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TRANSCRIPT OF PROCEEDINGS

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**COMMISSIONER: HON. RAY FINKELSTEIN AO QC**

**IN THE MATTER OF A ROYAL COMMISSION  
INTO THE CASINO OPERATOR AND LICENCE**

**MELBOURNE, VICTORIA**

**09.32 AM, WEDNESDAY, 07 JULY 2021**

<b>Counsel Assisting the Commission (instructed by Corrs Chambers Westgarth as Solicitors Assisting the Commission)</b>	<b>MS PENNY NESKOVICIN QC</b>
<b>Counsel for Crown Resorts Limited</b>	<b>MS CATHERINE BUTTON QC MR MICHAEL BORSKY QC</b>
<b>Counsel for Victorian Commission for Gambling and Liquor Regulation</b>	<b>MR PETER ROZEN QC MR JUSTIN BRERETON MS SARALA FITZGERALD</b>
<b>Counsel for Consolidated Press Holdings</b>	<b>MR OREN BIGOS QC</b>
<b>Counsel for the State of Victoria</b>	<b>MR PETER GRAY QC MR GLYN AYRES MS GEORGIE COLEMAN MS HELEN TIPLADY</b>

















































10:32 1       **RESUMED** **[10.32AM]**  
10:32 2  
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4       **MS SARAH JANE HALTON, PREVIOUSLY AFFIRMED**  
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6  
7       **EXAMINATION-IN-CHIEF BY MS NESKOVCIN,**  
8       **CONTINUED**  
9  
10  
10:32 11      COMMISSIONER: Thank you.  
10:32 12  
10:32 13      MS NESKOVCIN: Thank you, Ms Halton. Can you hear us?  
10:32 14  
10:32 15      A. Yes, I can, thank you.  
10:32 16  
10:32 17      Q. You are aware that allegations were aired in the media in  
10:32 18      late July and early August 2019 which alleged, among other  
10:32 19      things, that Crown had partnered with junket operators that had  
10:32 20      links to organised crime?  
10:32 21  
10:32 22      A. Yes.  
10:32 23  
10:32 24      Q. And you are aware that Crown published a response to  
10:33 25      those media allegations in late July 2019?  
10:33 26  
10:33 27      A. Yes.  
10:33 28  
10:33 29      Q. Specifically in relation to junket operators, that media  
10:33 30      response said that Crown had robust processes for vetting junket  
10:33 31      operators with whom it dealt, and undertook regular ongoing  
10:33 32      reviews in light of new or additional information that comes to its  
10:33 33      attention?  
10:33 34  
10:33 35      A. Yes.  
10:33 36  
10:33 37      Q. You are aware, aren't you, that in early August 2019  
10:33 38      MinterEllison, on behalf of Crown, engaged FTI Consulting after  
10:33 39      the media allegations had aired, to review Crown's junket due  
10:33 40      diligence program?  
10:33 41  
10:33 42      A. I was aware there was a proposal to do that?  
10:33 43  
10:33 44      Q. It was more than a proposal, wasn't it?  
10:33 45  
10:33 46      A. That's not my memory, but I was aware at the time that they  
10:33 47      had proposed that.



10:33 1  
10:34 2 Q. That MinterEllison had proposed that?  
10:34 3  
10:34 4 A. I don't remember who proposed it. I remember that there  
10:34 5 was, at some point, a reference to that proposal?  
10:34 6  
10:34 7 Q. And you thought it was just a proposal and nothing more  
10:34 8 than that?  
10:34 9  
10:34 10 A. I don't have a detailed memory of this, I'm sorry. I  
10:34 11 remember that there was a reference to it at some point. That is  
10:34 12 what I remember about it.  
10:34 13  
10:34 14 Q. Ms Siegers has confirmed that --- you are now aware that  
10:34 15 a report was obtained by MinterEllison from FTI Consulting?  
10:34 16  
10:34 17 A. I've recently become aware of that.  
10:34 18  
10:34 19 Q. And the report was also the subject of correspondence  
10:34 20 between MinterEllison and Joshua Preston?  
10:34 21  
10:34 22 A. I'm not aware of that, I'm sorry.  
10:34 23  
10:34 24 Q. The correspondence between MinterEllison and Mr Preston  
10:34 25 went into detail about the substance of the FTI report?  
10:34 26  
10:34 27 A. I'm not aware of that, I'm sorry.  
10:34 28  
10:35 29 Q. Ms Siegers confirmed that the FTI report was never  
10:35 30 provided to the Risk Management Committee; you would agree  
10:35 31 with that?  
10:35 32  
10:35 33 A. Absolutely.  
10:35 34  
10:35 35 Q. And was never considered by the Risk Management  
10:35 36 Committee; you would agree with that?  
10:35 37  
10:35 38 A. Yes.  
10:35 39  
10:35 40 Q. You were a member of the Brand Committee in  
10:35 41 August 2019?  
10:35 42  
10:35 43 A. Yes.  
10:35 44  
10:35 45 Q. The Brand Committee was established to deal with  
10:35 46 reputational brand issues arising out of the media allegations?  
10:35 47

- 10:35 1 A. Correct.
- 10:35 2
- 10:35 3 Q. It had no risk function in the sense of the sorts of things that
- 10:35 4 the Risk Management Committee was set up to do?
- 10:35 5
- 10:35 6 A. Correct.
- 10:35 7
- 10:35 8 Q. The only meeting of the Brand Committee, we've been able
- 10:35 9 to find a record of the FTI report, is the minutes of 22 August
- 10:35 10 2019. Have you gone back and had a look at those minutes?
- 10:35 11
- 10:35 12 A. I looked at them a while ago.
- 10:35 13
- 10:36 14 Q. Operator, could you please call up CRL.622.001.0112.
- 10:36 15
- 10:36 16 This was three weeks after the media allegations. There had been
- 10:36 17 a lot of activity to respond to the media allegations; do you recall
- 10:36 18 that?
- 10:36 19
- 10:36 20 A. I do.
- 10:36 21
- 10:36 22 Q. Who were the primary people tasked with organising the
- 10:36 23 response to the media allegations?
- 10:36 24
- 10:36 25 A. I haven't refreshed my memory on this, I'm sorry, but
- 10:36 26 I think it is a fair assumption that it is by invitation the people
- 10:36 27 listed there together with legal advisors.
- 10:36 28
- 10:36 29 Q. I see. And so you were across the proposed responses to
- 10:36 30 the media allegations?
- 10:36 31
- 10:36 32 A. In terms of which proposed responses, just to be clear what
- 10:36 33 we are talking about?
- 10:36 34
- 10:36 35 Q. First of all, the response that was published?
- 10:37 36
- 10:37 37 A. Yes, I was.
- 10:37 38
- 10:37 39 Q. After that response was published there was going to be
- 10:37 40 ongoing work to review the substance of the allegations?
- 10:37 41
- 10:37 42 A. That was --- yes.
- 10:37 43
- 10:37 44 Q. MinterEllison reported to the board in relation to the
- 10:37 45 investigative work from time to time?
- 10:37 46
- 10:37 47 A. There were a series of reports over a period.

10:37 1  
10:37 2 Q. But August especially was an intense period in organising  
10:37 3 that and getting everything moving?  
10:37 4  
10:37 5 A. That would --- yes.  
10:37 6  
10:37 7 Q. And broadly there were three allegations, the first was in  
10:37 8 relation to the China arrests?  
10:37 9  
10:37 10 A. Yes.  
10:37 11  
10:37 12 Q. The second was in relation to money laundering?  
10:37 13  
10:37 14 A. Yes.  
10:37 15  
10:37 16 Q. And the third was in relation to junkets?  
10:37 17  
10:37 18 A. Yes.  
10:37 19  
10:37 20 Q. So you had to have a piece for each of those three  
10:37 21 allegations, didn't you?  
10:37 22  
10:37 23 A. Well, some of them were interlinked with each other,  
10:37 24 but --- I don't know that they were seen in quite that sort of  
10:37 25 bifurcated, trifurcated way that you've just outlined, but the  
10:38 26 substance of what you have outlined was correct.  
10:38 27  
10:38 28 Q. But they were each individual, significant allegations that  
10:38 29 required investigation and response?  
10:38 30  
10:38 31 A. That's a fair characterisation.  
10:38 32  
10:38 33 Q. And in August 2019, Crown's only proposed response in  
10:38 34 relation to the junket issue was to --- for MinterEllison to engage  
10:38 35 FTI Consulting to review the processes?  
10:38 36  
10:38 37 A. I haven't refreshed my memory on the detail of this, I'm  
10:38 38 sorry, but certainly there were a series of inquiries made of  
10:38 39 management, including and in respect of due diligence that I can  
10:38 40 recall in some detail. And, yes, Minters were part of the process.  
10:38 41  
10:38 42 Q. Could we go to the second page of this document at the  
10:38 43 bottom of the page. Can that black redaction be lifted, thank you.  
10:38 44  
10:39 45 Just a moment, please, Ms Halton. The only reference to the  
10:39 46 junket issues, in this minute at the bottom half of this page,  
10:39 47 Ms Halton, and first of all you see a reference to a request for

10:39 1 information from the VCGLR because the media announcements  
10:39 2 had prompted the VCGLR to make inquiries and Mr Preston was  
10:39 3 reporting on that; do you see that?

10:39 4  
10:39 5 A. I do, thank you.

10:39 6  
10:40 7 Q. Under that you said the heading in bold and italics, "Junket  
10:40 8 due diligence review (confidential and legally privileged)"?

10:40 9  
10:40 10 A. Yes.

10:40 11  
10:40 12 Q. And it says:

10:40 13  
10:40 14 *Joshua Preston advised the committee that*  
10:40 15 *FTI Consulting had been engaged by MinterEllison to*  
10:40 16 *undertake a review of the Company's current junket due*  
10:40 17 *diligence procedures and detailed due diligence searches*  
10:40 18 *on Mr Chau and Mr Song.*

10:40 19  
10:40 20 You understand Mr Chau and Mr Song to be at the centre of the  
10:40 21 media allegations?

10:40 22  
10:40 23 A. They were two of the names in the media allegations; that  
10:40 24 is correct.

10:40 25  
10:40 26 Q. Do you have any recollection of what Mr Preston said at  
10:40 27 this meeting?

10:40 28  
10:40 29 A. I --- I --- no, I don't in any sort of detail, I'm sorry.

10:40 30  
10:40 31 Q. But the minutes report that FTI had been engaged.  
10:40 32 I suggest to you it was more than just a proposal. Do you agree  
10:41 33 with that?

10:41 34  
10:41 35 A. Well --- yes.

10:41 36  
10:41 37 Q. For the transcript, Ms Halton, you have to give an answer.

10:41 38  
10:41 39 A. I'm sorry. It's in the minutes, correct.

10:41 40  
10:41 41 Q. It's a habit, that's all right.

10:41 42  
10:41 43 In fact it was the only external review at this stage that had been  
10:41 44 initiated to prepare a defence in relation to the media allegations  
10:41 45 concerning the junkets; correct?

10:41 46  
10:41 47 A. So Mr Preston --- so my memory of this is that Mr Preston

10:41 1 was tasked with looking at this issue. I think I said before about  
10:41 2 due diligence. Now, I did not have memory of this particular  
10:41 3 reference, but I do have a memory that he was tasked with this  
10:41 4 work and, in fact, I think it is on the record in Bergin, I pressed  
10:41 5 him on this on a number of occasions.

10:41 6  
10:41 7 Q. What did you press him on?

10:41 8  
10:41 9 A. I pressed him on our due diligence on junkets. And what  
10:42 10 we were doing, and whether it was adequate.

10:42 11  
10:42 12 Q. But did you press him on what FTI Consulting ---

10:42 13  
10:42 14 A. No, no, I didn't. He --- he was responsible for coming back  
10:42 15 and advising us on these matters. He was responsible for these  
10:42 16 matters, and he was responsible to come back to us to advise on  
10:42 17 these matters.

10:42 18  
10:42 19 Q. As I said, what I've just put to you, Ms Halton, I heard your  
10:42 20 answer, but what I put to you was, this was the only initiative to  
10:42 21 obtain external assistance to defend the allegation in relation to  
10:42 22 the junket operators; wasn't it?

10:42 23  
10:42 24 A. Well, I don't know the answer to that question.

10:42 25  
10:42 26 Q. Can you think of any others?

10:42 27  
10:42 28 A. I --- I can think of a number of things that were outlined to  
10:42 29 us in relation to dealing with our (audio distorted) information  
10:43 30 providers about the accuracy of that information. I can remember  
10:43 31 a whole series of descriptions about the basis on which they were  
10:43 32 doing this work and whether that information was adequate. I do  
10:43 33 not remember specific references to this consulting, but I do  
10:43 34 remember them taken through those broad elements, if I can put  
10:43 35 it that way.

10:43 36  
10:43 37 Q. I take it from your answers that you don't recall having any  
10:43 38 subsequent discussions with anyone else on the committee or any  
10:43 39 other directors in relation to the FTI report?

10:43 40  
10:43 41 A. No.

10:43 42  
10:43 43 Q. Have you since seen the FTI report?

10:43 44  
10:43 45 A. No. Oh, that might not be true, sorry. Have I seen it? I've  
10:43 46 read so many papers, I do apologise. I blur which one is which. I  
10:44 47 can't be confident the thing I'm thinking of is the FTI report, I

10:44 1 apologise.  
10:44 2  
10:44 3 Q. That's all right. I will bring the document up and you can  
10:44 4 have a look and see if you can recall it.  
10:44 5  
10:44 6 A. Thank you.  
10:44 7  
10:44 8 Q. Operator, FTI.0001.0001.3087. It's called a draft report  
10:44 9 dated 10 September 2019. Just go over the page, please,  
10:44 10 operator. The contents page.  
10:44 11  
10:44 12 I will take you to the introductory page so you can see the  
10:44 13 context. Again, one more page. You see the "Background"  
10:44 14 section, Ms Halton?  
10:45 15  
10:45 16 A. Yes.  
10:45 17  
10:45 18 Q. This is seven days before the meeting I just took you to:  
10:45 19  
10:45 20 *FTI Consulting was engaged on 15 August 2019 to*  
10:45 21 *conduct an independent review of the current policies and*  
10:45 22 *procedures implemented at Crown for conducting due*  
10:45 23 *diligence research into existing and new Junket*  
10:45 24 *Operators ..... and Premium Players.*  
10:45 25  
10:45 26 Do you see that?  
10:45 27  
10:45 28 A. Yes, in the second paragraph.  
10:45 29  
10:45 30 Q.  
10:45 31  
10:45 32 *FTI Consulting has been engaged to review the sources of*  
10:45 33 *information, the research methodology and relevant*  
10:45 34 *third-party research platforms currently utilised by*  
10:45 35 *Crown in its internal due diligence process, with a view to*  
10:45 36 *providing an assessment as to the effectiveness and*  
10:45 37 *defensibility of its approach to due diligence on*  
10:45 38 *Operators and Premium Players .....*  
10:45 39  
10:45 40 Do you see that?  
10:45 41  
10:45 42 A. I do.  
10:45 43  
10:45 44 Q. And then the next sentence talks about specifically as it  
10:45 45 relates to identifying potential legal and reputational risks; do you  
10:46 46 see that?  
10:46 47

10:46 1 A. I do.  
10:46 2  
10:46 3 Q. Having refreshed your memory from the background  
10:46 4 section, do you recall reading this report?  
10:46 5  
10:46 6 A. No, I don't.  
10:46 7  
10:46 8 Q. But you are aware it came up in the context of this  
10:46 9 Commission?  
10:46 10  
10:46 11 A. Only recently did I become aware of that. I've not seen all  
10:46 12 of the testimony. I apologise.  
10:46 13  
10:46 14 Q. Yes. You are not in a position to disagree with me that the  
10:46 15 effect of this report to Crown in September --- on 10 September  
10:46 16 2019 was that its due diligence processes were not robust?  
10:46 17  
10:46 18 A. Well, I can't agree or otherwise to that statement.  
10:46 19  
10:46 20 Q. Are you familiar with the Deloitte junket due diligence  
10:46 21 review?  
10:46 22  
10:46 23 A. Yes, I am.  
10:46 24  
10:46 25 Q. You agree that the effect of the Deloitte report in August  
10:46 26 2020, about 11 months later, was also to the effect that Crown's  
10:46 27 junket due diligence process was not robust?  
10:46 28  
10:46 29 A. Indeed.  
10:46 30  
10:46 31 Q. Ms Siegers agreed that there were similarities between the  
10:47 32 FTI report and the Deloitte report. I want you to assume that to  
10:47 33 be the case.  
10:47 34  
10:47 35 A. Thank you.  
10:47 36  
10:47 37 Q. It would also follow that the FTI report identified that  
10:47 38 Crown's due diligence process in relation to junkets was not  
10:47 39 robust?  
10:47 40  
10:47 41 A. Well, if that is correct, that is correct.  
10:47 42  
10:47 43 Q. The Deloitte report was a matter that had been put before  
10:47 44 the Bergin Inquiry in response to the issues that it was  
10:47 45 investigating in relation to junkets and Crown's probity processes;  
10:47 46 is that correct?  
10:47 47

- 10:47 1 A. That's my understanding.  
10:47 2
- 10:47 3 Q. And you recall that the sequence of events after that or  
10:47 4 around that time was that on 10 August 2020, the Crown Resorts  
10:47 5 Board resolved to suspend all junket relationships pending  
10:47 6 a comprehensive review; correct?  
10:47 7
- 10:47 8 A. Correct.  
10:47 9
- 10:47 10 Q. Ms Coonan said at the time, or has said in a statement to  
10:47 11 this Commission, that that decision arose because of concerns  
10:47 12 raised in the evidence before the Bergin Inquiry regarding certain  
10:47 13 individuals and junkets with whom Crown had historical business  
10:48 14 dealings, and it was to permit Crown to undertake  
10:48 15 a comprehensive review. You would agree with that?  
10:48 16
- 10:48 17 A. I do.  
10:48 18
- 10:48 19 Q. On 10 September the Crown Resorts Board resolved to  
10:48 20 approve an extension on the junket suspension until the end of  
10:48 21 the 2020/21 financial year; you recall that?  
10:48 22
- 10:48 23 A. I do.  
10:48 24
- 10:48 25 Q. On 11 November 2020, the Crown Resorts board resolved  
10:48 26 to permanently cease dealing with all junket operators, and only  
10:48 27 recommence if that junket operator was licensed or otherwise  
10:48 28 approved by the gambling regulator in each State; do you agree  
10:48 29 with that?  
10:48 30
- 10:48 31 A. Correct.  
10:48 32
- 10:48 33 Q. And presumably the Deloitte report informed that decision  
10:48 34 by the Board?  
10:48 35
- 10:48 36 A. Amongst other things, correct.  
10:48 37
- 10:48 38 Q. And you understood that the junket program was regulated  
10:48 39 under an internal control statement?  
10:48 40
- 10:48 41 A. I did.  
10:48 42
- 10:48 43 Q. And that internal control statements in relation to junkets  
10:49 44 required that it have robust processes in place to consider  
10:49 45 ongoing probity of junket operators; correct?  
10:49 46
- 10:49 47 A. Yes.



10:49 1  
10:49 2 Q. You understood non-compliance with an internal control  
10:49 3 statement was a potential breach of the Casino Control Act?  
10:49 4  
10:49 5 A. I did.  
10:49 6  
10:49 7 Q. I want to suggest to you that the failure to put the FTI  
10:49 8 report in front of the Risk Management Committee, after it was  
10:49 9 received in September 2019, was a missed opportunity to  
10:49 10 consider whether Crown was in breach ---  
10:49 11  
10:49 12 MR BORSKY: Commissioner, the evidence has been that it was  
10:49 13 a draft report, not a report, in September 2019.  
10:49 14  
10:49 15 MS NESKOVCIN: I will rephrase it with "draft".  
10:49 16  
10:49 17 But the evidence is there was no subsequent report. That was the  
10:49 18 only report that was provided.  
10:49 19  
10:49 20 There was advice from MinterEllison summarising the report but  
10:49 21 you are not aware of that. Take it from me that the evidence is  
10:49 22 that the FTI report, although it is draft, was the only report that  
10:50 23 was received by Crown.  
10:50 24  
10:50 25 I am going to put to you that the failure to put the FTI report in  
10:50 26 draft before the Risk Management Committee in September 2019  
10:50 27 or shortly thereafter, was a missed opportunity to consider  
10:50 28 whether Crown was in breach of the Casino Control Act.  
10:50 29  
10:50 30 A. Agreed.  
10:50 31  
10:50 32 Q. You agree?  
10:50 33  
10:50 34 A. I do.  
10:50 35  
10:50 36 Q. And you agree that it was a missed opportunity to consider  
10:50 37 whether Crown was operating outside its risk appetite?  
10:50 38  
10:50 39 A. Agreed.  
10:50 40  
10:50 41 Q. Similarly, the failure to bring the matter back before the  
10:50 42 Brand Committee was a missed opportunity?  
10:50 43  
10:50 44 A. I completely agree.  
10:50 45  
10:50 46 Q. That missed opportunity can be explained by either  
10:50 47 Mr Preston's failings or the Board and Committee's --- sorry, I

10:50 1 withdraw that.  
10:50 2  
10:50 3 That missed opportunity to bring it back before the Brand  
10:50 4 Committee can be explained by Mr Preston's failings or the  
10:50 5 Committee's failure to follow up or a combination of both; do you  
10:50 6 agree?  
10:50 7  
10:50 8 A. I would agree that Mr Preston should have been brought it  
10:51 9 to our attention. The inquiry ---  
10:51 10  
10:51 11 COMMISSIONER: Can you hold on a minute.  
10:51 12  
10:51 13 MS NESKOVICIN: You need to speak up.  
10:51 14  
10:51 15 COMMISSIONER: We are having problems with the volume  
10:51 16 again.  
10:51 17  
10:51 18 A. I apologise.  
10:51 19  
10:51 20 COMMISSIONER: That's all right.  
10:51 21  
10:51 22 A. Mr Preston should have brought it to our attention but the  
10:51 23 committee, both the Brand Committee and also the Risk  
10:51 24 Management Committee under Geoff Dixon's chairmanship, was  
10:51 25 unambiguous about its desire to actually understand whether our  
10:51 26 processes were robust. I think I've already indicated I personally  
10:51 27 pursued a number of people in the business and in fact got emails  
10:51 28 from them, but they outlined to us their views in respect of  
10:51 29 robustness. I think --- and it is interesting if I might, that the  
10:51 30 terms in here in relation --- when you put this report about the  
10:51 31 issues and the third-party research platforms, you see that in that  
10:51 32 second sentence ---  
10:52 33  
10:52 34 Q. Yes.  
10:52 35  
10:52 36 A. --- that was --- I think when I answered one of your earlier  
10:52 37 questions I talked about that was very clearly --- we were told  
10:52 38 that that process was underway. But the absence of tabling, as  
10:52 39 you say, a draft report, it should have been tabled and the inquiry  
10:52 40 that was being made was actually very clear, that we wanted to  
10:52 41 see --- we were seeking assurance.  
10:52 42  
10:52 43 Q. I understand that, but you appreciate, don't you, that this  
10:52 44 report, and I'm putting this to you, this report identified Crown's  
10:52 45 processes were not robust, and as a consequence there was  
10:52 46 information available to Crown in September 2019. But, it  
10:52 47 continued to deal with junket operators for a further 11 months

10:52 1 before it made its decision in August 2020. That's the case, isn't  
10:52 2 it?  
10:52 3  
10:52 4 A. Well, on the basis of what you have informed me and I  
10:53 5 understand that this draft was provided to an officer of the  
10:53 6 company, I agree with you.  
10:53 7  
10:53 8 Q. And, moreover, Crown continued to defend its position up  
10:53 9 until August 2020 in the Bergin Inquiry; correct?  
10:53 10  
10:53 11 A. Well, I think there is a big --- I think a number of people  
10:53 12 took different positions in the Bergin Inquiry.  
10:53 13  
10:53 14 Q. You are familiar with the Show Cause Notices in relation to  
10:53 15 junket operators issued by the VCGLR in October 2020?  
10:53 16  
10:53 17 A. I wasn't at the time. More recently I have become familiar  
10:53 18 with it.  
10:53 19  
10:53 20 Q. And you are aware that Crown continually resisted the  
10:53 21 VCGLR's propositions in relation to that disciplinary action?  
10:53 22  
10:53 23 A. Well, I've become aware of that.  
10:53 24  
10:53 25 Q. And that was a complete waste of the VCGLR's time; do  
10:53 26 you accept that?  
10:53 27  
10:53 28 A. I think it was deeply regrettable.  
10:53 29  
10:54 30 Q. What we've just identified is a breakdown, a failure of some  
10:54 31 description. And you want to emphasise, Ms Halton, that you  
10:54 32 were very clear in the instructions and the eagerness of the  
10:54 33 committee to ensure the processes were robust, but there was also  
10:54 34 a failure to follow up; wasn't there?  
10:54 35  
10:54 36 A. Well, based on these minutes, there probably should have  
10:54 37 been a question asked. I would make the point that there was  
10:54 38 a vast amount going on and the inquiry in relation to the  
10:54 39 processes and their robustness was ongoing. In respect of this  
10:54 40 particular sentence and that report, I accept that.  
10:54 41  
10:54 42 Q. Do you accept responsibility for that failing, or some  
10:54 43 responsibility for that failing?  
10:54 44  
10:54 45 A. Should I have been aware --- should I have seen that and  
10:54 46 then remembered it some weeks later and asked, yes, I should.  
10:54 47

10:54 1 Q. Thank you. I want to move on to culture. You are aware  
10:54 2 that the culture reform program is a very important part of  
10:55 3 Crown's ongoing Remediation Plan?  
10:55 4  
10:55 5 A. Absolutely.  
10:55 6  
10:55 7 Q. It might have started before this point, but it was certainly  
10:55 8 the subject of a presentation by Mr Barton in December 2020?  
10:55 9  
10:55 10 A. Yes.  
10:55 11  
10:55 12 Q. You are aware of the scope of Deloitte's engagement to  
10:55 13 conduct a culture review on behalf of Crown?  
10:55 14  
10:55 15 A. Yes, I am.  
10:55 16  
10:55 17 Q. Have you met with the Deloitte partner, Ms Victoria  
10:55 18 Whitaker, to discuss the progress and findings so far?  
10:55 19  
10:55 20 A. I've had a couple of meetings with Ms Whitaker.  
10:55 21  
10:55 22 Q. When were they, Ms Halton?  
10:55 23  
10:55 24 A. Oh, I can't tell you the precise dates, I apologise, but over  
10:55 25 the last couple of months, I suppose. Most recently, when did I  
10:55 26 see her ..... I want to say three weeks ago, but please don't hold me  
10:55 27 to that.  
10:55 28  
10:55 29 Q. Thank you. That's helpful.  
10:55 30  
10:55 31 A. In the absence of my diary, I can't tell you, I'm sorry.  
10:55 32  
10:56 33 Q. I wasn't going to ask you about anything precise. I just  
10:56 34 wanted to know if you had met.  
10:56 35  
10:56 36 Secondly, has Ms Whitaker passed on any observations about  
10:56 37 what her perceptions are about Crown's culture?  
10:56 38  
10:56 39 A. So we went through a series of observations. She talked  
10:56 40 about the fact that there had been focus groups and what she was  
10:56 41 detecting. I asked a series of questions because of my particular  
10:56 42 interest about whether, for example, the changed tone and the  
10:56 43 tone from the top and the messaging to staff in her experience or  
10:56 44 focus group work had been heard, what the reaction if they are  
10:56 45 being heard is. We talked about the breadth and the variety of  
10:57 46 different components of the business.  
10:57 47

10:57 1 Commissioner, I think you know that we've got like 11,500 staff  
10:57 2 in Melbourne. About half of those, or more, have nothing to do  
10:57 3 with gaming. So we have different components of the business. I  
10:57 4 talked to her about food and beverage, the hotel component,  
10:57 5 et cetera. So I wanted to hear from her what the difference was.  
10:57 6 I was particularly interested in her observations about whether  
10:57 7 people had heard the messages and her views about AML,  
10:57 8 Responsible Gaming, when she was talking to the people in that  
10:57 9 side of the business. I was trying to get a feel from her about  
10:57 10 what she was detecting, the kind --- that's the way I would  
10:57 11 summarise it.

10:57 12

10:57 13 Q. In regards to the tone from the top and people's reaction  
10:57 14 and whether they were getting the message, what was her  
10:58 15 response?

10:58 16

10:58 17 A. She said she had been having it reflected back to her, and in  
10:58 18 fact I took from that meeting a level of comfort that  
10:58 19 notwithstanding the relatively short period since we exited the  
10:58 20 vast number of directors and a series of senior management, that  
10:58 21 those messages, and I was very --- I mean, I had been very keen  
10:58 22 for the Executive Chairman to send regular messaging to staff, all  
10:58 23 staff, and I was trying --- she was telling me that those messages  
10:58 24 were being looked at and were being heard. So they are not just  
10:58 25 read but the message was being absorbed.

10:58 26

10:58 27 And what I was testing was --- when I test those things if I talk to  
10:58 28 people in the business, when I floor walk and talk to a security  
10:58 29 guard or talk to a Responsible Gaming person, talk to someone in  
10:59 30 food and beverage, I wanted to see whether her assessment was  
10:59 31 the same as what I had seen.

10:59 32

10:59 33 Q. Thank you. We'll come back to the floor walks and matters  
10:59 34 of that kind a bit later, Ms Halton. I will give you an opportunity  
10:59 35 to talk about that.

10:59 36

10:59 37 In her evidence in this Commission, Ms Whitaker spoke about  
10:59 38 her interviews with Mr Barton and Ms Gleeson, the head of HR  
10:59 39 at Crown Melbourne, and Mr Barton and Ms Gleeson conveyed  
10:59 40 to Ms Whitaker their perceptions of Crown's culture in December  
10:59 41 2020. Are you familiar with the feedback that they gave  
10:59 42 Ms Whitaker?

10:59 43

10:59 44 A. I've heard of it. I haven't seen the transcript or anything,  
10:59 45 but I've certainly heard what I believe to be the thing you are  
10:59 46 referring to.

10:59 47

10:59 1 Q. For my learned friends the transcript reference is at P-1939,  
10:59 2 but Ms Whitaker agreed that the perceptions of Crown's culture  
11:00 3 that were conveyed to her by Mr Barton and Ms Gleeson was that  
11:00 4 there was an issue with psychological safety. You understand  
11:00 5 what that means?  
11:00 6  
11:00 7 A. Given my background, yes, I do.  
11:00 8  
11:00 9 Q. The board not providing feedback, permafrost in middle  
11:00 10 management, people not being held to account, lack of clarity in  
11:00 11 escalating issues, and people trying to deal with problems  
11:00 12 themselves rather than escalating issues and complacency. You  
11:00 13 understand what complacency means in a management context?  
11:00 14  
11:00 15 A. I do.  
11:00 16  
11:00 17 Q. So that we are on the same page: something happens,  
11:00 18 nothing gets done?  
11:00 19  
11:00 20 A. Or you ignore it.  
11:00 21  
11:00 22 Q. Or you ignore it. Thank you.  
11:00 23  
11:00 24 Ms Whitaker agreed that those things paint a pretty grim picture  
11:00 25 of Crown's culture. You would agree with that wouldn't you,  
11:00 26 Ms Halton?  
11:01 27  
11:01 28 A. I would agree with that.  
11:01 29  
11:01 30 Q. When I mention psychological safety, were you nodding  
11:01 31 your head. Do you agree that is a very significant issue and one  
11:01 32 that the board would want to take seriously?  
11:01 33  
11:01 34 A. Absolutely.  
11:01 35  
11:01 36 Q. And, in fact, it could be used as a lens to analyse some of  
11:01 37 the conduct we've been exploring here and some of the conduct  
11:01 38 that was explored in the Bergin Inquiry; wouldn't you agree?  
11:01 39  
11:01 40 A. Psychological safety, could be?  
11:01 41  
11:01 42 Q. Yes.  
11:01 43  
11:01 44 A. Yes, absolutely.  
11:01 45  
11:01 46 Q. So particularly China arrests, staff were not comfortable,  
11:01 47 didn't feel they could speak up because management is pushing

11:01 1 them to promote the casino; correct?  
11:01 2  
11:01 3 A. I completely agree with you.  
11:01 4  
11:01 5 Q. It could also explain the bonus jackpots tax issue?  
11:01 6  
11:01 7 A. It could, yes.  
11:01 8  
11:02 9 Q. We've heard evidence that people recognised that the  
11:02 10 VCGLR hadn't been informed about the bonus jackpots issue,  
11:02 11 and they were uncomfortable about it. You understand that?  
11:02 12  
11:02 13 A. I haven't seen all the evidence, I'm sorry. If you are telling  
11:02 14 me that is the evidence, I accept that.  
11:02 15  
11:02 16 Q. If that was the case, and there are numerous senior people  
11:02 17 within the organisation are that are aware that there is an issue  
11:02 18 but they don't speak up, that could potentially be explained on the  
11:02 19 basis of a psychological safety issue?  
11:02 20  
11:02 21 A. That is one potential explanation, yes.  
11:02 22  
11:02 23 Q. What is another potential explanation?  
11:02 24  
11:02 25 A. An approach which has a different risk appetite.  
11:02 26  
11:02 27 Q. So, instead of compliance, we'll go ahead with what the  
11:02 28 business wants?  
11:02 29  
11:02 30 A. Well, we are back to grey.  
11:02 31  
11:02 32 Q. Back to grey. Thank you.  
11:03 33  
11:03 34 Operator, can you call up DTT.010.0003.0040.  
11:03 35  
11:03 36 Ms Halton, this is the result of the employee experience survey  
11:03 37 with the assistance of Swinburne University of Technology in  
11:03 38 2018. Are you familiar with this report?  
11:03 39  
11:03 40 A. Is this a Crown Melbourne report, could you just clarify?  
11:03 41 Or Crown Resorts?  
11:03 42  
11:03 43 Q. It is Crown Resorts.  
11:03 44  
11:03 45 A. Thank you. Look, I've become recently aware that this  
11:03 46 existed, but it was very recently.  
11:03 47

11:03 1 Q. Within the last month or so, is that what you mean by  
11:03 2 recent or in the last six months?  
11:04 3  
11:04 4 A. Look, I think it is somewhere more than a month and less  
11:04 5 than six months but again ---  
11:04 6  
11:04 7 Q. Thank you.  
11:04 8  
11:04 9 Can we go to page 00 --- you note the date August 2018 on the  
11:04 10 front page?  
11:04 11  
11:04 12 A. Yes, I have noticed that.  
11:04 13  
11:04 14 Q. If we just go to \_0014, what the people who are doing the  
11:04 15 survey did was to segment the employees into four, five segments  
11:04 16 and you will see that they are coloured coded, diligent  
11:04 17 contributors, ambitious achievers, reliable co-workers, aspiring  
11:04 18 careerists and disenchanting leaders; you see that?  
11:04 19  
11:04 20 A. I do.  
11:04 21  
11:04 22 Q. You can actually tell from the bottom of the page the  
11:04 23 proportion of people in Crown Melbourne and Crown Perth that  
11:04 24 were surveyed.  
11:04 25  
11:05 26 A. Sorry, surveyed? Is that sample size?  
11:05 27  
11:05 28 Q. If you look at diligent contributors, for example, and you  
11:05 29 run down the page you will see Crown Melbourne, statistics,  
11:05 30 45 per cent and then Crown Melbourne statistical size,  
11:05 31 44 per cent. Do you see that?  
11:05 32  
11:05 33 A. No, they've now focused it in. Could you go back out again  
11:05 34 please, I'm trying to see the whole page. The operator is giving  
11:05 35 me four of these bars, there are five. Am I right?  
11:05 36  
11:05 37 Q. Yes, go out a little more, please, operator.  
11:05 38  
11:05 39 A. And then move it over if you wouldn't mind.  
11:05 40  
11:05 41 Could you --- sorry to be slow, can you ---  
11:05 42  
11:05 43 Q. No, no, that's fine.  
11:05 44  
11:05 45 A. What are you trying to get me to look at?  
11:05 46  
11:05 47 Q. First of all, you've noticed there are five segments for the



11:05 1 employees?  
11:05 2  
11:05 3 A. Yes, thank you.  
11:05 4  
11:05 5 Q. If you look at the first category of diligent contributors --  
11:05 6  
11:05 7 A. Yes.  
11:05 8  
11:05 9 Q. --- and run down the page, I wanted to draw your attention  
11:06 10 to the fact that the employees that were surveyed were the Crown  
11:06 11 Melbourne employees and Crown Perth employees. You asked  
11:06 12 whether this was Crown Resorts.  
11:06 13  
11:06 14 A. Yes. Thank you.  
11:06 15  
11:06 16 Q. That is what I'm relying on as to who were the individuals  
11:06 17 that were the subject of the survey.  
11:06 18  
11:06 19 A. Thank you.  
11:06 20  
11:06 21 Q. All right?  
11:06 22  
11:06 23 A. Yes.  
11:06 24  
11:06 25 Q. And now, operator, if we could please go to page 0059.  
11:06 26  
11:06 27 You will appreciate that the employees were asked a range of  
11:06 28 questions and then the questions are used to analyse various  
11:06 29 categories of behaviour. And if we just blow up the chart, don't  
11:06 30 worry about the boxes for a moment, please, operator, can I direct  
11:06 31 your attention to the horizontal axis where the description of  
11:07 32 categories is "Communication", "Processes", "Leadership",  
11:07 33 "Psychological Safety".  
11:07 34  
11:07 35 A. Thank you.  
11:07 36  
11:07 37 Q. You see the colour coding with the five segments of  
11:07 38 employees, diligent contributors, ambitious achievers, reliable  
11:07 39 co-workers which are yellow. Do you see that at the bottom of the  
11:07 40 page?  
11:07 41  
11:07 42 A. I do, thank you.  
11:07 43  
11:07 44 Q. Just looking at the psychological safety entries and the  
11:07 45 various colour codings there, you will see that 19 per cent of  
11:07 46 disenchanted leaders agreed with the questions about  
11:07 47 psychological safety and the sorts of questions were "Do I feel

11:07 1 comfortable expressing my opinion"; you would agree that is the  
11:07 2 sort of question asked when you are trying to identify how people  
11:07 3 feel about speaking up?

