

MR CHAPPELL: Now Richard and Josh are old hands at this but we're identifying ourselves for the transcript so Mr Walsh, if you'd introduce yourself please?

MR WALSH: Xavier Walsh, Chief Operating Officer, Crown Melbourne.

MR CHAPPELL: Mr Murphy.

MR MURPHY: Richard Murphy, Minter Ellison.

MR CHAPPELL: Mr Preston.

MR PRESTON: Joshua Preston, Chief Legal Officer, Australian Resorts for Crown.

MR CHAPPELL: Ms Fitzpatrick.

MS FITZPATRICK: Alex Fitzpatrick, Director Licensing.

MS HOLMES: Miriam Holmes, Casino Licence Review Team.

MR CHAPPELL: And Robert Chappell, Director Casino Licence Review Team. Thanks for coming down this afternoon.

MR WALSH: Pleasure.

MR CHAPPELL: As I'm sure you know we've just got some talking points that we'd like to go through which will help us understand the stuff that we've been picking up in the documentary examinations and the presentations we've been doing in the review.

MR WALSH: Sure.

MR CHAPPELL: So it's not a - no smoking gun gotcha moments or anything like that, although we did get Richard quite excited a couple of weeks ago so that was a nice start to it all. Xavier would you mind by starting - start by describing your role at Crown Melbourne, what your responsibilities encompass and what your reporting relationships are?

MR WALSH: Sure. So I report directly to Barry Felstead who's the CEO of Australian Resorts for Crown. My direct responsibilities are local gaming and insofar as table gaming, so local and domestic gaming. For gaming machines it's everything so that includes - we do have some international sales personnel for machines. Security surveillance falls under me, property services which is the maintenance of the property in terms of an engineering sense as well as cleaning, and then project management which is capital works. So new builds as opposed to just repairing things that we already have. And then, you know, if Barry's not present in Melbourne and he needs a representative from Crown Melbourne to attend anything then I step in for Barry. What I don't have direct responsibility for although I work closely with is the non-gaming part of the casino settings like hotel food and beverage, entertainment, conferences and conventions.

MR CHAPPELL: And in terms of reporting relationships, you've got the line to Barry Felstead?

MR WALSH: Correct.

MR CHAPPELL: We heard from Mr Alexander this morning that he owns a telephone and uses it quite frequently.

MR WALSH: Yes, yes.

MR CHAPPELL: So do you speak to him much?

MR WALSH: I do. I would typically speak to the chairman certainly most weekday mornings and occasionally on the weekend depending upon any matters of interest that might come to his attention in terms of things

that he might have said in reports or read in the paper or, you know, generally if he just wants to have a chat then he's call. But typically as a matter of course Monday to Friday mornings and you know obviously if he's tied up he'll call me back and there might be multiple calls during the day depending on what's happening but yeah, it's fairly frequent contact.

MR CHAPPELL: In terms of Barry Felstead's role as CEO of Australian Resorts.

MR WALSH: Yes.

MR CHAPPELL: And John Alexander's role as executive chair, is there a simple way of understand what the division of responsibilities is between them?

MR WALSH: Yeah, typically the way I look at it is Barry's largely involved in the nuts and bolts of the operation in terms of you know interacting with us on a regular basis. We have management meetings with Barry, we do strategic plans with Barry and then they're presented up to the chairman. So we're working closely with Barry on the day to day casino operations if you like. Whereas John is more involved in the corporation per se. Obviously we have businesses outside of the casinos or we have fledging in terms of some of the social casino and other bits and pieces. John's involved in also at that sort of broad business level, talking to other business leaders, thinking about broader economic issues and then saying to us well, you know, how can we address or deal with these

opportunities or threats, depending on what they might be, as opposed to you know the day to day of the actual casino operation itself.

MR CHAPPELL: On one view you might find the daily calls not entirely consistent with that more high level strategic stuff but can you - is there a way of fitting them into that in terms of the nature of the conversation?

MR WALSH: Sure. So the daily calls are really around, you know, touch point, you know, quick discussion on how the business is going, has anything significant happened that, you know, he should be aware of, a matter of interest or a trend emerging. Typically we have a monthly meeting as a group of us with John. So it'd be myself, my counterpart in Perth Lonnie Bossi, Peter Crinis who's the gentleman who's responsible for the hotels and food and beverage and so forth. Josh will be there, Ken Barton and obviously Barry. I'm missing somebody.

MR PRESTON: Alan McGregor.

MR WALSH: Beg pardon?

MR PRESTON: Alan McGregor.

MR WALSH: Alan McGregor, the CFO. We then talk about all of the casino business and then there will be matters of strategy that would come up from time to time and requests made to either do more work or present work that had previously been done on whatever the topic had been. So that's typically how that works. So day to day is very much operational, what's going on and, you know, well I obviously

don't try and overwhelm John with things that just, you know, run of the mill. It's more to give him a flavour of how things are travelling and what we're thinking about. When we have these monthly meetings, so that's where it gets a little broader and the discussion ranges away from as much day or day and more about, you know, emerging trends or what have you.

MR CHAPPELL: Okay, got that. So he's sort of getting a - he's got his finger on the pulse when he's calling you at 7 o'clock in the morning or 3 o'clock in the morning.

MR WALSH: Surprisingly, that's right. You know, and yeah, he - look he is a guy who you know just wants to be given the facts. You know, don't give him too much colour in terms of you know by the by information. It's really what I need as the - well how I see the executive chairman, what would I want to know. I'd want to know these things.

MR CHAPPELL: And you've had lots of experience of dealing with executives at that level so - - -

MR WALSH: I have yeah, for many years.

MS HOLMES: Can I just clarify something? What you've told us today which is consistent with Mr Felstead is different to what we got in the information. So in the organisation chart we got it described you as being responsible for management and oversight of Crown Melbourne. I'm just trying to understand why the documentation sort of reads that way but what we're being told is different to that.

