiduciary obligations to the company including acting honestly and in good faith and in what they reasonably believe to be the best interests of the company.
- 6.2 Members of the board must ensure that information they hold about the company is treated in strict confidence and that property of the company (including information) is used solely in the best interests of the company.
- 6.3 The company operates in compliance with a Code of Business Practice which sets out the guiding principles of its relationships with stakeholder groups such as its shareholder, customers, and employees, regulators. The company's Code of Business practice is attached as Schedule 2 of this Charter and is an integral component of this Charter.
- 6.4 Directors and staff are not permitted to participate in any gaming or wagering activity at either Christchurch Casino or Dunedin Casino.
- 6.5 The board, through its reporting structures, monitors compliance with the company's regulatory obligations and internal policies and procedures. The Chief Executive is primarily responsible for reporting all relevant matters to the board in a timely manner.

7. Financial Reporting

- 7.1 The board ensures that effective policies and procedures are in place to ensure the integrity of the company's financial reporting, its internal control environment, and its risk management programme.
- 7.2 The Chief Executive and the Finance Manager are required to state in writing to the board that the company's annual financial statements present a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards.

- 7.3 The board will undertake sufficient inquiry of the company's management and the company's internal and external auditors in order to enable it to be satisfied as to the validity and accuracy of the company's financial reporting and as to the status of the company's internal control environment.
- 7.4 The board meets with the internal auditor as appropriate and with external auditors independently of management as often as is appropriate, but not less than once per annum.
- 7.5 The board oversees the independence of the company's external auditor and monitors the scope and quantum of work undertaken and fees paid to the auditor for other than audit work.
- 7.6 The company's external audit partner should not serve in that position for more than seven years.

8. Confidentiality

- 8.1 The company maintains internal policies and procedures and monitors compliance with those policies and procedures to protect the confidentiality of its commercially sensitive information.

9. Recognition and Management of Risk

- 9.1 The company maintains a programme for the identification, assessment, monitoring and management of risk to the company's business. The risk management programme is approved and overseen by the board.
- 9.2 The company maintains an up to date risk profile for its business operations and ensures that business continuity/disaster recovery plans are in place and are well understood throughout the organisation.
- 9.3 The company maintains business continuity, material damage and liability insurance covers to ensure that the earnings of the business are well-protected from adverse circumstances.

10. Business Knowledge

- 10.1 An induction procedure provides new directors with detailed information about the company and the businesses it operates, the company's financial, strategic, operational, regulatory/legislative and risk management position, the company's main policies and procedures, the duties, rights and responsibilities of directors, and the role of the board.
- 10.2 Directors are expected to maintain an up to date knowledge of the company's business operations and of the industry sectors within which the company operates.
- 10.3 All directors have access to the Chief Executive on matters relating to the conduct of the company's affairs, the corporate governance of the company, and on any matter pertaining to this Charter. It is anticipated that contact between board meetings would under normal circumstances be infrequent.

11. Remuneration and Expenditure

11.1 The company operates remuneration structures for executive employees which are sufficient and reasonable to attract and retain talented and motivated executives and which clearly define the relationship of remuneration to individual and corporate performance.

Non-Executive Directors

11.2 Non-executive director remuneration is paid in the form of directors' fees.

11.3 Non-executive directors are paid the same base fee but additional remuneration may be paid for additional responsibilities undertaken by any director, at the discretion of the board and subject to the maximum remuneration amount which has been approved by the shareholder of the company.

11.4 The board chairperson is paid additional remuneration to reflect the additional responsibilities of that position.

11.5 Pursuant to the direction of the shareholder, Christchurch Casino may make a retirement payment to a director for compensation for loss of office.

11.6 A director's expenses, reasonably incurred in carrying out their duties as a director, are paid for by the company. Overseas travel by a director on behalf of the company must be approved by the board prior to the travel being undertaken.

Chief Executive

11.7 The Chief Executive is paid a salary plus performance-related remuneration as approved by the board.

11.8 Overseas travel by the Chief Executive beyond Australia must be approved by the Chairman in advance.

12. Internal and External Stakeholders and Community Responsibility

12.1 The company adheres to a Code of Business Practice which is attached as Schedule 2 to this Charter.

12.2 The Chief Executive is the primary spokesperson for the company both internally and externally and has the responsibility to manage and oversee the interfaces between the company, the public and the community. The board chairperson may, from time to time as may be deemed appropriate, provide external comment but this is expected to be on an infrequent basis.

CHRISTCHURCH CASINOS LIMITED

TERMS OF REFERENCE FOR DIRECTORS

1. Introduction

- 1.1 The directors of Christchurch Casino are responsible to the shareholder of the company for its corporate and financial performance and are responsible for compliance with applicable legislation and regulations.
- 1.2 The directors are responsible to ensure that the requirements and the intent of the company's casino licences are complied with at all times.
- 1.3 Directors of Christchurch Casino are deemed to be "Associated Persons" of the casino licence holders. Each director must complete the Associated Persons questionnaire and be approved as an "Associated Person" before they can be appointed as a director. A director must resign if his or her Associated Persons approval is revoked for any reason.
- 1.4 Prior to approval, a proposed director may attend and participate in board meetings but may not vote or otherwise act or be seen to act as an appointed director of the company.
- 1.5 The company's constitution refers to various matters relating to directors. Reference should be made to the constitution as well as to this document. The company's constitution applies to all matters.