11:07 4

11:07 5 A. Would you --- could you rephrase is there a question that  
11:07 6 this is responding to?

11:07 7

11:07 8 Q. There is a lot of questions that I want to take you to.

11:07 9

11:08 10 A. Just pose me the question again, in terms of how you would  
11:08 11 summarise the question.

11:08 12

11:08 13 Q. Yes. So you are familiar with employee surveys, I take it?

11:08 14

11:08 15 A. Yes.

11:08 16

11:08 17 Q. You understand they are asked a number of questions but  
11:08 18 then each question can be used to analyse a particular type of  
11:08 19 behaviour or issue, like communication, leadership,  
11:08 20 psychological safety?

11:08 21

11:08 22 A. I have conducted these more times than I can count, yes,  
11:08 23 I am very familiar with them.

11:08 24

11:08 25 Q. In relation to the psychological safety questions, I'm putting  
11:08 26 to you, and I ask you to accept, that the sorts of questions they  
11:08 27 were asked were questions like, "Do you feel comfortable  
11:08 28 expressing your opinion?"; that is a relevant question to  
11:08 29 understand psychological safety; do you agree?

11:08 30

11:08 31 A. I do.

11:08 32

11:08 33 Q. What this chart shows is that in the category of  
11:08 34 disenchanted leaders, the score was 19 per cent agree, and the  
11:08 35 interpretation can be there --- the interpretation of that result can  
11:09 36 be 19 per cent of disenchanted leaders agree they feel safe in  
11:09 37 speaking up.

11:09 38

11:09 39 A. Thank you. On that other chart that you showed me, am I  
11:09 40 right in remembering that the size of the population who  
11:09 41 responded who were in disenchanted leaders was about  
11:09 42 4 per cent?

11:09 43

11:09 44 Q. I think it was about 2 per cent.

11:09 45

11:09 46 A. 2 per cent. It was a small group of people, yes?

11:09 47

11:09 1 Q. It was a small proportion. If we go up to the reliable  
11:09 2 co-workers, only 38 per cent felt comfortable in speaking up; do  
11:09 3 you see that?

11:09 4  
11:09 5 A. I do.

11:09 6  
11:09 7 Q. And so on and so on for the different categories. The  
11:09 8 highest being the aspiring careerists. Even for the aspiring  
11:09 9 careerists, a score of 68 per cent is not particularly good; is it?

11:09 10  
11:09 11 A. I don't remember, to be honest with you, what benchmarks  
11:10 12 would be the case. And I don't have a specific knowledge of  
11:10 13 benchmarking in this industry. I probably should. But one of the  
11:10 14 things I would be asking myself about this is how it does compare  
11:10 15 to benchmarks. That said, we need to be unambiguous. People  
11:10 16 have to have psychological safety, particularly in a regulated  
11:10 17 environment.

11:10 18  
11:10 19 Q. Exactly. So benchmarking is completely irrelevant, isn't it,  
11:10 20 Ms Halton, because you want 100 per cent of your workforce to  
11:10 21 feel safe in speaking up? That is the message you are trying to  
11:10 22 get across at the moment, isn't it?

11:10 23  
11:10 24 A. No, it's not, actually. What I would say is I want to know  
11:10 25 what would be considered benchmark, you aspire to better than  
11:10 26 benchmark, you always do, but how much time it takes you to get  
11:10 27 above benchmark and how you do that is one of the things you  
11:10 28 think about. If you are significantly below benchmark, it tells  
11:10 29 you something about your existing processes. That's not the point  
11:11 30 I'm making. The point I'm making is this particularly important,  
11:11 31 but then how you respond to it is one of the things you would be  
11:11 32 thinking about.

11:11 33  
11:11 34 Q. Ms Halton, I would accept your answer in any other  
11:11 35 circumstance other than the present circumstance where Crown  
11:11 36 has lost its licence in Sydney and is addressing issues about  
11:11 37 present suitability. I want to suggest to you that what Crown is  
11:11 38 aspiring to now is 100 per cent on this scorecard.

11:11 39  
11:11 40 A. I agree with you. I agree with you. And can I make the  
11:11 41 point that the licence in Sydney is on foot, it is not lost. That's  
11:11 42 an important point.

11:11 43  
11:11 44 Q. I beg your pardon. Thank you.

11:11 45  
11:11 46 What did the Board do to address the low psychological safety  
11:11 47 scores identified in the survey in August 2018?

11:11 1  
11:11 2 A. I'm not aware that this came before the Board.  
11:11 3  
11:11 4 Q. This presentation, the employee survey or something else?  
11:11 5  
11:11 6 A. This presentation. I'm not aware of it having come before  
11:11 7 the Board.  
11:11 8  
11:11 9 Q. Does the presentation need to come to the Board or just  
11:12 10 a report to the Board?  
11:12 11  
11:12 12 A. Well, as you know, there is a committee, an HR  
11:12 13 Committee --- I do not know --- I think we discussed already  
11:12 14 when I became aware of this, it is less than six months and  
11:12 15 probably more than a month. I'm not aware of it having appeared  
11:12 16 in the Board. Whether it appeared in the HR Committee I can't  
11:12 17 comment on.  
11:12 18  
11:12 19 Q. All right, let's take this in stages. You didn't answer my  
11:12 20 question. My question was what did the board do to address the  
11:12 21 issue of psychological safety identified in this report, and you  
11:12 22 chose to answer the question ---  
11:12 23  
11:12 24 A. I'm sorry.  
11:12 25  
11:12 26 Q. --- (overspeaking) --- so is the answer to my question  
11:12 27 "nothing"?  
11:12 28  
11:12 29 A. Sorry? I misunderstood your question. If I understand your  
11:12 30 question, is what did the Board do in respect of psychological  
11:12 31 safety as appears in this report? My point is that I'm not aware  
11:12 32 that psychological safety as presented in this survey came before  
11:13 33 the Board, in terms of what the Board was doing about staff and  
11:13 34 their capacity to report in terms of psychological safety.  
11:13 35 Psychological safety, I'm not aware has been separately  
11:13 36 discussed. But issues in respect of staff welfare have been.  
11:13 37  
11:13 38 Q. Are you aware that in your report or her interview with  
11:13 39 Deloitte Ms Gleeson said, among other things, that sometimes  
11:13 40 she reports elements of culture and people elements to the Board,  
11:13 41 but she can't say she's ever gotten questions from the Board. Are  
11:13 42 you aware of that?  
11:13 43  
11:13 44 A. I'm not aware that she said that explicitly.  
11:13 45  
11:13 46 Q. Do you accept her comment?  
11:13 47

11:13 1 A. Actually, I don't. In terms of issues in respect of culture, I  
11:13 2 mean, culture is a matter that has been talked about in the Board  
11:13 3 in the time that I've been there.

11:13 4  
11:14 5 Q. So you are just trying to isolate the culture issue, are you?  
11:14 6

11:14 7 A. What I'm saying is the broad topic of culture has been  
11:14 8 a matter of discussion, but in terms of the specific (inaudible) you  
11:14 9 were going to in respect of psychological safety, we might have  
11:14 10 moved on from that, I apologise if that's the case ---  
11:14 11

11:14 12 Q. No. No. Please go ahead.  
11:14 13

11:14 14 A. So I do --- certainly as individual directors, that is  
11:14 15 a matter --- I've certainly spoken to people about that over the  
11:14 16 period I've been on the Board.  
11:14 17

11:14 18 Q. It would concern you, though, wouldn't it, to hear that the  
11:14 19 HR manager who reports regularly to the board has the  
11:14 20 perception ---  
11:14 21

11:14 22 A. Yes.  
11:14 23

11:14 24 Q. --- that she doesn't get feedback or questions from the  
11:14 25 Board; do you agree?  
11:14 26

11:14 27 A. Absolutely that concerns me.  
11:14 28

11:15 29 Q. Ms Manos reported on the employee experience survey to  
11:15 30 the Board in the middle of June 2019. I will take you to  
11:15 31 a document. I take it you have no recollection of that?  
11:15 32

11:15 33 A. No.  
11:15 34

11:15 35 Q. Operator, could we please go to CRL.506.007.8404.  
11:15 36

11:15 37 If you look at the cover page, Ms Halton, you will recognise that  
11:15 38 this is a meeting pack for the Board meeting on 12 June 2019?  
11:15 39

11:15 40 A. Yes.  
11:15 41

11:15 42 Q. We'll go to 8822, please, operator.  
11:15 43

11:15 44 You recognise this as a paper that Ms Manos prepared for the  
11:16 45 board on company values?  
11:16 46

11:16 47 A. Yes. I don't recall it intimately but I recognise it as a paper

11:16 1 for the Board.

11:16 2

11:16 3 Q. But this is the starting or a starting point for the rollout of  
11:16 4 the company values challenge were eventually rolled out in 2020;  
11:16 5 correct?

11:16 6

11:16 7 A. That's my understanding, yes.

11:16 8

11:16 9 Q. If I could just take you to the bottom of the page where it  
11:16 10 says "purpose", you see it says:

11:16 11

11:16 12 *In 2018 and independently of New Recommendation 3.1,*  
11:16 13 *the Crown Melbourne and Crown Perth Human*  
11:16 14 *Resources teams, in partnership with the Executive of*  
11:16 15 *both properties, embarked on a journey to create*  
11:16 16 *a purpose and set of values for Crown's Australian*  
11:16 17 *Resorts.*

11:16 18

11:16 19 *This extended from the work conducted around Crown*  
11:16 20 *Resorts Customer Experience/Employee Experience .....  
11:16 21 initiative and in part responded to our employees'  
11:17 22 feedback requiring greater clarity as to our purpose as  
11:17 23 a company and our guiding values.*

11:17 24

11:17 25 Do you see that?

11:17 26

11:17 27 A. I do.

11:17 28

11:17 29 Q. Do you agree that the reference to the customer  
11:17 30 experience/employee experience is most likely the document I  
11:17 31 took you to a moment ago, in 2018?

11:17 32

11:17 33 A. I wouldn't want to speculate because I don't know the  
11:17 34 answer to that question.

11:17 35

11:17 36 Q. That's my point. This is the only reference that we can see  
11:17 37 in the Board minutes to any report on the customer  
11:17 38 experience/employee experience initiative that was embarked  
11:17 39 upon in 2018. You are not in a position to dispute that?

11:17 40

11:17 41 A. I'm not. It is also consistent with what I think I already  
11:17 42 said, which is these issues in respect of staff were discussed at the  
11:17 43 Board and the issue --- so I think we are not at cross purposes  
11:18 44 here.

11:18 45

11:18 46 Q. Yes. That's right. It concerned me that you couldn't recall  
11:18 47 what this might be referring to, because ---

11:18 1  
11:18 2 A. I'm --- (overspeaking) ---  
11:18 3  
11:18 4 Q. Go ahead.  
11:18 5  
11:18 6 A. What I'm saying to you is, that doesn't refer to a report. It  
11:18 7 talks about an initiative.  
11:18 8  
11:18 9 Q. Well, how many other reports or initiatives were in place at  
11:18 10 the time? What concerns me is that an important initiative or  
11:18 11 report has been embarked upon in 2018 and we don't see  
11:18 12 a reference to it in a Board pack, and you can't recall having  
11:18 13 a report --- reading a report or having the report summarised for  
11:18 14 you.  
11:18 15  
11:18 16 A. Because I don't believe it was. There was a conversation,  
11:18 17 though. As I've already indicated --- discussion, it goes on about  
11:18 18 values, about purpose, about employees, about engagement with  
11:18 19 the employees around those things, and actually building those  
11:18 20 things up from the ground up.  
11:18 21  
11:19 22 Q. Is this an example of the Board not asking questions?  
11:19 23  
11:19 24 A. The Board did talk about the process that would be  
11:19 25 followed in this respect, and asking about the work that would be  
11:19 26 done with staff on these matters, and ---  
11:19 27  
11:19 28 Q. Did you ask --- sorry, go ahead.  
11:19 29  
11:19 30 A. In fact if the operator scrolls down a little, essentially the  
11:19 31 issue about talking about staff and my memory of this discussion,  
11:19 32 albeit potentially imperfect, was that it was about engaging with  
11:19 33 staff at all levels in the business in respect of our purpose. And  
11:19 34 you can see those values, which had come, as I understood it,  
11:20 35 from preliminary work done with staff and this was about driving  
11:20 36 those issues right across the business. So there was --- I mean,  
11:20 37 this was not a small conversation.  
11:20 38  
11:20 39 Q. But you didn't ask about the results? You didn't ask to see  
11:20 40 the results?  
11:20 41  
11:20 42 A. Results of what?  
11:20 43  
11:20 44 Q. The survey, the initiative that we've just been discussing;  
11:20 45 you didn't ask --- you didn't sit down and have the conversation  
11:20 46 you had with Ms Whitaker about what was her assessment of the  
11:20 47 results that were coming back so far?

- 11:20 1  
11:20 2 A. Because it was not clear there had been a particular survey.  
11:20 3 We've just gone through that. The paper --- the document doesn't  
11:20 4 refer to that.  
11:20 5  
11:20 6 Q. You know that these things start with a survey or some  
11:20 7 focus groups or something like that, don't you, Ms Halton?  
11:20 8  
11:20 9 A. That was exactly what I had referred to. The fact that there  
11:20 10 had been consultation with a small group of staff in respect of  
11:20 11 these values. That is as I understood it.  
11:20 12  
11:20 13 Q. You are diverting by talking about values and I'm talking  
11:20 14 about survey results ---  
11:20 15  
11:20 16 A. --- (overspeaking) ---  
11:20 17  
11:21 18 Q. I beg your pardon?  
11:21 19  
11:21 20 A. I apologise, I'm trying to focus on your question. I  
11:21 21 apologise.  
11:21 22  
11:21 23 Q. You accept that the Board didn't ask questions about the  
11:21 24 survey, what were the results, what are people telling you about  
11:21 25 how they feel, their issues with management, their issues with  
11:21 26 leadership?  
11:21 27  
11:21 28 A. I did not know, as a member of the Board, that that survey  
11:21 29 existed. We've already gone to that question.  
11:21 30  
11:21 31 Q. We have, and I put to you you didn't ask; what do you say  
11:21 32 about that?  
11:21 33  
11:21 34 A. And I've put to you that I have basically asked a series of  
11:21 35 questions in the context of the paper as it was presented which  
11:21 36 actually went to engagement with staff.  
11:21 37  
11:21 38 Q. These values took 12 months to roll out, didn't they,  
11:21 39 Ms Halton?  
11:21 40  
11:21 41 A. Yes, I believe it would have been 12 months.  
11:21 42  
11:21 43 Q. Do you agree that your employees could be forgiven for  
11:21 44 being sceptical about whether the board is going to do anything  
11:21 45 when they get the results from the Deloitte's survey?  
11:21 46  
11:21 47 A. I would actually suggest to you that the employees are very



11:22 1 clear and we've already discussed what Ms Whitaker has  
11:22 2 indicated, together with certainly some informal soundings I and  
11:22 3 other members of the current Board have taken, that people  
11:22 4 detect very clearly the change in tone from the top. That is the  
11:22 5 message that we have (inaudible). And so, no, I do not accept  
11:22 6 that staff will not approach this with an open mind. I actually  
11:22 7 think, and this is the feedback that I think Mr McCann has  
11:22 8 already got since his arrival a mere five weeks ago, that people  
11:22 9 are very hungry for some clear leadership and some very  
11:22 10 unambiguous messages. That is what we are on about.

11:22 11

11:22 12 Q. Clear leadership includes accountability, holding others to  
11:22 13 account; correct?

11:22 14

11:22 15 A. Absolutely.

11:22 16

11:22 17 Q. Would it surprise you to learn that that was another point  
11:22 18 that was provided by way of feedback in the 2018 survey, that  
11:23 19 there was a lack of accountability?

11:23 20

11:23 21 A. No, it wouldn't surprise me, actually, given what we now  
11:23 22 know.

11:23 23

11:23 24 Q. What did the Board do about that issue after the survey in  
11:23 25 2018?

11:23 26

11:23 27 A. We've already established --- I can't comment for the rest of  
11:23 28 the Board. We've already established that I had no visibility of  
11:23 29 that document.

11:23 30

11:23 31 Q. Do you agree that, or accept that employees and the general  
11:23 32 public could be sceptical about the reaction to the Remediation  
11:23 33 Plan on the basis that it is purely reactive to the Bergin Inquiry  
11:23 34 and comes a little bit late?

11:23 35

11:23 36 A. Sorry, that was a long question with several barrel parts to  
11:23 37 it. What am I sceptical about or what is the public sceptical  
11:24 38 about? I apologise.

11:24 39

11:24 40 Q. That's all right. I will do it a different way. You are  
11:24 41 familiar with the Remediation Plan and the cultural reform  
11:24 42 program?

11:24 43

11:24 44 You accept that that was a reaction to the decision by  
11:24 45 ILGA following the Bergin Inquiry?

11:24 46

11:24 47 A. It certainly the Bergin Inquiry was material, very definitely.

11:24 1 As you would appreciate, a number of the changes that have been  
11:24 2 underway, certainly in the time I've been on the board, they  
11:24 3 pre-date the Bergin Inquiry.

11:24 4

11:24 5 Q. And some of the changes that predate --- there are some  
11:24 6 changes that pre-date Bergin Inquiry and there are other changes  
11:24 7 that don't. There are a number of changes that could have been  
11:24 8 initiated a long time ago; do you accept that?

11:24 9

11:24 10 A. I accept that.

11:24 11

11:24 12 Q. So why did it take so long?

11:24 13

11:24 14 A. Well, I think we've established that there was a difference  
11:24 15 of view on some issues amongst Board members, and we've also  
11:25 16 established that there wasn't necessarily full transparency with all  
11:25 17 members of the board on some issues. That issue is resolved.  
11:25 18 And certainly, certainly the work that is being undertaken is  
11:25 19 being undertaken --- and I think again Mr McCann made the  
11:25 20 comment about how hard people are working --- to actually really  
11:25 21 firmly put in place the arrangements that are consistent with our  
11:25 22 social licence going forward, that are exactly as you suggest, that  
11:25 23 our regulators, our stakeholders, shareholders would expect.

11:25 24

11:25 25 Q. Can I ask you to have a look at paragraph 186 of your  
11:25 26 statement, please.

11:25 27

11:25 28 A. Yes. I have the statement in front of me. I assume it is  
11:25 29 okay to look at the hard copy?

11:25 30

11:25 31 Q. Yes, thank you.

11:25 32

11:25 33 A. Sorry, I beg your pardon, 186 did you say?

11:25 34

11:25 35 Q. Yes. It is around page ---

11:26 36

11:26 37 A. Got it. Thank you.

11:26 38

11:26 39 Q. Thank you.

11:26 40

11:26 41 You were asked the question in bold, which is question number  
11:26 42 34:

11:26 43

11:26 44 *What deficiencies in Crown Resorts' or Crown*  
11:26 45 *Melbourne's risk management framework, systems or*  
11:26 46 *processes contributed to the failures identified in the*  
11:26 47 *conclusions in the Bergin Report.*

11:26 1

11:26 2 And in paragraph 186 you say:

11:26 3

11:26 4 *A number of specific failures including in reporting,*  
11:26 5 *escalation, skill, knowledge, culture, appropriate*  
11:26 6 *diligence and care and lack of questioning are reported in*  
11:26 7 *the Bergin Report. In some instances these go to the*  
11:26 8 *operation of the risk management framework.*

11:26 9

11:26 10 Do you see that?

11:26 11

11:26 12 A. I do.

11:26 13

11:26 14 Q. Do you accept --- it's not clear to me, Ms Halton, whether  
11:26 15 you are intending to summarise what the Commissioner found  
11:26 16 were the failings or what you've identified as the failings. Could  
11:27 17 you please clarify that?

11:27 18

11:27 19 A. I'm not --- my interpretation of the question is what led,  
11:27 20 what systems or processes led, contributed to the failures. So  
11:27 21 what I believe the question I have addressed here is what I think  
11:27 22 the factors were that led to those failings.

11:27 23

11:27 24 Q. Thank you. And so just to confirm, they are the factors that  
11:27 25 you have identified as leading to the failings, not simply reporting  
11:27 26 on what the Commissioner found?

11:27 27

11:27 28 A. No.

11:27 29

11:27 30 Q. We've heard in oral evidence given to this Commission and  
11:27 31 we've been provided with statements and other documents about  
11:27 32 the cultural reform program. One message that comes through  
11:28 33 repeatedly is the Board's desire to reset the tone. Ms Coonan, I'm  
11:28 34 not sure if you are aware of her statement, but she's provided  
11:28 35 examples of some things that she believes the Board is doing to  
11:28 36 reset the tone. I wanted to give you to speak, Ms Halton, to speak  
11:28 37 about what you have done to reset the tone at the top.

11:28 38

11:28 39 A. Thank you. So one of the first things that I did was actually  
11:28 40 talk about a range of senior managers in the business to reinforce  
11:28 41 the messages that, firstly, we needed to find all examples of  
11:28 42 non-compliance and behaviour that is below the standard we  
11:28 43 should be expected to adhere to. That is a higher standard than  
11:29 44 just straight compliance. I've delivered that message personally  
11:29 45 to a whole series of senior managers. I have also talked  
11:29 46 whenever I've been in the properties, and I've been --- well,  
11:29 47 before all the assorted shutdowns, I've been in the Melbourne

11:29 1 property more than the Sydney property, but I've always taken the  
11:29 2 opportunity just to talk with individual staff members --- I  
11:29 3 describe it as being harassed by a director. You know, somebody  
11:29 4 in a lift, talking to a guy on the security at the door as you go in,  
11:29 5 floor walking through the casino.

11:29 6  
11:29 7 I've also, and I think the directors have been doing this, is  
11:29 8 basically trying to get into --- and this is not normally a director's  
11:30 9 responsibility, which I'm sure you appreciate, as we have been  
11:30 10 exiting people from the Board who need and needed to go.

11:30 11  
11:30 12 We've also been looking to recruit very high quality executives  
11:30 13 who are, and if I can put this term colloquially, are not beholden.  
11:30 14 In other words, they bring the professional skills and experience  
11:30 15 and many of them (inaudible) to bring them to bear in  
11:30 16 an environment where we need a complete reset.

11:30 17  
11:30 18 So it has been both personal advocacy, looking at the decisions  
11:30 19 we have taken since basically you might as well say the  
11:30 20 beginning of March. It has been about talking with individual  
11:30 21 staff, walking around the properties. I can properly think of other  
11:30 22 things but that probably gives you at least a bit of a flavour.

11:30 23  
11:30 24 Q. When did you start doing those things?

11:30 25  
11:31 26 A. Well, I've always talked --- I mean, I've always done the  
11:31 27 talking to people. Because of other things I do, I'm usually on the  
11:31 28 property in Melbourne, COVID aside, probably about once every  
11:31 29 three weeks. So I have always harassed people on the floor to  
11:31 30 talk to them. It is a habit ---

11:31 31  
11:31 32 Q. We'll edit that from the transcript!

11:31 33  
11:31 34 A. Yes, thank you. You know what I mean, though.

11:31 35  
11:31 36 Q. I do.

11:31 37  
11:31 38 A. And you know I got this habit very early in my career when  
11:31 39 I was responsible for things like aged care, there is no substitute  
11:31 40 for going to talk to people pushing a trolley or somebody who is  
11:31 41 on the door, et cetera, et cetera. So I've always done that.

11:31 42  
11:31 43 I've always talked also to the people in my committee  
11:31 44 responsibility. You mentioned that I took over the  
11:31 45 Risk Committee at the beginning of 2020. I work very closely  
11:31 46 with all the people involved in that bit of the business to provide  
11:31 47 guidance, and to push and to test and to challenge.

11:31 1  
11:32 2 So I guess what I would say to you is that part of the way I  
11:32 3 undertake my role hasn't changed, but I think we've had much  
11:32 4 more authority with these business-wide messages basically since  
11:32 5 late February, early March.  
11:32 6  
11:32 7 Q. Do you have any observations to make --- you have been  
11:32 8 very clear about what you have done and walking the floor is  
11:32 9 something you have said you have always done, some other  
11:32 10 things you said you have more recently done. Do you accept they  
11:32 11 could have been done before that?  
11:32 12  
11:32 13 A. I've always talked to senior management --- I don't want to  
11:32 14 be misinterpreted. I've always talked to senior management. I've  
11:32 15 always actually delivered. And in fact, you can see in the Bergin  
11:32 16 Inquiry I went back and tested and I tested a series of times in  
11:32 17 relation to particular issues.  
11:32 18  
11:32 19 I have always basically engaged with senior management and  
11:33 20 asked them these sorts of questions. One of the messages that I  
11:33 21 had --- so that process is ongoing. I think I sometimes irritate  
11:33 22 senior management because of it, but one of the things that I have  
11:33 23 been able to deliver is not just my personal message, which is  
11:33 24 something I've always done about what I think is important on  
11:33 25 risk or whatever it might be, but I've also been able to deliver  
11:33 26 an unambiguous message from the Board, an unambiguous  
11:33 27 message about our approach, our appetite, and the appetite is  
11:33 28 very, very, very important, but also what we value.  
11:33 29  
11:33 30 And we go back to social licence: how should we be running this  
11:33 31 business? That is now much clearer and, frankly, I have been  
11:33 32 delighted to be able to communicate that message.  
11:33 33  
11:33 34 Q. And in how you are running the business, is that now  
11:33 35 including asking more questions when you are on the Board and  
11:34 36 in the meetings?  
11:34 37  
11:34 38 A. Look, what I would say to you is I have always asked  
11:34 39 questions. I can't say that I think that the responses have always  
11:34 40 been, as we now know, what I would describe as fulsome. What  
11:34 41 I would say to you is that questioning, but also now the ability to  
11:34 42 drive the things that we've already talked about here this morning,  
11:34 43 that culture change, being able to be confident in the people, the  
11:34 44 new people we've brought in who are high quality, very  
11:34 45 experienced executives. So they will continue to get asked the  
11:34 46 questions. I have more confidence that I will get appropriate  
11:34 47 answers.

11:34 1  
11:34 2 Q. Just picking up on the point you mentioned about getting  
11:34 3 appropriate answers and people being forthcoming; is that  
11:34 4 something you didn't appreciate was not happening in the past?  
11:34 5  
11:34 6 A. Look, I think that is a fair enough observation. It takes  
11:35 7 a while, when you join a Board, to get the line and length, I think,  
11:35 8 of people, and certainly over time that became clearer, yes.  
11:35 9  
11:35 10 MS NESKOVCIN: Commissioner, I'm going to go to a different  
11:35 11 topic. Perhaps we could have a 10-minute break.  
11:35 12  
11:35 13 COMMISSIONER: Yes, we'll do that.  
11:35 14  
11:35 15  
11:35 16 **ADJOURNED** [11.35AM]  
11:49 17  
11:49 18  
11:49 19 **RESUMED** [11.49AM]  
11:49 20  
11:49 21  
11:49 22 MS NESKOVCIN: Thank you, Ms Halton.  
11:49 23  
11:49 24 When did you first learn about the potential unpaid liability for  
11:49 25 gaming tax?  
11:49 26  
11:49 27 A. I believe it was 7 June, if that is the date of the media  
11:49 28 report.  
11:49 29  
11:49 30 Q. Sorry, if that is the date of?  
11:49 31  
11:49 32 A. When it was reported in the media. I believe it was the 7th.  
11:49 33 Maybe I'm wrong about the actual date.  
11:49 34  
11:49 35 Q. No, I think that was the date following Mr Mackay's  
11:50 36 evidence. You were in a meeting with the other directors, I'm not  
11:50 37 sure if it was a Board meeting or just a meeting? Which was it?  
11:50 38  
11:50 39 A. That day, having looked at my diary, we had a Risk  
11:50 40 Committee meeting followed by a Sydney board meeting.  
11:50 41 My memory, that meeting, and it was I believe at the end of the  
11:50 42 Risk Management Committee meeting when that report came  
11:50 43 through.  
11:50 44  
11:50 45 Q. From whom?  
11:50 46  
11:50 47 A. I believe it would have been the person who sends media

11:50 1 reporting to members of the Board.  
11:50 2  
11:50 3 Q. So it was a media report about some evidence given in this  
11:50 4 Royal Commission; is that correct?  
11:50 5  
11:50 6 A. That's correct.  
11:50 7  
11:50 8 Q. What happened? Who said what, how did you react?  
11:50 9  
11:50 10 A. Well, I and everybody else who was there was shocked.  
11:50 11  
11:51 12 Q. And what did you say?  
11:51 13  
11:51 14 A. Well, what is it, where did it come from, what is this? I  
11:51 15 can't tell you the exact words but I can tell you the --- I mean, we  
11:51 16 could use a three-letter acronym.  
11:51 17  
11:51 18 Q. I think we are all following.  
11:51 19  
11:51 20 What was the follow-up? Did you get someone on the phone, did  
11:51 21 somebody say "Look, I will follow it up and report back what  
11:51 22 happened"?  
11:51 23  
11:51 24 A. Yes, certainly the intention was to find out exactly what  
11:51 25 this was meant to be and to inform us of what the evidence was in  
11:51 26 relation to, because none of us knew. And I should clarify, my  
11:51 27 memory is it was at the end of that Risk Management Committee,  
11:51 28 so the people who were in attendance in terms of the directors did  
11:51 29 not include, is my memory, Mr Carter, who whilst he's not  
11:52 30 confirmed as a director had been sitting in on the meeting, but my  
11:52 31 memory is he had to go to another appointment. He was on  
11:52 32 virtually, he wasn't there physically, I think. And I think he had  
11:52 33 another engagement.  
11:52 34  
11:52 35 Q. Were there any executives present at the meeting?  
11:52 36  
11:52 37 A. I would have to refresh my memory. Ms Siegers was  
11:52 38 certainly there. Some of it was on video so I can't completely  
11:52 39 recall who was on the video --  
11:52 40  
11:52 41 Q. That's right.  
11:52 42  
11:52 43 A. --- at that point.  
11:52 44  
11:52 45 Q. The reason I asked was whether there was anyone present  
11:52 46 that could have said, "Oh, I know all about that, it is this", but I  
11:52 47 take it that didn't happen?