MR WALSH: So what I'm trying to describe is typically I would be, for example, talking to Peter Crinis about his business strategy other than how it relates into the casino. So I wouldn't direct Peter, that would be something that Barry would do. I might talk to Peter about different initiatives and so forth but Peter doesn't report to me so I wouldn't be telling him what to do. The other parts of the business that interact with the gaming operation such as security, surveillance, engineering, cleaning and all those other touchpoints, absolutely fall under my purvey. Similarly, the group roles don't report to me, so marketing, the CFO is another good example, you know, I'd talk to those executives every day and we talk about different issues but they don't report to me though. So I have a - maybe an unequal opinion or an unequal vote when it comes to deciding things but if you looked at a normal chart that's why I'm making that distinction.

MS HOLMES: I'm just intrigued that's all that we got sort of a picture from - obviously from Crown, that's where the document came from but it wasn't reflective of what seems to be the reality of the way the business was - responsibilities would be allocated if I can call it that.

MR WALSH: Because Barry lives in Perth and he has responsibility for Perth and Melbourne but he also has - we have operations overseas, you know, Barry's only in Melbourne for, you know, set

periods of the month. When he's not there and something needs to be done I'm the guy that Barry will typically call and say look, I need you to handle this or handle that. Obviously when Barry's in town then I defer back to Barry because, you know, he's the guy with the ultimately responsibility.

MS HOLMES: Okay, thank you.

MR CHAPPELL: And say when you're in places like Cannery was the executive oversight of the work you were doing similar?

MR WALSH: So when I was in Cannery I was the chief operating officer and we had - initially we had three casinos in Las Vegas and one in - just outside of Pittsburgh and Pennsylvania, so I had - so there was a property head at each of those, they reported to me. I also had IT and marketing, so I had - and then each of those property heads, they obviously had their own table game, gaming machine security, you know, the whole structure went from there. So I had more of a role like Barry's got than possibly what I do now. Obviously the scale of those operations is different to what you're finding in Crown Melbourne, so - - -

MR CHAPPELL: Yeah, and above you in terms of superintendents from the board and the (indistinct) - - -

MR WALSH: Yeah, well it was owned by a couple of - well, the majority owned by two principals and then we had (indistinct) capital partner in Oak Tree(?) and there was myself and the CFO, who was also the

president, so I reported to the president but essentially when you've got two principals that are in the business every day, you talk to them every day, you know, you've got a couple of different people that you're making decisions with. And it was pretty easy because we were all located in Las Vegas so literally you'd walk down the hall and pull up a chair and have a chat to them.

MR CHAPPELL: I just need to get my geography right but probably Perth to Melbourne is about the same distance as Pittsburgh to Vegas?

MR WALSH: It is, yeah. I sympathise with Josh, so I used to get out to Pittsburgh at least a couple of times a month and you know spend time out there and so forth. And it was the largest operation so it was important to us.

MR CHAPPELL: To bring it back to the way it all works in Melbourne and this is really just so that we make sure we understand it, the bits of, for instance, the building management and security that report to you, in relation to the hotel you're like a service provider to the hotel?

MR WALSH: Yes, so we have for example in engineering, there is a gentleman who reports to Craig Morris who's the head of the property services, who specifically handles the hotel security. Now he reports into Craig and he liaises with the hotels but he doesn't report to the hotels he comes back into our structure. And obviously if he needs things and he may need more people that don't typically work in

the - you know, you push the resource wherever you need it.

MR CHAPPELL: Is it the case with the group roles that don't report to you, are they like a service provider to you?

MR WALSH: Yes.

MR CHAPPELL: So the marketing and - - -

MR WALSH: Yes, so it's largely marketing, IT, finance and legal and they all sit on the executive team with myself and Barry. So we, you know, I interact with them as if they are Melbourne focused. I typically am interested in what's happening in Perth but 99 per cent of my time is spent thinking about Melbourne and so I call whoever I need to get what I need to get, you know, whatever the issue dealt with in Melbourne is. The fact that they also look after Perth is helpful in circumstances where they bring in new ideas and we can kick those around or you know conversely, you know, Perth's having a problem in x, y, z area, let's make sure we're not repeating it in Melbourne.

MR CHAPPELL: Yeah.

MR WALSH: So that flow of information just goes back and forward. In this day and age, you know, we all sleep with the phones beside our bed, time zones don't mean a whole lot and we answer the phone when it rings, you know. Unfortunately that's just how we operate.

MR CHAPPELL: Yeah.

MS HOLMES: Do you have issues - you know, sometimes in a

large organisation they want consistency of approach across different locations.

MR WALSH: Yeah.

MS HOLMES: Are there times when you indicate that in fact Melbourne needs a different approach because of its scale, because of the nature of its customer base that you don't want to necessary adhere to an approach that Perth - where there's a push for consistency?

MR WALSH: Only if - to give a really basic example, you like blue, I like red, that's not a good enough reason.

MS HOLMES: Yeah.

MR WALSH: You know, and so that usually gets knocked on the head pretty quickly. If there are reasons because of legislative or customer demographic or there's some other reason that makes sense that we're not going to do it that way because, and everyone sits around and says well that's fair. We'll park that one then because there is a difference, then that gets accepted. But you only get to that approach when it's identified as being different for a reason. If it's just because you like doing it one way and I like doing it another, that - - -

MS HOLMES: Could you give me a key example and where you would have made that decision yes, Melbourne doesn't have to follow this consistency model. Because it'll become an issue again of course when Barangaroo's online about how you - - -

MR WALSH: Well one of the key ones that pops up is around the loyalty scheme which we unified. And there was a

long debate about, you know, all the different nuances, for example, in Melbourne a point was worth a cent and in Perth from memory a point was worth .2 of a cent for some reason, and there was different calculation how you got to be a different tiered member. None of that works right so - then there was debate about - I won't even go into it but there was a lot of debate but essentially it was like look, so long as customers understand that a point is worth a cent and they need so many points to become at a gold tier or platinum tier or whatever it is, they're the key things they understand. Whether you might have differences for example in earning rate, so it might be you might get five points for a dollar at a restaurant in Melbourne and for example, and I can't remember what it is in Perth, but let's say it was \$4, we don't really care about that, so long as the customer understands that's how it works. But by trying to say to them well your point's worth a cent in Melbourne and it's worth .2 of a cent in Perth it blows their mind, I mean how do you reconcile that. It doesn't make any sense, so you say no, this is how we're going to do it. You know, there are times where you might disagree when it doesn't go your way but you basically have to suck it up, you've had your opportunity to have your say. If it gets down to it Barry will make a call. Usually it doesn't and I can't think of an example it's actually gotten to that, someone will

concede and go righto well that's what we're doing and then have to then message that back to the teams to say well listen, you know, this is how we're doing it.