2. Responsibilities

- 2.1 Responsibilities of the directors of Christchurch Casino (and its subsidiaries) include but are not necessarily limited to the following:
- setting the strategic direction and policy of the company
 - ensuring that the company complies with the Companies Act 1993, the Gambling Act 2003, the Gambling (Prevention and Harm Minimisation) Regulations 2004, and Department of Internal Affairs and Gambling Commission rulings and/or instructions and any other applicable requirements of government, casino regulatory bodies or other statutory agencies
 - ensuring that the company complies with the intent and the letter of the company's casino licences
 - ensuring the company complies with the Health & Safety at Work Act 2015 and/or any subsequent Act or amendments
 - attending, participating actively in and contributing to the scheduled and other meetings of the board of the company. In this regard, directors need to have adequate time to commit to carrying out their director responsibilities and be available for the scheduled meetings of the board and any sub-committees as required
 - appointing, reviewing and appraising the performance of the Chief Executive

- ensuring that the company has in place appropriate corporate governance practices, internal controls, audit procedures and risk management programme
- raising any matters of concern as they arise with the chairperson of the board and/or the Chief Executive as appropriate
- complying with the Christchurch Casino Board Charter and its associated support documents
- complying with the Christchurch Casino Code of Business Practice which governs the way directors and employees conduct themselves and the business activities of the company
- declaring their other business and/or personal interests which are relevant to their position as a director of Christchurch Casino and declaring any potential conflicts of interest which may arise from time to time
- understanding the duties and responsibilities of a director under New Zealand company law
- developing and maintaining a reasonable understanding and knowledge of the strategic and operational components of the gaming/entertainment industry in general and the Christchurch Casino business interests in particular.

3. Gaming Restriction

- 3.1 Directors (and staff) are prohibited from gaming at either Christchurch Casino or Dunedin Casino.

4. Annual Review

- 4.1 The board will review and discuss its performance and effectiveness on an annual basis.

5. Fees and Expenses

- 5.1 Non-executive directors will be paid fees, as determined by the board and within the maximum amount as approved by the shareholder of the company. Expenses incurred in carrying out the responsibilities of the position will be reimbursed (subject to clause 11.6 of the Board Charter).
- 5.2 Fees will have regard to fees paid by comparable companies and will recognise the additional responsibilities of the board.

6. Chairperson

- 6.1 The position of chairperson of the board is governed by the company's constitution.

7. Public Statements, Media Enquiries

- 7.1 Except as specifically authorised, public statements about the company or its activities may be made only by the Chief Executive or by the chairperson of the board (subject to clause 12.2 of the Board Charter)

8. Induction

8.1 Following appointment, each director will receive an induction to the company. The induction programme will include the following:

- a copy of the Board Charter and attached schedules
- a site visit and business introduction, hosted by the Chief Executive.

9. Involvement in the Company's Affairs

9.1 Directors are encouraged to maintain knowledge and contact with the business operations but should liaise with the Chief Executive who will then ensure that the director's enquiry is handled in the most appropriate manner.

10. Confidentiality

10.1 Directors are required to sign the company's standard Confidentiality Declaration at the time of joining the board.

11. Indemnities and Professional Liability Insurance

11.1 Each director will be indemnified, to the extent permitted by law, for actions taken in carrying out his/her duties as a director of the company. Where a director acts in a position outside the company but at the request of the company, an indemnity in respect of that role will also be provided.

11.2 The company will secure, at its cost, appropriate professional liability insurance cover for its directors.

12. Notice and Termination

12.1 Desirably, any director should give not less than three months' written notice of resignation to the chairperson of the board.

CHRISTCHURCH CASINOS LIMITED

CODE OF BUSINESS PRACTICE

1. General

- 1.1 Christchurch Casino recognises its responsibilities as a corporate citizen. This Code of Business Practice is intended to reinforce the company's commitment to the community, including employees and the shareholder of the company. The Code includes the standards of behaviour that the community can expect from the company.
- 1.2 At all times the company expects its directors, employees and contractors to practice high ethical standards in the performance of their duties, comply with all applicable laws and regulations, co-operate with regulatory bodies and government agencies, and use the company's assets and resources only for the legitimate and ethical achievement of its business objectives.

2. Purpose and Intent

- 2.1 The purpose and intent of this Code of Business Practice is
- to guide directors, employees, contractors and representatives of Christchurch Casino so that their business conduct is consistent with the company's business standards, and
 - to improve the understanding of the company's business standards by customers, staff, the shareholder of the company and the communities in which the company operates.

3. Business Practices

3.1 Compliance with Laws

- Christchurch Casino conducts its business in accordance with all applicable laws and legal requirements, and at all times complies with the terms of its casino premises and casino operator's licences.
- Christchurch Casino co-operates with regulatory bodies and government agencies in all matters, including their investigations of compliance with the company's legal obligations.

3.2 Honesty and Fairness

- Christchurch Casino deals with all customers and employees in an open, honest and fair manner. The company responds promptly to all customer or employee complaints or issues and co-operates with all relevant regulatory bodies in investigating any of those issues.

3.3 Human Rights

- Christchurch Casino has adopted and follows policies and business practices that provide fair and equal opportunities to all employees and customers.
- Christchurch Casino has adopted and follows human resource policies that respect the rights and individual differences of all employees and customers. The company does not discriminate against any person on the basis of one of the prohibited grounds of discrimination set out in the Human Rights Act or any other legislation. The company does not accept any form of work place harassment, bullying or intimidation by, or of, employees or customers.

3.4 Health and Safety

- Christchurch Casino provides a safe environment in which its customers can enjoy themselves and the company's employees can carry out their responsibilities. The company seeks to ensure its facilities are operated and maintained to the highest standard. The company operates an appropriate hazard identification and management programme, and ensures that its employees observe and practice safe work methods. The company will monitor and measure lost time due to injury.