11:52 1  
11:52 2 A. No. That is certainly not consistent with my memory.  
11:52 3  
11:52 4 Q. Then, after that meeting, what did you find out?  
11:53 5  
11:53 6 A. Well, I found out that there was the suggestion that there  
11:53 7 had been a significant underpayment of this particular tax, and I  
11:53 8 found out that this had been given in evidence, it was in respect  
11:53 9 of a schedule or spreadsheet, however we would like to describe  
11:53 10 it, the number I think that had been reported was in that  
11:53 11 document.  
11:53 12  
11:53 13 Q. All right, and who did you find that out from? Your  
11:53 14 lawyers, or inquiries you made of Crown staff?  
11:53 15  
11:53 16 A. We, we were all --- a number of us, as I think I indicated,  
11:53 17 and I can't tell you the precise answer to that question because  
11:53 18 there were a number of people who were there at the time as part  
11:53 19 of both the Risk Management Committee and Sydney Board  
11:53 20 meeting. So all I can say is it became clear later on that afternoon  
11:54 21 what the reference was to.  
11:54 22  
11:54 23 Q. After that, what did you do, or what did the Board do in  
11:54 24 terms of investigating? Did you get advice, what happened?  
11:54 25  
11:54 26 A. So certainly the request was to get advice about this, what  
11:54 27 was it, what was the quantum, what were the issues were in  
11:54 28 respect of it, and I think what is known, a number of advices were  
11:54 29 sought, including (inaudible) advices.  
11:54 30  
11:54 31 Q. Did you follow the evidence that Mr Walsh gave in this  
11:54 32 Commission?  
11:54 33  
11:54 34 A. Bits of it. I can't say all, but bits of it.  
11:54 35  
11:54 36 Q. Are you aware of the evidence he gave that he raised the  
11:54 37 issue with you on 3 or 4 March 2021?  
11:54 38  
11:54 39 A. I'm certainly aware he had said he met with me --- I think  
11:54 40 he said 3rd or 4th. It was the 4th.  
11:54 41  
11:54 42 Q. He said it was a catch-up at the Crystal Club at the casino.  
11:54 43 You recall having a catch-up with Mr Walsh at the Crystal Club  
11:55 44 on 4 March, do you?  
11:55 45  
11:55 46 A. I do.  
11:55 47



11:55 1 Q. What is your recollection about --- did you discuss a variety  
11:55 2 of things?

11:55 3

11:55 4 A. Mm.

11:55 5

11:55 6 Q. I'm not interested in the other things, I'm just interested in  
11:55 7 the tax issue or the bonus jackpots issue. I'm not exactly sure  
11:55 8 how he described it, but can you tell the Commission what he  
11:55 9 said to you on that topic on 4 March?

11:55 10

11:55 11 A. Yes, I can. My memory is that he told me, and it is in the  
11:55 12 context of a "bring out your dead" broader admonition. This  
11:55 13 wasn't a discussion about all of the things --- it was a discussion  
11:55 14 about operation of the business, et cetera, et cetera, but he said to  
11:55 15 me, "One thing that I've become aware of, it reflects badly on  
11:55 16 culture, it is an issue from two thousand" --- and I believe he said  
11:55 17 "12" --- "in respect of something that wasn't fulsomely disclosed  
11:56 18 and there is a note, a document, that talks about not telling the  
11:56 19 VCGLR something."

11:56 20

11:56 21 I believe he said "jackpot", he didn't say "tax", and he said that,  
11:56 22 however this matter was disclosed to the VCGLR in ---  
11:56 23 subsequently in 2018. And that was about the extent of it.

11:56 24

11:56 25 Q. I see. So did he describe it as a tax, an unpaid tax issue?

11:56 26

11:56 27 A. No.

11:56 28

11:56 29 Q. He just described it as something that reflects badly on  
11:56 30 culture that happened in 2012 that was not disclosed  
11:56 31 fulsomely ---

11:56 32

11:56 33 A. Correct.

11:56 34

11:56 35 Q. --- but it was fixed up in 2018?

11:56 36

11:56 37 A. That was what I took from that conversation. Correct.

11:56 38

11:56 39 Q. His evidence was he talked about advice that had been  
11:56 40 received in 2012 and 2018 which he described as equivocal. You  
11:57 41 don't recall that?

11:57 42

11:57 43 A. No, I don't, I'm sorry.

11:57 44

11:57 45 Q. He said that there was a presentation; you don't recall him  
11:57 46 referring to a presentation although you recall him saying  
11:57 47 something?

11:57 1  
11:57 2 A. A document. He did say a document.  
11:57 3  
11:57 4 Q. He didn't have the document to show you?  
11:57 5  
11:57 6 A. No.  
11:57 7  
11:57 8 Q. You didn't ask to see the document?  
11:57 9  
11:57 10 A. No.  
11:57 11  
11:57 12 Q. What was the overall impression that you were left with  
11:57 13 after that meeting, was it that it was a small matter that might be  
11:57 14 a little bit embarrassing but it would be okay?  
11:57 15  
11:57 16 A. That it went to culture, yes. And, in fact, I mean, in fact my  
11:57 17 memory is I said "Well, you should make sure the Executive  
11:57 18 Chairman knows about that, but we are all about full disclosure  
11:58 19 of sins, misdemeanours and bad --- all of these things and that  
11:58 20 will rightly come out." And then the conversation moved on.  
11:58 21  
11:58 22 Q. And knowing what you now know, was there anything  
11:58 23 about what he said at the time that made you think, "Oh, I should  
11:58 24 have probed a bit about that" or was it the case ---  
11:58 25  
11:58 26 A. (Nods head).  
11:58 27  
11:58 28 Q. --- it just sounded like it was something he was on top of?  
11:58 29  
11:58 30 A. He told me he was worried about --- I took from it that he  
11:58 31 was worried about the way it presented culture. But no, it was  
11:58 32 not something that I got a clear message needed to be followed  
11:58 33 up. And I think, if I might observe, that when we discussed  
11:58 34 earlier, when that media report came through, I had no notion,  
11:58 35 and it took some time to figure out that that media reporting in  
11:58 36 respect of the underpayment of tax had any connection with that  
11:59 37 issue.  
11:59 38  
11:59 39 Q. And he certainly didn't tell you that was something he'd  
11:59 40 been aware of since at least 2018, did he?  
11:59 41  
11:59 42 A. No, I don't believe so.  
11:59 43  
11:59 44 Q. You now know that he was one of the people that was  
11:59 45 aware of the issue when it emerged in 2018; correct?  
11:59 46  
11:59 47 A. My understanding that others were aware, yes.

11:59 1  
11:59 2 Q. But Mr Walsh was one of them, but he didn't tell you that  
11:59 3 personally?  
11:59 4  
11:59 5 A. No.  
11:59 6  
11:59 7 Q. He certainly didn't tell you the full extent of the issue,  
11:59 8 according to your evidence, namely the advice, proceeding with it  
11:59 9 nevertheless, and the issue of non-disclosure to the VCGLR?  
11:59 10  
11:59 11 A. The issue about the VCGLR, as I said earlier, that there was  
11:59 12 the cultural thing, what we didn't tell the VCGLR, and then we  
11:59 13 had disclosed in 2018. So he did explain we hadn't been  
12:00 14 fulsome ---  
12:00 15  
12:00 16 Q. But you now understand the issue about not being fulsome  
12:00 17 is a potential issue about concealment?  
12:00 18  
12:00 19 A. Well, I understand that we did not --- I mean, I don't know  
12:00 20 what your technical definition of the word "concealment" is, but  
12:00 21 certainly we were not full, open and fully disclosed to the  
12:00 22 VCGLR at the time, absolutely.  
12:00 23  
12:00 24 Q. And Mr Walsh did not make that clear to you on 4 March?  
12:00 25  
12:00 26 A. No.  
12:00 27  
12:00 28 Q. Now, one way of looking at that disclosure to you on 4  
12:00 29 March is that in itself represents something about culture. What  
12:00 30 it suggests is the Board's attempts to send a message of speaking  
12:00 31 up and delivering bad news hasn't gotten through to Mr Walsh.  
12:01 32 Do you think that is the problem?  
12:01 33  
12:01 34 A. I wouldn't want to speculate. What I would say is in  
12:01 35 subsequent discussions with Mr Walsh, including when I was  
12:01 36 preparing my statement where I put a series of questions I found  
12:01 37 him to be open. I would say that the changes that we made to the  
12:01 38 composition of the board, which you are very familiar with, they  
12:01 39 occurred really basically up until about that point. So this is  
12:01 40 literally immediately after we are in the process of exiting  
12:01 41 directors. It was a very difficult time. So I accept your point that  
12:01 42 this happened after we made those changes. I think we were in  
12:01 43 the early stages and demonstrating that we were going to exit  
12:01 44 people from the business, and we were going to take a different  
12:01 45 approach. So the temporal reference is (inaudible).  
12:01 46  
12:02 47 Q. It concerns you, though, that he downplayed it?

12:02 1  
12:02 2 A. It does.  
12:02 3  
12:02 4 Q. And it concerns you now, knowing that he was in the midst  
12:02 5 of it in 2018; didn't it?  
12:02 6  
12:02 7 A. It does.  
12:02 8  
12:02 9 Q. And it concerns you now that having sent that clear  
12:02 10 message that you were trying to send, you and the Board were  
12:02 11 trying to send in December 2020 that he assumed the role of CEO  
12:02 12 in December 2020 and he didn't speak up; that concerns you,  
12:02 13 doesn't it?  
12:02 14  
12:02 15 A. It does. I would make the point that in December 2020 we  
12:02 16 had the full complement of previous directors, the unambiguous  
12:02 17 message --- we've already discussed this --- was basically from  
12:02 18 the point at which we exited all of those people. But, yes, it  
12:02 19 concerns me.  
12:02 20  
12:02 21 Q. Well, you've put your faith in him as the CEO of Crown  
12:02 22 Melbourne; correct?  
12:02 23  
12:02 24 A. He is in that role, correct.  
12:02 25  
12:03 26 Q. And that is a very senior role with responsibility, and  
12:03 27 you assume, when someone takes on that responsibility, that they  
12:03 28 appreciate the need to do the right thing; correct?  
12:03 29  
12:03 30 A. Correct.  
12:03 31  
12:03 32 Q. And regardless of who the directors are at the time, who  
12:03 33 were his reports at the time, in 2018 or later, once he becomes the  
12:03 34 CEO you expect him, regardless of anything that you might say  
12:03 35 and who else is there, to speak up, don't you?  
12:03 36  
12:03 37 A. I do.  
12:03 38  
12:03 39 Q. And he didn't do that, did he?  
12:03 40  
12:03 41 A. Not in this instance.  
12:03 42  
12:03 43 Q. Do you feel comfortable that Crown Melbourne is in the  
12:03 44 right hands while Mr Walsh is the CEO and a director of Crown  
12:03 45 Melbourne?  
12:03 46  
12:03 47 A. So what I would say to you is we have a range of issues to

12:03 1 manage inside the business. Mr Walsh, in my subsequent  
12:04 2 dealings with him, has been quite candid. I have not talked to  
12:04 3 him yet about why, on this particular --- in this particular instance  
12:04 4 he did not tell me in words of one syllable that this potentially  
12:04 5 meant a tax --- do you know what I mean? And my strong  
12:04 6 preference in dealing with people is firstly to treat them on face  
12:04 7 value in terms of how they behave, and I should make the point I  
12:04 8 have had very little to do with him before he took on this  
12:04 9 particular role. And as you have already observed, I haven't been  
12:04 10 on the Crown Melbourne Board so my interactions with him were  
12:04 11 very limited.

12:04 12

12:04 13 So I would say there are very questions here, definitely, but I  
12:04 14 haven't had the opportunity to talk to him, and it wouldn't have  
12:05 15 been appropriate for me to talk with him before coming to talk to  
12:05 16 you today.

12:05 17

12:05 18 Q. I understand that, and I understand that this is a very public  
12:05 19 forum but you need to do your best to assist the Commission on  
12:05 20 this ---

12:05 21

12:05 22 A. I do.

12:05 23

12:05 24 Q. --- because this is the future of the organisation --

12:05 25

12:05 26 A. I agree.

12:05 27

12:05 28 Q. --- and the Commission needs to understand that you feel  
12:05 29 comfortable with the organisation going forward. You've said  
12:05 30 your message has been delivered loud and clear. The first  
12:05 31 opportunity Mr Walsh takes, not the first opportunity he has, the  
12:05 32 first opportunity he takes to raise it with you, he downplays it.  
12:05 33 He's at the centre of it. He had responsibilities from the end of  
12:05 34 December 2020. What faith do you have that this sort of thing  
12:05 35 won't happen again?

12:05 36

12:05 37 A. Well, I would say to you I am concerned about that. I am  
12:05 38 also concerned to give somebody an opportunity to put a view,  
12:05 39 and my dealings with him in the last few months, he's been very  
12:06 40 open, honest and straightforward. So I am concerned, that is  
12:06 41 absolutely correct. I would also make the point that Mr McCann  
12:06 42 has arrived, Mr McCann is going to make an assessment about all  
12:06 43 of our senior management team going forward. I'm conscious  
12:06 44 that whilst the directors have had to step in in ways that are not  
12:06 45 normally what we do, to do recruitments to actually change all  
12:06 46 these things over a very short period of time, I would also like to  
12:06 47 give Mr McCann the opportunity to be part of this journey. It is

12:06 1 not up to me now on my own. But you are right, I am sceptical.

12:06 2

12:06 3 Q. Thank you, Ms Halton.

12:06 4

12:06 5 One other matter if I might, and this is something that has only

12:06 6 recently come up for both of us. Yesterday we received

12:07 7 a memorandum from Ms Siegers regarding recommendations

12:07 8 made in an expert report prepared for this Commission in relation

12:07 9 to Crown's risk management frameworks. I will have the

12:07 10 document brought up. CRW.512.210.0001.

12:07 11

12:07 12 I understand that there was a Risk Management Committee

12:07 13 meeting yesterday and this was a paper that Ms Siegers prepared

12:07 14 and presented to the Committee; that is correct?

12:07 15

12:07 16 A. No, no. I think Ms Siegers had been provided with a copy

12:07 17 of the expert report, she has diligently analysed it. I had read it

12:07 18 already, and I think this is her contribution to the members of the

12:07 19 Risk Management Committee about her views on that report.

12:07 20

12:07 21 Q. I see. So can you clarify, you've had an opportunity to read

12:08 22 the report; that is correct?

12:08 23

12:08 24 A. Correct.

12:08 25

12:08 26 Q. And, as I understand, and you've had an opportunity to read

12:08 27 Ms Siegers's paper?

12:08 28

12:08 29 A. Very briefly. It's only --- when was it dated? Was that

12:08 30 yesterday? I think so.

12:08 31

12:08 32 Q. I will ask the operator to go to the end of the second page.

12:08 33 It is recommended that the 22 recommendations be discussed at

12:08 34 the next meeting in August; you see that?

12:08 35

12:08 36 A. I do.

12:08 37

12:08 38 Q. I wanted to understand your intention and the process from

12:08 39 here, and I will summarise it.

12:08 40

12:08 41 My assessment of this paper is Ms Siegers has read the expert

12:08 42 report, she's taken on board some of the recommendations, she's

12:08 43 effectively disagreed with some, but what is going to be the

12:08 44 process on your part as Chair of the Risk Management

12:08 45 Committee and the broader Committee to consider the

12:08 46 recommendations in the expert report?

12:09 47

12:09 1 A. So this is a very helpful report, so thank you to the  
12:09 2 Commission for this report. Obviously any of this kind of input  
12:09 3 is going to be considered and considered very carefully. She  
12:09 4 makes the point, and --- as it happens, one of our incoming  
12:09 5 directors, Mr Carter, has actually worked with (inaudible) very  
12:09 6 closely at the Bank of Queensland. She does make the point,  
12:09 7 which I think is accurate, that his experience is in financial  
12:09 8 services, and speaking as a director of a large ADI, I can agree  
12:09 9 that there are some differences between financial services and  
12:09 10 this particular institution.

12:09 11  
12:09 12 That said, and I would say that because we've just split the audit  
12:09 13 and risk function as I think you would be aware from my  
12:09 14 statement, what we need to do is then --- and what I would say to  
12:09 15 you is a lot of the practice is actually in play, we are doing  
12:10 16 a number of these things but we have to have a documentation  
12:10 17 catch-up.

12:10 18  
12:10 19 The other thing I want to do, and I've said this in my statement  
12:10 20 and I said it very clearly is obviously the work on the risk  
12:10 21 framework, particularly the metric has to continue. That is the  
12:10 22 way you get a sense of where you are at a particular point in time  
12:10 23 on individual issues.

12:10 24  
12:10 25 So, yes, I mean, this will be given very careful consideration. We  
12:10 26 are not scheduled at the moment to meet until August. I would  
12:10 27 be hoping that prior to that time we will be able to consider this.  
12:10 28 There are a number of these things that could be implemented  
12:10 29 immediately and they will be.

12:10 30

12:10 31 Q. Thank you, that's helpful, Ms Halton. So you agree it is  
12:10 32 a considered report?

12:10 33

12:10 34 A. I do. I think some of the issues in it are --- and he  
12:10 35 acknowledges this at the outset, that he is not familiar with this  
12:10 36 industry. He also of course hasn't had the opportunity to talk with  
12:10 37 people but it will be treated very seriously.

12:10 38

12:11 39 Q. You mention that Mr Carter has worked with the author of  
12:11 40 that report previously and regards him highly, no doubt?

12:11 41

12:11 42 A. Indeed.

12:11 43

12:11 44 Q. And you've effectively given an assurance to the  
12:11 45 Commission that the matter will be considered very carefully by  
12:11 46 the Risk Management Committee?

12:11 47

12:11 1 A. Absolutely. And, in fact, I'm grateful to the Commission  
12:11 2 for having done the work. We have to make sure --- risk  
12:11 3 management doesn't stop. You have to keep working on it, and  
12:11 4 so this is very helpful.

12:11 5  
12:11 6 MS NESKOVCIN: Thank you, Ms Halton.

12:11 7  
12:11 8 I have nothing further for Ms Halton. I'm not sure if there are any  
12:11 9 questions.

12:11 10

12:11 11

12:11 12 **QUESTIONS BY THE COMMISSIONER**

12:11 13

12:11 14

12:11 15 COMMISSIONER: I have a couple of questions. Can you bring  
12:11 16 that note up again. I haven't seen it before.

12:11 17

12:11 18 MS NESKOVCIN: It came in last night, Commissioner.

12:11 19

12:11 20 Mr Peter Deans has provided the report to this Commission in  
12:11 21 relation to the framework. Ms Siegers, it appears, has considered  
12:11 22 Mr Deans' recommendations and agreed with some, made  
12:12 23 comments on others, and as we have just heard, the process is the  
12:12 24 Risk Management Committee will consider the report in more  
12:12 25 detail.

12:12 26

12:12 27 COMMISSIONER: I see.

12:12 28

12:12 29 Can I just ask, Ms Halton, if you look at the first paragraph ---

12:12 30

12:12 31 A. Yes.

12:12 32

12:12 33 COMMISSIONER: --- the second sentence strikes me as not  
12:12 34 insignificant. Ms Siegers obviously doesn't like the report.

12:12 35

12:12 36 A. Actually on the contrary, Commissioner, I think she does  
12:12 37 like it.

12:12 38

12:12 39 COMMISSIONER: Done by a person who doesn't know what  
12:12 40 he's talking about, "without knowledge or engagement with  
12:12 41 Crown staff". In other words the opening paragraph she is  
12:12 42 critical of the report. I don't regard that as such a good start.

12:12 43

12:12 44 A. So, Commissioner, can I just make an observation.

12:12 45 Ms Siegers's first language is not English, and ---

12:12 46

12:12 47 COMMISSIONER: I've heard Ms Siegers. She has given



12:12 1 evidence.  
12:12 2  
12:12 3 A. I know, and she is very, very direct and factual.  
12:12 4  
12:12 5 COMMISSIONER: She's in good company, Ms Halton!  
12:12 6  
12:12 7 A. Indeed. So, knowing her as I do, I do not regard that as  
12:13 8 a critical statement. It is a statement of fact. The Commission  
12:13 9 has commissioned this. As I said, that is welcome, and I think  
12:13 10 very helpful. So I actually don't --- knowing her as I do, I do not  
12:13 11 regard that as a criticism.  
12:13 12  
12:13 13 COMMISSIONER: Yes, okay.  
12:13 14  
12:13 15 Can I ask you a question about a topic you haven't been asked  
12:13 16 about at all, but I did raise it with other people, one other person  
12:13 17 from Crown the other day, and that is the organisational structure  
12:13 18 between Crown Resorts and Crown Melbourne. I don't know  
12:13 19 whether anybody told you that I'm interested in that. What I'm  
12:14 20 trying to work out is where the real responsibility and  
12:14 21 decision-making lies and makes place. To be quite frank about it,  
12:14 22 I've seen inconsistent material. In some of the witness statements  
12:14 23 or some of the evidence I've got, it speaks about a proposal to  
12:14 24 centralise.  
12:14 25  
12:14 26 The Sixth Review by the regulator says the exact opposite, it says  
12:14 27 that there has been centralisation and in the Sixth Review there is  
12:14 28 a list of every major function that is carried on by Crown  
12:14 29 Melbourne has been centralised.  
12:14 30  
12:14 31 There is advice obtained from Freehills about whether to do or  
12:14 32 not to do it, and the risks and advantages, and the Freehills advice  
12:14 33 assumes that it hasn't taken place.  
12:14 34  
12:15 35 So there is a disconformity between what people are saying and  
12:15 36 what is happening on the ground, but I'm interested --- I don't  
12:15 37 really care whether people make mistakes or the timing is  
12:15 38 different, I don't really care about that, but I tell you what I do  
12:15 39 care about: I'm very much concerned that Crown Melbourne,  
12:15 40 which I know is a subsidiary company, but is the main company  
12:15 41 in the group --  
12:15 42  
12:15 43 A. It is.  
12:15 44  
12:15 45 COMMISSIONER: --- in the sense it has the biggest business, it  
12:15 46 makes the most money, it employs the most staff and therefore  
12:15 47 carries the greatest responsibility of the group in terms of

12:15 1 compliance and financial concerns, all the rest of it. It is the  
12:15 2 central company. I'm looking at it from the position of the  
12:15 3 regulator. Just assume that the regulator needs to have close  
12:15 4 contact or close oversight with the decision-making. You should  
12:16 5 assume it is of great concern to me that that decision-making is  
12:16 6 shifting out of Crown Melbourne where the main tasks have to be  
12:16 7 carried out and moving elsewhere.

12:16 8

12:16 9 Now, I understand the logical and practical reasons why you  
12:16 10 might do that because it is at least cost-efficient, if nothing else,  
12:16 11 and it might be there are lots of other benefits as well.  
12:16 12 Ms Siegers and Ms Bauer are people who are managing across  
12:16 13 the field, but if I was the regulator and wanted to see exactly what  
12:16 14 was going on and who was doing it and how it was being done  
12:16 15 and is it being done properly, the Victorian regulator only cares  
12:16 16 about Melbourne, doesn't care --- well, you know what I mean.  
12:16 17 They care about what happens elsewhere as well because it is  
12:16 18 a reflection of the Melbourne organisation --

12:16 19

12:16 20 A. I know.

12:16 21

12:16 22 COMMISSIONER: --- but if they want to really sit on top of what  
12:17 23 is going on and see what is going on, they don't want see risk  
12:17 24 management meetings taking five minutes because they adopt  
12:17 25 what happens at central office, they don't want compliance  
12:17 26 committee meetings having five minutes because they adopt the  
12:17 27 recommendations from head office, and the Responsible Service  
12:17 28 of Gambling is on the floor, on the ground problems. They want  
12:17 29 people who know and can see and oversight it properly.

12:17 30

12:17 31 I'm worried about lots of things, but one of the organisational  
12:17 32 things I'm worried about is that if you shift decision-making, I  
12:17 33 mean control of --- if you shift control, any part of the control of  
12:17 34 Melbourne away from Melbourne, it makes the regulator's  
12:17 35 position almost, I wouldn't say impossible because nothing is  
12:17 36 impossible, but much more difficult than it otherwise would have  
12:17 37 to be. I'm very interested in your take on that.

12:17 38

12:18 39 A. Okay, thank you, Commissioner. I completely understand  
12:18 40 your concern, and in fact, I've been highly conscious. As  
12:18 41 a former regulator myself, highly conscious of the challenge that  
12:18 42 regulators have and the assurance they have to have about how  
12:18 43 things actually work and operate. So there is a couple of  
12:18 44 observations I would make.

12:18 45

12:18 46 Firstly, Crown Melbourne is the operator of and has those  
12:18 47 structures in place that we've talked about already. You know,

12:18 1 and it was in my statement, it has an Audit Committee,  
12:18 2 Compliance Committee, Enterprise Risk, et cetera, all those  
12:18 3 committees.

12:18 4  
12:18 5 When you say things being moved away from Melbourne, in a  
12:18 6 corporate structure, and I want to draw a parallel with other  
12:18 7 industries if you will just indulge me for a second. In the  
12:18 8 corporate structure, we have Melbourne, we have Sydney as  
12:18 9 a separate entity and we have WA. The things that you want to  
12:18 10 be able to do to actually run efficiently is make sure that you  
12:19 11 do --- you actually have economies of scale in terms of your  
12:19 12 systems, and, indeed, your capacity to, for example, get expert  
12:19 13 advice, et cetera, et cetera. But what you don't want to do is you  
12:19 14 don't want to take away from the responsibilities of the people on  
12:19 15 the Melbourne board or, indeed, the staff who are actually  
12:19 16 running Crown Melbourne. What you see in a number of other  
12:19 17 industries, efficiency that comes --- all of this work is done in  
12:19 18 Melbourne, I assure you of this. The efficiency that comes with  
12:19 19 one approach to automating, for example, the data you get from  
12:19 20 electronic gaming machines, table games, et cetera, and ingesting  
12:19 21 that into an AML program, you would know about that work  
12:19 22 from I think what Steve Blackburn would have told you. But  
12:19 23 what you do with it is then, apart from the fact that it is available  
12:20 24 to the regulator, it is implemented by Crown Melbourne, and I  
12:20 25 agree with you. This is confusing. Some people get confused  
12:20 26 about the structures. But what I would say to you is, some of  
12:20 27 these capabilities are organised and then rolled out across the  
12:20 28 group, they are all rolled out from Melbourne. So the IT  
12:20 29 department is in a building at Southbank. The people working on  
12:20 30 AML are in the buildings at Southbank. They are all there, they  
12:20 31 are in different parts of the complex.

12:20 32  
12:20 33 So it is important I think to make that distinction. If you look at  
12:20 34 groups who do a number of things, some of whom are subject to  
12:20 35 different regulations, and let me take you to hospitals, if I might,  
12:20 36 and particularly private hospitals and private hospital groups.  
12:20 37 Probably we shouldn't talk about aged care, given what is going  
12:20 38 on, but what you have are specific regulations in each of the  
12:21 39 States, and the individual entities are responsible to those States  
12:21 40 in respect of the regulations that they have; does that make sense?

12:21 41  
12:21 42 COMMISSIONER: Yes, it does.

12:21 43  
12:21 44 A. And they respond to that regulator. What they sometimes  
12:21 45 do, though, and this is for efficiency and actually to get a better  
12:21 46 outcome for the entity and also for the regulator, is they  
12:21 47 prepare --- they will do once the work that they need to do on IT.

12:21 1 So you get economies of scale and you get, in my experience,  
12:21 2 a better quality product in terms of the IT, because you can  
12:21 3 actually take the costs of doing that development across all of  
12:21 4 those entities rather than just across, in this case, the Melbourne  
12:21 5 entity. But what you are doing still, as a regulated entity with  
12:21 6 activities in different regulatory zones, it is the gift of federation,  
12:22 7 you still have to be responsive to your regulator. You are still the  
12:22 8 decision-maker in all of these things, but what you get is the  
12:22 9 benefit of the economies of scale that comes across the Group.  
12:22 10 And in our case, all of that work across the Group is done pretty  
12:22 11 much --- there are a few IT people in WA, there is a few people  
12:22 12 elsewhere, but that work is driven out of Melbourne.  
12:22 13  
12:22 14 COMMISSIONER: I understand fully the economic benefits that  
12:22 15 you get from centralised administration, particularly the kind of  
12:22 16 thing you are talking about, economies of scale, but that is really  
12:22 17 talking about in the main, not exclusively of course, but in the  
12:22 18 main we are talking there about capital expenditure, an IT system  
12:22 19 across ---  
12:22 20  
12:22 21 A. Your own ---  
12:22 22  
12:22 23 COMMISSIONER: There are two things that worry me about it.  
12:23 24 There are two levels. I'm talking at board level and senior  
12:23 25 management level. At board level I'm worried about having  
12:23 26 a close overlap between the parent company board and the  
12:23 27 subsidiary board. I don't worry about that generally, but in a case  
12:23 28 where I have the kind of regulation that I see is imposed by the  
12:23 29 law here, I regard that as a real potential, not only the regulation  
12:23 30 but agreements that exist between Crown Melbourne and the  
12:23 31 State of Victoria and the regulator, I see the genuine --- a real  
12:23 32 possibility for conflicts of interest. That is, head office will have  
12:23 33 one view, taking into account the interests of the group, but the  
12:23 34 interests of the group as a whole might not be in the interests of  
12:23 35 Crown Melbourne. I will give you one simple example.  
12:23 36  
12:24 37 You take the benefit, the instrument that ASIC has published  
12:24 38 many years ago, that if you are a published group accounts, as  
12:24 39 you do, you comply with the dictates of instrument, one set of  
12:24 40 accounts, very efficient, probably save you tens of thousands, if  
12:24 41 not hundreds of thousands of dollars. So I get the efficiency.  
12:24 42 And Crown does that because I see from its annual reports. The  
12:24 43 cost though, is there a cost of guarantee. Every company in the  
12:24 44 Group has to guarantee one another. That is fine for the Group, it  
12:24 45 is fine for the parent company, fine for a West Australian  
12:24 46 subsidiary, but Crown Melbourne, if it continues to exist, is  
12:24 47 indebted to the State Government, it has to pay several hundreds

12:24 1 of millions of dollars, some in 2023, some in 2033, and all the  
 12:24 2 rest of it, the financial commitments which are ongoing. It might  
 12:25 3 not be in Crown Melbourne's interests, bearing in mind that it is  
 12:25 4 indebted, future debt by hundreds of millions of dollars, to  
 12:25 5 guarantee head office, guarantee Crown Resorts' debts and  
 12:25 6 guarantee WA's debts, and I don't know what other companies  
 12:25 7 might be operating companies. So I regard that --- and it's  
 12:25 8 a problem every time you group accounts, to take advantage of  
 12:25 9 the instrument that ASIC publishes or has put out.

12:25 10  
 12:25 11 So that is an easy conflict of interest. But I suspect that there are  
 12:25 12 very many other conflicts of interest, like even setting up a casino  
 12:25 13 in Sydney might not be in the best interests, it might be contrary  
 12:25 14 to the best interests of the Melbourne operation. You see my  
 12:25 15 problem. So I have a problem at two levels. That's at the Board  
 12:25 16 level where major decision-making takes place.

12:25 17  
 12:26 18 I don't like also the idea of say the Risk, Compliance  
 12:26 19 Committees, effectively, or the people in charge, or even  
 12:26 20 Responsible Gaming. Every State has a Responsible Gambling  
 12:26 21 manager but they report to head office. Can I tell you, I do not  
 12:26 22 like that. I think it is giving responsibility to a place where it  
 12:26 23 doesn't belong. In Melbourne, the Melbourne operation should  
 12:26 24 be fully responsible and have full oversight of its operations here.

12:26 25  
 12:26 26 Partly it is a philosophical debate as much as anything else, but in  
 12:26 27 one sense it is real because under the Management Agreement  
 12:26 28 you have to have --- it is written on the assumption that  
 12:26 29 management of the Victorian operation have to live here.

12:26 30  
 12:26 31 A. (Nods head).

12:26 32  
 12:26 33 COMMISSIONER: All the senior executives have to be  
 12:26 34 Victorian. The structure of the agreement is that it is run from  
 12:27 35 Victoria. That doesn't mean having staff here, it means the head  
 12:27 36 of every major section of the business has to be located here and,  
 12:27 37 I'm being quite frank about it, I don't like the idea of having  
 12:27 38 an overlap of board membership where the interests may and  
 12:27 39 often will not coincide. So that's a short speech, but it is very  
 12:27 40 important for you to deal with it and tell me what you think about  
 12:27 41 it.

12:27 42  
 12:27 43 A. Thank you, and thank you for putting that out for me to  
 12:27 44 perhaps engage with. If I could make a couple of points.

12:27 45  
 12:27 46 Firstly, I do work on another large Melbourne-based board which  
 12:27 47 has a subsidiary in another jurisdiction where we have a separate

12:27 1 board and the regulator there is very clear about the need for that  
12:27 2 business to be run in a way that is not dictated, if I can put it in  
12:28 3 that way. There is one cross-member across that board. Now,  
12:28 4 the thing I would say to you, and you would know this, that  
12:28 5 directors' duties are that you serve the purpose of the particular  
12:28 6 company, so unless the parent has in some way indebted you,  
12:28 7 which I'm not aware that we have in any way, shape or form,  
12:28 8 those directors actually have that obligation.

12:28 9

12:28 10 Your point about overlap, I think that is a fair enough point to  
12:28 11 make, you could have a difference of view or maybe not about  
12:28 12 the likelihood of separating their obligations to one versus the  
12:28 13 other. And you made a point about that maybe being  
12:28 14 a philosophical discussion, I think that is a conversation we  
12:28 15 would have perhaps not in this hearing, if I can put it that way.

12:28 16

12:28 17 COMMISSIONER: Don't think it is unimportant for this  
12:28 18 hearing!