MS HOLMES: So it would be at that executive management meeting that those sorts of consistency or non-consistency approaches are agreed or disagreed?

MR WALSH: Yes. They often come up there or if it's identified in that meeting then what we'll do is take it offline because, you know, the loyalty program doesn't affect necessarily all those executives, so let's not - - -

MS HOLMES: Waste everyone's time.

MR WALSH: - - - waste their time, we'll just get the group off to the side and have a meeting and then bang it out.

MR CHAPPELL: Just to close off on the things that you're responsible for, I think you're - I take it you're responsible for the whole of the provision of the gaming product in Melbourne?

MR WALSH: Yes.

MR CHAPPELL: And also for the business strategy behind domestic tables?

MR WALSH: Yes.

MR CHAPPELL: And slots generally?

MR WALSH: Yes.

MR CHAPPELL: And others are responsible for the international business strategy - - -

MR WALSH: Yes.

MR CHAPPELL: - - - but when the players actually arrive in

Melbourne it's your staff, your supervisors, your cage, your people who actually deal with the product.

MR WALSH: Yeah, well the cage actually reports to the CFO but yes, the people dealing and supervising the game all report into my structure. We have room managers and so forth on the ground in Melbourne that report into my structure. Where there are VIP hosts or VIP - and I'm talking VIP tables, so international tables, sales people present, they report to international.

MR CHAPPELL: Yeah.

MR WALSH: The integrity and conduct of the game all falls in my structure. The - getting the customers to come and then dealing with their needs when they're here, typically falls to - - -

MR CHAPPELL: Roland Tyler(?) and Jacinta Macguire, those people.

MR WALSH: That's correct. So just to put a - make one other point, Miriam, just in terms of my role. So say something happened at the casino whether there was some security issue or some incident or something - I'm the guy who's ringing Barry and then ringing everyone else. It generally falls - and that's largely a lot of the time because I have security reporting into me but it's also because you know Bas expects me to be his sort of go to when he's not around. You know, that's typically how that works.

MR CHAPPELL: Did we have anything else?

MS HOLMES: No.

MR CHAPPELL: I'd like to talk a little bit about risk management.

MR WALSH: Sure.

MR CHAPPELL: I'd like to start by asking you to talk about it, just in terms of - I mean we're aware that Crown has a formal risk management process built into the organisation and we've been doing a little bit of work on that. I've been keeping Josh awake at night so - - -

MR WALSH: I spoke to the fellows at PWC so - yeah.

MR CHAPPELL: Yeah. Can you just talk to me a bit about how that sits in with your decision making and the sort of work you do on a daily, weekly, monthly basis?

MR WALSH: Sure. So essentially the way and I'm sure you've heard this before but - so please stop me but essentially all the business teams identify what they believe are the key risks and then it works through a framework where they say okay, well how likely and what is the consequence of that risk if we failed in that area. Then what are the mitigating controls we've got in place, what is the residual risk and then they look at it and say well, I'm happy with that residual risk, it still might be significant but I'm happy with it given all the controls we've got in place and the amount of influence we can have on it. All of those risks from all over the business come into a risk matrix and template behind it, where they're all identified with the controls, and myself and the

CFO Alan McGregor sit with Anne Siegers who looks after that area, and she presents it and says you know here's what all the business is telling us, how does this sit with you?

MR CHAPPELL: Yeah.

MR WALSH: And so we'll either sit there and say look, you know, we're challenging either the likelihood or the consequences of the risk to start with, or we're challenging all the mitigating controls are enough to get to let's say significant, or I'm challenging I'm happy with significant. If I'm looking at that risk saying wow it's still significant after we do this, this and this, I'm not comfortable with that, we'd better do x, y and z to try and get it from significant down to a lower rating because I think, you know, that's not an acceptable risk for our business. So generally we'll add in also anything that, you know, the two of us might look at and say you know I can't see this risk on the template, where does that fall in the mix. So generally that gets - that gets - once we're comfortable with it, then it would typically go to Barry Felstead and up through the (indistinct) - - -

MR CHAPPELL: Yeah.

MR WALSH: - - - Committee and go that way and form part of the risk management plan. So we meet on a quarterly basis with now Anne Siegers. It used to be Drew Stuart who's left the business now but now it's Anne. And there's a range of managers, in

fact Josh chairs the meeting, myself, Alan McGregor, the - I'm trying to remember who else goes to that meeting. I know there's various people from - Craig Walsh goes to the meeting, someone from IT, I think it's Josh Petjack(?), it's not Andre, it's one of his key guys. Anyway there are a whole bunch of representatives from around the business, and we'll talk about any matters of risk that have come up from the prior meeting, whether they're action items or any new developments. It could be, you know, the guy in Bourke Street, you know, running down a person, how does that effect our business or could be some, you know, WannaCry virus, you know, we've got that covered, what are we doing in that space, are we still comfortable? Whatever the topical issue is or there's been something that's come out of an internal audit or some other review since we last met. Here's the issue, here's what we're doing about it or here's what we should be doing about it. Who's got the responsibility for that? Minutes are taken, action items. On we go. So that committee meets every quarter.

MR CHAPPELL: Yeah, so that's the management of business as usual, ongoing risk issues and you quarterly look at the treatments and satisfy yourselves that that all makes sense.

MR WALSH: Yeah, absolutely. So you know the really topical ones at the moment are crisis management obviously and we had it again today or yesterday in Toronto.

You know, a cyber's probably the other key one for us, just because there's been so many - you know, you've got Facebook and you know there's been multiple examples of that. They're the sort of things that we'd be talking about. Not only at that meeting but I mean typically there's discussions had. I'd be querying our IT security guys, you know, outside of the meeting. So it's not like we just wait for the meeting and then we talk about it, but generally it gets documented appropriately at that meeting and up they come.

MR CHAPPELL: Now when you've got initiatives, new projects coming through outside the context of a quarterly meeting, how do risk considerations fit into building those and getting those approved?