3.5 Privacy and Confidentiality

- Christchurch Casino respects the privacy of its employees, customers and their guests and the confidentiality of all information they provide. The company provides training to its employees on the principles of the Privacy Act and has implemented a Privacy Act compliance programme.
- The company makes every effort to prevent disclosure of confidential information received from other people as part of its business.
- Company employees must sign and be bound by a Confidentiality Agreement which contracts them, as a term of their employment with the company, to at all times protect the company's commercial and confidential information and not to disclose commercially sensitive company information to external persons.

3.6 Conflicts of Interest

- Christchurch Casino expects its directors and employees to avoid conflicts of interest in their decisions and to avoid any direct or indirect interest, investment, association, or relationship which is likely to, or appears to, interfere with the exercise of their independent judgement.

3.7 Bribes and Favours

- The company's directors and employees will not seek to gain an advantage through the improper use of business courtesies or other inducements. Christchurch Casino does not offer, give, solicit or accept any form of bribe or inducement including substantial or excessive gifts, entertainment or favours. Except for normal complimentarys and entertainment for customers and key suppliers, directors and employees do not offer or make gifts or extend favours either directly or indirectly to those with whom the company does business or might have a business relationship in the future.

- Directors and employees may not accept any commission or personal profit, rebate, or advantage for any business arrangement involving Christchurch Casino. No director, employee or a member of their immediate family may accept gifts, entertainment or other favours where acceptance could be seen to influence a business decision. This does not apply to complimentaries, entertainment and hospitality activities which are normal in a business context.

3.8 Competition

- Christchurch Casino only uses legitimate resources, enquiries and business practices while collecting data on and competing with their competitors, and does not act in a way that is illegal, unethical or otherwise inappropriate.

3.9 Promotion and Advertising

- Christchurch Casino does not promote or market itself in a way that will mislead or deceive customers. All statements made by the company about the goods and services it provides must be accurate and complete. The company's advertising and promotions must comply with applicable advertising standards and legislation.
- Christchurch Casino promotes the range of entertainment experiences available at its sites, including gaming activities, in a responsible manner. The company does not market its gaming activities to those who are under the legal age for entry to a casino.

3.10 Community Contributions

- Christchurch Casino plays a positive role in the community by assisting and contributing to community organisations and community projects.

3.11 Problem Gambling

- Christchurch Casino does not endorse or encourage gambling by those who show signs of having a gambling problem. Christchurch Casino promotes the availability of assistance and treatment from service providers in the community to its customers and proactively assists persons who request help to obtain counselling and treatment for problem gambling, and encourages such persons to use the self-barring programme. Christchurch Casino actively supports the prevention and treatment of problem gambling in association with service providers in the community.
- Christchurch Casino ensures its employees are trained in the identification of, and provision of assistance to, customers with gambling problems.

3.12 Service of Alcohol

- Christchurch Casino promotes the consumption of alcohol in a socially appropriate manner. In this regard, the company discourages the excessive consumption of alcohol and ensures its staff are trained to encourage customers not to consume alcohol to excess. The company uses its best endeavours to prevent under-aged customers consuming alcohol on its premises and ensure its staff are trained to deal with under-aged customers.

3.13 Protected Disclosures Act 2000 ('Whistle Blower Policy')

Christchurch Casino has a Whistle Blower policy – refer Employee Policies.

4. Written Policies

- 4.1 Christchurch Casino may from time to time institute written policies and authorities that support this Code of Business Practice and provide directors, employees and contractors with guidance on the conduct required to comply with this Code.

5. Clarification

- 5.1 Christchurch Casino expects its directors, employees and contractors to comply with the spirit as well as the letter of this Code of Business Practice.

6. Compliance

- 6.1 If any director or employee is in any doubt as to whether they are complying with the Code of Business Practice they should consult with the board chairperson (directors) or with their manager or Christchurch Casinos Limited's Human Resources Manager (staff).

CHRISTCHURCH CASINOS LIMITED

AUDIT AND RISK MANAGEMENT

The board of Christchurch Casino has resolved not to appoint a separate Audit (and Risk) sub-committee.

The annual schedule of board meetings identifies the meetings at which there is particular focus on matters relating to the financial statements, accounting and financial policies and procedures, tax, internal audit and the internal control environment, external audit, and other related matters.

This attachment to the Board Charter (Schedule 3) sets out the functions and responsibilities of the board relating to the financial affairs of the company.

1. Objectives

This schedule sets out the responsibilities of the board relating to accounting and reporting, tax planning and compliance, and risk management practices. In addition, the board's financial responsibilities involve:

- ensuring the integrity of the company's internal and external financial reporting
- ensuring the integrity of the company's financial management processes and systems
- overseeing and appraising the quality and objectivity of the audits conducted by the company's internal and external auditors
- subject to shareholder approval at the company's annual meeting, setting the fees for the external audit work
- ensuring the independence of the external auditor
- ensuring that the external audit partner is rotated not less than every seven years
- reviewing the extent and scope of non-audit services provided to the company by the external auditor and the ratio of audit fees to non-audit fees in any financial reporting period of the company and assessing whether the extent of any non-audit fees may have any bearing on the auditor's actual or perceived independence
- providing a formal forum for free and open communication between the board, the internal and external auditors and management
- serving as an independent and objective party to review the financial information presented by management to the shareholder and regulators
- determining the adequacy of the company's administrative, operating, cashiering and accounting controls
- reviewing the company's risk management programme and the effectiveness of its risk management activities
- ensuring the company is in a state of readiness to maintain business continuity in the event of adverse circumstances
- ensuring the company is appropriately insured to cover losses which may occur as a result of adverse circumstances.

2. Independence, Separation

- 2.1 The board meets with the external auditor, without management present, as a standing agenda item, at least once per annum.