12:28 19

12:28 20 A. No, it's not, but my point is it could potentially be a long  
12:28 21 conversation. But what I would say to you is this: that firstly,  
12:28 22 you've expressed some concern, I think, in your remarks that, for  
12:29 23 example, it might not be in the best interests of Crown Melbourne  
12:29 24 in respect of the opening of Crown Sydney. One of the things I  
12:29 25 do want to give you some assurance about is --- I arrived after  
12:29 26 Sydney was agreed as an entity. It was a project on foot, it was  
12:29 27 happening. But all the advice I've always had about that was it  
12:29 28 would accretive to the entire business. In other words, everyone  
12:29 29 gets a better financial outcome out of that particular investment.  
12:29 30 There is nothing I've seen, or ever been told, that actually  
12:29 31 suggests otherwise. In fact, the very consistent advice, and it is to  
12:29 32 do with particularly international visitors and how they tend to  
12:29 33 move across the properties and actually getting more of the  
12:29 34 people who are in Sydney to come actually to our property in  
12:29 35 Melbourne. So that is the one point I would make.

12:29 36

12:30 37 In terms of --- you mention Responsible Gambling as being  
12:30 38 something that shouldn't be dictated by elsewhere. Again I would  
12:30 39 ask you, because my view on this is it is a really important issue,  
12:30 40 and the better capability we have, remembering that our RSG  
12:30 41 function is located in Melbourne, and Mr Blackburn, I think he  
12:30 42 talked to you about --- what we did was elevate it in terms of  
12:30 43 senior manager so it wasn't down the structure --- sorry, I'm  
12:30 44 waving my hands around now, that's not great.

12:30 45

12:30 46 COMMISSIONER: That's okay.

12:30 47

12:30 1 A. If you think about it as a top layer sitting under the CEO,  
12:30 2 we elevated Responsible Gaming to one of that (inaudible),  
12:30 3 which is where it should be, in my opinion. The work that you  
12:30 4 can do, you have the resources which are across the whole group  
12:31 5 in terms of bringing in the expertise, and I think you know  
12:31 6 because these were the things that we have agreed to that we will  
12:31 7 spend more time and energy on the research component to keep  
12:31 8 current on that stuff. So I understand completely and agree with  
12:31 9 you about Melbourne being heart of the operation, it absolutely  
12:31 10 is, but I would suggest to you that removing the capacity to get  
12:31 11 those synergistic benefits --- that's a terrible term and I apologise  
12:31 12 for it --- it comes from the bigger group, enables you to spend  
12:31 13 more money on that research and, I would argue then, improve  
12:31 14 the practice. That's my experience trying to take research into  
12:31 15 (inaudible) over a long time.

12:31 16

12:31 17 But your concern, I understand your concern, but I do think that  
12:31 18 board is and has been (inaudible). You talked about the notion of  
12:31 19 the corporate structure and some discussion about that. I have  
12:32 20 been very aware of the importance to Victoria of having an entity  
12:32 21 in Victoria, which is the Melbourne entity, and being responsible  
12:32 22 to Melbourne, and the fact that all of our senior people should be  
12:32 23 there. I understand that completely. There is the opportunity for  
12:32 24 economies of scale that does not diminish the importance of  
12:32 25 Melbourne and its responsiveness. I'm very confident of that.

12:32 26

12:32 27 That probably doesn't answer your questions.

12:32 28

12:32 29 COMMISSIONER: No, but it is an interesting conversation.  
12:32 30 One of the reasons why it comes to mind necessarily --- I am  
12:32 31 going to disclose some privileged advice but it doesn't matter ---  
12:32 32 one of the things that Freehills advised about, the risks of  
12:32 33 centralised management is the board of the head company, the  
12:32 34 holding company, the parent company, they, the board members  
12:32 35 have to take into account the interests of everybody: the parent  
12:33 36 company, holding company and the subsidiaries. And that is  
12:33 37 quite right; Freehills, when they point out the structure and deal  
12:33 38 with the risks, quite correctly point out that that is a serious  
12:33 39 potential risk when directors are trying to carry out their duties  
12:33 40 because they have now a number of masters, or a number of areas  
12:33 41 of responsibility, and I'm looking at it from the reverse, from the  
12:33 42 bottom --- they were looking at it from the top down and I'm  
12:33 43 looking at it from the bottom up. It's exactly the same problem  
12:33 44 manifesting itself from a different starting point.

12:33 45

12:33 46 A. Yes. And what I'm saying to you in my experience is those  
12:33 47 things actually are reconcilable. And I do think --- you have

12:33 1 made an important point about the independence of the  
12:33 2 Melbourne board. It is legally constituted, it is independent and  
12:33 3 your point about the cross-membership is a fair and valid point.  
12:33 4 But what I would say to you is elsewhere that I am, I see that  
12:33 5 issue managed on a very regular basis, and managed effectively.

12:33 6  
12:34 7 Now, to my mind actually, this is the advantage of being  
12:34 8 a publicly listed company because, I mean, these things are  
12:34 9 properly regulated and scrutinised. So I completely understand  
12:34 10 your concern, but my experience is it can be managed.

12:34 11  
12:34 12 COMMISSIONER: Okay. Thanks. I don't have any other  
12:34 13 questions to ask at the moment, Ms Halton. I think other people  
12:34 14 might have a go.

12:34 15  
12:34 16 A. Great!

12:34 17  
12:34 18

12:34 19 **CROSS-EXAMINATION BY MR ROZEN**

12:34 20  
12:34 21

12:34 22 MR ROZEN: Thank you, Commissioner.

12:34 23  
12:34 24

12:34 25 Ms Halton, my name is Mr Rozen. I represent the VCGLR in this  
12:34 26 proceeding. I'm conscious of time constraints and will keep it as  
12:34 27 brief as I can.

12:34 28  
12:34 29

12:34 30 I want to ask you briefly about two matters that have arisen in the  
12:34 31 answers to questions asked by Counsel Assisting.

12:34 32  
12:34 33

12:34 34 The first is with Mr Walsh earlier in March of this year about the  
12:34 35 tax matter. You would agree that that was an informal  
12:35 36 conversation?

12:35 37  
12:35 38

12:35 39 A. It wasn't in a meeting as in a formally minuted meeting, but  
12:35 40 yes, you could characterise it that way.

12:35 41  
12:35 42

12:35 43 Q. And although you may not have appreciated it at the time,  
12:35 44 you now realise it was about a very serious matter?

12:35 45  
12:35 46

12:35 47 A. Of all the issues we discussed, which were many, this issue  
12:35 48 was serious.

12:35 49  
12:35 50

12:35 51 Q. Does the fact that it occurred in that informal way and  
12:35 52 certainly from your perspective, Mr Walsh was not fulsome in his  
12:35 53 description of the problem, does that tell us something about  
12:35 54 culture at Crown?



12:35 1  
12:35 2 A. I think we've already gone to that issue.  
12:35 3  
12:35 4 Q. Well, I'm not so much interested in the aspect of it in  
12:35 5 relation to the fulsomeness of what Mr Walsh said, but rather the  
12:35 6 informality of the occasion.  
12:35 7  
12:36 8 A. No, I don't, actually. The reality is that there would be  
12:36 9 limited numbers of formal occasions, particularly in that period  
12:36 10 immediately after the huge change that we went through, you are  
12:36 11 aware of those dates, Mr Rozen, and this was --- and I've already  
12:36 12 indicated Xavier is not somebody I had worked with  
12:36 13 particularly closely or knew very well. The fact this is my  
12:36 14 reaching out to meet with him, and in fact that was the beginning  
12:36 15 of the first week that Mr Blackburn had started, and I met with  
12:36 16 him as well to impress on him a range of issues, so this was  
12:36 17 taking that opportunity. I'm not aware, I would have to go back  
12:36 18 and refresh my memory, Mr Rozen, of whether there were other  
12:36 19 venues or meetings at that time where this issue could have been  
12:36 20 raised.  
12:36 21  
12:36 22 Q. You told Counsel Assisting it was in the context of the  
12:36 23 "bring out your dead" request. Is that what you said earlier?  
12:37 24  
12:37 25 A. What I said was, and if I miscommunicated, I apologise.  
12:37 26 What I said was there was a broad admonition which was being  
12:37 27 issued by the Executive Chairman and the balance of the Board,  
12:37 28 remembering that for all intents and purposes, at this point there  
12:37 29 are three, four --- the actual working Board at this point is three.  
12:37 30  
12:37 31 Q. Yes.  
12:37 32  
12:37 33 A. So the message is, "We want to know, we need to find out  
12:37 34 all this stuff, and we need to rectify it" because the way we want  
12:37 35 to run this company is different and our approach going forward  
12:37 36 should be not in any contention, or people should not  
12:37 37 misunderstand us. That was late February. I don't have the  
12:37 38 precise dates in front of me. So we're talking almost immediately  
12:38 39 after that.  
12:38 40  
12:38 41 Q. I understand that. My point is, and perhaps I'm not making  
12:38 42 it clear, that from Mr Walsh's perspective it was important  
12:38 43 enough to raise with you in that context, coming clean about the  
12:38 44 past; is that right?  
12:38 45  
12:38 46 A. Well, I can't impute his motives or reasons, I simply know  
12:38 47 what was discussed or what he said.

12:38 1  
12:38 2 Q. You didn't ask him what the subject matter was of the  
12:38 3 concealment?  
12:38 4  
12:38 5 MS NESKOVCIN: Commissioner, I've asked about all of this.  
12:38 6  
12:38 7 COMMISSIONER: I think that is probably fair.  
12:38 8  
12:38 9 MR ROZEN: I will move on, Commissioner.  
12:38 10  
12:38 11 The other matter I wanted to ask about which you gave evidence  
12:38 12 about this morning, in answer to a question from Counsel  
12:38 13 Assisting, you said that in recent times Crown had appointed  
12:38 14 senior executives who were not beholden. Do you recall saying  
12:38 15 that earlier, Ms Halton?  
12:38 16  
12:38 17 A. I do.  
12:38 18  
12:38 19 Q. What did you mean by that?  
12:38 20  
12:38 21 A. What I mean by that is they weren't in the debt of or had  
12:39 22 loyalties to people --- their only debt or loyalty is to the company.  
12:39 23 They did not have historical relationships with people who had  
12:39 24 been around for a long time, and they were bringing their best  
12:39 25 professional selves to apply to the interests of the company, the  
12:39 26 shareholders, the staff, and that was their motivation.  
12:39 27  
12:39 28 Q. Do you mean they weren't beholden to CPH?  
12:39 29  
12:39 30 A. They had no history with CPH.  
12:39 31  
12:39 32 Q. Yes.  
12:39 33  
12:39 34 A. They had no history with a number of the long-standing  
12:39 35 directors.  
12:39 36  
12:39 37 Q. Okay. So that is a yes?  
12:39 38  
12:39 39 A. Yes.  
12:39 40  
12:39 41 Q. In your witness statement you responded to a question  
12:39 42 about the confidential VCGLR draft China arrest report which  
12:39 43 was provided to the board in May of 2019; do you know what I'm  
12:39 44 referring to?  
12:39 45  
12:39 46 A. Can you point me to the bit in the witness statement,  
12:40 47 please.

12:40 1  
12:40 2 Q. Certainly. The question appears in your statement at the  
12:40 3 bottom of page 20 and it is question number 20. I might give you  
12:40 4 a moment to read question 20 at the bottom of the page to  
12:40 5 yourself, Ms Halton, that might contextualise the conversation.  
12:40 6  
12:40 7 A. Yes, thank you, Mr Rozen, I have that section.  
12:40 8  
12:40 9 Q. I suggest to you that correspondence between the regulator  
12:40 10 and the Board, and that's what this was, wasn't it? This was  
12:40 11 correspondence from the VCGLR to the directors seeking input  
12:40 12 in relation to the draft report; do you appreciate that?  
12:40 13  
12:40 14 A. Well, I did not appreciate it was correspondence with the  
12:40 15 directors of Crown Resorts. Maybe I .....

12:41 16  
12:41 17 Q. I want to try and do this without necessarily going to the  
12:41 18 documents, but if it will help you, I am happy to. You see at  
12:41 19 paragraph 141 of your statement, you say:  
12:41 20  
12:41 21 *The Crown Board received the confidential draft report in*  
12:41 22 *the papers for the 12 June 2019 meeting.*  
12:41 23  
12:41 24 Do you see that?  
12:41 25  
12:41 26 A. Yes, my memory is that actually the Crown Board in this  
12:41 27 context refers to Crown Melbourne. I could be wrong about that.  
12:41 28  
12:41 29 Q. I had understood otherwise because you refer --- do you see  
12:41 30 at paragraph 147, looking at that, you say that after ---  
12:41 31  
12:41 32 A. 147 or 148?  
12:41 33  
12:41 34 Q. 147 you say that "it was agreed", and I've taken that to  
12:42 35 mean that it was agreed by the Crown Resorts board "that it be  
12:42 36 recommended that Crown Melbourne prepare a draft response";  
12:42 37 do you see that?  
12:42 38  
12:42 39 A. Yes.  
12:42 40  
12:42 41 Q. Does that suggest then that the reference to the Crown  
12:42 42 Board in paragraph 141 is in fact the Crown Resorts board?  
12:42 43  
12:42 44 A. To be honest, with you, without going back to the  
12:42 45 document, it's been some time since I looked at this, I apologise,  
12:42 46 Mr Rozen. I suspect you are right but I don't want to say  
12:42 47 definitively in case that is not right.

12:42 1  
12:42 2 Q. You will see in the second sentence that really clarifies it,  
12:42 3 doesn't it:  
12:42 4  
12:42 5 *The Crown Board received the draft report and the*  
12:42 6 *covering memorandum from Josh Preston to the Crown*  
12:42 7 *Melbourne Board via a memorandum from Ms Manos.*  
12:42 8  
12:42 9 You see that?  
12:42 10  
12:42 11 A. Yes, thank you.  
12:42 12  
12:42 13 Q. This went to the Crown Resorts Board, which you are  
12:43 14 a director of ---  
12:43 15  
12:43 16 A. Yes.  
12:43 17  
12:43 18 Q. --- and I know it is a while ago, but are you able to tell us  
12:43 19 whether you also received, in addition to the report and  
12:43 20 Mr Preston's memorandum, did you also receive the letter from  
12:43 21 the VCGLR that provided the draft report?  
12:43 22  
12:43 23 A. I have no memory of that.  
12:43 24  
12:43 25 Q. I will ask it to be brought up and see if that assists you at  
12:43 26 all. It is VCG.0001.0002.3370.  
12:43 27  
12:43 28 A. I honestly can't recall. I've seen this letter subsequently but  
12:43 29 whether it was attached to the board papers or not, I can't recall. I  
12:44 30 apologise.  
12:44 31  
12:44 32 Q. I'm interested in the last paragraph that you can now see on  
12:44 33 the screen. If you scroll up a little bit, do you see the one that  
12:44 34 says:  
12:44 35  
12:44 36 *The draft report is provided to you on a confidential*  
12:44 37 *basis. Please be aware that as the report contains*  
12:44 38 *protected information, disclosure of it may contravene*  
12:44 39 *section 10.1.34 of the Gambling Regulation Act .....*  
12:44 40 *Accordingly, it is requested that you ensure that access*  
12:44 41 *and disclosure of this document is appropriately limited*  
12:44 42 *to key personnel necessary to prepare a response.*  
12:44 43  
12:44 44 Do you see that?  
12:44 45  
12:44 46 A. I do.  
12:44 47

- 12:44 1 Q. Did you read the draft report when it was presented in the  
12:44 2 papers to the Board, Ms Halton?  
12:44 3
- 12:44 4 A. I think I've said previously, I read the executive summary or  
12:44 5 whatever it is called of the report. I skimmed the rest at the time.  
12:44 6
- 12:44 7 Q. You would have noted, without going to detail, that the  
12:45 8 VCGLR had formed the view, based on the investigation that it  
12:45 9 had conducted, that the risk management systems of Crown and  
12:45 10 processes that form the framework were never engaged to assess  
12:45 11 the warning signs and the risk of Crown staff being detained in  
12:45 12 China. Did you see that that was the conclusion that the  
12:45 13 Commission had come to in its draft report?  
12:45 14
- 12:45 15 A. Yes, I did, Mr Rozen, that's (inaudible).  
12:45 16
- 12:45 17 Q. And there was, I suggest to you, a detailed explanation in  
12:45 18 the draft report of the basis for that conclusion that the VCGLR  
12:45 19 had come to; do you agree with that?  
12:45 20
- 12:45 21 A. I do.  
12:45 22
- 12:45 23 Q. I want to take you in particular to one part of the conclusion  
12:45 24 of the draft report. This is VCG.0001.0001.0005 at native  
12:46 25 page 10, which is \_0010.  
12:46 26
- 12:46 27 Paragraph 27, just to contextualise this, if you just go back to the  
12:46 28 previous page, operator, paragraph 26 is where the conclusion is  
12:46 29 that the risk management framework had failed to deal with the  
12:46 30 risks. And then paragraph 27 of the report says:  
12:46 31
- 12:46 32 *The inadequacy of the risk management framework in*  
12:46 33 *relation to Crown's activities in China is demonstrated by*  
12:46 34 *following incident. In May 2016, an Australian Crownbet*  
12:46 35 *employee requested Crown's China based staff to promote*  
12:46 36 *Crownbet. The Crown senior manager in China emailed*  
12:46 37 *his sales staff in China to promote Crownbet. A China*  
12:46 38 *staff member responded noting that internet gambling is*  
12:47 39 *illegal in China and that the sales team will take a high*  
12:47 40 *risk, so please think carefully. The senior manager*  
12:47 41 *replied commenting on how could the staff member*  
12:47 42 *develop the regions if they were 'too worried about*  
12:47 43 *something within the grey line' and suggested they think*  
12:47 44 *seriously about their role.*  
12:47 45
- 12:47 46 Did you read that paragraph when the draft report was provided  
12:47 47 to the Board, Ms Halton?

- 12:47 1  
12:47 2 A. Yes, I did.  
12:47 3  
12:47 4 Q. That is a very concerning incident, is it not?  
12:47 5  
12:47 6 A. Absolutely.  
12:47 7  
12:47 8 Q. I won't go through the report in any more detail, but you  
12:47 9 understood, didn't you, that what the VCGLR wanted was  
12:47 10 a considered response dealing with the substantive matters and  
12:47 11 any factual inaccuracies; do you agree with that?  
12:47 12  
12:47 13 A. I understood there was a draft report and there was to be  
12:47 14 some discussion about that draft report.  
12:47 15  
12:47 16 Q. Yes, but the discussion was with a purpose, to provide  
12:48 17 a response to the VCGLR about the report. You understood that  
12:48 18 was the purpose of the exercise?  
12:48 19  
12:48 20 A. Sorry, which exercise? I'm confused, Mr Rozen. I  
12:48 21 apologise.  
12:48 22  
12:48 23 Q. That's all right. A draft report had been sent to the Crown  
12:48 24 Board by the VCGLR; agree?  
12:48 25  
12:48 26 A. To the Crown Melbourne Board. Isn't the letter addressed  
12:48 27 to the Chairman of the Crown Melbourne board?  
12:48 28  
12:48 29 Q. I think you've already agreed with me that the Board ---  
12:48 30 your Board, the Crown Resorts Board, was considering this  
12:48 31 report at its meeting in June 2019?  
12:48 32  
12:48 33 A. Absolutely.  
12:48 34  
12:48 35 Q. It was doing that to respond to the invitation from the  
12:48 36 VCGLR to comment on the draft report; do you agree with that?  
12:48 37  
12:48 38 A. Well, as I've said in my statement, Mr Rozen, I believe it  
12:49 39 was sent to the Crown Melbourne Board and we've had  
12:49 40 a conversation about the role and the pre-eminence of that Board  
12:49 41 in respect of Melbourne, which was the home of VIP and the  
12:49 42 China work. It came then, indeed, to the Resorts Board, I think  
12:49 43 you have helpfully pointed to 141 as the context for this  
12:49 44 particular statement. And it was brought to the Board for a brief  
12:49 45 of advice and then for a discussion.  
12:49 46  
12:49 47 Q. In your statement, page 22 at paragraph 155, you say:

- 12:49 1  
12:49 2 *In the broader risk context and as there was a prediction*  
12:49 3 *on providing the draft report to management, it was*  
12:49 4 *necessary to consider the recommendations in the context*  
12:50 5 *of existing work and changes to the risk management*  
12:50 6 *framework .....*  
12:50 7  
12:50 8 Do you see that?  
12:50 9  
12:50 10 A. Yes, in the broader risk context, yes.  
12:50 11  
12:50 12 Q. Why do you say there was a prohibition on providing the  
12:50 13 draft report to management?  
12:50 14  
12:50 15 A. Because we were told very clearly that it could only go, and  
12:50 16 this was the advice we received, that it could only go to a very  
12:50 17 small number of selected executives.  
12:50 18  
12:50 19 Q. This was the advice you received from Mr Preston?  
12:50 20  
12:50 21 A. I can't recall who exactly the advice came from. In the  
12:50 22 meeting, I'm very clear that in fact as a member of the Risk  
12:50 23 Committee I had thought about this from a risk perspective, and  
12:50 24 was clear that we actually consider the draft in terms of any  
12:50 25 implications. We were told that it could not be circulated through  
12:50 26 the broader group.  
12:50 27  
12:50 28 Q. You said you weren't sure who told you that but it is clear  
12:50 29 from your statement, Ms Halton, that it was both Mr Preston and  
12:50 30 Mr Murphy from MinterEllison?  
12:50 31  
12:51 32 A. They were the people who did the majority of the briefing,  
12:51 33 as to the specifics of your question, I would not be confident who  
12:51 34 of the people doing the briefing would have actually said that.  
12:51 35  
12:51 36 Q. There is no trick to this. It is in your statement, Ms Halton,  
12:51 37 at paragraph 143.  
12:51 38  
12:51 39 A. Yes, you've asked me and I'm telling you Mr Murphy and  
12:51 40 Mr Preston did deliver the briefing. That is accurate. You asked  
12:51 41 me who said it couldn't be provided. I can't remember who of the  
12:51 42 two. I can't remember who actually said it. I'm very confident it  
12:51 43 was said.  
12:51 44  
12:51 45 Q. There is no trick about this. You say in your statement that  
12:51 46 they both said it. They both made it clear that it couldn't be  
12:51 47 shared other than with a few key officers. Do you see that?

12:51 1  
12:51 2 A. Which particular paragraph are you on, sorry?  
12:51 3  
12:51 4 Q. That's all right. 143 in the second sentence.  
12:52 5  
12:52 6 A. Yes. And I'm going to a particular question I asked, so we  
12:52 7 might be at cross purposes here. I asked in respect of risk. This  
12:52 8 is a generalised statement, you are quite right, that it couldn't be  
12:52 9 circulated.  
12:52 10  
12:52 11 Q. There was no prohibition at all in the letter from VCGLR  
12:52 12 on circulating of it with senior officers was there Ms Halton?  
12:52 13  
12:52 14 A. Well, perhaps you go back to the letter ---  
12:52 15  
12:52 16 Q. Let's do that.  
12:52 17  
12:52 18 A. --- talk about --- anyway, my understanding of that letter  
12:52 19 (inaudible) was it was not to be widely shared.  
12:52 20  
12:52 21 Q. But it had to be shared with senior managers to enable the  
12:52 22 Board to provide a comprehensive response to the VCGLR's  
12:52 23 invitation?  
12:52 24  
12:52 25 A. Well, my understanding at the time, and it is a long time  
12:53 26 ago now, was that the senior managers who were material to  
12:53 27 providing that response were actually engaged already in the  
12:53 28 issue.  
12:53 29  
12:53 30 Q. Can we go to the response that came to the VCGLR's  
12:53 31 invitation. It is VCG.0001.0001.6027. You will see that it  
12:53 32 refers --- it is a letter to Mr May whose name appeared on the  
12:54 33 earlier letter that I took you to, and without going to each of the  
12:54 34 letters, would you take it from me, please, Ms Halton, that there  
12:54 35 was subsequent correspondence from the VCGLR in relation to  
12:54 36 the same matter, which is the explanation for the first line, the  
12:54 37 reference to the letter of 24 June 2019? Do you see that? I just  
12:54 38 ask you to accept that.  
12:54 39  
12:54 40 Did you see this letter before it was sent to the VCGLR?  
12:54 41  
12:54 42 A. No.  
12:54 43  
12:54 44 Q. So is it the way it was left, that after the discussions at the  
12:54 45 Crown Resorts Board, it was for Crown Melbourne to respond to  
12:54 46 the letter?  
12:54 47



12:54 1 A. I think as I said, remembering of course that I'm not on the  
12:54 2 Melbourne Board, when I inquired about this issue in response to  
12:54 3 the questions for the preparation of the statement, that statement  
12:54 4 at 147, which was the recommendation that Crown Melbourne  
12:55 5 prepare a draft response, that is my belief as to what happened at  
12:55 6 the time. And this correspondence, I am not aware of ever having  
12:55 7 seen. I can't see all the correspondence. I can see down to  
12:55 8 paragraph 6 on the screen, so .....

12:55 9

12:55 10 Q. Can I ask you to have a look at paragraph 10 on the second  
12:55 11 page, please. Do you see that Crown's lawyers wrote to the  
12:55 12 VCGLR:

12:55 13

12:55 14 *Given that our clients agree with the conclusion that no*  
12:55 15 *regulatory or disciplinary action is warranted, and that*  
12:55 16 *our clients accept the thrust of the proposed*  
12:55 17 *recommendations, no purpose is served by the*  
12:55 18 *Commission making any further findings for the purposes*  
12:55 19 *of any report to the Minister.*

12:55 20

12:55 21 Do you see that?

12:55 22

12:55 23 A. I see that.

12:55 24

12:55 25 Q. Without taking you to each of the paragraphs, is that a tone  
12:55 26 that you're comfortable with in correspondence with the  
12:56 27 VCGLR?

12:56 28

12:56 29 A. Well, as a general rule, no, I'm not. We've discussed that  
12:56 30 I think already, Mr Rozen, as in the tone issue. But to be clear,  
12:56 31 and if I might provide a context, these matters occurred before I  
12:56 32 joined the Board. It is true. In terms of the accuracy or otherwise  
12:56 33 of all of the detail in the draft of the report, it was not something I  
12:56 34 had a particular --- I had no capacity to judge that one way or the  
12:56 35 other. You would know the summary, the draft of the  
12:56 36 recommendations which were brought to the attention of the  
12:56 37 board were as they were. You are familiar with them.

12:56 38

12:56 39 In terms of the "no purpose is served", in terms of any further  
12:56 40 findings, I'm not sure why they've written that. It is frankly  
12:57 41 (inaudible) but I've never seen this correspondence that I am  
12:57 42 aware before.

12:57 43

12:57 44 Q. I understand that. It then goes on, I won't take you to the  
12:57 45 detail, but it goes on and argues the toss again about the  
12:57 46 interpretation of the Chinese law and whether it has in fact been  
12:57 47 breached by employees back in 2015 and 2016. Would you agree

12:57 1 with me that no useful purpose was served by that being dealt  
12:57 2 with in detail in this letter in the middle of 2019?  
12:57 3  
12:57 4 A. Well, I haven't reviewed the entire correspondence. On the  
12:57 5 basis that you've put the question, I suspect you are correct.  
12:57 6  
12:57 7 Q. We'll leave that.  
12:57 8  
12:57 9 Before leaving this topic, here was an opportunity for both  
12:57 10 boards, Crown Resorts and Crown Melbourne, to address some  
12:57 11 very serious matters that were set out in a detailed report from the  
12:58 12 regulator; do you agree with that?  
12:58 13  
12:58 14 A. Historical or current, yes.  
12:58 15  
12:58 16 Q. Well, both, really, because they were historical in the sense  
12:58 17 they were referring to events that were happening earlier, but  
12:58 18 were also talking about existing processes and procedures; do you  
12:58 19 agree?  
12:58 20  
12:58 21 A. I'm not sure it talks much about existing processes and  
12:58 22 procedures, but the broad sweep and issues in respect of risk were  
12:58 23 very relevant, of course.  
12:58 24  
12:58 25 Q. Indeed. And it was, I suggest to you --- I withdraw that.  
12:58 26  
12:58 27 And the timing is important, isn't it? This is prior to the 60  
12:58 28 Minutes expose about the China arrests?  
12:58 29  
12:58 30 A. Just before.  
12:58 31  
12:58 32 Q. Yes, and it is of course before the Bergin Inquiry; isn't it?  
12:58 33  
12:58 34 A. Yes.  
12:58 35  
12:58 36 Q. I suggest to you it was a missed opportunity for Crown to  
12:58 37 take those matters on board and conduct a thorough internal  
12:59 38 investigation into the matters that were described in the VCGLR's  
12:59 39 report.  
12:59 40  
12:59 41 A. Well, it wasn't entirely wasted, Mr Rozen. As I think I've  
12:59 42 indicated in my statement, certainly from a risk management  
12:59 43 perspective, one thing that I did and in fact --- I think I discussed  
12:59 44 this with Mr Dixon, but it is a long time ago now, having another  
12:59 45 look at our risk frameworks we had to be confident, in my view,  
12:59 46 that we couldn't have this kind of thing happen again. As you  
12:59 47 probably know there were a whole series of changes made to VIP

12:59 1 in 2017, so I wouldn't describe it as completely wasted, as you  
12:59 2 have contended it, but the question to be reminded of, I think,  
12:59 3 here is that this came to the Board, it was going for further  
12:59 4 correspondence to the VCGLR as we understood it, and over  
13:00 5 a very regular --- on a very regular basis thereafter the  
13:00 6 information we were provided is that the report had not been  
13:00 7 finalised. Now, we've done COVID, we've done all these other  
13:00 8 bits and pieces, (inaudible) but it is a statement of fact.

13:00 9

13:00 10 Q. I should say, in fairness to you, in addition to the changes  
13:00 11 made about the VIP business, of course, there was work being  
13:00 12 done on the risk management framework, particularly by  
13:00 13 Ms Siegers at this time?

13:00 14

13:00 15 A. Precisely, and the point at which I arrived on the Board and  
13:00 16 became a member of the Risk Management Committee, we were  
13:00 17 working through and I think in fact very early after I arrived, it  
13:00 18 was the agreement to the risk statements, so there was very  
13:00 19 considerable effort being put into those kind of risk metrics.

13:00 20

13:00 21 I think, Commissioner, that one of the attachments in my  
13:00 22 statement is the chronology of all the changes that we were  
13:01 23 making through that period. We were getting regular reports on  
13:01 24 a whole series of things that were material.

13:01 25

13:01 26 And that is my point, Mr Rozen. I'm very conscious of all those  
13:01 27 changes and settings during this period.

13:01 28

13:01 29 Q. The next matter I want to ask you about, Ms Halton,  
13:01 30 concerns the Show Cause Notice that was served in October of  
13:01 31 2020 about the Junkets ICS. You were asked about that earlier.  
13:01 32 You said you weren't aware of it at the time?

13:01 33

13:01 34 A. I didn't see it at the time, no.

13:01 35

13:01 36 Q. When did you become aware of that disciplinary process?

13:01 37

13:01 38 A. I suspect at the end of that year. I can't probably be much  
13:01 39 more definitive than that.

13:01 40

13:01 41 Q. So is your evidence that the Show Cause Notice, which you  
13:01 42 understand is a formal legal process commenced by the  
13:01 43 regulator ---

13:01 44

13:02 45 A. (Nods head).

13:02 46

13:02 47 Q. You understand that, don't you?

13:02 1  
13:02 2 A. I do.  
13:02 3  
13:02 4 Q. It was commenced with a letter that had been sent to  
13:02 5 Mr Barton who at the time --- sorry, to Mr Felstead who at the  
13:02 6 time was the Chief Executive Officer of Crown Resorts or Crown  
13:02 7 Melbourne?  
13:02 8  
13:02 9 A. Resorts.  
13:02 10  
13:02 11 Q. The Notice detailed that one of the disciplinary actions that  
13:02 12 could result from the process was the cancellation of Crown's  
13:02 13 licence; do you now appreciate that?  
13:02 14  
13:02 15 A. Only subsequently. As I said, I wasn't aware of it at the  
13:02 16 time, and certainly I don't believe I ever saw the correspondence,  
13:02 17 and I'm not sure when I became aware of it, that it was certainly  
13:02 18 brought to certainly my attention in respect of the cancellation of  
13:02 19 licence (inaudible), Mr Rozen, but as I see it (inaudible).  
13:02 20  
13:03 21 Q. As you are sitting there now, Ms Halton, given what you  
13:03 22 now know and what I've just explained about the seriousness of  
13:03 23 the matter, is it a concern that it wasn't raised with you as  
13:03 24 a director by the CEO, the then CEO Mr Felstead?  
13:03 25  
13:03 26 A. Well ---  
13:03 27  
13:03 28 MR BORSKY: Sorry to interrupt my friend, but just for  
13:03 29 accuracy, it has been put to this witness that Mr Felstead was the  
13:03 30 CEO of Crown Resorts at the time. That was incorrect. He was  
13:03 31 the head of Australian Resorts at the time, which is a distinction  
13:03 32 not without a difference. He certainly did not report directly to  
13:03 33 the Board. It was a far less senior position than my friend has  
13:03 34 suggested.  
13:03 35  
13:03 36 MR ROZEN: I'm grateful for that clarification.  
13:03 37  
13:03 38 Take that onboard, please, Ms Halton.  
13:03 39  
13:03 40 As you sit there now, given the serious consequences, including  
13:04 41 the potential cancellation of the licence and the imposition of  
13:04 42 a fine not exceeding a million dollars, does it concern you that  
13:04 43 this is not a matter that was brought to your attention at the time  
13:04 44 it was commenced?  
13:04 45  
13:04 46 A. Yes.  
13:04 47

13:04 1 Q. Without trawling through the history, I think you  
13:04 2 acknowledged earlier that the process and the response by Crown  
13:04 3 to the show cause process was deeply regrettable; did you recall  
13:04 4 saying that earlier?  
13:04 5  
13:04 6 A. It was not --- it was not okay.  
13:04 7  
13:04 8 Q. And central to the response was the CEO of Crown  
13:04 9 Melbourne Ltd, Mr Xavier Walsh?  
13:04 10  
13:04 11 A. I don't know that I can answer that question in terms of who  
13:04 12 actually provided that response. I wasn't privy to ---  
13:04 13  
13:04 14 Q. I would ask you to accept from me, and Mr Walsh certainly  
13:05 15 acknowledged his appearance on behalf of Crown together with  
13:05 16 Crown's lawyers in the proceedings. You've read the final  
13:05 17 decision by the VCGLR in relation to the matter?  
13:05 18  
13:05 19 A. I've certainly read the summary and again, I can't profess  
13:05 20 a forensic knowledge of every single sentence, but there are  
13:05 21 a couple of key parts of it which I think are pretty unambiguous.  
13:05 22  
13:05 23 Q. Yes. I will go to it if I need to. But the VCGLR, I suggest  
13:05 24 to you, expressed in the strongest terms that it was disappointed  
13:05 25 that on Crown's first opportunity to demonstrate by its deeds the  
13:05 26 commitments that Ms Coonan had made by her words late in  
13:05 27 2020, that it had not lived up to the promises of transparency and  
13:05 28 openness. That's a fair paraphrasing of the VCGLR's response, I  
13:06 29 suggest.  
13:06 30  
13:06 31 A. (Nods head).  
13:06 32  
13:06 33 Q. And that's what you are concerned about?  
13:06 34  
13:06 35 A. Yes.  
13:06 36  
13:06 37 Q. Is it further cause for concern for you that Mr Xavier Walsh  
13:06 38 might not be the right CEO for Crown Melbourne at this time?  
13:06 39  
13:06 40 A. We've already discussed my attitude to his ---  
13:06 41  
13:06 42 MS NESKOVICIN: Yes, and I object.  
13:06 43  
13:06 44 COMMISSIONER: No. It has been asked and answered.  
13:06 45  
13:06 46 A. Yes.  
13:06 47

13:06 1 MR ROZEN: Well, it was asked about the earlier matter. I'm  
13:06 2 asking if this is further cause.