MR WALSH: It depends on what it is but say it's a new product, you know there might be a - or take for example we have an investment in a joint venture called Chill which is developing new age sort of gaming product. You know, the risk area's obviously around, you know, not only responsible gambling but reputational risk, how's the PR going to be perceived? I mean there's a whole lot of risks that go in with that and is - you know, is there - so it could be a reputational risk as opposed to a physical risk at the property or a financial risk or a regulatory risk. So it depends on what it is. Essentially we'll sit down and go well we've made all the - all the things that would typically go onto the risk matrix as they apply to

this product and we covered all those off, you know, have we thought about how this is going to be positioned? You know, have we thought about does this fit with the regulations, are we sure about that, are we engaging, you know, with the right people, have the compliance and responsible gambling people been through it. And then our next step in the sequencing is at some point once we're internally happy we're scheduled to go to the regulator and normally we'd be talking to the regulator before that and the Department of Justice, just to say here's what we're thinking. Because if they put a red flag up and say listen, you know, no way then clearly we'd sort of have a discussion if we didn't think there was anyway forward you'd down tools. But we do think about those elements when we're thinking about a new product.

MR CHAPPELL: Right, okay. I guess when you're sitting around with people and you're developing a new product or you're sitting around the table at the risk review meeting, your decisions can only be as good as the information that you have.

MR WALSH: Yeah.

MR CHAPPELL: How do you - how are you confident that when you're there you've got the information you need to say significance okay or this really should be low or whatever you - - -

MR WALSH: Well typically when we're looking at it there is mitigating controls you can put in place and

generally they come with a - you know, they could come with a financial risk or they could come with some other sort of risk. Because, you know, ultimately you can - you know, even like insurance you could continue to take insurance to the point that the insurance is more expensive than potentially the outcome of crashing your car. And so that's really what you would look at. You would say to yourself well look all these controls, is the risk of closing this identified risk off to a point where it's super low, what's involved in that? And you might say well look, the time and effort and cost of doing that just doesn't justify going to those extra steps. We know what that's going to cost, if this happens it may cost that and you have to make a judgment. You've just got to say well, you know, I think I'd rather rely on all these other initial controls to avoid that risk, acknowledging that it still could occur, rather than commit to a definite amount of pain and effort and cost to make it zero. So it really is a trade-off. Now what you typically find is if you've got to these risks and you're saying I think it should control it, I'm not sure. I know I've got all these things, it would reduce it but nothing is coming to suggest that you need to do more than you probably don't. However, if you start to see cracks and mitigating controls, at that point you say to yourself well, this is probably a bit more likely than I thought it was, therefore I need to

bring another controller.

MR CHAPPELL: You get that flow of information about where the cracks might be forming or where the issues might be emerging through what means? Around the casino?

MR WALSH: All of that but I get all of the - I'm just going to correct myself now because I don't think I get the food and beverage ones but I get a wide array of the internal audit reports that come through, which I read. I get security and surveillance logs every morning which list out a variety of things that have happened around the property. Obviously when it comes to engineering property services then I'd look at and talk to - make a report on a regular basis. So you know the risk would be we've got six generators that are starting to get towards the end of their life, you know. At what point do you decide we're going to rebuild or replace and then so you go through all the costs. So some of the things they'll do is they'll do - to give you a really specific example, they'll test the oil in the machine, see what the filings are, if the filing levels are low you go we're good but if the filings start to come up you say to yourself well this could blow soon right, so I'm going to - I've got a decision to make. So that's - you know, it can come from variety of different ways.

MR CHAPPELL: Specifically in terms of say table games operations.

MR WALSH: Yes.

MR CHAPPELL: Your sources and intelligence for what's going

on on the floor, what's the structure that provides you with information - - -

MR WALSH: So I have management meetings with gaming every two weeks, and typically at those meetings it is not only at the EGM but the head of operations, head of VIP, the head of product and the GM of finance for the group, and then we have the same for gaming machines. We all sit in the same meeting and the reason we do that is just to get that flow of, you know, ideas and concerns. On top of that I know all of the casino managers that I see around the floor, and just typically one of the things you ask them, how are things going, do you have any concerns, you know, what are you seeing? Table games also prepare a daily report that I receive, which has numbers as well as commentary and on the weekends there's a - probably a three or four page narrative produced by one of the designated gaming managers who are on that would cover not only - it doesn't really have any financials in it but it's mainly commentary around how busy the property was, it'll talk to security issues, what the entertainment was, did we have any RSA issues, was there any incidents of note, how busy the restaurants were, what the bars looked like, you know, et cetera, et cetera. What gaming product was popular. So it's almost like there's a - just a constant sort of flow of information that's coming in, on top of, you know, somebody ringing and saying hey Xavier do you need to - you should

be aware of this. So sometimes you actually get it from the ground and I get anonymous emails from staff, you know. I got one the other day. I always prefer that they put their name to it so we have a whistle blower hotline and I sit in on that committee as well. But on top of that you'll get - you will get employees that just want to contact you direct and they'll either do it with their name on it or they'll do it anonymously. And again, you know, my first reaction is well I'm not sure if there's anything in this or it's a disgruntled employee or - you know, so you call in - normally what I would do is call it - depending on the circumstances, I'd call in security investigation unit, have a chat to them, think about how they're going to approach it. Or I might just grab the head of the actual area or - if it didn't relate to them, and/or HR for that area. You know, so say it was something of impropriety that's how I'd deal with it. If it was just an idea on oh look Xavier, why don't you, you know, get more roulettes and less this or whatever it is, people would just come up and give you that all the time on the floor. You know, you stop and talk to them, how's your day going, and they'll - the ones who like a chat will stay and tell - - -

MR CHAPPELL: We need another four (indistinct) tables, yeah.

MR WALSH: Yeah, you know, so then I can go the product guys and say can you run the numbers, because often what the guys see and what the numbers are telling us

are different. It's a long winded answer I know but the information comes in from a whole variety of places, so you know it doesn't mean that I can't occasionally miss one but I do reinforce with my guys. You know, think about what I need to know because then I can make a decision on who else needs to know it, depending on what the actual issue is.

MR CHAPPELL: Okay, yeah. Now just before we leave risk, we've spoken to the others as well about the Blue Sky international report and the CommSec report that followed up on that on cyber risk.