3. Duties, Responsibilities, and Scope

The main responsibilities of the board relating to audit and financial matters are summarised below:

- Financial statements and reports
- Compliance with generally accepted accounting principles
- Tax planning and compliance
- Internal and external audit
- Accounting policies and procedures
- Risk management
- Insurance coverage
- Expenditure authorities
- Dividend policy.

The duties and responsibilities of the board include but are not limited to the matters as set out under the following headings.

3.1 Audit

- considering the appointment and continuation of the external auditor
- reviewing and approving the audit plans of the external and the internal auditors
- consulting with the auditors on any significant proposed regulatory, accounting or reporting issues and assessing the potential impact of such on the company's financial, reporting and operational processes
- evaluating the overall effectiveness of both the internal and external audit programmes through regular meetings with the internal and external auditors, and
- determining that no management restrictions are being placed upon the external auditor and that the internal audit function has appropriate authority to undertake its duties.

3.2 Financial Statements and Accounting Policies

- reviewing and approving all significant accounting policy changes, and
- reviewing the company's annual financial statements with the Chief Executive and the Finance Manager, the external auditor, and the company's tax advisor.

When conducting the review of the financial statements, the board considers the following matters:

- the underlying quality of the financial reporting as set out in the financial statements and the notes thereto
- changes in accounting policy and practice

- any significant accounting estimates, accruals, and judgments included in the financial statements
- accounting implications of new and significant transactions
- the appropriate treatment and classification of costs as between capital and revenue
- management practices and any significant disagreements between management and the external auditor
- the propriety of related party transactions
- compliance with applicable New Zealand and international accounting standards, and legislative requirements relating to financial reporting and corporations law, and
- certification by the Chief Executive and the Finance Manager to the board that the company's financial reports represent a true and fair view in all material respects of the company's financial position and operational results and are in accordance with relevant accounting standards, and that these certification statements are based on a comprehensive system of risk management and internal control and compliance procedures.

The procedures for board sign-off of financial statements and the issue of representation letters to the auditor will include written confirmation from the Chief Executive and the Finance Manager that the financial statements meet financial reporting requirements (including presenting a true and fair view of the company's financial position and operational results) and that all material matters have been disclosed.

3.3 Internal Control Environment and Internal Audit

- monitoring the company's internal control environment and to assess its adequacy. To receive and review a detailed summary of internal audit findings and the status of any corrective actions required
- evaluating the adequacy and effectiveness of the company's administrative, operating and accounting policies (internal control environment) through active communication with operating management, the internal and external auditors, and monitoring management's responses and actions to correct any noted deficiencies, and
- evaluating the company's potential exposure to fraud.

3.4 Risk Management and Insurance

- reviewing and approving, on an annual basis, the company's risk management programme and business continuity plans
- evaluating the effectiveness of the company's risk management policies, practices and procedures
- reviewing, on an annual basis, the company's risk profile and the activities undertaken to maintain the company's business continuity capability, and
- reviewing the company's insurance covers and recommending the annual renewal of policies to the board.

3.5 General

- monitoring the company's tax position and areas of potential tax risk
- reviewing any regulatory reports submitted to the company and monitoring management's response to them
- receiving reports as appropriate, from the company's auditors
- identifying and directing any special projects or investigations deemed necessary
- attending to any other matter relating to the financial affairs of the company as would be appropriately dealt with by the board.

4. Reliance on Information Provided

- 4.1 Board members are not full time employees of Christchurch Casino. Directors are entitled to rely on Christchurch Casino executives on matters within their responsibility and on external professionals on matters within their area of expertise and, subject to evaluation and review, may assume the accuracy of information provided by such persons, provided that the director is not aware of any reasonable grounds upon which such reliance or assumption may be inappropriate.

Schedule 4

CHRISTCHURCH CASINOS LIMITED

GOVERNANCE, HR AND REMUNERATION

The board of Christchurch Casino Limited has resolved not to appoint a separate Governance, Human Resources, and/or Remuneration sub-committee.

The annual schedule of board meetings identifies the meetings at which particular focus is on matters relating to remuneration, governance, or personnel/human resources.

This attachment to the Board Charter (Schedule 4) sets out the functions and responsibilities of the board relating to the governance, remuneration and HR affairs of the company.

1. Objectives

- 1.1 The board monitors senior executive performance and remuneration, the ethics of the organisation, protection of the company's casino licences, statutory and regulatory compliance, host responsibility and problem gambling programmes and initiatives, and the identification of and planning for emerging issues.
- 1.2 The board's responsibilities include development and review of the corporate governance principles and framework for the company.

2. Duties, Responsibilities and Scope

- 2.1 The main governance, remuneration and HR responsibilities of the board are summarised below:
 - Staff matters
 - Remuneration
 - Licence and Regulatory
 - Company Law Compliance
 - Host Responsibility and Problem Gambling
 - Corporate Governance Best Practice
 - Director Insurance.

3. Human Resources and Remuneration

- 3.1 The Human Resources Manager (or equivalent) attends board meetings from time to time at the request of the board, to report on human resources and remuneration matters.

4. Staff Matters

- 4.1 The board monitors the organisational integrity of the company and its operations to ensure that a high standard of ethical behaviour is maintained at all times (refer Employee Code of Conduct). In this respect, the board ensures that the Code of Business Practice (Schedule 2 of the Board Charter) is well understood within the business and is complied with by all staff.
- 4.2 From time to time, the board receives a report from the Human Resources Manager (or equivalent) as to workplace practices and management, human resources programmes, policies and procedures, the effectiveness of employee incentive remuneration programmes, succession planning, and health and safety matters.
- 4.3 Employees of Christchurch Casino are prohibited from gaming at either Christchurch Casino or Dunedin Casino for a period of six months after termination of their employment. The Human Resources Manager (or equivalent) confirms, from time to time, to the board that the company's policies with respect to staff gaming are being enforced and are effective.