13:06 3

13:06 4 A. I have nothing to add to my earlier answer, but Mr Rozen,  
13:06 5 can I make one additional comment, if I might.

13:06 6

13:06 7 I was particularly disappointed with the tone and the content  
13:06 8 when I saw it after it had been lodged, in terms of the written  
13:06 9 response on this matter. Your observation that that written  
13:06 10 response was not consistent with openness and transparency, and  
13:07 11 remember, as I understand it, that occurred in January. That was  
13:07 12 again before we had managed to put ourselves in a position where  
13:07 13 we could confidently, and without any ambiguity, change the  
13:07 14 tone. So I would say to you --- and I have to say the tone of that  
13:07 15 correspondence, I think, is deeply regrettable.

13:07 16

13:07 17 Q. And your evidence to this Commission is that it should  
13:07 18 have confidence that this is going to change now because of those  
13:07 19 unambiguous statements you have made, is that --- is that --- am I  
13:07 20 understanding correctly, your evidence?

13:07 21

13:07 22 A. I have two components to this answer, if I might. The first  
13:07 23 of which is, the lawyers who actually prepared that draft written  
13:07 24 response are no longer actually advising us. This is something  
13:07 25 which a number of us have been concerned about for some time.  
13:08 26 And we were in a position to make that change once we had  
13:08 27 a major change of the board.

13:08 28

13:08 29 And it is the case that when you can clear away the ambiguity  
13:08 30 and the mixed messaging and I think, overly contorted  
13:08 31 communication, you can cut through this to get a different  
13:08 32 outcome. I have been a CEO myself for a very long period of  
13:08 33 time. I know that this is doable. So, yes, my evidence is, with  
13:08 34 concerted effort, you have already taken a lot of evidence about  
13:08 35 that, with the right people and the right will, this can and it will  
13:08 36 change. I'm very, very confident of that. That written response  
13:08 37 which went in, and the old regime, was not okay.

13:08 38

13:08 39 Q. Has the VCGLR's decision in this matter been the subject  
13:08 40 of discussion at the Crown Resorts Board?

13:09 41

13:09 42 A. I'd have to go and refresh my memory. I mean the fact of  
13:09 43 it, absolutely, has been discussed, but as to the nature of that, I  
13:09 44 couldn't answer that off the top of my head.

13:09 45

13:09 46 Q. Finally, Ms Halton, I asked earlier you about the draft  
13:09 47 China arrest report produced by the VCGLR. That, of course, has

13:09 1 now been finalised. Have you had an opportunity to read the  
13:09 2 final report?

13:09 3

13:09 4 A. Yes, I have.

13:09 5

13:09 6 Q. You will have noted that, as in the case of the show cause  
13:09 7 matter, the VCGLR, in its final report, raises a series of concerns  
13:09 8 about the way Crown responded to the investigation; have you  
13:09 9 seen that?

13:09 10

13:09 11 A. I have.

13:09 12

13:09 13 Q. It also states in the report that that made the investigation  
13:09 14 a far longer process than it ought to have been?

13:10 15

13:10 16 A. (Nods head).

13:10 17

13:10 18 Q. You are nodding. Is that a "yes"?

13:10 19

13:10 20 A. Sorry, yes, I have read that, Mr Rozen.

13:10 21

13:10 22 Q. I know it's only very recently been provided to Crown, but  
13:10 23 has that --- those observations, have they been the subject of  
13:10 24 consideration by the Crown Resorts Board?

13:10 25

13:10 26 A. One of the messages, Mr Rozen, that I took and I think is  
13:10 27 consistent with the now much slim-lined --- and we are hoping  
13:10 28 soon to have other directors to help take some of this work --- is  
13:10 29 clarity of communication, honesty in communication and  
13:10 30 attending to matters in a timely way, not putting up barriers,  
13:10 31 absolutely have to be a feature of how we deal with our  
13:10 32 regulators.

13:10 33

13:10 34 The Commissioner, I think, made a comment about me being  
13:10 35 relatively direct. I can't be more direct than that, Mr Rozen. I've  
13:10 36 been a regulator. You want to have an open, honest, respectful  
13:10 37 relationship with your regulator. Sometimes, there are problems  
13:10 38 you both have. Unless you've got that, you're not going to get the  
13:11 39 outcome. We need to be better than the bare minimum on our  
13:11 40 regulatory obligations, Mr Rozen. I can't be clearer than that.

13:11 41

13:11 42 Q. Just so that you are clear on where I'm coming from, I don't  
13:11 43 doubt your personal commitment ---

13:11 44

13:11 45 A. Yes.

13:11 46

13:11 47 Q. --- but actions speak louder than words, don't they,

13:11 1 Ms Halton?

13:11 2

13:11 3 A. They do. And, as I think we've already discussed, we have  
13:11 4 a whole series of bits of work which are underway. We have  
13:11 5 brought in a series of people who are really, really high-quality  
13:11 6 executives, none of whom have worked with each other before,  
13:11 7 none of whom owe residual or other loyalties and all of whom  
13:11 8 will bring their best professional selves to the office.

13:11 9

13:11 10 Now, I indicated in my statement, Mr Rozen, that we are working  
13:11 11 as hard as we can --- one, to fix the culture, but, two, to find  
13:12 12 things so they can be dealt with. That is a very serious intent, and  
13:12 13 it is a universal intent on the Board. I really can't emphasise that  
13:12 14 enough.

13:12 15

13:12 16 What I would say to you is, what I have seen so far from the  
13:12 17 senior executive, and I think Mr McCann went to this in his  
13:12 18 evidence, is a great commitment, and in fact a hunger for this  
13:12 19 kind of clarity and a great willingness to work in that way. Now,  
13:12 20 do I have a crystal ball, can I give you a guarantee, no. What  
13:12 21 I can give you, Mr Rozen, is however many years of professional  
13:12 22 experience, including 15 --- or six weeks short of it --- experience  
13:12 23 as a CEO, as a person who has been a board member. That is  
13:12 24 why I have confidence --- (inaudible) ---

13:12 25

13:12 26 MR ROZEN: Thank you, Ms Halton.

13:12 27

13:12 28 Thank you, Commissioner.

13:12 29

13:12 30 COMMISSIONER: Thank you.

13:12 31

13:12 32

13:12 33 **CROSS-EXAMINATION BY DR BIGOS**

13:12 34

13:12 35

13:12 36 DR BIGOS: Ms Halton, I am counsel for CPH. I only have a  
13:12 37 few questions for you. I know you've been giving your evidence  
13:12 38 for a long time.

13:12 39

13:13 40 You've been an independent non-executive director of Crown for  
13:13 41 about three years?

13:13 42

13:13 43 A. That's correct.

13:13 44

13:13 45 DR BIGOS: And also, you hold other directorships including of  
13:13 46 another listed company, ANZ Bank; correct?

13:13 47



- 13:13 1 A. Correct.
- 13:13 2
- 13:13 3 Q. You agree that the board of directors is important to the
- 13:13 4 culture of a company?
- 13:13 5
- 13:13 6 A. I do.
- 13:13 7
- 13:13 8 Q. You agree that the CEO of a company is important to the
- 13:13 9 culture of a company?
- 13:13 10
- 13:13 11 A. I do.
- 13:13 12
- 13:13 13 Q. And you agree that the CEO's reporting of issues to the
- 13:13 14 Board is important for the culture of the company?
- 13:13 15
- 13:13 16 A. I do.
- 13:13 17
- 13:13 18 Q. You agree that the CEO's communicating of messages
- 13:13 19 downstream is also important for the culture of the company?
- 13:13 20
- 13:13 21 A. I think I've given that evidence already. Correct.
- 13:13 22
- 13:13 23 Q. And you agree that the remuneration policy of the company
- 13:13 24 and the extent to which remuneration is influenced by KPIs is
- 13:13 25 important to the culture of a company?
- 13:13 26
- 13:13 27 A. I think that the structure of remuneration, which may
- 13:13 28 include KPIs, are important to how the actual culture is
- 13:14 29 developed and expressed.
- 13:14 30
- 13:14 31 Q. And you agree that each of these things that I put to you
- 13:14 32 and you agreed with, were important to the culture of Crown
- 13:14 33 since you became a director?
- 13:14 34
- 13:14 35 A. Well, yes. I think each of those things are relevant in the
- 13:14 36 culture that existed, yes.
- 13:14 37
- 13:14 38 Q. You agree that it is necessary to examine each of these
- 13:14 39 things that I've put to you and you agreed with, in order to assess
- 13:14 40 the culture of a company?
- 13:14 41
- 13:14 42 A. I think you can assess the culture of a company in a number
- 13:14 43 of ways.
- 13:14 44
- 13:14 45 I'm sorry, I don't recall your name, I apologise. What was it?
- 13:14 46
- 13:14 47 Q. Mr Bigos.

13:14 1  
13:14 2 A. Bigos.  
13:14 3  
13:14 4 Q. Yes.  
13:14 5  
13:14 6 A. Thank you, Mr Bigos.  
13:14 7  
13:14 8 So there are a number of things you can do to assess the culture  
13:14 9 of a company --- one of which is simply talking to people, the  
13:14 10 other of which is to look at documents, the other of which is to  
13:14 11 talk with the company's interlocutors. We've just, I think,  
13:14 12 established that KPIs and things of that sort are important, but  
13:14 13 they are not the only things that go to culture.  
13:14 14  
13:14 15 Q. Yes, it is important to have a broad look at a number of  
13:15 16 things in order to assess culture; you would agree?  
13:15 17  
13:15 18 A. I do.  
13:15 19  
13:15 20 Q. Yes. And Crown has engaged Deloitte to perform  
13:15 21 a detailed assessment of the culture of the company?  
13:15 22  
13:15 23 A. Did you say "Deloitte", Mr Bigos?  
13:15 24  
13:15 25 Q. Yes.  
13:15 26  
13:15 27 A. That's correct.  
13:15 28  
13:15 29 Q. Yes. And Deloitte's work on the culture assessment  
13:15 30 includes surveying thousands of staff and interviewing many staff  
13:15 31 in focus groups; is that correct?  
13:15 32  
13:15 33 A. That's correct.  
13:15 34  
13:15 35 Q. You agree that a company can have a number of cultures or  
13:15 36 subcultures, for example, between different areas or business  
13:15 37 units or functions, between different geographic locations?  
13:15 38  
13:15 39 A. Yes, that is absolutely true.  
13:15 40  
13:15 41 Q. You agree that there might be cultural problems in  
13:15 42 particular areas of a company?  
13:15 43  
13:15 44 A. I agree with that.  
13:15 45  
13:15 46 Q. One example in which cultural problems have been  
13:15 47 identified during this Royal Commission is in relation to the

13:15 1 deductions for calculation of the gaming tax, which is an issue  
13:15 2 that's been around for several years; is that right?  
13:15 3  
13:15 4 A. Sorry, would you mind repeating that question?  
13:15 5  
13:15 6 Q. Sure. One example of an area in which cultural problems  
13:16 7 have been identified in the course of this Royal Commission is  
13:16 8 the deductions for calculation of the gaming tax, which is  
13:16 9 an issue that's been around for several years?  
13:16 10  
13:16 11 A. You could characterise it as being about culture. I think it's  
13:16 12 more than that personally, but you could characterise that as  
13:16 13 being one of the things that it represents.  
13:16 14  
13:16 15 Q. Yes, and you've given evidence about finding out about this  
13:16 16 tax issue on 7 June this year during this Royal Commission?  
13:16 17  
13:16 18 A. Correct.  
13:16 19  
13:16 20 Q. Is that correct?  
13:16 21  
13:16 22 A. Yes.  
13:16 23  
13:16 24 DR BIGOS: Thank you.  
13:16 25  
13:16 26 COMMISSIONER: Thank you.  
13:16 27  
13:16 28 Do you want to ask any questions?  
13:16 29  
13:16 30 MR BORSKY: I do. I am conscious of the time. It will be just  
13:16 31 a few minutes with your indulgence, Commissioner, and Ms  
13:16 32 Halton.  
13:16 33  
13:16 34 COMMISSIONER: Not more than five?  
13:16 35  
13:16 36 MR BORSKY: No more than five.  
13:16 37  
13:16 38 COMMISSIONER: Are you okay ---  
13:16 39  
13:16 40 MR BORSKY: No more than five.  
13:16 41  
13:16 42 COMMISSIONER: Let me ask Ms Halton.  
13:16 43  
13:16 44 Are you okay for another five minutes?  
13:16 45  
13:16 46 A. Absolutely.  
13:16 47

13:16 1 MR BORSKY: Okay, thank you.  
13:16 2  
13:16 3 Ms Halton, can you hear me clearly?  
13:16 4  
13:16 5 A. I can. And now I can see you. Previously, I was looking at  
13:16 6 a microphone and not you. But that's much better, thank you.  
13:17 7  
13:17 8 MR BORSKY: Ms Halton ---  
13:17 9  
13:17 10 COMMISSIONER: That's a debatable topic!  
13:17 11  
13:17 12 MR BORSKY: I am just going to ask the witness questions,  
13:17 13 Commissioner. I wouldn't dare ask you for comment on that or  
13:17 14 other things!  
13:17 15  
13:17 16 Ms Halton --  
13:17 17  
13:17 18 A. I'm not going there!  
13:17 19  
13:17 20  
13:17 21 **RE-EXAMINATION BY MR BORSKY**  
13:17 22  
13:17 23  
13:17 24 MR BORSKY: Ms Halton, you are a director of the ANZ Bank,  
13:17 25 Clayton Utz and other organisations; correct?  
13:17 26  
13:17 27 A. That's correct.  
13:17 28  
13:17 29 Q. You chair the Council on the Ageing and you are a council  
13:17 30 member of the Australian Strategic Policy Institute?  
13:17 31  
13:17 32 A. That's correct.  
13:17 33  
13:17 34 Q. You are a very experienced director?  
13:17 35  
13:17 36 A. It's probably for others to judge, but I certainly feel like I  
13:17 37 have ---  
13:17 38  
13:17 39 Q. Fair enough.  
13:17 40  
13:17 41 A. --- enough road miles, yes.  
13:17 42  
13:17 43 Q. At Crown, you currently chair the Risk Management  
13:17 44 Committee, you are a member of the Audit & Corporate  
13:17 45 Governance Committee, you are a member of the People,  
13:17 46 Remuneration & Nomination Committee, you are a member of  
13:17 47 the Responsible Gaming Committee, and a member of the Safety

13:17 1 and Sustainability Committee; is that right?

13:17 2

13:17 3 A. Yes.

13:17 4

13:17 5 Q. In your experience as a director, is that an unusually heavy  
13:17 6 load of committee memberships for a non-executive director to  
13:18 7 carry?

13:18 8

13:18 9 A. I use the word "extraordinary".

13:18 10

13:18 11 Q. You gave evidence today that the three directors, that  
13:18 12 continued to direct Crown post-Bergin, have had to step in in  
13:18 13 ways that are not normal for directors, particularly for  
13:18 14 non-executive directors. Could you explain why that is?

13:18 15

13:18 16 A. Well, I think it is well-documented --- we saw the vast  
13:18 17 majority of the directors on the Board depart, and we've seen  
13:18 18 a very significant number of the senior executives of the company  
13:18 19 exit the company.

13:18 20

13:18 21 What I would say is, it is not normal for the directors themselves  
13:18 22 to run the recruitment processes to bring in some of these new  
13:18 23 executives, but that is essentially what we've had to do. This has  
13:18 24 been really, without any ambiguity, one of the most intense  
13:19 25 periods to try and get the company on to a very solid footing with  
13:19 26 the assistance of senior, experienced, credible executives. And  
13:19 27 that's what we've been focused on. So you are right, this is not  
13:19 28 what I have had to do anywhere else, but I mean, essentially that  
13:19 29 is what a board does. If there is a crisis of this kind, you have to  
13:19 30 step up. It goes with the territory.

13:19 31

13:19 32 Q. You agreed --- I withdraw that. Aside from the additional  
13:19 33 workload, what, if any, other changes have you observed in  
13:19 34 Crown, particularly in the culture, since the departure of the eight  
13:19 35 former directors in recent months?

13:19 36

13:19 37 A. Well, so the messaging about we want to hear, I have  
13:19 38 actually seen a genuine change in the candour and the  
13:19 39 engagement of the senior management. I have been, at one level,  
13:20 40 heartened, and sometimes saddened, by the fact that people have  
13:20 41 rung me to raise issues with me, things they are concerned about.

13:20 42

13:20 43 I have been heartened by the fact that even, and we know that this  
13:20 44 is a difficult and controversial issue, that, for example, China  
13:20 45 UnionPay actually came through --- (inaudible) --- post these  
13:20 46 sorts of changes.

13:20 47

13:20 1 So what I have seen is a huge amount of effort amongst staff who  
13:20 2 are there who, for example, Commissioner, respond to all of the  
13:20 3 notices, deliver all of those documents, and they have literally  
13:20 4 worked around the clock, and they have been very positive about  
13:20 5 the messages we have been giving, about what it takes to put this  
13:20 6 company back on the straight and narrow, back in the position it  
13:20 7 should and wants to be in.

13:20 8

13:20 9 So I guess I would say that I find that just literally about every  
13:21 10 conversation I have with somebody, and I've been very heartened  
13:21 11 by that.

13:21 12

13:21 13 Q. Earlier today, I think it was this morning, you agreed with  
13:21 14 Counsel Assisting's proposition that complacency, lack of  
13:21 15 escalation and permafrost, paint a grim picture of Crown's  
13:21 16 culture. Could you clarify, please --- do you say that paints  
13:21 17 a picture of Crown's culture today or at some other time?

13:21 18

13:21 19 A. So, of course that came from, as I understand it, the file  
13:21 20 notes from the discussions with senior --- former senior staff.  
13:21 21 And the concept of "permafrost" in management is actually pretty  
13:21 22 well known. The notion that there is a layer by which messages  
13:21 23 don't come up and they don't go down. What I would say to you,  
13:21 24 and one of the reasons, I think I outlined this earlier, I was very  
13:21 25 keen to see us start communicating directly with every staff  
13:22 26 member on a really regular basis. But then to actually be very  
13:22 27 clear that people had the opportunity, and we actively encouraged  
13:22 28 them to come forward. And I've just outlined when that started  
13:22 29 happening for me.

13:22 30

13:22 31 So I think that the approach, which is so tangibly different to  
13:22 32 previously --- so I would not say that is what I'm currently seeing.  
13:22 33 I am not saying that we are there yet.

13:22 34

13:22 35 And Commissioner, I don't know whether you have had the  
13:22 36 opportunity to read the --- how do you say it, the Arzadon report,  
13:22 37 she talks about the immediate changes, that there is a crisis, we're  
13:22 38 moving, and then other issues. But I do detect, categorically,  
13:22 39 those changes. Now, some of it will take a little while longer, but  
13:23 40 I do detect them very definitely.

13:23 41

13:23 42 Q. Finally, Ms Halton, do you have confidence that Crown  
13:23 43 will stay the course on this cultural --- these cultural reform  
13:23 44 efforts, rather than going back to its old ways, even after this  
13:23 45 Commission and the various other inquiries that Crown is going  
13:23 46 through, have concluded?

13:23 47

13:23 1 A. I do. If I could explain why.  
13:23 2  
13:23 3 Q. Please tell the Commissioner why.  
13:23 4  
13:23 5 A. I would be delighted.  
13:23 6  
13:23 7 There are a series of influences on the company that meant that  
13:23 8 all was not as it had always been. We are a publicly-listed  
13:23 9 company and actually, the opportunity to have daylight and  
13:23 10 accountability through those arrangements, I think, is very real,  
13:23 11 and we've just discussed the issue about one board versus another  
13:24 12 board, which is think is an element of that.  
13:24 13  
13:24 14 The reason I am very confident, and I've already --- (audio  
13:24 15 distorted) spoken to this a couple of times, is all of the executives  
13:24 16 that we are bringing in bring their professional capability, and  
13:24 17 they --- they have no obligation other than to deliver the right  
13:24 18 outcome for the company, for our staff, for our shareholders and  
13:24 19 in a respectful way, with our regulators. That is who we have  
13:24 20 brought into the company, these are people who have huge  
13:24 21 credibility.  
13:24 22  
13:24 23 You saw, yesterday, Mr McCann being absolutely determined  
13:24 24 about the culture of the place, something he is very committed to.  
13:24 25 So I am very confident about that. This is not the same as it has  
13:24 26 been and, in my contention, it cannot go back because of those  
13:24 27 very material changes.  
13:25 28  
13:25 29 COMMISSIONER: Thank you, Ms Halton.  
13:25 30  
13:25 31 Sorry?  
13:25 32  
13:25 33 MS NESKOVGIN: Thank you, Ms Halton. If Ms Halton could  
13:25 34 be excused.  
13:25 35  
13:25 36 COMMISSIONER: Yes.  
13:25 37  
13:25 38 You are excused from further attendance, Ms Halton.  
13:25 39  
13:25 40  
13:25 41 **THE WITNESS WITHDREW**  
13:25 42  
13:25 43  
13:25 44 MS NESKOVGIN: The next witness is Ms Korsanos.  
13:25 45  
13:25 46 COMMISSIONER: Can we have a break first?  
13:25 47

13:25 1 MS NESKOVCIN: Yes, of course. And Ms Korsanos will be  
13:25 2 available at 2.00.  
13:25 3  
13:25 4 COMMISSIONER: Okay. Also on videolink?  
13:25 5  
13:25 6 MS NESKOVCIN: Also on videolink.  
13:25 7  
13:25 8 Sorry, we are starting in private session and that might take about  
13:25 9 half an hour, the private hearing.  
13:25 10  
13:25 11 COMMISSIONER: We will do that first?  
13:25 12  
13:25 13 MS NESKOVCIN: Yes.  
13:25 14  
13:25 15 COMMISSIONER: All right.  
13:25 16  
13:25 17 I've got an issue that you want to resolve. No, all done?  
13:25 18  
13:25 19 MR BORSKY: No, no. As I indicated yesterday afternoon to  
13:25 20 you that we would, Allens have written to Solicitors Assisting in  
13:25 21 relation to the non-publication order. From my perspective, there  
13:25 22 is nothing further to raise, but of course ---  
13:25 23  
13:25 24 COMMISSIONER: I haven't seen it.  
13:25 25  
13:25 26 MR BORSKY: Well, when you get an opportunity to see it if  
13:26 27 you have questions for me, I will endeavour to answer them.  
13:26 28  
13:26 29 COMMISSIONER: Okay, thanks. We will adjourn to 2.00 pm.  
13:26 30  
31 MS HALTON: And I can hang up, Commissioner?  
32  
33 COMMISSIONER: You can hang up, yes. Thank you very  
34 much.  
35  
36  
13:26 37 **ADJOURNED** **[1.26 PM]**  
13:26 38  
13:26 39  
40  
41  
42  
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14:54 1  
14:54 2 **RESUMED** **[3.00PM]**  
15:00 3  
15:00 4  
15:00 5 COMMISSIONER: Thank you. At least you should say thank  
15:01 6 you.  
15:01 7  
15:01 8 MS NESKOVCIN: I did.  
15:01 9  
15:01 10 COMMISSIONER: I said at least you should say thank you.  
15:01 11  
15:01 12 MS NESKOVCIN: Oh, sorry, that was directed to Mr Borsky.  
15:01 13 Yes, he should say thank you.  
15:01 14  
15:01 15 MR BORSKY: Thank you. I will say a bit more than that. We  
15:01 16 will also, as requested, upload the redacted version to the hearing  
15:01 17 book expeditiously.  
15:01 18  
15:01 19 COMMISSIONER: Thanks.  
15:01 20  
21  
22 **MS ANTONIA KORSANOS, PREVIOUSLY AFFIRMED**  
23  
24  
25 **EXAMINATION-IN-CHIEF BY MS NESKOVCIN,**  
26 **CONTINUED**  
27  
28  
15:01 29 MS NESKOVCIN: Thank you, Ms Korsanos. We will start now.  
15:01 30  
15:01 31 Crown recognises the need to restore the relationship with the  
15:01 32 regulator, doesn't it?  
15:01 33  
15:01 34 A. Yes, I believe it does.  
15:01 35  
15:01 36 Q. You assumed the role of Chair of Crown Melbourne in  
15:01 37 mid-February this year?  
15:01 38  
15:01 39 A. Yes.  
15:01 40  
15:01 41 Q. We are instructed that prior to June 2021 you personally  
15:01 42 had not taken the opportunity to meet with the VCGLR; is that  
15:01 43 the case?  
15:01 44  
15:01 45 A. That's correct. At this stage I haven't.  
15:01 46  
15:01 47 Q. Why is that, Ms Korsanos?

15:01 1  
15:01 2 A. Well, a lot of --- there is a lot going on at the moment and  
15:01 3 with this Royal Commission as well. Ms Coonan has taken  
15:02 4 carriage of all the interactions that we are having with regulators.  
15:02 5 The effort is very much focused on the reform agenda and  
15:02 6 ensuring that there is consistency in communications. So that  
15:02 7 engagement has been carried by Ms Coonan in this environment.

15:02 8  
15:02 9 Q. I see. You understand that it is important for Crown  
15:02 10 Melbourne to convey its position, communicate to the VCGLR  
15:02 11 what it sees as important to re-establishing the relationship, but  
15:02 12 that is something that Ms Coonan has taken carriage of; is that  
15:02 13 the case?

15:02 14  
15:02 15 A. That's correct, and the message is consistent. The message  
15:02 16 is consistent at a Crown Melbourne level and a Crown Resorts  
15:02 17 level. They are the same message and they are --- I think it is  
15:03 18 clear.

15:03 19  
15:03 20 Q. That is a good segue into the next topic I wanted to discuss  
15:03 21 with you, Ms Korsanos, and that is the issue about the structure,  
15:03 22 corporate structure, the relationship between Crown Resorts,  
15:03 23 Crown Melbourne, and the committee structure I will also talk  
15:03 24 about in a moment or towards the end of that topic.

15:03 25  
15:03 26 We learnt from you around August/September last year, Crown  
15:03 27 started to give consideration to the organisational structure of the  
15:03 28 group, and it sought advice from Herbert Smith Freehills on that  
15:03 29 topic. You are aware of all of that?

15:04 30  
15:04 31 A. Yes.

15:04 32  
15:04 33 Q. I don't want you to go into the detail of the advice, but  
15:04 34 essentially the advice was sought in relation to best practice and  
15:04 35 recommendations on the appropriate structure, having regard to  
15:04 36 governance and other issues, correct?

15:04 37  
15:04 38 A. Correct.

15:04 39  
15:04 40 Q. We have seen from Crown's Remediation Plan that there  
15:04 41 has been a recommendation to adopt a centralised governance  
15:04 42 model, correct?

15:04 43  
15:04 44 A. Not a recommendation, there is still --- it is still under  
15:04 45 consideration.

15:04 46  
15:04 47 Q. I see.



15:04 1  
15:04 2 A. There is effort put towards considering and understanding  
15:04 3 the options, a centralised versus a decentralised model.  
15:04 4  
15:04 5 Q. Thank you. And management has been authorised to  
15:04 6 commence discussions with the regulators in each jurisdiction  
15:04 7 which Crown operates to start to canvas the issue with the  
15:04 8 regulators; correct?  
15:04 9  
15:04 10 A. I think there is more consideration before we engage with  
15:04 11 regulators. Engagement with regulators is critical on this matter.  
15:05 12 That is absolutely understood and recognised.  
15:05 13  
15:05 14 Q. We are interested in hearing from you what you perceive to  
15:05 15 be the advantages to Crown Melbourne in particular, so I want  
15:05 16 you to specifically focus on Crown Melbourne, having regard to  
15:05 17 the proposed centralised corporate structure. What do you  
15:05 18 perceive first of all to be the benefits to Crown Melbourne?  
15:05 19  
15:05 20 A. I think the ability to centralise certain functions,  
15:05 21 particularly the compliance functions, allows us to, I believe,  
15:05 22 achieve better quality. Crown Resorts is --- we can argue Crown  
15:05 23 Resorts is comprised of a number of subsidiary entities or it's  
15:06 24 comprised of a number of operations through property, and often  
15:06 25 you do see this in regulated business. This is what I would call  
15:06 26 a small company with large company complexity because it  
15:06 27 operates in a regulated industry. Not unusual.  
15:06 28  
15:06 29 But our goal, to be --- if our goal is to be best in class when it  
15:06 30 comes to compliance, Responsible Gaming compliance, I think  
15:06 31 by pooling resources and focusing across the business, I think we  
15:06 32 can achieve a better quality. It doesn't and shouldn't take away  
15:06 33 from the focus or priority of any of the operations, so I think what  
15:06 34 Crown Melbourne gets is bigger bang for its buck because of the  
15:06 35 fact that you are pooling resources and focusing. There is  
15:06 36 consistency in the operations. This isn't a business that has made  
15:06 37 up of a conglomerate of different operations. They are consistent.  
15:06 38 And I think we can achieve better outcomes, better quality  
15:07 39 outcomes and a higher benchmark in compliance, financial  
15:07 40 crimes, Responsible Gaming, by looking consistently across the  
15:07 41 business.  
15:07 42  
15:07 43 To do that right, though, you need to make sure you have the  
15:07 44 right resources in each business, and Melbourne would have to  
15:07 45 have ownership of its resources and how its actions, how these  
15:07 46 better policies and processes, systems, are actioned locally, and  
15:07 47 then there also has to be accountability for that as well.

15:07 1  
15:07 2 Q. Let's try and conceptualise that. Imagine there is a group  
15:07 3 structure with the various --- in charge of risk management or  
15:07 4 providing risk management services, the AML services, but  
15:07 5 Crown Melbourne has specific obligations to its regulator under  
15:07 6 the statutory framework ---  
15:07 7  
15:07 8 A. Yes.  
15:07 9  
15:07 10 Q. --- here. How do those obligations get discharged in  
15:08 11 a practical sense? Who are the people on the ground?  
15:08 12  
15:08 13 A. Well, the process of compliance can be consistent. What  
15:08 14 you are measuring compliance against will vary, because  
15:08 15 obviously every State has a different Casino Control Act. But  
15:08 16 when we look at financial crimes, that is different, that is  
15:08 17 legislated Australia-wide. But the responsibility of ensuring  
15:08 18 compliance to the CCA for Melbourne would sit with a team that  
15:08 19 owns that. But the process of ensuring there is compliance can be  
15:08 20 enterprise-wide.  
15:08 21  
15:08 22 I have a gaming background but from a supplier side, so I spent  
15:08 23 a number of years in another company that was regulated. In that  
15:08 24 company, as a supplier, games were produced for markets, and  
15:09 25 even in the Australian market, and the company distributed  
15:09 26 products Australia-wide, even within States there were different  
15:09 27 compliance requirements for one particular game. So they  
15:09 28 varied.  
15:09 29  
15:09 30 All of that was centrally managed from a process and systems  
15:09 31 perspective, and the company was highly compliant and there  
15:09 32 was quality product introduced into the market. So what I'm  
15:09 33 saying is the ownership and accountability can lie at each  
15:09 34 location, and accountability is important, how you measure that is  
15:09 35 important, and that's how you enforce the job getting done and  
15:09 36 the focus. But I do believe that we can achieve a better quality  
15:09 37 and a higher benchmark, and we can be better than our  
15:09 38 competition, I'll put it that way, by pooling our resources.  
15:09 39  
15:09 40 I think there is a level of consistency and then there is a level of  
15:09 41 ownership and accountability. All of that has to be appropriately  
15:10 42 structured and actioned.  
15:10 43  
15:10 44 Q. You mentioned that there still needs to be resources.  
15:10 45 Crown Melbourne still has to have its own resources. What did  
15:10 46 you mean by that? Did you mean physical things at the  
15:10 47 Melbourne property?

15:10 1

15:10 2 A. Yes.

15:10 3

15:10 4 Q. Could you elaborate?

15:10 5

15:10 6 A. You would need people on the ground. So you would still  
15:10 7 need your Responsible Gaming team on the ground, you need  
15:10 8 risk managers on the ground. You would need your financial  
15:10 9 crimes team on the ground. You need teams training the broader  
15:10 10 gaming team on financial crimes and AML on the ground. So  
15:10 11 you have to make sure you have the right resources locally. So  
15:10 12 there is a balance between what you centralise and not control,  
15:10 13 but define on a central level and what you have working on the  
15:10 14 ground. So you have to get the balance right. As I said, though,  
15:10 15 the accountability and visibility as well.

15:10 16

15:10 17 I do think, in this sort of structure, one of the issues we've had is  
15:11 18 one of transparency, and I do think trying to get consistency  
15:11 19 across what matters the most at each property level, and to the  
15:11 20 company as a whole, is important, and I think you can get that  
15:11 21 through an enterprise-wide model. You can get it through  
15:11 22 a decentralised model as well. I think culture is just as important  
15:11 23 as well.