MR WALSH: Yes.

MR CHAPPELL: Now was that before you time, the Blue Sky International?

MR WALSH: Now, I was here when Blue Sky came.

MR CHAPPELL: Yeah, okay. How closely across that were you when that report was handed in?

MR WALSH: I was at a number of meetings that Blue Sky were at. I got a copy of the report. It would have been quite a large folder actually. So yes, no, I'm familiar with it.

MR CHAPPELL: One of the things sprinkled in there and I think I got the impression that it was seen as a bit florid with some of the risks that they were identifying was a suggestion that you could hack into a jackpot controller on the floor.

MR WALSH: Yeah.

MR CHAPPELL: I rather gather that there was some scepticism about whether - about the likelihood of that being -

about the possibility of doing that.

MR WALSH: Yeah, there was. So we - you know, I spoke to our IT security guys about that and my recollection is that they said well that's just not possible and described why it wasn't. I won't try and regurgitate because I'll get it horribly wrong why that's not the case but, you know, we satisfied ourselves that that wasn't the case. A lot of the work that - look, the Blue Sky guys, they achieved a couple of things for us. The first thing that they did for us was they created an awareness and a prompting that, you know, I could say we needed to say hey, you know, are you doing all you can in cyber risk management? And the answer to that was no. And even in physical security there were a number of changes we made physically to the property to make us a harder target for, you know, either a crisis or just someone trying to be malicious. With respect to cyber they did a similar thing but they got a leg into systems or when I spoke to our IT security guys, they actually got some access to then enable them to poke around and do certain things. So it wasn't like, you know, Joe Blow from the street could have done what they did without us providing the assistance to see how far they could go. So once we'd sort of covered off a lot of the more basic things, which were legitimate that they pointed out. For example, they'd say, you know, you've got a live port over there, I can - you know, if I've got the

right access to the system, I can plug in there and hook into your network. Well, you know, we shut those off but again you would have had to have all the right sort of passwords and access to actually get into it to start with. But that's when we brought in - so we did the initial things but we thought that people want to take us forward, and also to get an independent look from what the Blue Sky guys were telling us, that's when CommSec came in. And they're the guys we've been working with for the past year and a half. I've had a number of meetings with those guys, and then of course we're about to or we have just engaged Deloitte to do a lot of our monitoring and attack sort of response. So you know, Rob, my recollection of that issue on the jackpot controller was when I spoke to the IT guys I got comfort that they didn't believe that that was - that that was likely or possible.

MR CHAPPELL: Yeah. How high up the chain would that have been past the fact that, you know, that was one of the things that they'd identified?

MR WALSH: Well it was - they were - I can't speak to exactly who received the report. I know I got a copy. It was - IT were managing Blue Sky. Andre Ong who is our chief information officer, he reports to Ken, so I can't - I do - I can't speak to exactly what Ken did and didn't see. But I know Ken had some meetings with the guys too, so you know it was at a reasonably you know senior level in the organisation that we were aware and worked through

with our IT guys the recommendations from Blue Sky. They did make a couple of examples that we, you know, we just thought was impractical and we just weren't going to do them. I mean, you know, like any consultant, you know, they come and they tell you what they think. And you look at it and you run the ruler over it. The whole risk management equation we were talking about before and you say okay, these ones make sense, I can do that, that's going to give me a good outcome. If I implement that the cost and impact of doing that are so great that it's outweighing the risks that I'm trying to avoid.

MR CHAPPELL: And I mean I suppose the best example of that's that you (indistinct words) your Workers Compensation risk.

MR WALSH: Exactly.

MR CHAPPELL: Now I think we've probably touched on this but I just want to make sure I am completely clear about it. Half the stuff in the group seems to be at the group level.

MR WALSH: Yeah.

MR CHAPPELL: And the other half of the stuff seems to be property based. How does that work for you?

MR WALSH: No, I think it's fine. It's not uncommon. Normally what you find is that the boots on the ground operational is property specific.

MR CHAPPELL: Yeah.

MR WALSH: And the more sort of strategic back of house service oriented roles and functions are group.

You know, again if we go back to the Cannery days, so we had group IT, group marketing, group finance but at the property we still had a property head and within that property head we still had table games, machines, security. And so that's what you'll typically find. So it's the same with ourselves, so the roles that deal with the customer and the people specifically on the ground, whether it's an internal customer or external customer, so if I'm thinking cleaning or I'm thinking engineering, or a customer who's actually paying money to use our services, those roles all report to the person on the ground in Melbourne, you know.

MR CHAPPELL: Yeah, all right. Now I appreciate that you're not the driver of the international sales business but obviously you've got plenty of experience and you're happier seeing the action happening. We're interested in junkets and the way they work and all the problems that they bring with them.

MR WALSH: Yes.

MR CHAPPELL: What do you see as the sort of emerging trends in the junket business at least so far as it effects what you're doing?

MR WALSH: Well I think for - you know, for us at the casino you know they're concerns you have with the junkets primarily are; a) know your customer and b) likely source of wealth or income. You know, and because they're coming from overseas it's not as easy to do the normal searches that you would typically do say in Australia. And when I say that, for example,

one of the things that we - coming out of Macau we're looking for the fact that they're licensed in Macau, because we know that over there they've done the relevant checks and so forth. There are a whole series of other things that we do do though in terms of using not only credit checks but other investigations into, you know, establishing their identity, ensuring that they visit the property when they come so we know it's you. You know, even as simple as Google searches and so forth to make sure nothing's popping up that we're not aware of so as best we can we satisfy ourselves as to no criminal sort of history. You have - - -

MR CHAPPELL: Is that done by your people or is it Josh's people who do that?

MR WALSH: Well it's done in a couple of different areas, so it's done - compliance have a role, credit control have a role and then inside international they've got a couple of people in their team that also run those checks as well.

MS HOLMES: Can I just check, are you talking about the junket operator or the players?

MR WALSH: We also need details of all the players, so the key players in the group - - -

MS HOLMES: Yes, so when you're talking about the registration I take it there's (indistinct) - - -

MR WALSH: No, that's the junket operator, that is the junket operator.