5. Remuneration

- 5.1 The board reviews the company's remuneration policies and procedures and approves senior executive remuneration and incentives.
- 5.2 The board reviews incentive remuneration plan performance targets and approves the incentive payments to be made to executives, for a financial year.
- 5.3 In addition, the board also undertakes the following functions:
- overseeing the recruitment, retention and termination policies and procedures for senior management
 - approving the appointment or termination and the conditions and terms of employment of the Chief Executive's direct reports
 - reviewing the Chief Executive's performance evaluation of his/her direct reports and approving the remuneration (including incentive remuneration) and any other variation of the conditions and terms of employment of the Chief Executive's direct reports
 - overseeing management succession planning for agreed key roles within the company.

6. Licence and Regulatory Matters

- 6.1 The board monitors issues pertaining to the company's casino licences and its relationships with government licensing and supervisory agencies (the Gambling Commission and the Department of Internal Affairs).

7. Company Law Compliance

- 7.1 The board ensures that external legal advice is obtained for any significant issues relating to the company's affairs in a timely manner from an appropriately qualified legal advisor.

- 7.2 The board monitors that the company is complying at all times with the New Zealand Companies Act and any other commercial legislation which applies to the company's business operations.

8. Host Responsibility and Problem Gambling

- 8.1 The board oversees and monitors the company's host responsibility and problem gambling programmes and initiatives. The board is aware that customer care programmes relating to alcohol consumption and gambling are required in respect of the company's operations and that effective harm minimisation programmes must be maintained at all times.
- 8.2 The board ensures that the company co-operates with social and government agencies in these programmes.

9. Corporate Governance Best Practice

- 9.1 The board is responsible for ensuring that the Board Charter and the support policies represent best practice and are appropriate to the company's operations. The board will, on a once per annum basis, review the Board Charter and supporting policies to confirm compliance with the scope and intent of generally accepted governance frameworks.

10. External Communications

- 10.1 The board monitors the company's procedures and authorities governing the communication of company information to external parties including the media. The board requires that only authorised personnel make external comment on the business (refer clause 12.2 of the Board Charter).

11. Director Insurance

- 11.1 The board determines the appropriate covers and premiums for directors and officers and public liability insurance prior to the expiry of the current policies.

12. Related Parties, Conflicts of Interest and Independence

- 12.1 The board monitors the status of directors and senior management in respect of conflicts of interest and with respect to the company's transactions with any related parties.

13. Reliance on Information Provided

- 13.1 Directors are not full time employees of Christchurch Casino. Directors are entitled to rely on Christchurch Casino executives, on matters within their responsibility and on external professionals on matters within their area of expertise, and may assume the accuracy of information provided by such persons, provided that the director is not aware of any reasonable grounds upon which such reliance or assumption may be inappropriate.

APPENDIX 2

THIS TRUST DEED is made this *31st* day of *October* 1994

BETWEEN PGG TRUST LIMITED a duly incorporated company having its registered office at Christchurch (called "the Trustee")

AND CHRISTCHURCH CASINOS LIMITED a duly incorporated company having its registered office at Queenstown (called "the Founding Donor")

WHEREAS

- A. The Trustee is a trustee company under the provisions (inter alia) of the Trustee Companies Act 1967.
- B. The Founding Donor is desirous of creating a charitable trust for the benefit of various charities.
- C. The Trustee has agreed to administer the Trust.
- D. The Trustee is holding the sum of \$100.00 for the purposes of this Deed for the charities (as hereinafter defined).
- E. The parties hereto wish to record the terms upon which such moneys are held and any further moneys held by the Trustee from time to time under the terms of this Deed may be held.

NOW THEREFORE this Deed witnesseth and it is declared as follows:-



SECTION I

1.1 That this Deed shall be construed as and take effect as a declaration of trust made in New Zealand.

1.2 In this Deed unless the context otherwise requires:-

(a) "General Trust Fund" means:-

- (i) The said sum of \$100.00 paid to the Trustee by the Founding Donor
- (ii) All moneys, land, properties, mortgages and other assets both real and personal which may at any time hereafter be paid, conveyed, transferred or handed over to the Trustee for the general purposes of the charities by the Founding Donor and any person or persons, firm or company or which at any time hereafter may be added to and form part of the General Fund hereby established.
- (iii) The investments and property from time to time representing such money, investments and property and accretions thereto as hereinafter provided or any part or parts thereof.

(b) "Charities" means:-

Those charities for the time being accepted by the Trustee as being suitable for the purposes of this Deed and currently approved by the appropriate fiscal authority in New Zealand as being for charitable purposes and being:-

- (i) For the relief of poverty; or
- (ii) The advancement of education; or
- (iii) The advancement of religion; or
- (iv) The advancement of sport; or
- (v) Any other charitable purpose beneficial to the community.



- (c) "Specific Charity" means any charity or group of charities specifically nominated by the Founding Donor or a Donor and approved by the Trustee and approved by the appropriate fiscal authority as being for a charitable purpose or purposes.
- (d) "Charitable Trustees" means those persons appointed by the Founding Donor's nominee pursuant to the provisions of Section III hereof.
- (e) "Authorised Investments" means any of the investments set forth in Section IV hereof.
- (f) "Specified Investments" means any investments in real or personal property held by the Trustee and originally donated by the Founding Donor or any Donor whether or not on such terms as the Trustee may agree to.
- (g) "Trustee" means the said PGG Trust Limited or any trustee for the time being appointed thereunder.
- (h) "Donor" means any person, including the Founding Donor, donating moneys or other real or personal property to the Trustee or creating any benefit in favour of the Trustee to be held on the terms of this Deed.
- (i) "Donation" means any moneys or real or personal property transferred or assigned to or otherwise to be held for or by the Trustee for and upon the trusts of this Deed.
- (j) "Trust Funds" means the total of the General Trust Fund.