15:11 24

15:11 25 Q. You mentioned that not everything would be centralised.  
15:11 26 Would you envisage would not be centralised in order to best  
15:11 27 protect Crown Melbourne's interests?

15:11 28

15:11 29 A. Sorry, I think you can essentially influence where you want  
15:11 30 to set your financial crimes and compliance and Responsible  
15:11 31 Gaming. How you activate it by property has to be driven by  
15:11 32 those resources and those resources held accountable. The same  
15:12 33 different culture. I don't think --- we don't want a separate culture  
15:12 34 for each property. We want one culture for Crown Resorts and  
15:12 35 that has to be right for each property. It should be appropriate. If  
15:12 36 we get it right at the top level then it works consistently across  
15:12 37 the business.

15:12 38

15:12 39 Q. What about the relationship with the regulator? Where  
15:12 40 does that fit in a centralised governance model?

15:12 41

15:12 42 A. The relationship with the regulator, the regulator should  
15:12 43 have interface at the Crown Resorts and Crown Melbourne level.  
15:12 44 If we get this right, we should be engaging as the Crown Resorts  
15:12 45 Board with the regulator, our Crown Resorts CEO should be  
15:12 46 engaging with all our regulators, and the people who are  
15:12 47 managing and operating at a business or a property level should

15:12 1 also be engaging with the regulator.

15:12 2

15:12 3 Q. What do you see are the risks for Crown Melbourne in

15:12 4 a centralised governance structure?

15:12 5

15:13 6 A. If we don't get the accountability right, things could fall  
15:13 7 through the cracks. But I think as long as there is good line of  
15:13 8 sight on what is expected at every level of the business, and that  
15:13 9 is, your accountability is appropriately established, and there is  
15:13 10 line of sight and measurement, I think it is achievable. It's  
15:13 11 execution is where the risk lies, for many of these things.

15:13 12

15:13 13 Q. I think as you were discussing your thoughts on this issue  
15:13 14 you've identified a number of mechanisms or controls that could  
15:13 15 be put in place to ensure that there is consistency across all  
15:13 16 properties and compliance with all regulatory regimes. I asked  
15:14 17 you a question about risks; to the extent you haven't already  
15:14 18 answered the questions, do you think there are controls that you  
15:14 19 think need to be put in place to mitigate the risks to Crown  
15:14 20 Melbourne?

15:14 21

15:14 22 A. I think the controls that need to be put in place are all the  
15:14 23 controls that really we are seeking to enforce through the various  
15:14 24 actions that we've identified as part of the reform agenda. So it  
15:14 25 is --- to date, for me, the risks today remain operational. We need  
15:14 26 to make sure we get Responsible Gaming right, we get  
15:14 27 compliance right, and we get financial crimes right, and we're on  
15:14 28 the journey with regard to all of that.

15:14 29

15:14 30 Q. I want to explore the issue board committees or  
15:14 31 subcommittees both in the context of the present structure and the  
15:14 32 proposed centralised structure. Let's start with the present  
15:15 33 structure at the moment. I want to look at board composition  
15:15 34 and then current committee structure and you have addressed  
15:15 35 partly this in your ---

15:15 36

15:15 37 COMMISSIONER: Before you move on.

15:15 38

15:15 39 Ms Korsanos, I just want to check we get our language right.  
15:15 40 When you talk about, and sometimes when I talk about  
15:15 41 centralised management in a group of companies, what I have in  
15:15 42 mind, I'm not sure you have this in mind, is that the  
15:15 43 decision-making is taken out of the hands of the operating  
15:15 44 subsidiaries and located effectively at head office.

15:15 45

15:15 46 A. No --- well, I don't think you can do that with all  
15:15 47 decision-making. You have delegated authority, and ---

15:15 1  
15:15 2 COMMISSIONER: No, I'm just trying to work out what you  
15:15 3 mean by the word "centralisation" and "centralisation of  
15:15 4 functions". So let's say I take centralisation of compliance. You  
15:16 5 have a Compliance Committee at Crown Melbourne because you  
15:16 6 are required to have one, and you have a Compliance Committee  
15:16 7 in Sydney and a Compliance Committee at Crown at the  
15:16 8 Burswood company as well. But when you talk about centralised  
15:16 9 functions, am I right to think that you mean that the decision  
15:16 10 making for --- at the moment we're talking about compliance ---  
15:16 11 is not located in any one of those operating subsidiaries but is  
15:16 12 centralised in the holding company, in this case Crown Resorts  
15:16 13 --- doesn't really matter, but talking about the principle --- and the  
15:16 14 decision-making is not made at level of the subsidiary  
15:16 15 companies?  
15:16 16  
15:16 17 A. No. Essentially you would have oversight --- the way I  
15:16 18 would envisage it, you would have oversight of compliance at a,  
15:17 19 call it a Group level, there would be a Compliance Committee  
15:17 20 that covered all properties, this is at a Board Compliance  
15:17 21 Committee level, that provides ---  
15:17 22  
15:17 23 COMMISSIONER: Who sets the rules?  
15:17 24  
15:17 25 A. The rules are essentially --- from a compliance perspective  
15:17 26 the rules are set, in my mind they are set by the regulators and we  
15:17 27 are compliant to those.  
15:17 28  
15:17 29 COMMISSIONER: Let's pick another one where you actually  
15:17 30 make decisions about what to do and what not to do.  
15:17 31  
15:17 32 A. Yes.  
15:17 33  
15:17 34 COMMISSIONER: Do we spend \$50, don't we spend \$50? Do  
15:17 35 we buy a new machine, don't we buy a new machine? Do we  
15:17 36 have capital expenditure, don't we have capital expenditure? I'm  
15:17 37 talking about real decisions, not ones you are forced to make  
15:17 38 because an Act of Parliament says you must make them, and  
15:17 39 make them in a particular way. There are very few regulations,  
15:17 40 actually --- there are a few for the industry you are in, but I'm  
15:17 41 trying to understand exactly what happens when you speak about  
15:18 42 a centralised system. I understand that to mean that decision  
15:18 43 making is removed from the operating subsidiaries and put  
15:18 44 somewhere else. I'm not talking about responsibilities, I'm not  
15:18 45 talking about people on the floor, I'm talking about those persons  
15:18 46 who actually make decisions.  
15:18 47

15:18 1 A. I agree. I understand. I understand. So, in a centralised  
15:18 2 structure you have a level of decision-making at that central  
15:18 3 structure, at the top, but there is always a delegated level of  
15:18 4 responsibility as well, and decision-making ---

15:18 5  
15:18 6 COMMISSIONER: But delegated. They are not the real  
15:18 7 decision-makers.

15:18 8  
15:18 9 A. Oh, they are, because they --- sorry, when I say delegated,  
15:18 10 there is a level of --- there is a level at which, you know, the  
15:18 11 example you gave was acquiring machines. That would be, in  
15:18 12 my mind, that would be a decision at a property level.

15:18 13  
15:18 14 COMMISSIONER: Yes, that was a silly example. Well, the  
15:19 15 particular ones that I've got in mind are decisions about gaming,  
15:19 16 surveillance, international and domestic VIP business and  
15:19 17 compliance, and I also have in mind the real Chief Executive  
15:19 18 Officer and the real Chief Financial Officer. Those people who  
15:19 19 make the actual decisions that a Chief Executive Officer makes,  
15:19 20 and the actual decisions that a Chief Financial Officer makes, and  
15:19 21 I will add to the list, the Chief Operating Officer as well.

15:19 22  
15:19 23 In a centralised function, if you have three operating subsidiaries  
15:19 24 with three CEOs, that is not a centralised system. That is  
15:19 25 a decentralised system of decision-making or control. If you have  
15:19 26 a centralised system, what happens to the three CEOs?

15:19 27  
15:20 28 A. You would still have ---

15:20 29  
15:20 30 COMMISSIONER: What do you --- I know you have them, you  
15:20 31 give them names, you can give anybody names, I'm talking about  
15:20 32 real decision-making.

15:20 33  
15:20 34 A. The way I've seen this operate before is the centralisation  
15:20 35 more at the board level and the committee level, and where I've  
15:20 36 seen this before has been where businesses had different  
15:20 37 geographic locations and every geography or different business in  
15:20 38 the group has had a managing director, which in the case of  
15:20 39 Crown would be the CEOs of each property, and they have  
15:20 40 an ability to make decisions on the day-to-day business, on  
15:20 41 capital, on --- there are many levels of decision-making that are  
15:20 42 afforded to either the subsidiary or --- the centralisation we are  
15:20 43 talking about is really removing layers in governance so that there  
15:20 44 is a flatter governance layer and a better transparency. So I don't  
15:21 45 see a lot being taken away.

15:21 46  
15:21 47 COMMISSIONER: Sorry, just give me a second. Sorry about

15:21 1 that. I'm trying to find a document and a comment in a document  
15:21 2 to discuss it with you. I will pick it up in a minute or at some  
15:21 3 stage.

15:21 4  
15:21 5 You are drawing a distinction between decision-making on  
15:21 6 matters of principle and decision-making on operational matters.  
15:21 7 Your centralised governance structure has the ultimate  
15:21 8 decision-making at the top, which will be centralised, and then  
15:22 9 you will leave it to the delegated or non-delegated, if you don't  
15:22 10 like that word, the day-to-day operations to the local subsidiaries,  
15:22 11 wherever they happen to be, in the same city or around the world.  
15:22 12 That is the sort of model you are thinking about, yes?

15:22 13

15:22 14 A. Yes ---

15:22 15

15:22 16 COMMISSIONER: And it is worse, really, because if you  
15:22 17 centralise board decision-making, then the local boards have  
15:22 18 nothing to do other than adopt annual accounts and almost other  
15:22 19 irrelevant functions. There is two aspects of it, really; one is  
15:22 20 whether you are allowed to do this under your agreement, and  
15:22 21 under your agreement you may not be allowed to do it, and I don't  
15:22 22 know if anybody has looked at it --- --- (overspeaking) --- so one  
15:22 23 is whether it is permissible at all, and the second thing is whether  
15:22 24 it is an appropriate way to proceed, the Victorian regulator has to  
15:23 25 regulate Victorian operations and check out Victorian  
15:23 26 decision-making --- when I say decision-making I mean Crown  
15:23 27 Melbourne --- when it might not be Crown Melbourne  
15:23 28 decision-making but it might be decision-making by Crown  
15:23 29 Resorts taking people from wherever. Like you have a Crown  
15:23 30 Resorts CEO. The way I heard him speak, he is a very  
15:23 31 impressive gentleman, he wants to run the show, but he's not  
15:23 32 Crown Melbourne. But he wants to run the show from Crown  
15:23 33 Resorts. And I fear, or I suspect, leave aside the word "fear", I  
15:23 34 suspect that is what you want to do centralising everything, that  
15:23 35 is, run it from Crown Resorts, not run it from Crown Melbourne.  
15:23 36 And there is a nice question, as I said, whether you are allowed to  
15:23 37 do that as a matter of your agreement with the State of Victoria  
15:23 38 and, secondly, whether it is an appropriate thing to do in any  
15:23 39 event when the regulator has to manage what is happening with  
15:23 40 Crown Melbourne and has got no jurisdiction to regulate. And  
15:24 41 part of the problem is, you identified it yourself, the connection  
15:24 42 has to be with --- the relationship has to be with Crown Resorts  
15:24 43 as well, but the regulator has very little supervisory authority to  
15:24 44 deal with Crown Resorts. In a practical sense, almost none. And  
15:24 45 zero with the Crown operations in Perth or in London, if you  
15:24 46 want to go that far. Do you understand my problem?

15:24 47

15:24 1 A. I do.  
15:24 2  
15:24 3 COMMISSIONER: I'm trying to work out whether there is a way  
15:24 4 through it. One way through it is to isolate and bar centralisation  
15:24 5 on those things that the agreement with the State thinks should be  
15:24 6 run by Crown Melbourne. That's one way of doing it, which will  
15:24 7 give you part centralisation and part decentralisation. It is  
15:24 8 a difficult question.  
15:24 9  
15:24 10 For instance --- and the Freehills report, I think, I haven't read it  
15:25 11 for a while, but my recollection is that it suggests very little  
15:25 12 function for the local Board.  
15:25 13  
15:25 14 Now, you should assume at the moment I think it is wholly  
15:25 15 unacceptable that the Board of the Melbourne operation will have  
15:25 16 very little functions taken over, to the extent that Crown Resorts  
15:25 17 may want to delegate a few things. I don't like it.  
15:25 18  
15:25 19 A. I understand that, Commissioner, and ---  
15:25 20  
15:25 21 COMMISSIONER: I'm making it obvious.  
15:25 22  
15:25 23 A. --- there is --- the operational, functional, compliance  
15:25 24 elements of any of our properties shouldn't change. But like I  
15:25 25 said previously or earlier in this conversation, this is all under  
15:25 26 consideration. What ---  
15:25 27  
15:25 28 COMMISSIONER: Can I tell you, the thing I was looking at is  
15:25 29 in the Sixth Report, it doesn't say it is under consideration, it says  
15:25 30 it was implemented years ago, and when you say it is under  
15:26 31 consideration, the Freehills advice says it is under consideration,  
15:26 32 but whoever has been dealing with the regulator says that it is  
15:26 33 a fait accompli, happened, and gives the same justifications that  
15:26 34 you have --- efficiency, cost-efficient, better knowledge across  
15:26 35 the field, I mean, it is in the Sixth Report. Somebody will find it  
15:26 36 in a minute and I will read it to you --  
15:26 37  
15:26 38 A. Okay.  
15:26 39  
15:26 40 COMMISSIONER: --- but from my perspective, I don't care  
15:26 41 whether it has happened or it is a plan. According to the  
15:26 42 regulator, it has happened. According to you and others it's  
15:26 43 a plan, but if I give you the list of functions that are, according to  
15:26 44 the regulator, according to what Crown Melbourne has told the  
15:26 45 regulator, there is nothing left --- there is no significant or  
15:26 46 insignificant functions that haven't been centralised. And your  
15:26 47 CEO speaks like he is running the show, in any event. Anyhow.



15:27 1 We have to deal with this. It is an important point. I don't care  
15:27 2 whether anybody else thinks it's important, but I think it is  
15:27 3 important.  
15:27 4  
15:27 5 A. No, I don't disagree. It is an important point. I mean, this  
15:27 6 is a great example of where there has to be collaboration,  
15:27 7 discussion, with the regulator, and the outcome has to be  
15:27 8 an outcome that the regulator accepts and we abide by.  
15:27 9  
15:27 10 COMMISSIONER: It might not be for the regulator to decide  
15:27 11 this question.  
15:27 12  
15:27 13 A. Understand. Understand. Today, though, there is a level of  
15:27 14 duplication because there is a lot --- there is a lot happening at the  
15:27 15 Melbourne level, at the Melbourne Board level, that then just gets  
15:27 16 duplicated the Crown Resorts level.  
15:27 17  
15:27 18 COMMISSIONER: I could do it the other way. If I didn't care  
15:27 19 about the other jurisdictions, I would say your main company is  
15:28 20 Crown Melbourne, make that the --- although it is not the holding  
15:28 21 company, make that the central company and make everybody  
15:28 22 else subsidiary to that. Let NSW and WA worry about it.  
15:28 23  
15:28 24 A. No, no, no. The Crown Melbourne business is the biggest  
15:28 25 business in the Group and that is definitely the way we view it --  
15:28 26  
15:28 27 COMMISSIONER: Good.  
15:28 28  
15:28 29 A. --- and assess it.  
15:28 30  
15:28 31 COMMISSIONER: Then centralise it there.  
15:28 32  
15:28 33 A. (Laughs).  
15:28 34  
15:28 35 MS NESKOVCIN: Ms Korsanos, I will take you to the Casino  
15:28 36 Agreement that the Commissioner was referring to in terms of the  
15:28 37 obligations.  
15:28 38  
15:28 39 COM.0005.0001.0985, please, operator. Page 29 of the  
15:28 40 document, please.  
15:28 41  
15:28 42 Clause 22.1 contains conditions relating to the company's  
15:29 43 structure. You see that from the heading? Don't worry about  
15:29 44 sub-paragraph a.  
15:29 45  
15:29 46 A. Okay, sorry. Yes.  
15:29 47

15:29 1 Q. I'm just asking you to note the heading.

15:29 2

15:29 3 A. Yes.

15:29 4

15:29 5 Q. We'll go over the page, please, operator. You will see  
15:29 6 paragraph (b):

15:29 7

15:29 8 *the Company must ensure that at least 75% of the*  
15:29 9 *meetings of the Company's board of directors are to be*  
15:29 10 *held in Melbourne each calendar year;*

15:29 11

15:29 12 *the Company must ensure that at least 75% of the*  
15:29 13 *meetings of the Company's Senior Executive Managers*  
15:29 14 *are to be held in Melbourne each calendar year;*

15:29 15

15:29 16 *the Company must ensure that its Senior Executive*  
15:29 17 *Managers reside in Victoria.*

15:29 18

15:29 19 *..... at least one Company Secretary resides in Victoria.*

15:29 20

15:30 21 Can you assume for me that the senior executive managers  
15:30 22 include the CEO, CFO, and COO, so there is no requirement for  
15:30 23 directors to be resident of Victoria, there are requirements for  
15:30 24 75 per cent of meetings to occur, and senior executives are to  
15:30 25 reside in Victoria. Have Crown's obligations under clause 22 of  
15:30 26 the Casino Agreement been taken into account in formulating the  
15:30 27 strategy on the centralised governance structure or is that a matter  
15:30 28 to be addressed later?

15:30 29

15:30 30 A. It hasn't been --- this, I have been not been in any  
15:30 31 conversations where we have considered this, but I do know that  
15:30 32 when it comes to Crown Melbourne this is absolutely what the  
15:30 33 company is doing. So we haven't --- and I don't see this changing  
15:30 34 in a centralised structure. So you would still have your local  
15:30 35 property ---

15:30 36

15:30 37 COMMISSIONER: I'm sorry to interrupt, but what I'm worried  
15:31 38 about is it might be playing lip service to the obligations that are  
15:31 39 assumed to take place under the agreement. I found the bit I was  
15:31 40 looking for. I will show how computer literate I am --- or not --- it  
15:31 41 says here in the Sixth Review, page 52, I will read it to you, it's  
15:31 42 a bit of fun:

15:31 43

15:31 44 *It has been noted earlier in this report that some Crown*  
15:31 45 *Melbourne executives roles now extend beyond the*  
15:31 46 *management of the Melbourne business --- that is, they are*  
15:31 47 *"group" roles. The following aspects of the business are*

15:31 1 *now managed at a Crown group level: Information*  
15:31 2 *Technology; Regulatory & Compliance; Responsible*  
15:31 3 *Gambling; International Business Operations; Learning*  
15:31 4 *& Development, Public Relations; Product, Strategy &*  
15:31 5 *Innovation; Procurement & Supply; Risk & Audit;*  
15:31 6 *Finance; Anti-Money Laundering; Enterprise Reporting;*  
15:31 7 *Legal; VIP International; Customer Analytics; Strategy &*  
15:32 8 *Finance; Hotels, Retails and Food and Beverage.*  
15:32 9  
15:32 10 I don't know what other operations you have, but that looks to me  
15:32 11 to be every single function within the organisation, all managed  
15:32 12 from a Crown group level. And, quite fairly, the explanation  
15:32 13 given to the regulator which it records is that:  
15:32 14  
15:32 15 *..... the benefits of group level management are: greater*  
15:32 16 *consistency in approach [which you mentioned] across*  
15:32 17 *the group and developing executives with great expertise*  
15:32 18 *[which you said] through having a broader experience*  
15:32 19 *[which you identified].*  
15:32 20  
15:32 21 So all the justifications are there. The only difference between  
15:32 22 you and what the regulator understands is this has happened, the  
15:32 23 whole thing is run at a group level, whereas I understand your  
15:32 24 evidence to be you are still thinking about it and haven't even  
15:32 25 worked out whether you are allowed to do it under the agreement.  
15:32 26 It is a complication for me.  
15:32 27  
15:33 28 A. I understand. Understand. And the discussions on  
15:33 29 centralisation are very much governance-driven. I understand  
15:33 30 what this is saying and how it would be interpreted, but every  
15:33 31 property has got --- if I think about Responsible Gaming, there is  
15:33 32 a Responsible Gaming lead localised in each property. If I think  
15:33 33 about risk areas ---  
15:33 34  
15:33 35 COMMISSIONER: Of course they have, but I'm interested ---  
15:33 36  
15:33 37 A. I am not sure, I think we are talking cross purposes and it  
15:33 38 may be terminology I'm using ---  
15:33 39  
15:33 40 COMMISSIONER: No, I don't think we are talking cross  
15:33 41 purposes at all. This agreement assumes where the head  
15:33 42 decision-making people are going to be, and centralisation is  
15:33 43 moving them away.  
15:33 44  
15:33 45 You will have a CEO, but he won't operate like a real CEO  
15:33 46 because there will be another CEO sitting on top of his or her role  
15:33 47 making the real CEO decisions. So you can say technically, and

15:34 1 one thing that will --- well, technically you might be right, you  
15:34 2 will have a person called head of gaming, but my question is,  
15:34 3 where is the real head of gaming? And you will have a person  
15:34 4 called CEO, and my question will be, where is the real CEO? In  
15:34 5 other words, I'm not just interested in what people's titles are but  
15:34 6 what they are actually doing and who is actually the  
15:34 7 decision-making person, the real decision-making person, or the  
15:34 8 real decision-making group.

15:34 9

15:34 10 I'm now repeating myself. I can't make myself any clearer.

15:34 11

15:34 12 A. I understand that and there has to be clarity --- we  
15:34 13 absolutely need to provide the clarity so we can ensure that our  
15:34 14 regulator is comfortable, you are comfortable. I don't disagree.  
15:34 15 We need to provide the clarity. But I don't see the properties --- I  
15:34 16 see there is a localised operation of the properties.

15:34 17

15:34 18 MS NESKOVICIN: Ms Korsanos, are you saying that what will  
15:35 19 change, going forward, is the attempt to eliminate duplication  
15:35 20 between what the boards do and what the committees do as  
15:35 21 opposed to what ---

15:35 22

15:35 23 A. What the properties do.

15:35 24

15:35 25 Q. I see.

15:35 26

15:35 27 A. Correct. So what the boards and the committees do versus  
15:35 28 what the properties do, because I think from a governance  
15:35 29 perspective there should be better transparency and avoiding that  
15:35 30 duplication means that we do get clear visibility and line of sight  
15:35 31 of compliance issues that we haven't had before.

15:35 32

15:35 33 Q. I will come to the committees next. But can I just finish off  
15:35 34 on the Casino Control Agreement that we were just on, because,  
15:35 35 as reflected in this agreement, it demonstrates or its intention is  
15:35 36 for there to be a certain connection and a real connection, I  
15:35 37 suggest, with this jurisdiction, Victoria. And the way they are  
15:35 38 trying, or the way the agreement is trying to reflect that is by at  
15:36 39 least having the requirement of the senior executive managers  
15:36 40 resident in Victoria. Can I just ask you whether you think that  
15:36 41 there would be benefit to also having a requirement for resident  
15:36 42 directors in Victoria?

15:36 43

15:36 44 A. I think there is a balance there. And I think from  
15:36 45 a Melbourne perspective this is more than being met, and from,  
15:36 46 call it a group function perspective as well, there are a number of  
15:36 47 group roles that are also sitting in Melbourne and a lot of the ---

15:36 1 most of the --- pre-pandemic, which feels like a long time ago,  
15:36 2 we had most of the Resorts Board meetings in Melbourne as well.  
15:36 3 So there is gravitation to Melbourne because it is our largest  
15:36 4 property. But this, as I said, this is being met. There is no  
15:37 5 conflict with this. And the way I would see it is that every  
15:37 6 property would have its localised management leadership and  
15:37 7 clarity of decision-making, and that is how I've seen it run before  
15:37 8 in industry, but not on the operating side.

15:37 9

15:37 10 Q. And you recognise the importance of having the connection  
15:37 11 between the directors and the property because it is  
15:37 12 an opportunity for them to walk the floor, speak to people  
15:37 13 face-to-face, get a first hand assessment of what things are like on  
15:37 14 the ground; do you accept that?

15:37 15

15:37 16 A. Yes, that applies whether I'm a Melbourne or Crown  
15:37 17 Resorts director, because I have responsibilities as  
15:37 18 a non-executive director of a listed company. We need that  
15:37 19 closeness, irrespective of the fact that we are regulated in  
15:37 20 different jurisdictions.

15:37 21

15:37 22 Q. All right.

15:37 23

15:37 24 Let's have a look at the committee point then, please. Can we go  
15:38 25 to your statement, please? I want to ask you about board  
15:38 26 composition and then the committee structure.

15:38 27

15:38 28 If you look at page 0105, paragraph 8, you have a table of the  
15:38 29 board composition as at 2020 in the annual report in the left-hand  
15:38 30 column, and as at now in the right-hand column plus Mr Carter?

15:38 31

15:38 32 A. Yes. Mr Carter hasn't --- I don't think he has received  
15:38 33 regulatory approval yet. He may have, but I'm not aware of it.  
15:38 34 I don't think that's been communicated so its pending.

15:38 35

15:38 36 Q. Crown are attempting to recruit further directors to the  
15:38 37 Board of Crown Resorts; correct?

15:38 38

15:38 39 A. Yes. Yes, we are.

15:38 40

15:38 41 Q. What do you see as the ideal composition in terms of  
15:38 42 numbers of directors for that Board?

15:39 43

15:39 44 A. Well, we'd like to have six to seven non-executive directors  
15:39 45 plus the CEO and Managing Director. So one executive and six  
15:39 46 to seven. Ideally it is seven. The reason I say six to seven is to  
15:39 47 allow for succession planning. When you have a resignation --- it

15:39 1 takes time to get a new member on through the approval process.

15:39 2

15:39 3 Q. Yes. And then, looking at the Crown Resorts committees,  
15:39 4 you have the Audit & Corporate Governance Committee, the  
15:39 5 Corporate Responsibility Committee no longer exists.

15:39 6

15:39 7 Over the page, please, operator.

15:39 8

15:39 9 You have the Finance Committee and the Investment Committee  
15:39 10 no longer exist, so what you have at the moment is the Audit &  
15:39 11 Corporate Governance Committee, then the People,  
15:39 12 Remuneration & Nomination Committee, the Safety and  
15:39 13 Sustainability Committee, the Responsible Gaming Committee,  
15:40 14 and the Risk Management Committee. So that is five board  
15:40 15 committees and you've got five board members. So I don't need  
15:40 16 to suggest to you that you are a bit thin on the ground and there  
15:40 17 needs to be more representation on individual committees, but  
15:40 18 when you look at your note, Ms Korsanos, I think that some of  
15:40 19 the committee meetings used to be run concurrently with the  
15:40 20 board meetings. Is that still the case?

15:40 21

15:40 22 A. They are run --- there are a couple that run concurrently  
15:40 23 with the board meetings because of the fact that we just don't  
15:40 24 have a full complement of board members. So at the time when  
15:40 25 we went to three continuing members, we reduced --- we kept the  
15:41 26 People, Remuneration & Nomination Committee, the Risk  
15:41 27 Management Committee and the Audit Committee separate,  
15:41 28 under the governance rules you do need a PRN and the audit, but  
15:41 29 we felt risk was important as well to keep separate, and the  
15:41 30 Responsible Gaming and Safety went into the Board meeting.

15:41 31

15:41 32 Q. So ordinarily the committee meetings would not be run  
15:41 33 concurrently with the board meetings, but that is just for  
15:41 34 convenience due to numbers?

15:41 35

15:41 36 A. Yes.

15:41 37

15:41 38 Q. Have you considered whether you have too many board  
15:41 39 committees?

15:41 40

15:41 41 A. That will be considered, yes. We haven't as yet made  
15:41 42 a decision, but I do think that there will probably be an element  
15:41 43 of consolidation going forward, and I think there are certain  
15:41 44 committees that are probably better served at a board level given  
15:41 45 the priorities of the business going forward.

15:41 46

15:41 47 Q. Can you just identify which of those, because it is relevant

15:41 1 to this discussion we have are having about centralisation, which  
15:41 2 committees do you think are better run at board level and  
15:42 3 which could possibly be done at some other executive level?

15:42 4

15:42 5 A. This is my view in response to the question you are asking  
15:42 6 me, so we haven't had discussion, but I think being in the  
15:42 7 business we are, I think safety and sustainability can, and I've  
15:42 8 seen that on many other boards ---

15:42 9

15:42 10 Q. Can what?

15:42 11

15:42 12 A. Can be a standing agenda on your board meeting because  
15:42 13 I think it does represent --- I think it is important --- it is  
15:42 14 an important committee and the subject matter, I think, given the  
15:42 15 compliance requirements at board level and company level,  
15:42 16 I think that is important.

15:42 17

15:42 18 Q. I think --- that's one that I would roll up. I wouldn't roll up  
15:42 19 the PRN committee. These are all --- if I think about the work  
15:42 20 that we've been doing, even with a smaller board over the last  
15:43 21 three months, I think all of these committees are valid  
15:43 22 committees separately.

15:43 23

15:43 24 Q. I see.

15:43 25

15:43 26 A. I think Responsible Gaming, there is merit in keeping that  
15:43 27 separate. I think you wouldn't find it in other companies but  
15:43 28 I think it is very important in the business that we are in. So that  
15:43 29 is one that I would recommend. But, as I said, that is my view in  
15:43 30 response to the question you've just asked me, not one that we  
15:43 31 have discussed internally, and I have colleagues to discuss this  
15:43 32 with.

15:43 33

15:43 34 Q. Noted. How many board meetings do you tend to have at  
15:43 35 the Crown Resorts board level each year? Is it one a month or  
15:43 36 every six weeks?

15:43 37

15:43 38 A. Pre --- we've had a lot of meetings but the standing --- if  
15:43 39 I was to say the standing meetings is about eight a year, of  
15:43 40 standing meetings.

15:43 41

15:43 42 Q. What ---

15:43 43

15:43 44 A. And there have been a lot of meetings.

15:43 45

15:43 46 Q. What about the committees? What would be a standard  
15:43 47 number of committee meetings?

15:43 1

15:44 2 A. The committees vary as well. I think from an audit  
15:44 3 perspective I look for four meetings minimum a year in terms of  
15:44 4 covering the standard agenda. But there are always more. From  
15:44 5 a Risk Committee perspective, we do six a year but again, if  
15:44 6 required, we do more, but the six are there to accommodate for  
15:44 7 what we call our standing agenda.

15:44 8

15:44 9 And then from a PRN committee, I think, and I haven't been on  
15:44 10 that committee before, but I don't think there should be less than  
15:44 11 four, but there's been more than that.

15:44 12

15:44 13 Q. All right.

15:44 14

15:44 15 A. So there is a level of responsiveness that you need.  
15:44 16 Responsible Gaming was more often. Responsible Gaming was  
15:44 17 a lot more frequent per annum.

15:44 18

15:44 19 Q. Assuming you get to target directors at six or seven, even  
15:44 20 then the number of meetings, the number of committee meetings  
15:45 21 is quite demanding. I've seen the board packs. We are all  
15:45 22 familiar with the volume of reading material. Have you  
15:45 23 considered whether there will be merit on having external  
15:45 24 consultants or experts, whatever you want to call them, as  
15:45 25 committee members to assist with the workload, provide  
15:45 26 independent expertise? Is that something you have given  
15:45 27 consideration to?

15:45 28

15:45 29 A. Again, I will --- this is my perspective because we haven't  
15:45 30 discussed it internally, but in the thoughts I've had in considering  
15:45 31 this I think there is merit in bringing external support to the  
15:45 32 Responsible Gaming Committee. We do have an advisory panel  
15:46 33 that we do lean on, but I think having somebody sitting around  
15:46 34 the table with that level of expertise is something that could  
15:46 35 enhance these efforts.

15:46 36

15:46 37 With regard to the other committees, no, I think there is --- when  
15:46 38 we look at the committees as we've been running them more  
15:46 39 recently, Ms Halton on the Audit Committee, me on the Risk  
15:46 40 Committee, I think that is a good overlap because we ensure that  
15:46 41 the committees are working well together, so if something needs  
15:46 42 to get across to risk, or if audit has to monitor what comes out of  
15:46 43 the Risk Committee, I think that works well. So the duplication  
15:46 44 in membership there I think works.

15:46 45

15:46 46 From a PRN committee perspective we do lean on external  
15:46 47 consultants as we need them. The one that stands out for me, and



15:46 1 I think would have value, is the Responsible Gaming Committee.  
15:46 2

15:46 3 Q. Thank you for that. I will come to the Crown Melbourne  
15:46 4 committees next and the duplication issue, how that might be  
15:47 5 consolidated. Before I do, one other question because it bears on  
15:47 6 workload.  
15:47 7

15:47 8 You've been at Crown for a few years now, you appreciate the  
15:47 9 workload. I know you have other external appointments. Do you  
15:47 10 think there is a maximum number of external appointments or  
15:47 11 directorship appointments that a Crown director should have so  
15:47 12 as to ensure they have sufficient time to devote to their duties as  
15:47 13 director?  
15:47 14

15:47 15 A. No, I don't. And I think it comes down to the individual  
15:47 16 and what the individual wants. I have colleagues who really don't  
15:47 17 want to ---- keep their board portfolio at a minimum. I personally  
15:47 18 am somebody who left an executive role and wanted to keep  
15:47 19 busy, and I wanted a broad portfolio, and I like the portfolio  
15:48 20 I have. Having said that, Crown in its current state means that I  
15:48 21 really don't get many weekends to myself, but that is what I've  
15:48 22 signed up to and that's fine. I think it comes down to the  
15:48 23 individual and your commitment, and if somebody isn't pulling  
15:48 24 their weight, isn't contributing, they will have to make their own  
15:48 25 decision or they will be asked to leave. That's the conversation  
15:48 26 and the assessment that boards make of themselves.  
15:48 27

15:48 28 Q. Thank you, Ms Korsanos. Looking at Crown Melbourne  
15:48 29 over the page, I take it Ms Danziger has resigned or is intending  
15:48 30 to resign?  
15:48 31

15:48 32 A. I believe she is intending to resign and hasn't resigned as  
15:48 33 yet.  
15:48 34

15:48 35 Q. There are currently four directors. I don't think you are  
15:48 36 looking to increase the numbers on the Crown Melbourne Board;  
15:48 37 is that correct?  
15:48 38

15:48 39 A. Currently --- no, we have five at the moment. There is five  
15:49 40 directors for Melbourne. Melbourne requires five directors.  
15:49 41

15:49 42 Q. Thank you. Yes, thank you for reminding me of that.  
15:49 43 There are two committees that Crown Melbourne is required to  
15:49 44 have under the Management Agreement, I think it is.  
15:49 45

15:49 46 COMMISSIONER: Can I interrupt again, sorry, but I'm  
15:49 47 interested in the directors of the Melbourne board.