MS HOLMES: Yeah, because I wanted to make sure who we're talking about. You're doing the checks on the

criminal history and all of those things, that's the junket operator?

MR WALSH: Definitely the junket operator. Now then obviously we need to know all the names and get ID for all the key players when they come, but for the junket operators it's key because sometimes as you would appreciate from your experience Robert, you know, they'll use representatives.

MR CHAPPELL: Yeah.

MR WALSH: So the junket operator's not necessarily always present. However, when we establish the junket operator, they've got to come either before or with the maiden junket so that we can eyeball, ID them and make sure that we have - we know it's you, and then we'll have done all of the credit checks, ASIC searches, making sure they've got the right paperwork in terms of a Macau licence or either that, a criminal record certificate to ensure that they're not, you know - - -

MR CHAPPELL: And so that checking is done by people - it's either done in international business or in compliance and - - -

MR WALSH: Yeah, or credit control, yeah.

MR CHAPPELL: And credit control is part of whose line of responsibility? Is that Alan McGregor or is it - - -

MR WALSH: Yeah, I'm not sure who Mary reports to. She either reports into Al or reports into - - -

MR PRESTON: International.

MR WALSH: - - - International.

MR PRESTON: It's her role.

MR WALSH: It is International. Because they also - and the reason I'm a little bit hazy Robert is they also do the checks for us for interstate patrons - - -

MR CHAPPELL: The CCFs.

MR WALSH: Yeah, the CCFs. So I deal with those guys a lot. I've just never really turned my mind to who they report to.

MR PRESTON: I think just for clarity you're referring to compliance including the AML part of it as well.

MR WALSH: Yes, correct, absolutely.

MR CHAPPELL: So people who've got direct responsibility for monitoring those things report on lines other than to you.

MR WALSH: Yes.

MR CHAPPELL: You of course are responsible for the dealers.

MR WALSH: Yeah.

MR CHAPPELL: And any other - any of the gaming supervisory staff - - -

MR WALSH: Yeah, room managers, the casino manager looks after VIPs, so we have eight casino managers that have different areas of the casino. And so we have one, for example, that does Mahogany which is primarily high end local and domestic, some international there but then in the salons there's another casino manager as well. So she - also called Miriam - - -

MS HOLMES: I think I've seen her name.

MR WALSH: Yeah, she - you know, she runs the actual operation up there.

MR CHAPPELL: Are there special challenges for the people who

are dealing with supervising in those high value premium areas for international business?

MR WALSH: Look, there are. I mean there are - the players aren't always - speaking English, for example. Now a lot of our dealers in that area, not always but a lot of them are multilingual or we typically have someone in the room who's multilingual. Could be the supervisor. And they can be a bit pedantic, you know, which is no different to high end customers, whether in the hotel or in a restaurant or, you know, wherever they have particular likes and dislikes. You know, they don't like someone standing on their left shoulder or they don't like the room being less than X degrees or whatever. You know, they don't want still water they want sparkling. Whatever it is, they do come with a few quirks let's say, and so they can be a little demanding but, you know, generally speaking they're people that work in those - in the VIP areas want to work in the VIP areas. So they don't get paid any more, they're not allowed to take tips obviously, they just want to be there because that's the top of the pops.

MR CHAPPELL: Do you see any risk to integrity from dealing constantly with those sort of customers who might be less inclined to follow the rules or understand the rules or engage with the rules?

MR WALSH: Yeah, look the dealers at times not in terms of not following the rules but you know let's just say when it comes to, you know, the cards go out and

the patron want to withdraw their wager before the (indistinct words). All those sort of quirks are dealt with by the manager in the room, so we wouldn't leave that just to the dealer, that's not a call they would make. If there was a dispute we'd go halt the game and we get some more senior to come in as well as somebody from international too. Because they have a relationship with the customer more closely in terms of outside of the actual gaming experience. So it's important to have that there.

MR CHAPPELL: And we'd assume that the dealers and the room supervisors are keen to provide a good customer experience for the customers.

MR WALSH: Absolutely.

MR CHAPPELL: So they don't - presumably they prefer not to say no. I mean I've had lots of customer experiences where the person that providing the customer service is very keen to say no but the - it wouldn't work in a - - -

MR WALSH: Oh no, look we are a service business. Wherever we can we'll accommodate. You know, one of the things though when it comes to gaming as you know, it's very black and white, you know. Either we've approved exceptions on how the game's dealt or we can do that but they're pre-approved and there are certain rules around that, or they're not pre-approved. And if they're not pre-approved then there's no exception, the game just gets dealt and that's that. Our guys know that, you know, if -

and particularly with an international that, you know, if they step out of what is allowed and so forth it's a really slippery path and then, you know, pretty soon you're obviously in trouble for a variety of reasons and that doesn't help anyone. So, you know, again we manage that. So you've got to be on it. Obviously where there's latitude to be given we can give it but not to the point of, you know, breaching the rules. And of course they're sitting under cameras and the whole lot so you've got surveillance watching. I mean there's just - there's no mileage into it now. What we'd rather do is say listen, and we do have exceptions. Like, you know, sometimes we'll let players open both sides of the cards but the dealer has to control the first set of cards until those ones are done and then these - you know, there's - and again I won't bore you with the details.

MR CHAPPELL: Sorry, just to make sure that we get this right on the transcript. Are you talking about in a Baccarat game?

MR WALSH: In a Baccarat game, that's correct.

MR CHAPPELL: So a hand's dealt to the player and to the banker but there might only be one player at the table. Is that the scenario we're talking about?

MR WALSH: Yes, that's right, yes. So they can open both sides and normally that wouldn't happen. You'd have one person open and another person open the other side. But again that's an exception.

MR CHAPPELL: Yeah.

MR WALSH: Because normally if you're just one player, normally you would get the cards for say you (indistinct words) you can bank your cards and the dealer would flip over the player cards. But all of those things where there are the ability to have an exception are pre-approved and then there's mitigating controls around that. Unless they're pre-approved you just can't allow it to happen. You're better off stopping the game and getting it, you know, ticked off and then okay now we're good to go. Because one thing's for sure when you've got in a large staff like we have, whilst they are customer service focused, keep it simple, right. And here's the rule, this is allowed, that's not and, you know, it's a bit like military. Keeps it simple, everyone knows what they're doing.