- 1.3 The title of the charitable trust created pursuant to this Deed shall be the CHRISTCHURCH CASINOS CHARITABLE TRUST (hereinafter referred to as "the Trust").




SECTION II

- 2.1 The Trustee may accept any donation from any Donor and the Trustee shall hold such Donation on the terms of the General Trust Fund.
- 2.2 On receipt of any donation the Trustee shall invest or cause to be invested such donation (and shall have the power to so invest) in Authorised Investments.
- 2.3 The Trustee shall have an absolute discretion to refuse to accept a donation if:-
- (a) Such donation would affect the charitable status of the Trust;
 - (b) The investments as directed by the Donor would affect the charitable status of the Trust;
 - (c) Such donation would be contrary to the spirit and intention of the Trusts established by this Deed.

OR for such other reason as the Trustee in its sole and uncontrolled discretion shall consider proper

AND the Trustee shall not be bound or obliged to give any reason in the exercise of such discretion.



SECTION III
CHARITABLE TRUSTEES

3.1 The Trustee shall appoint Charitable Trustees at the direction of the Chairman of Directors for the time being of Christchurch Casinos Limited to advise the Trustee on:-


- (a) The bodies, societies, or other charities that are recommended as Charities for the purposes of this Deed.
- (b) The compilation of lists of charities being charities in the opinion of the Charitable Trustees that are suitable for receiving distributions in any one year and the amendment of such lists and any order of preference for payments thereto.
- (c) Any other matter, act or thing relevant to the donations, the income from the General Trust Fund and the charities.

3.2 The Trustee shall call meetings of the Charitable Trustees at least once in each calendar year and at such other times as:-

- (a) The Trustee may decide.
- (b) Any two of the Charitable Trustees may determine by notice given to the Trustee to that effect.

3.3 The quorum for a meeting of the Charitable Trustees shall be two Charitable Trustees and such meeting shall appoint a Chairman from their number and in the case of an equality of votes on the appointment of Chairman, that person longest in office shall be Chairman and if there shall be more than one, then that person decided by lot.

Revised.



3.4 At least seven days notice in writing shall be given to all Charitable Trustees of any meeting of them unless all the Charitable Trustees unanimously waive such notice requirement. Such notice shall specify the place, date and time for the meeting.

3.5 At any meeting of Charitable Trustees, any decision shall be made by a majority vote and for the purpose of voting, each Charitable Trustee shall have one vote. The Chairman shall have a second or casting vote.

Trustee take minutes 3.6 Minutes shall be kept of all meetings of the Charitable Trustees and such minutes shall be made available to the Trustee.

3.7 The Trustee shall be entitled to attend and speak at all meetings of the Charitable Trustees but shall not be entitled to vote thereat.

3.8 Any Charitable Trustee may resign from such position by notice in writing to the Trustee.

3.9 Any further Charitable Trustees may be appointed by the Trustee at the direction of the Chairman of Directors for the time being of Christchurch Casinos Limited.

3.10 The number of Charitable Trustees shall be not less than three and not more than five.

3.11 The Trustee may remove, on the advice of the Chairman of Directors for the time being of Christchurch Casinos Limited, any Charitable Trustee without being obliged to give any reason therefor and may accept the retirement of any Charitable Trustee at any time.



3.12 The Charitable Trustees shall be entitled to an indemnity from the Trustee in respect of all costs expenses and claims properly incurred in the carrying out of their functions PROVIDED THAT in the case of out of pocket disbursements such indemnity shall be limited to those items approved in writing by the Trustee.

3.13 The first Charitable Trustees shall be:

PAMELA JEAN LINDSAY of Christchurch, Public Relations Consultant

KAREN ANN HADLEE of Christchurch, Married Woman

BARRY ALEXANDER CORBETT of Christchurch, Radio Announcer

SIR FREDERICK MILES WARREN of Christchurch, Architect

and the first Chairman shall be the said SIR FREDERICK MILES WARREN



SECTION IV
DISTRIBUTION OF MONEYS

- 4.1 For the purpose of clause 4.2 of this Deed, the Trustee may (after receiving the advice of the Charitable Trustees) establish a list or lists of charities (whether by region or otherwise).
- 4.2 At least once in each calendar year and at such other times as the Trustee may determine and after consultation with the Charitable Trustees, the Trustee shall distribute to charities such moneys as the Trustee considers proper and which are available from the General Trust Fund for distribution.
- 4.3 Subject to any direction to the contrary and after receiving the advice of the Charitable Trustees the Trustee shall have full power and discretion in respect of the General Trust Fund:-
- (a) To establish such reserves of income or capital as it shall consider appropriate; and
 - (b) To capitalise any income from any income year to form part of the capital of the Trust Funds or to carry the same forward as undistributed income; and
 - (c) To distribute income or capital in such amounts (if any) and in such manner as it shall see fit.