15:49 1  
15:49 2 Is there any reason why it is not appropriate to think that some  
15:49 3 directors at least of the Melbourne Board should be independent,  
15:49 4 and by independent I mean independent of Crown Resorts?  
15:49 5 I.e. don't overlap them and have no connection with them?  
15:49 6  
15:49 7 A. Sorry, your question, Commissioner? Sorry.  
15:49 8  
15:49 9 COMMISSIONER: Directors on Crown Melbourne that are  
15:49 10 independent of Crown Resorts. Don't double up.  
15:49 11  
15:49 12 A. There is no reason not to have that.  
15:50 13  
15:50 14 COMMISSIONER: Well, I know that. But is it a good reason to  
15:50 15 have it? I don't think it disadvantages the board if there is  
15:50 16 somebody who is not associated with Resorts.  
15:50 17  
15:50 18 COMMISSIONER: Somebody who won't ever have a conflict of  
15:50 19 interest?  
15:50 20  
15:50 21 A. I don't see a disadvantage --- I suppose if there were  
15:50 22 conflicts of interest, I get there is value in having somebody who  
15:50 23 is independent to Crown Resorts. I think whether you, and I  
15:50 24 haven't seen conflicts of interest, I suppose, having been on the  
15:50 25 board. I haven't seen conflicts of interest. There have been ---  
15:50 26 I don't think Melbourne has been disadvantaged by having  
15:50 27 an overlap, having management on the board helps there, having  
15:51 28 an independent director outside of Crown Resorts would help as  
15:51 29 well. I think I like it for the fact that there is diversity, really, and  
15:51 30 I think it would help more diverse thinking, but I'm not --- I don't  
15:51 31 think that we've made any decisions at this level that have been  
15:51 32 disadvantageous to Melbourne because of the Resorts  
15:51 33 association.  
15:51 34  
15:51 35 COMMISSIONER: You guaranteed all of Crown Resorts debts.  
15:51 36 That's a disadvantage to Crown Melbourne. You never know  
15:51 37 how things turn out in the future. It could be  
15:51 38 a multimillion-dollar disadvantage. Did anybody think about  
15:51 39 that?  
15:51 40  
15:51 41 A. --- (overspeaking) ---  
15:51 42  
15:51 43 COMMISSIONER: The answer is no.  
15:51 44  
15:51 45 A. The corporate structure is there, though. I see that as  
15:51 46 an outcome of the corporate structure and the ownership, not the  
15:51 47 operation.

15:51 1  
15:51 2 COMMISSIONER: I don't know what that means.  
15:51 3  
15:52 4 A. Well, the operations are run out of Melbourne. I see it as it  
15:52 5 is there because of the corporate structure. There is the listed  
15:52 6 company and the listed company has a number of subsidiaries,  
15:52 7 Melbourne is one of them. It doesn't --- I suppose I haven't  
15:52 8 thought of it that way because I see it as just an outcome of the  
15:52 9 corporate structure, the ownership structure of this business like  
15:52 10 many other businesses.  
15:52 11  
15:52 12 COMMISSIONER: Yeah, I don't quite see it the same way.  
15:52 13  
15:52 14 MS NESKOVICIN: Ms Korsanos, just looking at the committees  
15:52 15 on page --- under paragraph 11, there are two committees the  
15:52 16 Crown Melbourne Board are required to have, the Audit  
15:52 17 Committee and the Compliance Committee. Do you say there is  
15:52 18 presently duplication between those committees and the functions  
15:52 19 that the Crown Resorts Committees are discharging?  
15:53 20  
15:53 21 A. Not with regard to the Compliance Committee. The Audit  
15:53 22 Committee essentially is --- it does --- there is a level of what we  
15:53 23 do at the Audit Committee for Melbourne that goes up into  
15:53 24 Crown Resorts, and that is really driven by the fact that  
15:53 25 Melbourne is the largest operating unit in the group.  
15:53 26  
15:53 27 Q. So under the centralised structure, what would you  
15:53 28 envisage would occur if you have Crown Resorts as the ultimate  
15:53 29 holding company, and we are looking at the issue of delegated  
15:53 30 decisions, assisting the board discharge functions; what  
15:53 31 committees would you see in the centralised structure model that  
15:53 32 would no longer exist?  
15:53 33  
15:53 34 A. Well, you wouldn't have the level of board meeting that we  
15:54 35 are having at the moment at Melbourne, but the operations of the  
15:54 36 business would still run the way they run. And you wouldn't have  
15:54 37 the duplication that we have in the Audit Committee. That would  
15:54 38 be absorbed in Audit Committee for Resorts and Risk Committee  
15:54 39 for Resorts, and then compliance would be taken up to that level  
15:54 40 and consolidated across the Group.  
15:54 41  
15:54 42 Q. I see. So ---  
15:54 43  
15:54 44 A. To the previous question you had, compliance is another  
15:54 45 area where you could bring external specialist or representatives  
15:54 46 from your regulator as well. I've seen that done elsewhere in the  
15:54 47 industry as well.

15:54 1

15:54 2 Q. So really the centralised structure would involve the Crown  
15:54 3 Melbourne committees disappearing and everything being --- the  
15:54 4 functions that those committees discharged being subsumed by  
15:55 5 committees at the Crown Resorts level, is that correct?

15:55 6

15:55 7 A. Centralised governance, yes, centralised, so by removing  
15:55 8 those layers by operationalised --- localised operations.

15:55 9

15:55 10 Q. Effectively, is the only change going to be, looking at what  
15:55 11 occurs now, the committees are going to change, there will be no  
15:55 12 Crown Melbourne Board committees, they will all be committees  
15:55 13 of the Crown Resorts Board?

15:55 14

15:55 15 A. As I said earlier, there is a lot of work to do on this and we  
15:55 16 haven't --- that is a direction that could be taken, but this has  
15:55 17 definitely --- we are far from having fully considered this,  
15:55 18 debated it, and even be ready to recommend it.

15:55 19

15:55 20 Q. I understand.

15:55 21

15:55 22 A. In terms of driving the transparency and governance, I think  
15:55 23 there is value in centralised governance and getting the right  
15:55 24 transparency, and there is value in driving certain principles  
15:55 25 across the business from a separate, call it a group function, but  
15:55 26 you have to make sure you have the resources, the ownership and  
15:56 27 the local execution and accountability.

15:56 28

15:56 29 Q. I understand that. I understand that it is a work in progress,  
15:56 30 but it certainly is part of the remediation plan. It is something  
15:56 31 that this Commission is interested in because it is going to affect  
15:56 32 Crown going forward. We are trying to understand what is going  
15:56 33 to change and we are trying to understand whether Crown  
15:56 34 Melbourne is going to be left behind.

15:56 35

15:56 36 A. And --- and --- so it is part of the Remediation Plan for  
15:56 37 consideration. No definitive decision and absolutely insufficient  
15:56 38 discussion to date to even put something forward. And I feel like  
15:56 39 I'm putting more of my views than the view of the Board together  
15:56 40 forward here. It needs to be discussed. It absolutely needs to be  
15:56 41 discussed.

15:56 42

15:56 43 There is also, and I think it was the Commissioner who said there  
15:56 44 is no reference in the HSF report on the regulatory environment.  
15:56 45 That is absolutely understood by everybody on this Board and in  
15:57 46 the business, and in order for this --- first of all, we need to get  
15:57 47 through what we think is best ---

15:57 1  
15:57 2  
15:58 3 **(PAUSE --- WITNESS VIDEOLINK DISCONNECTED)**  
15:58 4  
15:58 5  
15:58 6 COMMISSIONER: Is somebody helping Ms Korsanos?  
15:58 7  
15:58 8 MR BORSKY: Yes. We are making efforts to have things  
15:58 9 reconnected. Commissioner, you would recall, when Melbourne  
15:58 10 was in lockdown, you just had to ask me and I just had to agree,  
15:58 11 hey, presto, the image reappeared. Sydney lockdown may be  
15:58 12 a tougher problem for you and I to solve immediately, but we're  
15:58 13 on it.  
15:58 14  
15:58 15 COMMISSIONER: Something is happening.  
15:58 16  
15:58 17 MR BORSKY: It will be momentarily restored and if it isn't we  
15:58 18 might propose a short adjournment.  
16:00 19  
16:00 20 A. Hello?  
16:00 21  
16:00 22 COMMISSIONER: We're back.  
16:00 23  
16:00 24 A. Was that deliberate!?  
16:00 25  
16:00 26 MS NESKOVCIN: We were wondering that ourselves! What is  
16:00 27 the answer?  
16:00 28  
16:00 29 A. I have no controls on this end but I can't see you, counsel.  
16:00 30  
16:00 31 MS NESKOVCIN: Someone is attending to that.  
16:00 32  
16:00 33 A. I can see the room but the camera is not aimed at you. Yes,  
16:00 34 okay.  
16:00 35  
16:00 36 I think where I was, was it is on the reform agenda but it is there  
16:00 37 for consideration and there is a lot to be done to ensure that there  
16:01 38 is comfort in the recommendation. If we arrive at a position, and  
16:01 39 we all agree, and there is a recommendation to be made, it is also  
16:01 40 not lost on us that there are different regulatory requirements that  
16:01 41 we need to comply with. A change here would mean  
16:01 42 an engagement with our regulator and the stakeholders who have  
16:01 43 the ability to make the decisions or accept these  
16:01 44 recommendations and make the changes.  
16:01 45  
16:01 46 So I think in an environment where we are operating the way we  
16:01 47 should be operating, as a business and with our regulator, these

16:01 1 conversations are to be --- are available to be had.  
16:01 2  
16:01 3 Q. Yes.  
16:01 4  
16:01 5 A. If we can't get --- if we believe this is the right thing to do  
16:01 6 and we can't represent the why and the how, and there isn't the  
16:01 7 confidence, then it won't happen. It won't happen. But we are  
16:01 8 looking at a past where there was a lack of transparency, there  
16:01 9 was a lack of escalation, the implications of what has happened in  
16:02 10 Melbourne have hurt Sydney. And we've got Royal Commissions  
16:02 11 across the country. So we would not be recommending this if we  
16:02 12 did not think there was benefit out of it. But, as I said, a lot more  
16:02 13 consideration and discussion. It will either get ticked because we  
16:02 14 get to the end of this and think, no, this or that is a better option,  
16:02 15 but it won't be done without consultation with the regulator and  
16:02 16 open consultation. And it has to be accepted by all sides. The  
16:02 17 onus is on us to represent something that if we believe it is better,  
16:02 18 make it understood. If we can't, then it doesn't happen.  
16:02 19  
16:02 20 Q. Thank you, Ms Korsanos. I will move to another topic  
16:02 21 now, thank you.  
16:03 22  
16:03 23 When did you first become aware of the underpayment of gaming  
16:03 24 revenue tax?  
16:03 25  
16:03 26 A. 7 June.  
16:03 27  
16:03 28 Q. You were in a meeting with Ms Halton, Mr Morrison and  
16:03 29 others?  
16:03 30  
16:03 31 A. Yes, we had a Risk Committee meeting that day, that  
16:03 32 morning.  
16:03 33  
16:03 34 Q. As I understand it, somebody provided a media release or  
16:03 35 something similar reflecting the evidence that had been given to  
16:03 36 that effect, or to some effect in this Royal Commission?  
16:03 37  
16:03 38 A. Yes, it was a media article. As they come through we  
16:03 39 receive feeds from the team, and that popped up that day during  
16:03 40 that meeting.  
16:03 41  
16:03 42 Q. What was the reaction? Who said what?  
16:03 43  
16:03 44 A. Shock. Honestly, I don't remember who said what. There  
16:04 45 may have been some expletives but there was definitely, a, "What  
16:04 46 has gone wrong here?" So, yeah, it was --- yeah, it wasn't a great  
16:04 47 read.

16:04 1  
16:04 2 Q. From the reaction in the room, nobody was able to  
16:04 3 enlighten you on what the issue was?  
16:04 4  
16:04 5 A. No. And I don't remember who was in the room when I  
16:04 6 read it because, yeah, I think it was towards the conclusion of the  
16:04 7 meeting and I'm not sure --- because there had been management  
16:04 8 in the Risk Committee meeting, but I can't who was in and out at  
16:04 9 that time (inaudible - audio interference).  
16:04 10  
16:04 11 Q. It was on videoconference, so people were coming in and  
16:04 12 out of the videoconference?  
16:04 13  
16:04 14 A. Yes. And I think Nigel was on the video that day as well.  
16:04 15  
16:04 16 Q. What happened after you got over the shock, was  
16:04 17 somebody tasked to find out more and report back?  
16:05 18  
16:05 19 A. I know there was a meeting subsequent. We all had  
16:05 20 meetings subsequent to that, but the agreement was, yes, we  
16:05 21 would find out what it was and we would reconvene and there  
16:05 22 were further discussions through the day and that evening on  
16:05 23 what it pertained to and so forth. But it was something that we  
16:05 24 were not aware of.  
16:05 25  
16:05 26 Q. Further discussions between whom, Ms Korsanos?  
16:05 27 Between you and the other directors or you and staff?  
16:05 28  
16:05 29 A. The directors and staff as well.  
16:05 30  
16:05 31 Q. Ultimately the directors sought legal advice and you are  
16:05 32 aware of that?  
16:05 33  
16:05 34 A. Yes.  
16:05 35  
16:05 36 Q. All right. Did you follow Mr Xavier Walsh's evidence in  
16:05 37 this Royal Commission?  
16:05 38  
16:05 39 A. I saw parts of Mr Walsh's evidence. I didn't see all of it.  
16:05 40  
16:06 41 Q. Did you follow his evidence about a meeting he said he had  
16:06 42 with you and Mr Morrison on 9 March 2021?  
16:06 43  
16:06 44 A. Yes. I think I was listening to that. I'm sorry, I can't  
16:06 45 remember what I've read and what I've listened to. Apologies.  
16:06 46 I think I was listening to that bit.  
16:06 47

16:06 1 Q. I'm really trying to work out whether you are aware of his  
16:06 2 evidence about a discussion he said he had with you and  
16:06 3 Mr Morrison on the 9th.

16:06 4  
16:06 5 A. Yes, I am.

16:06 6  
16:06 7 Q. What do you remember about that meeting? What was the  
16:06 8 purpose of the meeting? He said it was at Crown Towers in the  
16:06 9 executive office; is that correct?

16:06 10  
16:06 11 A. Yes, it was. I had gone down to Melbourne for a couple of  
16:06 12 days and I was meeting a lot of the management team and also  
16:06 13 walk through the floor. There was multiple meetings over two  
16:06 14 days, interfacing with management.

16:06 15  
16:06 16 Q. Was this meeting to discuss a number of matters?

16:07 17  
16:07 18 A. It was an open meeting, I hadn't been down to the property  
16:07 19 because of multiple border closures, so that was the first  
16:07 20 opportunity I had to go down. This was more around engaging  
16:07 21 with the team, the message on change that we were looking for,  
16:07 22 the message on transparency that we were looking for, and it was  
16:07 23 as much a well-being review of people, as well as, "I'm here and  
16:07 24 I'm here to listen." So there was no, I didn't go there --- I went  
16:07 25 there with a schedule of people to meet but not an agenda. There  
16:07 26 was no agenda.

16:07 27  
16:07 28 So this was a meeting that I had scheduled with Xavier, Nigel  
16:07 29 was accompanying me on some of those meetings because as part  
16:07 30 of his induction we were to meet with Xavier. Then we were  
16:07 31 going to meet with a couple of members from his team, do a walk  
16:07 32 of the floor. The premises were still on restriction, and we had  
16:08 33 lunch and then moved on to my next meeting. So there wasn't  
16:08 34 a specific agenda.

16:08 35  
16:08 36 Q. Just focusing on the underpayment of gaming revenue tax,  
16:08 37 what do you remember Mr Walsh telling you in that meeting on 9  
16:08 38 March?

16:08 39  
16:08 40 A. The discussion was focused on more a cultural issue.  
16:08 41 Mr Walsh mentioned that he'd come across a presentation from  
16:08 42 2012 that made some references that represented the poor culture  
16:08 43 and lack of transparency in a change that was made to the tax  
16:08 44 calculation at the time. The focus was about the comment in the  
16:08 45 presentation and what --- and how that would be looked upon.  
16:08 46 He did mention that there was a reference, can I see say this,  
16:09 47 an internal advice.



16:09 1  
16:09 2 Q. Yes.  
16:09 3  
16:09 4 A. And also that the situation had been --- sorry, the  
16:09 5 calculation had been audited a few years ago, about three years  
16:09 6 ago, and full transparency had been made and then also  
16:09 7 subsequently cured through a technical requirements document  
16:09 8 update. So the conversation was about the lack of transparency,  
16:09 9 the lack of engagement and openness with the VCGLR, and again  
16:09 10 representative of poor culture. Focused on the comment more  
16:09 11 than anything --- (overspeaking) ---  
16:09 12  
16:09 13 Q. You said that he mentioned internal advice. Did he also  
16:09 14 mention external advice?  
16:09 15  
16:09 16 A. No, he didn't.  
16:09 17  
16:10 18 Q. Did he tell you what that advice said or the effect of the  
16:10 19 advice?  
16:10 20  
16:10 21 A. Along the lines of "It can be done but the VCGLR could  
16:10 22 argue against it." Something along those lines.  
16:10 23  
16:10 24 Q. What did you take away as the concern that he was raising  
16:10 25 with you at that point? Was it the issue about non-disclosure to  
16:10 26 the VCGLR or transparency to the VCGLR?  
16:10 27  
16:10 28 A. It wasn't an issue --- it was definitely a culture and lack of  
16:10 29 transparency and poor engagement with the VCGLR. It wasn't  
16:10 30 an issue on whether there was a concern on that calculation.  
16:10 31  
16:10 32 Q. So he didn't mention it was an issue about underpayment of  
16:10 33 tax?  
16:10 34  
16:10 35 A. Correct. I did not walk away from that meeting believing  
16:10 36 that there was a concern that tax had been underpaid.  
16:10 37  
16:11 38 Q. You had no idea about the quantum in mind either?  
16:11 39  
16:11 40 A. No, no, but the presentation reference to change that was  
16:11 41 made in 2012 around what I would reference as ---  
16:11 42  
16:11 43 Q. Did that make you think it might be a significant number or  
16:11 44 you made no connection there?  
16:11 45  
16:11 46 A. No, I made no connection there. And when the article  
16:11 47 came out on 7 June I made no connection again to having any

16:11 1 relevance.  
16:11 2  
16:11 3 Q. You now know that the quantum is significant; correct?  
16:11 4  
16:11 5 A. There is a difference, and there is a couple of opinions we  
16:11 6 have got that vary in number.  
16:11 7  
16:11 8 Q. Leaving that aside, on any view it is significant?  
16:11 9  
16:11 10 A. I think I would say that, yes.  
16:11 11  
16:12 12 Q. We now know it's not just about disclosure or transparency  
16:12 13 to the VCGLR; it is a potential issue about concealing and hoping  
16:12 14 that the VCGLR won't notice?  
16:12 15  
16:12 16 A. I think the change wasn't revealed at the time ---  
16:12 17  
16:12 18 Q. The change wasn't revealed at the time, but there was  
16:12 19 an internal view that the VCGLR won't notice.  
16:12 20  
16:12 21 A. Yes, that was the comment in the presentation, something  
16:12 22 along those lines, the concern that Xavier raised.  
16:12 23  
16:12 24 Q. According to what you said that he said on 9 March, he left  
16:12 25 you with the comment that he had just come across this  
16:12 26 presentation recently?  
16:12 27  
16:12 28 A. Yes, that's how I understood it, that it was something he  
16:13 29 had come across recently and was concerned about those  
16:13 30 comments and what it represented from a culture and engagement  
16:13 31 perspective.  
16:13 32  
16:13 33 Q. You now know that he had come across that presentation in  
16:13 34 the middle of 2018?  
16:13 35  
16:13 36 A. I do.  
16:13 37  
16:13 38 Q. Bearing in mind what you now know, what he disclosed to  
16:13 39 you on 9 March and what he failed to disclose to you on 9 March  
16:13 40 is of concern to you?  
16:13 41  
16:13 42 A. Yes, it is. If that is correct, it is a concern to me.  
16:13 43  
16:13 44 Q. What particular aspect is a concern to you?  
16:13 45  
16:13 46 A. Well, as I said, it was --- the way the matter was relayed to  
16:13 47 me left me to believe --- well, I walked out of that meeting not

16:13 1 thinking that there was an issue in the calculation of tax. As I  
16:13 2 said, I didn't put that discussion, I didn't connect that discussion  
16:14 3 with the significant, or the reference made in the media that day.  
16:14 4 So it was --- as I said, it was represented to me as an issue of  
16:14 5 transparency and poor culture, not as one that raised doubt on the  
16:14 6 calculation.

16:14 7

16:14 8 Q. How did the meeting end with regard to that topic? Was  
16:14 9 Mr Walsh going to do something about it?

16:14 10

16:14 11 A. No. We completed that discussion and moved on to talking  
16:14 12 about the property and performance, and then went --- how we  
16:14 13 were managing, or how the team, I should say, were managing  
16:14 14 the COVID restrictions, and then we went for a walk around the  
16:14 15 property to see it.

16:14 16

16:14 17 Q. So what was your expectation that something embarrassing  
16:14 18 might come up in the future about that topic that Mr Walsh had  
16:14 19 raised with you on that day?

16:15 20

16:15 21 A. Yes, I think it was reaffirming the --- it was reaffirming  
16:15 22 what we had understood had come out of the Bergin Inquiry, in  
16:15 23 terms of the culture of the business and, you know, the lack of  
16:15 24 transparency and, yes, it would have been embarrassing but, yeah,  
16:15 25 not inconsistent with what we understood at the time.

16:15 26

16:15 27 Q. This is in the context where you had specifically come to  
16:15 28 Melbourne to talk about the message on change and transparency.  
16:15 29 Here you have your CEO of the Crown Melbourne property  
16:15 30 delivering a message to you in a way where he had to soften it,  
16:15 31 sugar coat it a little bit; what do you think that says about your  
16:15 32 endeavours to convey this message of transparency and bringing  
16:16 33 up bad news and speaking up?

16:16 34

16:16 35 A. I think --- I don't know --- to be honest I haven't had a good  
16:16 36 conversation with Mr Walsh about this, and I would like to. And  
16:16 37 I don't know whether he was confused at the time in terms of  
16:16 38 what he knew and what he didn't know, and what he realised  
16:16 39 later, I don't know, and I think people have to be afforded the  
16:16 40 fairness to have that conversation. But it does concern me with  
16:16 41 regard to the message that we have been putting to the teams and  
16:16 42 the employees in the business. But I do believe we have had  
16:16 43 traction there. I really do. And that comes back from feedback  
16:16 44 I am getting from people that I speak to, and also feedback that  
16:16 45 I'm getting from new people who have joined the business and  
16:16 46 how they are seeing that the change is being embraced. No one is  
16:16 47 putting up obstacles and everyone is engaged and this place is ---

16:16 1 well, the people in this business are working so hard at the  
16:17 2 moment, and they are choosing to do so, and they are motivated  
16:17 3 to do so. We are concerned about their well-being because the  
16:17 4 work is that difficult. But you wouldn't get that sort of  
16:17 5 engagement in a business if people weren't onboard. Now, that's  
16:17 6 not saying everyone is, but the tide has turned, and I'm pleased  
16:17 7 with what we are seeing and how people are embracing change.  
16:17 8 That message is coming up.

16:17 9

16:17 10 Q. I hear what you say about that but it seems, I'm suggesting  
16:17 11 to you that message has been lost on the CEO of your Crown  
16:17 12 Melbourne property; what do you say about that?

16:17 13

16:17 14 A. Like I said, I want to have a good conversation with  
16:17 15 Mr Walsh. Was he confused, was he not? If he wasn't, it is  
16:17 16 disappointing. It is.

16:17 17

16:17 18 Q. You now know that he was involved, he had knowledge of  
16:17 19 these matters since 2018, he became the CEO in December 2020,  
16:18 20 that was a time and occasion on which he had the opportunity to  
16:18 21 speak up and raise this with the board, didn't he?

16:18 22

16:18 23 A. Yes. Yes. If he had considered it at that point and didn't  
16:18 24 raise it, yes, he had the opportunity.

16:18 25

16:18 26 Q. Yes. And you feel you've made your position very clear  
16:18 27 and you are approachable and he didn't do it. And in fact, he  
16:18 28 didn't do it until 9 March and that is a concern, isn't it?

16:18 29

16:18 30 A. Yes.

16:18 31

16:18 32 Q. Do you suspect he was trying to protect his own position?

16:18 33

16:18 34 A. I don't know. I don't know. As I said, I don't know whether  
16:18 35 he --- I don't know. I honestly don't know. If he knowingly didn't  
16:19 36 tell me certain things, then it is disappointing and inappropriate.  
16:19 37 But if he didn't remember and remembered later, I get that. I still  
16:19 38 would have liked to understand it before 7 June.

16:19 39

16:19 40 Q. If he knew about it and didn't raise it, having had ample  
16:19 41 opportunity to do that, do you feel comfortable that Mr Walsh is  
16:19 42 the appropriate person to be the CEO of Crown Melbourne Ltd?

16:19 43

16:19 44 A. If that's the assumption, if that is what occurred, I wouldn't  
16:19 45 feel comfortable.

16:19 46

16:19 47 Q. Because you couldn't have faith in him in the future?

16:19 1  
16:19 2 A. Well, I would have to understand. I really would have to  
16:19 3 understand. I think people can change but, you know, this needs  
16:19 4 to be discussed and understood.  
16:19 5  
16:19 6 Q. This is an important role, the CEO. It carries huge  
16:19 7 responsibility ---  
16:19 8  
16:19 9 A. It is.  
16:19 10  
16:19 11 Q. --- but also huge obligations, and it's an obligation of  
16:19 12 a CEO is to bring up important matters like this with the Board,  
16:20 13 isn't it?  
16:20 14  
16:20 15 A. It is. It is.  
16:20 16  
16:20 17 Q. If the Board can't have faith in the CEO to be able to  
16:20 18 recognise the obligations and then meet them, the Board can't  
16:20 19 work with the CEO; can they?  
16:20 20  
16:20 21 A. It's faith and trust.  
16:20 22  
16:20 23 Q. One more matter I want to ask about ---  
16:20 24  
16:20 25 COMMISSIONER: Before you leave that topic.  
16:20 26  
16:20 27 There is one thing I'm unclear about, Ms Korsanos. In the  
16:20 28 conversation that you had with Mr Walsh on 9 March or  
16:20 29 whatever day it was, I thought you suggested that whatever the  
16:20 30 problem that he identified was, he said it had been fixed by some  
16:20 31 technical requirement being changed, or being accepted by the  
16:20 32 regulator.  
16:20 33  
16:20 34 A. Yeah, well, three years ago there was a full review of the  
16:21 35 calculations by the regulator and full disclosure of the  
16:21 36 calculations, and then over and above that, also cured through ---  
16:21 37 and I didn't understand the full background on this, but also cured  
16:21 38 through a technical requirements document that documents the  
16:21 39 calculation. So there were two points ---  
16:21 40  
16:21 41 COMMISSIONER: Two levels.  
16:21 42  
16:21 43 A. Yes, two levels. It wasn't that it got reviewed three years  
16:21 44 ago and everything was okay, it got reviewed three years ago and  
16:21 45 also cured subsequently in 2020, I think I wrote in my notes.  
16:21 46  
16:21 47 COMMISSIONER: At any time since the 9 March conversation

16:21 1 did Mr Walsh tell you that he had received advice, or the  
16:21 2 company had received advice that the technical requirements  
16:21 3 document didn't fix up anything so far as the tax was concerned?  
16:21 4  
16:21 5 A. Not until after the matter had been raised. It was on a call  
16:22 6 recently that I understood that that technical requirements  
16:22 7 document wasn't so relevant.  
16:22 8  
16:22 9 COMMISSIONER: No, in other words, irrelevant.  
16:22 10  
16:22 11 A. Mm.  
16:22 12  
16:22 13 COMMISSIONER: But he led you to believe in the 9 March  
16:22 14 conversation that it had fixed the problem, if there was still  
16:22 15 a problem?  
16:22 16  
16:22 17 A. It was part of the fix, yeah. Yes, if there was still  
16:22 18 a problem, but it wasn't represented as if it was still a problem,  
16:22 19 there were two layers of comfort there where there is not an issue.  
16:22 20  
16:22 21 COMMISSIONER: But you now know that the advice received  
16:22 22 in 2019 was that it had nothing to do with fixing any problem?  
16:22 23  
16:22 24 A. Yes. I do know that now, Commissioner.  
16:22 25  
16:22 26 COMMISSIONER: Thank you.  
16:22 27  
16:22 28 MS NESKOVCIN: Ms Korsanos, you have been interviewed by  
16:22 29 Ms Whitaker and Dr Lawson of Deloitte for the purpose of the  
16:22 30 Crown culture review; correct?  
16:22 31  
16:23 32 A. Yes, I have.  
16:23 33  
16:23 34 Q. And that interview took place, I think in March, or, perhaps  
16:23 35 you can assist us with when that took place? Just roughly?  
16:23 36  
16:23 37 A. 7 June, actually. A lot of things happened on 7 June!  
16:23 38  
16:23 39 Q. Busy day.  
16:23 40  
16:23 41 A. I think it was 7 June. I have had a look at my diary and  
16:23 42 I think it was 7 June. It was a busy day. It was a busy day.  
16:23 43  
16:23 44 Q. Operator, could you please call up DTT.010.0006.0006.  
16:23 45  
16:23 46 During the interview, Ms Korsanos, was somebody taking notes  
16:23 47 to record your answers to questions that Deloitte had raised with

16:23 1 you?  
16:23 2  
16:23 3 A. Yes. Yes, they were taking notes. I have had a look at the  
16:23 4 notes since. I've seen this evidence shared with me. I would like  
16:23 5 to say this is by no means a transcript of what was said on the  
16:24 6 day.  
16:24 7  
16:24 8 Q. Noted. It's not a transcript.  
16:24 9  
16:24 10 A. There was a piece missing to this. In asking the questions,  
16:24 11 I was provided with --- for each of the values I was provided with  
16:24 12 a schedule for each of them that said what we do, how we do ---  
16:24 13 what we do and --- how we do behave and how we don't behave.  
16:24 14 What you do to behaviour under that value and what behaviours  
16:24 15 don't represent that value and we were talking to that.  
16:24 16  
16:24 17 Q. It is not a transcript, but do you agree it broadly reflects the  
16:24 18 answers you gave in response to questions asked of you during  
16:24 19 this meeting?  
16:24 20  
16:24 21 A. Look, in some respects there is bits missing. Yes, in some  
16:24 22 respects but I can try and tell you what I said.  
16:24 23  
16:24 24 Q. Thank you. Operator, if we could go to line 14. The entry  
16:25 25 in line 14 in the middle where it says "Response" and blow that  
16:25 26 up, please.  
16:25 27  
16:25 28 So the note records you say --- the question is, or the prompt  
16:25 29 "How do you see this value being lived at Crown" and the value  
16:25 30 is "We do the right thing", you are recorded as having said:  
16:25 31  
16:25 32 *I think this is happening. We're challenging*  
16:25 33 *inappropriate behaviour, making changes, there's*  
16:25 34 *changes to responsibility and accountability. What I*  
16:25 35 *haven't tested yet is accountability. The fact people are*  
16:25 36 *present and working and engaged in ridiculous hours .....*  
16:25 37 *People would not be doing it if they weren't accountable.*  
16:25 38 *They'd be saying "not my problem".*  
16:25 39  
16:25 40 Do you recall saying something along those lines?  
16:25 41  
16:25 42 A. Yes.  
16:25 43  
16:25 44 Q. When you talk about challenging inappropriate behaviour,  
16:25 45 making changes, are you talking about the post-February,  
16:25 46 mid-February 2021 world?  
16:25 47

16:26 1 A. Yes.

16:26 2

16:26 3 Q. Then in the next line it says:

16:26 4

16:26 5 For example, the China pay announcement to the market,

16:26 6 *I don't know why this has not come out before. I don't*

16:26 7 *think the previous leadership would have brought it out.*

16:26 8 *At board --- there was CPH influence noted during the*

16:26 9 *NSW Inquiry --- it was not obvious at the board level but*

16:26 10 *it was obviously there.*

16:26 11

16:26 12 Just pausing there. You were talking about the China Pay  
16:26 13 announcement presumably as an example of accountability, is  
16:26 14 that right?

16:26 15

16:26 16 Q. It's an example people calling out, saying they are  
16:26 17 uncomfortable, as I said, this is not a transcript. A lot more was  
16:26 18 said --- that doesn't connect. The reference to board influence has  
16:26 19 nothing to do with China Pay.

16:26 20

16:26 21 Q. Okay, where you say "I don't know why this has not come  
16:26 22 out before", you are referring to the fact that it came out as a  
16:27 23 result of a surveillance report?

16:27 24

16:27 25 A. Yes, so the China Pay matter surprised me that it didn't  
16:27 26 come out earlier, and I think that to me is representative of the  
16:27 27 fact that the biggest change came with change in leadership,  
16:27 28 change in Board and executive leadership in the business.

16:27 29

16:27 30 Q. Well, the next thing ---

16:27 31

16:27 32 A. I think that has signalled significant change to the business,  
16:27 33 and that's why somebody came out and declared that China  
16:27 34 UnionPay had occurred.

16:27 35

16:27 36 Q. I'm just wondering about that. It didn't really happen under  
16:27 37 leadership directly or as a result of any Board inquiry. It was  
16:27 38 some person noting it in a surveillance report and it being  
16:27 39 escalated ---

16:27 40

16:27 41 A. Yes.