MR CHAPPELL: Now you've got the Suncity junket basically sitting in a room on a standing basis.

MR WALSH: Yeah, they typically are in that room and they haven't - they've been there pretty much since they've had representation here. It's not their room, they're comfortable down there so we're happy to leave them there, you know. We have other salons we can use.

MR CHAPPELL: We had a bit of a conversation with Barry about how someone looking at it cold might see that as more of a Macau style junket than an Australian style junket.

MR WALSH: Yeah.

MR CHAPPELL: To be transparent with you, when I've looked at

what the indicia of a Macau style junket are and what the range of acceptable practice in Australia might be, it's actually a little bit grey in terms of, you know, if you give them a revenue deal you're giving them a bit of the upside and they're taking a bit of the risk from you. When you look at it do you have any equivocation about whether it's an Australian style junket or a Macau style junket?

MR WALSH: Well the difference as I understand, certainly for our room is they're all our dealers and it's our cage.

MR CHAPPELL: Yeah.

MR WALSH: Whereas in Macau it can vary. So my - from a gaming integrity point of view, you know, my bedrock is that they're our people and we have multilingual people in there too. So it's not like, you know, a conversation could be going on that we're not hearing and you know so for us the arrangement is working.

MR CHAPPELL: Yes.

MR WALSH: We haven't had any integrity issues, certainly none that I'm aware of or can recall coming out of that junket and you know whilst they'd probably prefer to have or they may prefer different arrangements in there, we're being steadfast in no, no, this is how it works.

MR CHAPPELL: We get the thing about whose cage is it, whose dealers are they, whose supervisors, whose surveillance, all of that sort of stuff. Have

there been - have you come across any particular challenges in - sorry, instead of offering you an answer let me - when do you close that junket off? Is it monthly or is it on a shorter frequency?

MR WALSH: I don't know to be honest, Robert. I couldn't answer that one.

MR CHAPPELL: Is that international's job?

MR WALSH: Yes. Look, I see rolled up figures for international on a daily basis. I see some reports that split out which junket groups but I don't really follow, you know, the durations of the junkets. I mean I - as I say I keep an interest in it obviously but I don't - I don't follow it that closely to know.

MR CHAPPELL: Okay. The VCGLR took some disciplinary action last December in relation to - I think it was about two year earlier junket paperwork not completed properly.

MR WALSH: Yeah, I'm familiar with that.

MR CHAPPELL: What's your take away message from the fine and the - of the disciplinary action?

MR WALSH: Yeah, look I think it was one of those ones where we - you know, our paperwork could have been better. I'm aware that there's a - strictly to the letter of the law, we breached it and we got pined for it. We did have the relevant information in SYCO.

MR CHAPPELL: Yeah.

MR WALSH: But that's not the way the rules are written and I understand that. So since then, you know, we've

created forms that have drop down boxes so that people aren't handwriting their name and number. It's a problem in every casino I've ever been in that people sort of - they get in a hurry and they scratch it out and then it's not legible, right. And if the rules say it's got to be legible, which is not uncommon, guess what, you know, it doesn't apply. So in other words - so we've done that to try and help the staff to say right, you can put your signature on it but you've just got to check that, you know, you've put the right name and that's your number there. And then as I understand it we've put in internal control changes to the VCGLR for consideration to say we would really like SYCO to be the source of truth because all the relevant information that's on the paperwork is in there, and the paperwork to reflect the arrangement between ourselves and the customer and be the record for that. But having said that, you know, as I say look, you know, the VCGLR came in, did their investigation, you know, you can't argue if it's not legible and we were penalised accordingly. So from then we got - obviously that got a bit of airplay because the fine was quite large and look, all of the disciplinary actions that come from the VCGLR get permeated through the property to the relevant people. So this one was no different but as I say, you know, it also helps garner the thoughts and minds of everyone to say well look, this is a \$150,000 fine. So that was communicated,

the importance of that was communicated to the relevant team, so it was not only the gaming team but cage and so forth and now we're conducting audits on the paperwork to make sure that whilst the consideration for the ICS changes are being considered by the regulator - and it may not get approved either but it's being considered. In any event, we're now complying with what we should have been complying with.

MR CHAPPELL: Do you see that as just sort of a natural human compliance thing that if people aren't thinking about the reason for a requirement they just don't seem to - there's a risk that near enough's going to be good enough?

MR WALSH: Look, I think from time to time. People, you know, tend - in my experience anyway, tend to focus on the things that their boss is focusing on. That's number one. And things that are fresh. So I think regardless of, you know, what it is you keep needing to refresh the messages and the importance and why we do things. Because people can fall into a habit of doing things without realising the consequences of not doing them or the reasons why we should be doing them, and you know it is a bit of human nature. They get a bit lazy, you know. You know, unfortunately for us with the amount of, you know, we've got 9000 employees, you know, you are going to get a few that just get a bit comfortable. So, you know, our job - my job is to ensure that we're passing that message down, how

serious it is, why it's important, explain it again and keep those messages fresh and say and by the way if you don't do it, guess what, here's what happens, you know. And it could be worse, so, you know.

MR CHAPPELL: Thank you. I'd like to talk a little bit about responsible gambling.

MR WALSH: Sure.

MR CHAPPELL: What do you think the future holds in terms of where the responsible gambling policy's going in the broader environment?