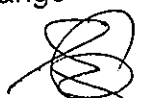


SECTION V
POWERS OF TRUSTEE

- 5.1 To sell all or any part of the Trust Funds whether real or personal either by public auction or private contract to whomsoever and in such manner and subject to such terms and conditions as the Trustee shall in its absolute and uncontrolled discretion think fit.
- 5.2 To let any property forming part of the Trust Funds or any part or parts thereof either from year to year or for any term of years or otherwise at such rent and subject to such covenants and conditions as the Trustee in its absolute discretion thinks fit and also to accept surrenders of leases and tenancies and generally to manage the same as it thinks fit.
- 5.3 To postpone the sale, calling in and conversion of the Trust Funds whether real or personal or any part thereof for so long as it thinks fit notwithstanding that it may be of a wasting speculative or reversionary nature.
- 5.4 To appropriate and partition any real and personal property forming part of the Trust Funds in or towards the share of any charity sharing in the Trust Funds hereinbefore contained and for such purpose to fix the value of any real or personal property so appropriated as it thinks fit and every such valuation appropriation and partition shall be binding and final.
- 5.5 To settle and determine all questions whatsoever which may arise in relation to the Trust Funds or any part thereof and also to determine whether any money for the purpose of these presents is to be considered as income or capital and what expense ought to be paid out of the income or capital respectively and also to apportion blended funds **AND PROVIDED THAT** the Trustee may have regard to the following:-



- (1)
 - (a) Any bonus shares which may accrue to the Trust Funds may be treated for all purposes as forming part of the capital of the Trust Fund notwithstanding that the resolution creating such bonus shares declares them to be income.
 - (b) Any proceeds of the sale of rights or entitlements accruing in respect of shares may be treated as capital or as income as the Trustee shall decide.
 - (2) In order to ascertain the net annual income the Trustee may:-
 - (a) instead of commencing the accounting period to ascertain such income at a specified date to adopt any annual accounting period used immediately prior to that date and continue that accounting period current at that date and apportion the income so ascertained on the basis that it had accrued evenly over the accounting period;
 - (b) instead of making up accounts as at the date of any partial distribution hereunder make up accounts at the end of the accounting period current at the date or dates of distribution as aforesaid and apportion the income so ascertained on the basis that it had accrued evenly over the account period;
 - (c) Account for income solely or partly on a cash basis instead of on an accrual basis and not apportion income wholly or partly.
- 5.6** To accept money from time to time on deposit with allowance for interest or otherwise in such manner and on such terms as the Trustee shall in its absolute discretion think fit.
- 5.7** To open bank accounts or other accounts with any bank, firm, company or person and for such purpose to delegate the right to operate on any such account to any person or persons without being liable for the acts of any such person in so operating such accounts and generally to enter into and arrange



such banking arrangements and accommodation as may be necessary for the administration of the Trust Fund.

5.8 To act or appoint one of its employees or such other person as the Trustee shall consider suitable to act as a Director or an officer or in any other capacity with any Company in which any part of the Trust Funds is invested.

5.9 In respect of and in connection with this Deed, any matter in relation to this Deed and its services as Trustee pursuant to the Deed, the Trustee shall be entitled to remuneration and also all costs, charges and expenses (including travelling expenses) reasonably incurred by or on behalf of the Trustee. Without limiting the generality of the foregoing, such matters and services include:

- (i) Any action taken by or required of the Trustee pursuant to the provisions of this Deed or of any Deed collateral or supplemental hereto;
- (ii) The carrying out by the Trustee of any right, power, duty or privilege by this Deed;
- (iii) The remuneration of any Charitable Trustee from the Trust Funds and the reimbursement of his/her expenses;
- (iv) The employing of any chartered accountant, solicitor, barrister or other expert from whom the Trustee seeks any advice, reports, comments or other information;
- (v) Any other matter from time to time the Trustee shall consider necessary and proper.

5.10 The Trustee shall have such further powers as are specified in Section VII hereof.

5.11 The Trustee may retire at any time on sixty days notice to the Chairman of Directors for the time being of Christchurch Casinos Limited subject to the appointment of a suitably qualified Trustee as replacement therefore such



replacement Trustee to be approved by the said Chairman of Directors of Christchurch Casinos Limited and in default thereof by the Court.

5.12 If the Trustee for any reason ceases to be Trustee or is unable or unfit to continue to act as Trustee (excepting only on the retirement of the Trustee) then the Chairman of Directors for the time being of Christchurch Casinos Limited shall be entitled to appoint a new Trustee and failing such appointment the power to appoint a new Trustee shall be by the Court.

5.13 Any Trustee appointed pursuant to the provisions of clause 5.11 or 5.12 hereof shall be a Trustee Company within the meaning of the Trustee Companies Act 1967.



SECTION VI
MISCELLANEOUS

INCIDENTAL PROVISIONS RELATING TO TRUSTEE POWERS OF INVESTMENT

- 6.1 Any moneys subject to the trusts herein contained which might or ought to be invested may at the discretion of the Trustee be invested in the name of the Trustee or of its nominees in any of the Authorised Investments or may be placed on deposit either at call or for a fixed term in the name of the Trustee or its nominee at any Bank or Merchant Banks (as approved by the Trustee) and the Trustee may at any time vary such investments for others of a like nature and from time to time deal with or dispose of all such investments.

SUPPLEMENTAL POWERS OF TRUSTEE

- 6.2 Additional to the provisions of the law relating to trustees and to facilitate the discharge of its duties hereunder, it is expressly declared that the Trustee and the Charitable Trustees in relation to this Deed may without liability for loss obtain, accept and act on or decline and elect not to act on:-
- (a) The opinion or advice of or any information obtained from any barrister, solicitor, valuer, stockbroker, surveyor, auctioneer, chartered accountant or other expert whether obtained by the Trustee or Charitable Trustees or otherwise and whether purporting to be conveyed by writing, telegram, teleprinter, message, radiogram, cablegram or other similar mode of communication and although the same may contain some error or shall not be authentic;
 - (b) The audited accounts of the Trust Funds;
 - (c) Any interim accounts prepared on behalf of the Trustee.



DISCRETION AS TO POWERS

- 6.3 Save as herein otherwise expressly provided, the Trustee shall as regards all trusts, powers, authorities and discretions vested in it by this Deed, have absolute and uncontrolled discretion as to the exercise or non-exercise thereof and as to the commencement, prosecution, variation, discontinuance or compromise of any action, proceeding or claim and provided it shall not have acted fraudulently, it shall be in no way responsible for any loss costs damages expenses or inconvenience that may result from the exercise or non-exercise thereof.