16:27 42

16:27 43 Q. --- that is what you are referring to, is it?

16:27 44

16:27 45 A. I'm saying somebody felt comfortable enough to put  
16:27 46 forward a whistleblower report on this. So what I'm saying is  
16:27 47 people are seeing and they are feeling comfortable that they can



16:27 1 actually bring out bad news or make this known. It was  
16:28 2 obviously --- what surprised me was that China UnionPay was  
16:28 3 not ever disclosed by anybody in the business, despite what we  
16:28 4 went through during the Bergin Inquiry, and I think the biggest  
16:28 5 change between then and now is, I think a lot has been achieved  
16:28 6 through the progress that we've made against the reform agenda,  
16:28 7 but the signalling of change is the strongest through the change in  
16:28 8 Board and executive leadership. We went down to a board of  
16:28 9 three people. That is, eight people left this Board. And all key  
16:28 10 executives that were there at the time are not here today, and  
16:28 11 I think that signals the seriousness of what has occurred and the  
16:28 12 change that we are trying to drive. And we can put a lot of effort  
16:28 13 in everything else that we are doing, but I think this has really  
16:29 14 pushed forward the signalling of change. It's not an early win,  
16:29 15 but a very strong message that has come through loud and clear  
16:29 16 and somebody came through and said "I want to report China  
16:29 17 UnionPay."

16:29 18  
16:29 19 Q. All right.

16:29 20  
16:29 21 COMMISSIONER: Can I pick up on that. I wonder whether  
16:29 22 that's an accurate description. The China UnionPay issue was  
16:29 23 reported by, call him a whistleblower, and recorded in notes and  
16:29 24 then management got the young fellow and spoke to him and did  
16:29 25 nothing about it except --- actually, did nothing about it at all.  
16:29 26 And then I thought the sequence of events was that after the  
16:29 27 Royal Commission was announced, somebody said "We should  
16:29 28 go and conduct an inquiry." The impression I have is that  
16:29 29 everybody was worried it was going to come out. Not that --- it  
16:29 30 didn't come out in the ordinary course of business. I may have  
16:29 31 my timing wrong, but if this was raised as an issue for  
16:30 32 investigation before the Royal Commission was announced then  
16:30 33 I'm completely wrong. If it was raised for investigation after the  
16:30 34 Royal Commission was announced, then I might be right. So it is  
16:30 35 a timing question.

16:30 36  
16:30 37 A. Yeah, I might have --- I understood it to be after the Royal  
16:30 38 Commission was announced.

16:30 39  
16:30 40 COMMISSIONER: So did I.

16:30 41  
16:30 42 A. It was after, but that was ---

16:30 43  
16:30 44 COMMISSIONER: Management knew about it well before and  
16:30 45 did nothing; I think gave this young fellow a different job so he  
16:30 46 was dealing cards, and you put him to count people coming in  
16:30 47 and out of the building. I don't know whether it was a demotion.

16:30 1 I didn't ask him whether he lost income or anything like that. But  
16:30 2 after his report, I think he was interviewed by management, and  
16:30 3 was closed. Nothing happened until the Royal Commission was  
16:30 4 announced.

16:31 5

16:31 6 A. I'm sorry, Commissioner, I could be wrong, but I don't  
16:31 7 understand the events in that sequence. I thought this came out  
16:31 8 after the messaging from the Board after the Royal Commission,  
16:31 9 there was a level of investigation at management level and then it  
16:31 10 was investigated.

16:31 11

16:31 12 COMMISSIONER: You might be right.

16:31 13

16:31 14 A. I could be wrong.

16:31 15

16:31 16 COMMISSIONER: Me too.

16:31 17

16:31 18 A. We'll leave it to others to work out. I thought it was  
16:31 19 subsequent.

16:31 20

16:31 21 COMMISSIONER: I will ask Ms Neskovicin, she might know.

16:31 22

16:31 23 Do you know the sequence of events?

16:31 24

16:31 25 MS NESKOVCIN: It was raised in a --- I think your associate  
16:31 26 has ---

16:31 27

16:31 28 COMMISSIONER: 16 March. I'm wrong. I withdraw it.

16:31 29

16:31 30 A. Sorry, that's how I understood it. This is after those  
16:31 31 changes.

16:31 32

16:31 33 COMMISSIONER: I might get something wrong now and again!

16:31 34

16:31 35 A. I'm sorry, Commissioner. That's how I understood it.

16:31 36

16:31 37 MS NESKOVCIN: I was actually trying to clarify with  
16:31 38 Ms Korsanos whether her note, whether in her note she says,  
16:32 39 "I don't think the previous leadership would have brought it out",  
16:32 40 I was thinking she meant the current leadership didn't, that's why  
16:32 41 I raised it and she's clarified how it came about.

16:32 42

16:32 43 COMMISSIONER: Okay.

16:32 44

16:32 45 MS NESKOVCIN: Thank you, Ms Korsanos, we've got to the  
16:32 46 bottom of that.

16:32 47

16:32 1 A. Sorry.

16:32 2

16:32 3 Q. No need to apologise. The next sentence says:

16:32 4

16:32 5 *At the board there was CPH influence noted during the*  
16:32 6 *NSW Inquiry. It was not obvious at the board level but it*  
16:32 7 *was obviously there.*

16:32 8

16:32 9 Did you make that statement and what did you mean by it?

16:32 10

16:32 11 A. I think I would have made that statement, but that in fact  
16:32 12 wasn't relevant to China UnionPay. It was really relevant to  
16:32 13 doing the right thing and --- yes, I think I learnt a lot more about  
16:32 14 the CPH influence through the inquiry.

16:32 15

16:32 16 Q. You say in the next line:

16:32 17

16:32 18 *Has there been change? It's like night and day.*  
16:33 19 *Historically it was "Why can't I do this". Now the "no" is*  
16:33 20 *accepted. There is more agreement and acceptance of*  
16:33 21 *people's opinions. There is more seeking to understand*  
16:33 22 *the risks and asking is it something we can do and if not*  
16:33 23 *accepting that.*

16:33 24

16:33 25 So that is your observation, Ms Korsanos?

16:33 26

16:33 27 A. That is my view from discussions that I have had with  
16:33 28 people in the business. That's how they would describe it. So  
16:33 29 this was --- I've not had anybody object to something I've asked  
16:33 30 them to do, but in terms of how I've engaged with different  
16:33 31 members of the management team and the conversations we are  
16:33 32 having, this is how they would describe it and have described it to  
16:33 33 me. Finding it a lot easier to do their job and feeling good about  
16:33 34 it as well.

16:33 35

16:33 36 Q. Because what it implies is that there was historically  
16:33 37 a position where people wouldn't say --- they wouldn't take no,  
16:34 38 they would expect to be able to do things regardless, and that was  
16:34 39 an observation that you made but didn't do anything about?

16:34 40

16:34 41 A. No, I wasn't aware of this. This has really come through  
16:34 42 conversations that I have had recently with people, stepping down  
16:34 43 deeper into the organisation having conversations.

16:34 44

16:34 45 Q. Why weren't you aware of that? What was the problem that  
16:34 46 meant you weren't aware of that?

16:34 47

16:34 1 A. It was never brought to my attention and I never noticed it.  
16:34 2 You know, it wasn't obvious to me that people were being pushed  
16:34 3 in certain --- or bullied in certain ways --- bullied, I don't know if  
16:34 4 that is the right word for it, but we've seen it in how decisions  
16:34 5 were made around the tax matter, the tax matter, the CUP. That  
16:34 6 is what that is describing. People skirting around the edges of  
16:35 7 compliance, people raising a level of concern and it being pushed  
16:35 8 back. That's what that describes and that's come from my  
16:35 9 conversations with people in the business. As a director I could  
16:35 10 never be this close to it. I'm a lot closer to it now because  
16:35 11 I believe I have to be in the context of what we are managing, and  
16:35 12 eventually we will lift ourselves out of the business, but have  
16:35 13 gotten very close to the business because it is a necessity if we are  
16:35 14 going to get this right and we are going to make change. All I'm  
16:35 15 saying here is not my observation but what is being relayed to  
16:35 16 me.

16:35 17  
16:35 18 Q. But what you have identified is that you didn't know before,  
16:35 19 and "we have to ensure that it doesn't happen again."

16:35 20  
16:35 21 A. Yes.

16:35 22  
16:35 23 Q. Your understanding has arisen because you've gotten close  
16:35 24 to management, you've spoken to people, is that the level of  
16:35 25 engagement that is necessary for this organisation to make sure it  
16:36 26 doesn't happen again, that directors have to ---

16:36 27  
16:36 28 A. I don't think it is. I like working this way. So I will stay  
16:36 29 close to the employees, but I don't think it is because --- I mean,  
16:36 30 one of the --- it was very clear that China was this and a number  
16:36 31 of other issues were this, the lack of escalation in the business.  
16:36 32 And there was a, as I said, core change in leadership and layers in  
16:36 33 the business that have been removed, and I think under new  
16:36 34 leadership, I think under much better levels of compliance and  
16:36 35 risk management, I think, and accountability, right, which will  
16:36 36 come with the cultural program. I don't think we need to be this  
16:36 37 close to everybody, because leadership will do that. So I think  
16:37 38 there was an obstacle there that was really driven by a lack of  
16:37 39 reporting by leadership at the time --- (overspeaking) --- not all of  
16:37 40 it.

16:37 41  
16:37 42 Q. Just to finish off this section I will direct you to the next  
16:37 43 paragraph. Tell me when you have read that to yourself,  
16:37 44 Ms Korsanos.

16:37 45  
16:37 46 A. The fourth one in that section?

16:37 47

16:37 1 Q. Yes.  
16:37 2  
16:37 3 A. Yes. Yes.  
16:37 4  
16:37 5 Q. The last sentence reads:  
16:37 6  
16:37 7 *Previously, it was "how do I get around this", pushing the*  
16:37 8 *boundaries.*  
16:37 9  
16:37 10 Was that an observation you made at the time or you've learnt  
16:37 11 from more recent inquiries you've made?  
16:38 12  
16:38 13 A. This is all based on feedback that I've recently received  
16:38 14 from people.  
16:38 15  
16:38 16 Q. You agree that that is not the way to approach compliance,  
16:38 17 how can I get --- what is the workaround ---  
16:38 18  
16:38 19 A. Yes.  
16:38 20  
16:38 21 Q. --- and that is a good description for how the China Pay  
16:38 22 issue was managed; would you agree?  
16:38 23  
16:38 24 A. Yes. Yes.  
16:38 25  
16:38 26 Q. Now, we have at various points in our discussion today,  
16:38 27 Ms Korsanos, spoken about culture and change and the efforts  
16:38 28 that the current board is going to. Is there anything else that you  
16:38 29 want to say about your intentions going forward and your belief  
16:38 30 in the reforms that Crown can carry out?  
16:38 31  
16:38 32 A. Thank you. Yes, there is. I wouldn't be here if I didn't  
16:39 33 believe that we could change Crown. I think me, like everybody  
16:39 34 in the business, has had a choice that we could make. I think the  
16:39 35 way I think means I didn't see this as a choice, it was a duty I had.  
16:39 36 I signed up as a director, fell into --- well, I got a great  
16:39 37 understanding out of the Bergin Inquiry and unfortunately more  
16:39 38 surprises out of this one, but I like to look --- I am a glass  
16:39 39 half-full person and I like to look at every problem from the  
16:39 40 perspective of how do you solve it. And back in February I could  
16:39 41 have made a choice to move on, but I didn't, because I had signed  
16:39 42 up. I held myself accountable for what I now understood and I  
16:39 43 could see that I could be part of the solution.  
16:39 44  
16:39 45 The other reason for staying was very much the employees in this  
16:39 46 business, all of them, all Crown Resorts employees, not just  
16:39 47 Melbourne, I have to be fair there, Commissioner, but also our

16:40 1 shareholders. So I had a duty to all of them and I could see that I  
16:40 2 could be part of a solution. But I have seen really bad culture  
16:40 3 change and I've been involved in a program of change and the  
16:40 4 culture was not unlike this one; it was arrogant, it was defensive.  
16:40 5 The real difference though is that in my history, bad culture  
16:40 6 caused financial loss, in this environment bad culture has caused  
16:40 7 harm. And that is something that I really dislike and I struggle  
16:40 8 with. And I think most of our employees struggle with it as well.  
16:40 9

16:40 10 But I truly believe that we are on the right path and in my  
16:40 11 experience you start with your strategies and you start to act as  
16:40 12 quickly as you can with changes like those that we are engaging  
16:41 13 in through the reform agenda. And then you follow through with  
16:41 14 your cultural program, right. And the cultural program really is  
16:41 15 about establishing the baseline. I think with the team we have  
16:41 16 today it is about reinforcing, well, revisiting our values,  
16:41 17 reinforcing what is the right purpose for the business going  
16:41 18 forward, recognising all our stakeholders, not just our patrons,  
16:41 19 and the values that align with that, and in that effort we still need  
16:41 20 to work through the resources and capabilities that we need.  
16:41 21 We've done that across a number of our functions but there is still  
16:41 22 more to be done. But I think we have definitely --- the change  
16:41 23 I've seen here versus how I saw cultural change in my prior  
16:41 24 experience, this change has been a lot faster. I don't think we can  
16:42 25 dismiss the signalling of change from the top down, what the  
16:42 26 signalling of that change, and also the experience of the NSW  
16:42 27 Inquiry and the Royal Commission, I don't think we can dismiss  
16:42 28 the effect that that has had in terms of speeding up the effort and  
16:42 29 the outcomes.  
16:42 30 There is still a lot to do, there is still a lot to do and what is to be  
16:42 31 done is more about the longevity of maintaining and sustaining  
16:42 32 that change and making sure we have the right accountabilities in  
16:42 33 the business and people understand and have a line of sight of  
16:42 34 what their job means in the context of doing the right thing in the  
16:42 35 context of respect, working together and passion, or whatever the  
16:42 36 values are when we define what is relevant going forward.  
16:42 37

16:42 38 I will finish with where I started; I wouldn't be here if I didn't  
16:43 39 believe it could be achieved. I don't believe in failure. I do  
16:43 40 believe I can support this change. I've seen it before. I think we  
16:43 41 have a group of people who are, despite the fatigue, are  
16:43 42 completely committed and motivated to do this.  
16:43 43

16:43 44 I'm really pleased with the talent we've brought on. One of the  
16:43 45 opportunities that this experience has afforded me is the ability to  
16:43 46 go out and recruit a lot of these people. Kind of put me back into  
16:43 47 my old executive space but I really enjoyed doing that because

16:43 1 they reminded me of me when I joined a broken company. And  
16:43 2 this place isn't broken, but it has got a bad culture. Where I  
16:43 3 started it was broken and these challenges cause people to rise to  
16:43 4 the challenge. And we have a burning platform, I think we can  
16:43 5 do this because a burning platform always helps. We didn't have  
16:43 6 to create it. It's been created for us. But the responsiveness, the  
16:43 7 motivation, I can't flaw that and it is a lot better than what I  
16:44 8 experienced in my past.

16:44 9

16:44 10 Q. Thank you, Ms Korsanos. I have no further questions.

16:44 11

16:44 12 COMMISSIONER: I've just got one. Do you still have any  
16:44 13 connection with Ellerston Capital?

16:44 14

16:44 15 A. I do. But it's --- yes, I do. I am a director, an investment  
16:44 16 director, on one of the private equity funds that Ellerston is  
16:44 17 a partner to, Ellerston Capital is a partner to.

16:44 18

16:44 19 COMMISSIONER: Is that a potential problem?

16:44 20

16:44 21 A. I don't believe it is. I don't know that there is. I don't know  
16:44 22 that there is any --- in fact, old Ellerston engagement on that,  
16:44 23 there is no investment in the fund that I'm an investment director  
16:44 24 on from Ellerston.

16:44 25

16:44 26 COMMISSIONER: I was rather wondering about where most of  
16:44 27 the funds come from that are to be invested?

16:44 28

16:44 29 A. The investment --- the funds that come into the --- it's  
16:44 30 called the Jade Fund, but they come from --- they don't come  
16:45 31 from Ellerston, they come from high wealth individuals and fund  
16:45 32 managers of other funds.

16:45 33

16:45 34 COMMISSIONER: I thought a large part of the fund is from the  
16:45 35 Packer family?

16:45 36

16:45 37 A. I don't think it is, Commissioner. I'm not aware of any  
16:45 38 involvement or what involvement the Packer family have at all  
16:45 39 with Ellerston. I deal with the principals of Ellerston Capital  
16:45 40 today, which I understand is led by Ashok Jacob.

16:45 41

16:45 42 COMMISSIONER: Who has worked for Packer for many years?

16:45 43

16:45 44 A. I understand he has, yes. I'm not sure there is any  
16:45 45 connection there at all. I've not seen any and I don't have any  
16:45 46 involvement with Packer family investments other than this one.  
16:46 47 But I don't know, I'm not aware of any connection with what I do

16:46 1 and my connection with Jade.  
16:46 2  
16:46 3 COMMISSIONER: Okay. Thank you.  
16:46 4  
16:46 5 MS NESKOVCIN: Thank you, Ms Korsanos. Others may have  
16:46 6 questions for you.  
16:46 7  
16:46 8 COMMISSIONER: Mr Rozen goes first, as always.  
16:46 9  
16:46 10 MR ROZEN: If there is any ground left to traverse.  
16:46 11  
16:46 12 COMMISSIONER: Fair comment.  
16:46 13  
16:46 14  
16:46 15 **CROSS-EXAMINATION BY MR ROZEN**  
16:46 16  
16:46 17  
16:46 18 MR ROZEN: Ms Korsanos, my name is Peter Rozen. I represent  
16:46 19 the VCGLR. I want to ask you about one matter.  
16:46 20  
16:46 21 You would be aware that Crown Melbourne was fined a million  
16:46 22 dollars by the VCGLR in April of this year?  
16:46 23  
16:46 24 A. Yes, I am.  
16:46 25  
16:46 26 MR BORSKY: Sorry to interrupt my friend, Mr Rozen, and he is  
16:46 27 not to know this, so this is no criticism, but the Commissioner  
16:46 28 will recall that in private session this topic was covered in our  
16:46 29 respectful submission thoroughly by Counsel Assisting.  
16:47 30  
16:47 31 MR ROZEN: It puts me in a very difficult position.  
16:47 32  
16:47 33 MR BORSKY: I wasn't criticising, Mr Rozen.  
16:47 34  
16:47 35 COMMISSIONER: I will give him bit of ---  
16:47 36  
16:47 37 MR ROZEN: If I traverse an area that has been covered,  
16:47 38 obviously I will be stopped. I understand that.  
16:47 39  
16:47 40 I'm not sure I got your answer, Ms Korsanos, I'm sure it is yes.  
16:47 41  
16:47 42 A. Yes, it is, Mr Rozen. Yes.  
16:47 43  
16:47 44 Q. That particular disciplinary process started back in October  
16:47 45 of last year when the regulator sent a letter to Mr Felstead,  
16:47 46 a formal Show Cause Notice. You were on the Crown  
16:47 47 Melbourne board at that time, October 2020?



16:47 1  
16:47 2 A. Yes.  
16:47 3  
16:47 4 Q. Were you aware of the Show Cause Notice at that time?  
16:47 5  
16:47 6 A. Yes. I was made aware of the Show Cause Notice at that  
16:47 7 time. At some time, but I was aware of it.  
16:47 8  
16:48 9 Q. Well, the timing is important, Ms Korsanos. Were you  
16:48 10 aware of it before formal submissions were made in response to  
16:48 11 the Show Cause Notice by Crown?  
16:48 12  
16:48 13 A. I can't say --- I don't recall, Mr Rozen. I really don't recall.  
16:48 14 I remember the notice, I remember reading the notice and I  
16:48 15 remember having a conversation with Ken Barton about the  
16:48 16 notice. I did pull that notice apart. It did help me understand  
16:48 17 certain things that led to other decisions at the time around  
16:48 18 junkets.  
16:48 19  
16:48 20 Q. I see.  
16:48 21  
16:48 22 You are aware, aren't you, that the response to the notice was to  
16:48 23 dispute all the allegations in it that Crown had breached the  
16:48 24 Casino Control Act? Are you aware of that?  
16:48 25  
16:48 26 A. I am aware of that now, yes. I was not provided --- I was  
16:48 27 not furnished with the response.  
16:48 28  
16:48 29 Q. I see. You've read the final decision by the Commission in  
16:49 30 April of this year have you?  
16:49 31  
16:49 32 A. Yes, I have.  
16:49 33  
16:49 34 Q. And you will have seen in it that the Commission expressed  
16:49 35 in quite strong language its concern that the response by Crown  
16:49 36 to the notice, and its conduct, including the conduct of Mr Walsh,  
16:49 37 was from the Commission's perspective contrary to the  
16:49 38 undertakings or proposals that had been made by Ms Coonan late  
16:49 39 in 2020 about a new more cooperative more transparent  
16:49 40 relationship; are you aware of that?  
16:49 41  
16:49 42 A. Yes, I am.  
16:49 43  
16:49 44 Q. Is your evidence that despite being on the board of Crown  
16:49 45 Melbourne, were you not aware of the approach that Crown was  
16:49 46 taking to that particular disciplinary process?  
16:49 47

16:49 1 A. Correct. I did not see the response and it doesn't --- the  
16:50 2 response didn't align to the conversation that I had in terms of  
16:50 3 what my views were when I read the Show Cause Notice.  
16:50 4

16:50 5 Q. Can I ask you to explain that if you could, please. What  
16:50 6 were your views?  
16:50 7

16:50 8 A. Well, my views were that this should not be contested. I  
16:50 9 just, you know --- you know the content of it, I know the content  
16:50 10 of it. I just don't think --- I think poor decisions were made, or  
16:50 11 information wasn't available. But I think in most cases most of  
16:50 12 the information was available and poor decisions were made.  
16:50 13 I think the benchmark for making some of these decisions was  
16:50 14 wrong, was set with a higher risk appetite than that which we had  
16:50 15 and should have had.  
16:50 16

16:50 17 Q. And do you also agree that the litigation strategy, if I can  
16:50 18 call it that, that is the response to the notice, was misconceived as  
16:50 19 well?  
16:50 20

16:50 21 A. Yes, and I think there is a reason that this is all  
16:51 22 happening --- this all happened well before, not well before, but  
16:51 23 before there was what I would have referenced as significant  
16:51 24 change at both a board and a management level in the business  
16:51 25 where I think at that point in time where we saw that significant  
16:51 26 change we've been able to better represent who we want to be and  
16:51 27 how we want to engage with the VCGLR.  
16:51 28

16:51 29 Q. That's what I'm trying to understand, Ms Korsanos. Surely  
16:51 30 part of that change was the beating Ms Coonan had with  
16:51 31 Mr Walsh and the VCGLR only in December last year at which  
16:51 32 she indicated to senior officers of the VCGLR that there was  
16:51 33 going to be a change to the way in which Crown dealt with the  
16:51 34 regulator and then only a month later we've got the submissions  
16:51 35 that were made in this matter; do you see the difficulty there? I'm  
16:51 36 trying to understand ---  
16:51 37

16:51 38 A. I understand that, but I think the point of change --- the  
16:51 39 point of change, let's say controllable change, was after we saw a  
16:52 40 significant change in board and executive. In January, that wasn't  
16:52 41 there. We've also, I think you are aware, we've changed our legal  
16:52 42 counsel and the board has different representation as well. All of  
16:52 43 that signals --- I think it is obvious why we needed to make those  
16:52 44 changes.  
16:52 45

16:52 46 MR ROZEN: Thank you, Commissioner.  
16:52 47

16:52 1  
16:52 2 **RE-EXAMINATION BY MR BORSKY**  
16:52 3  
16:52 4  
16:52 5 MR BORSKY: Could the operator please bring up  
16:52 6 CRW.520.018.9523. Could we go to the second page of the  
16:52 7 document first.  
16:52 8  
16:52 9 Do you recognise this document, Ms Korsanos, as a Surveillance  
16:53 10 Log Entry Report dated 17 March 2021?  
16:53 11  
16:53 12 A. Yes, I have seen this before.  
16:53 13  
16:53 14 Q. Could we go back to the first page, please.  
16:53 15  
16:53 16 COMMISSIONER: I don't think the document got on to the  
16:53 17 livestream.  
16:53 18  
16:53 19 MR BORSKY: Thank you, Commissioner.  
16:53 20  
16:53 21 Is it possible for the witness to see the document without it going  
16:54 22 onto the livestream? If not, I can handle it another way.  
16:54 23  
16:54 24 COMMISSIONER: We'll find out. Hang on. Have a go without  
16:54 25 it.  
16:54 26  
16:54 27 MR BORSKY: Yes, I will. Ms Korsanos, you recognised the  
16:54 28 document as ---  
16:54 29  
16:54 30 A. Yes.  
16:54 31  
16:54 32 Q. --- as the Surveillance Log Entry Report, which was made  
16:54 33 on 17 March, referring to what the author of the report had heard  
16:54 34 the day prior on 16 March; correct?  
16:55 35  
16:55 36 A. Yes. I did see it at the time.  
16:55 37  
16:55 38 Q. Yes, that is 16 March this year; correct?  
16:55 39  
16:55 40 A. That's correct, yes.  
16:55 41  
16:55 42 Q. And you recall that in the Surveillance Log Entry Report,  
16:55 43 or what I think you referred to a little earlier in response to the  
16:55 44 Commissioner's report was a whistleblower's report ---  
16:55 45  
16:55 46 A. Yes, I referenced it that way.  
16:55 47

16:55 1 Q. --- there was reference to what the whistleblower had  
16:55 2 heard the day prior on 16 March by another person within Crown  
16:55 3 who was speaking about historical money laundering; correct?  
16:55 4  
16:55 5 A. Yes. I've read it and, yes, I think that is the gist of what  
16:55 6 was being said. I haven't read it recently so I'm sorry.  
16:55 7  
16:55 8 Q. No, that's all right and I'm sorry I can't assist you with the  
16:56 9 full text of it. There is a name on both pages which we are not go  
16:56 10 to live stream but I think your answer is sufficient for present  
16:56 11 purposes.  
16:56 12  
16:56 13 COMMISSIONER: I get the dates. You don't need to press any  
16:56 14 further.  
16:56 15  
16:56 16 MR BORSKY: Thank you.  
16:56 17  
16:56 18 And then if I may just show the witness another document,  
16:56 19 CRW.512.137.0008.  
16:56 20  
16:56 21 A. It's very faint.  
16:56 22  
16:56 23 Q. This is the first page of a bundle which you've seen before;  
16:56 24 is that correct, Ms Korsanos?  
16:56 25  
16:56 26 A. I'm not sure if I've .....  
16:56 27  
16:57 28 Q. Okay, I will identify the document for you and you tell the  
16:57 29 Commissioner whether you've seen it before or not. It is  
16:57 30 a handwritten note dated 22 March this year which was the cover  
16:57 31 page to a bundle of documents relating to the issue, the subject of  
16:57 32 the whistleblower's report on 17 March; have you seen this?  
16:57 33  
16:57 34 A. I'm sorry, I can't recall. I can definitely identify with the  
16:57 35 log but I can't remember if I've seen this one. I'm sorry.  
16:57 36  
16:57 37 Q. Very well.  
16:57 38  
16:57 39 Are you aware, Ms Korsanos, that in late March, following the  
16:57 40 whistleblower's report, Crown management investigated the  
16:57 41 whistleblower's report urgently and escalated it within a short  
16:57 42 period to the board and to external lawyers?  
16:57 43  
16:57 44 A. Yes. Yes, that's was my understanding. It was --- the log  
16:57 45 was discovered, there was a level of investigation by management  
16:58 46 and then it was escalated up and I recall the meeting that we had  
16:58 47 with board and counsel and the direction and action that came out

16:58 1 of that.  
16:58 2  
16:58 3 Q. And you, Crown, resolved, didn't you, more particularly the  
16:58 4 Crown Board resolved to appoint independent counsel to  
16:58 5 investigate and get to the bottom of the allegations as thoroughly  
16:58 6 and as quickly as possible; correct?  
16:58 7  
16:58 8 A. Yes, and also to disclose to the Commission the pending  
16:58 9 investigation --  
16:58 10  
16:58 11 Q. Yes.  
16:58 12  
16:58 13 A. --- because it was --- and I think this is something that  
16:58 14 I think is representative of what we are trying to do, and that is be  
16:58 15 completely upfront and transparent, and we didn't wait to see or  
16:58 16 understand that it was an issue. It was pretty clear there was an  
16:58 17 issue here, but it was really about disclosing, advising that we are  
16:58 18 investigating, and then providing the outcomes of that.  
16:58 19  
16:58 20 Q. Yes, and subsequently you did receive a report from  
16:59 21 independent counsel and that was provided almost immediately  
16:59 22 to the Commission; correct?  
16:59 23  
16:59 24 A. Correct, and there --- (overspeaking) ---  
16:59 25  
16:59 26 Q. At no stage has Crown sought to claim privilege over any  
16:59 27 of the report ---  
16:59 28  
16:59 29 A. No.  
16:59 30  
16:59 31 Q. --- or related documents; correct?  
16:59 32  
16:59 33 A. Correct.  
16:59 34  
16:59 35 Q. One other matter if I may, then changing topics, on 24 May  
16:59 36 this year Mr Blackburn presented his Financial Crime &  
16:59 37 Compliance Change Program to the Board; do you recall that?  
16:59 38  
16:59 39 A. Yes.  
16:59 40  
16:59 41 Q. The Board endorsed that program that Mr Blackburn  
16:59 42 proposed; correct?  
16:59 43  
16:59 44 A. Yes, we did.  
16:59 45  
16:59 46 Q. Could the operator please bring up CRW.512.081.1750.  
16:59 47

17:00 1 Can you see that page there on your screen, Ms Korsanos?  
17:00 2  
17:00 3 A. Yes, I can, thank you.  
17:00 4  
17:00 5 Q. You recognise that as the first page of the change ---  
17:00 6 Financial Crime & Compliance Change Program that  
17:00 7 Mr Blackburn took to the board on 24 May?  
17:00 8  
17:00 9 A. Yes, I do.  
17:00 10  
17:00 11 Q. Could we go please to page 1785. I just want to ask you  
17:00 12 a matter of some detail in relation to this plan. Could we zoom in  
17:00 13 please on the bottom right corner. There is text which  
17:00 14 commences "It is anticipated that". Are you able to read that text,  
17:00 15 Ms Korsanos?  
17:00 16  
17:00 17 A. Yes, I can. They've enlarged it for me. Thank you. Give  
17:01 18 me a moment. Sorry. Yes.  
17:01 19  
17:01 20 Q. In his plan Mr Blackburn sought approval to expand the  
17:01 21 Financial Crime & Compliance team quite considerably, didn't  
17:01 22 he?  
17:01 23  
17:01 24 A. Yes.  
17:01 25  
17:01 26 Q. And the Board approved ---  
17:01 27  
17:01 28 A. Yes, almost doubling it, yes.  
17:01 29  
17:01 30 Q. The board approved additional funding in excess of  
17:01 31 \$20 million for that purpose?  
17:01 32  
17:01 33 A. I think the uplift in headcount, if we are only talking the  
17:01 34 uplift in headcount, I think it was about \$10 million plus oncosts,  
17:01 35 but, yes, roughly that much.  
17:01 36  
17:01 37 Q. And in this text that has been enlarged for you, it was noted  
17:01 38 that Mr Blackburn anticipated that the change program would  
17:02 39 require support from resources from other teams; that is to say  
17:02 40 outside his Financial Crime & Compliance team. Do you recall  
17:02 41 that?  
17:02 42  
17:02 43 A. Yes. And that is not unusual. There is a collective effort  
17:02 44 here, and that is something that is also different today in the  
17:02 45 business, cross-functional engagement. But this is not unusual in  
17:02 46 terms of effecting a change plan like that.  
17:02 47

17:02 1 Q. Yes, but the point that this document recorded was that  
17:02 2 further support and resources might be required in other teams ---  
17:02 3  
17:02 4 A. Yes.  
17:02 5  
17:02 6 Q. --- in order to deliver Mr Blackburn's program; do you  
17:02 7 agree?  
17:02 8  
17:02 9 A. That's correct. Yes.  
17:02 10  
17:02 11 Q. Mr Blackburn didn't, in May, make a specific proposal for  
17:02 12 those further or additional resources in the other team, did he?  
17:02 13  
17:02 14 A. No.  
17:02 15  
17:03 16 Q. But if and when he does bring that to the Board, what will  
17:03 17 your attitude be to approving those additional resources?  
17:03 18  
17:03 19 A. Well, our attitude will be to support them. I think from the  
17:03 20 financial crime technology effort, there is a fair bit of that that is  
17:03 21 already started, or has been recognised as part of the responses to  
17:03 22 the Deloitte work on --- the work that Deloitte did as part of the  
17:03 23 review of patron account, cash controls around patron accounts,  
17:03 24 and there are technology changes there that are already being  
17:03 25 scoped, and HR and recruitment engagement, I've had  
17:03 26 discussions with the new chief HR officer on the requirements  
17:03 27 there as well. But there is an understanding of more resource  
17:03 28 requirements, and that will either come through the  
17:04 29 reprioritisation of effort in these functions, or additional resources  
17:04 30 and that is understood. Absolutely.  
17:04 31  
17:04 32 MR BORSKY: Thank you. Thank you, Ms Korsanos.  
17:04 33  
17:04 34 MS NESKOVCIN: That concludes the evidence for today.  
17:04 35 Thank you, Ms Korsanos.  
17:04 36  
17:04 37 If she could be excused.  
17:04 38  
17:04 39 COMMISSIONER: You are excused.  
17:04 40  
17:04 41 A. Thank you.  
17:04 42  
17:04 43  
17:04 44 **THE WITNESS WITHDREW**  
17:04 45  
17:04 46  
17:04 47 MS NESKOVCIN: The next witness is at 9.30 am tomorrow.

17:04 1

17:04 2 COMMISSIONER: Okay. I will adjourn until 9.30 in the

17:04 3 morning.

17:04 4

5

6 **HEARING ADJOURNED AT 5.04 PM UNTIL THURSDAY,**

7 **8 JULY 2021 AT 9.30 AM**



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