DELEGATION BY TRUSTEE

- 6.4 The Trustee whenever it thinks it expedient, may:-
- (i) Delegate at any time or times and to any person or persons any of the trusts, powers, authorities, or discretions vested in the Trustee by this Deed which can not conveniently be exercised by it or through its employees, upon such terms and conditions and under such regulations (including the giving of power to sub-delegate) as the Trustee may think fit and the Trustee shall not be responsible for any loss incurred by any misconduct or default on the part of such delegate or sub-delegate;
 - (ii) Instead of acting through its permanent employees, employ in the carrying out of any of the trusts, powers, authorities or discretions hereby vested in it or in the conduct of the Trust pay an agent to transact all business and do all acts required to be done under this Deed including the receipt and payment of money;
 - (iii) Delegate from time to time and at any time to any one of its officers any of the trusts, powers, authorities and discretions vested in the Trustee by this Deed which owing to the place in which they are to be



or may require to be exercised, can not conveniently be exercised by the Trustee; and

- (iv) Apply to the Court for directions in relation to any question arising hereunder.

INDEMNITY OF TRUSTEE

6.5 Without prejudice to the right of indemnity by law given to trustees, the Trustee and every attorney, manager, agent or other person appointed by the Trustee pursuant to this Deed shall be entitled to be indemnified out of the Trust Funds in respect of all liabilities and expenses incurred by it or him in the execution or purported execution of the trusts hereof or any powers, authorities or discretions vested in it or him pursuant to this Deed and against all actions, proceedings, costs, claims and demands in respect of any matter or thing done or omitted or in any way relating to the Trust Funds other than a claim arising out of a wilful default or wilful breach of trust and the Trustee may retain and pay out of any moneys in its hands arising from the trust of this Deed, all sums necessary to effect such indemnity and also the remuneration and disbursements of the Trustee as herein provided and the Trustee shall have a charge on the Trust Funds for all moneys payable to it under this clause or otherwise howsoever arising out of and in connection with this Deed.

FIDUCIARY RELATIONSHIP

6.6 (a) Nothing in this Deed shall be deemed to prohibit any Trustee or its holding company or any of its subsidiaries or any of the subsidiaries of its holding company (all hereinafter in this clause where the context permits being included in the expression "the Trustee") or its directors or officers from investing in any of the Authorised Investments or any Specified Investments and in particular and without prejudice to the generality of the foregoing, it is expressly declared that the Trustee



may so act on its own account or as executor, administrator, trustee, receiver, committee, guardian, attorney or agent or in any other fiduciary vicarious or professional capacity nor shall the acting in such capacity as aforesaid be deemed a breach of any of the obligations hereby established or otherwise imposed or implied by law out of a fiduciary relationship between the Trustee on the one hand and charities on the other hand.

- (b) Nothing in this Deed shall prohibit the Trustee from undertaking any financial or agency service in respect of the Trust and the Trustee shall be entitled to its normal charges in respect of the same.

TRUSTEE MAY CONCUR IN MODIFICATIONS

- 6.7** The Trustee may at any time concur in making any alterations, modifications, variations or additions to this Deed if in the opinion of the Trustee:
- (i) the same is made to correct a manifest error
 - (ii) is of a formal or technical nature
 - (iii) is necessary to give the Trustee any further powers or discretions consistent with the terms of this Deed including a revision of the Trustees power of investment to make allowance for the continuing development of financial and security markets
 - (iv) is to allow the Trusts herein created to continue to be approved or to be approved by any relevant fiscal authority

PROVIDED THAT no such alteration, modification, variation or addition shall be made if its nature or effect would be such as to derogate from the exclusive charitable nature of these presents.

- 6.8** Should the Trust Fund be dissolved or wound up or should for any reason the General Trust Funds cease to be able to be applied exclusively for charitable purposes in accordance with the provisions hereof, then the General Trust Funds shall be paid over or distributed to one or more charitable organisations



approved by the Trustee after consultation with the Charitable Trustees having charitable objects for purposes within New Zealand.

6.9 Notwithstanding anything hereinbefore contained on any dissolution or winding up of the Trust or distribution pursuant to clause 6.8 hereof, in no circumstances shall any part of the Trust Funds be paid or applied to any Donor unless such Donor is a person otherwise falling within clause 6.8 hereof.

IN WITNESS WHEREOF these presents have been executed the day and year first hereinbefore written.

The common seal of **PGG TRUST LIMITED** was hereunto affixed in the presence of:)

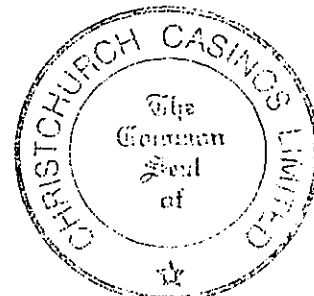


[Signature] AUTHORIZED SIGNATORY
[Signature] AUTHORIZED SIGNATORY
657/94

WITNESS to the signatures of those assisting the affixing of the Common Seal

[Signature] Name
[Signature] Occupation
[Signature] Address

The common seal of **CHRISTCHURCH CASINOS LIMITED** was hereunto affixed in the presence of:)



[Signature] Director
[Signature] Director

[Signature]

DATED 31 OCTOBER 1994 1994

BETWEEN PGG TRUST LIMITED at
Christchurch

Trustee

AND CHRISTCHURCH CASINOS
LIMITED at Queenstown

Founding Donor

TRUST DEED

BODKINS
SOLICITORS
ALEXANDRA