MR WALSH: Well I think as a social issue it's certainly getting, you know, a lot more awareness and airplay lately than I can ever remember. And, you know, I know that one of the projects that we're working on that actually, you know, it's been put in place in various guises in other jurisdictions in different forms is the use of our systems and analytics to try and assist. We work on a model of observable signs. And that certainly has its uses and it's something that we have practiced over many years and continue to reinforce that. It's really trying to then add, if you like, additional elements to assist us meet our responsible gambling obligations. I mean, you know, ideally it'd be lovely if everyone who had problems with gambling had a red dot on their forehead and we could identify them coming into the casino and then we could say listen we don't want you. And we seriously don't want you because - for a variety of

reasons and to be completely blunt, it's not a good or sustainable business. You just can't - you know, it's just not something that can be canvassed by us. So where we can use analytics to help, that's great. Things like facial recognition have been fantastic and we're continuing to expand in that - our installation of facial rec. We've just moved to 18 cameras and we're planning to rollout more. And that's particularly helpful in RCG because where somebody is self-excluded we get a nice clean photo which we can load into the system and they're easy to pick up. The system wasn't only bought for that but that's one of its positive applications. The other positive application is people who may have committed some sort of indiscretion at the casino and then been excluded. Well you don't always get a great photo of those people so the problem there is, you know, often you don't get a clean photo to get a clean hit when they come in but certainly with RCG you do. Sorry, with self-exclusion you do. And so, you know, the use of facial rec is great. In fact when we put it in it was funny because I rang Craig Walsh and I said how come we've got, you know, I think it was 49 - it was 40-something anyway - self-exclusions today, like what's - you know, it's normally around the sort of 15, 16 and it was - he said well that's because we turned the facial rec on and we, you know, we got a bunch of people. And I said well that's great, you know, but progressively they've

actually come down into the sort of mid 20s because a lot of the ones we were getting initially were recidivist and they'd keep - after a while they worked we're going to keep catching you even if you put, you know, glasses on and you know we'll identify you. You're probably aware of this but it works off measurements between your eyes and your nose tip and so forth, so. So analytics is something obviously we've got the work being done to see if we can't, you know, use that from our loyalty database to assist. Obviously it's a bit more helpful in machines than it is in tables because we've got a greater number of people who are user rating than on table games. But also the facial rec has been terrific in terms of - in terms of picking up people who shouldn't be in the casino. And then thirdly, you know, for us, you know we didn't historically have a mandatory joint self-exclusion between our properties, which will expand obviously to Sydney when Sydney comes online. It was voluntary but you know we've moved to that as well, so you know we constantly look at you know what's happening around the world and other jurisdictions. We have our people attending different conferences and feeding all that back and - - -

MR CHAPPELL: I mean other properties are using analytics now aren't they to track people in real-time. Have you spoken to any of those properties about the way that's working?

MR WALSH: I haven't. I know our RCG team has, and I think just on that one - and I think that's interesting. We're just looking for seeing - you know, I understand that's relatively new. Once we can see some outcomes then obviously, you know, we'll look too.

MR CHAPPELL: The facial recognition, the extra cameras and so forth that caused that spike in January. How long had that initiative been bubbling along?

MR WALSH: Look, we'd been trialling facial rec cameras I reckon for the last - at least the last couple of years. We had multiple suppliers coming in with varying results and you know, essentially what we wanted to do is get to a point where we were really comfortable that this thing was going to work, rather than you know identifying false positives and the other - - -

MR CHAPPELL: Yeah.

MR WALSH: You know what I mean? So it did take us a little while to launch, only because the different providers had different solutions that, as I say, had varying levels of success and like most technology it's sort of - you know, once they start ironing out the bugs it develops quickly and that's what happened with NAC, so.

MR CHAPPELL: But that deployment happened around the start of the year?

MR WALSH: Yes.

MR CHAPPELL: What would have been the lead time? I mean it'd take a couple of months to place an order and get

all that stuff commissioned wouldn't it, or - - -

MR WALSH: Yeah, to get the cameras is - look, you're probably right, maybe a couple of months. It might be a bit shorter than that.

MR CHAPPELL: Yeah.

MR WALSH: Because it's not just cameras, you've got to get service and there's a few other things that go with it. But the expansion for us now, you know, will happen pretty rapidly and so the idea is that, you know, we'll look to cover the - at the moment we've only got certain areas which are typically down the eastern end of the casino covered. We've got a couple of cameras in public areas of the property. You know, because obviously even though we're confident that we can get alerts very quickly as you're entering the casino floor per se, it's always easier if you can give the security guys a little more time as they might be coming from a non-gaming area into a gaming area. So we've got cameras set up in - like for example the air bridges and so forth will be part of the overall solution. We've only got a few at the moment. But the idea is to get the full coverage.

MR PRESTON: Subject to budgetary approval obviously.

MR WALSH: Subject to budgetary approval, but no, it's one that you know myself and Barry are, you know, are behind and so no, we'll be doing our best. Certainly that'll expand beyond where it is at the moment so we've gone 12, 18 was recent, we've got another six very recently and the plan is to you

know expand from there.

MS HOLMES: You're on the - I think the Responsible Gaming Management Committee.

MR WALSH: Yes.

MS HOLMES: That meets quarterly.

MR WALSH: Yes.

MS HOLMES: Can you sort of describe to me what's the purpose of that meeting and what happens at that meeting?

MR WALSH: Sure. So Sonja Bauer is the chair of that committee and I attend along with Josh, Michelle Fielding who's the head of compliance, Sean Knights who's the head of table games along with Matt Christie who's the head of table games operations and Peter Lawrence who's the head of table games VIP, and it's the same on the machine side, so Mark Mackay(?), Tom Rickard and Kim Gerspach(?). We also have representatives from the Responsible Gambling Centre, so generally Kate or Susan, the two psychologists will be there and generally one of the RGL(?) officers, Leon is normally the gentleman that's there. And so Sonja will take us through any statistics, you know, what's happening with self-exclusions, are they up or down, what's happening with revocations, how's that progressing. Have we done any timeouts or a welfare WOL? Any emerging trends, any conferences they've been to or papers of interest that Sonja would like to circulate or talk about and then circulate for us to read. Generally I get them because I go to the Australian Gambling Council meetings with Barry as

well. We get the - we get a lot of the research papers, so I've already seen most of them before I get to the Responsible Gambling Committee meeting. Then, you know, generally they'll talk about any trends, are there any customers that - - -

MS HOLMES: When you say trends, trends about what?

MR WALSH: Emerging trends. I mean are we seeing things in other jurisdictions that we're not seeing here that they've interacted with their counterparts. Are we seeing any trends in our business. For example, you know, like gee you know suddenly self-exclusions have jumped or gone down that month or just anything unusual that you know should come to the attention of the gaming team that's there. You know, could be responsible gambling week's coming up, making sure that everyone's aware and supportive and how we're all participating. It could be Sonja went to a particular meeting that she sits on Responsible Gambling Management Advisory Committee, which is a much wider group that I think involves the Department of Justice and external industry players. Anything coming from that that might have been discussed that would be of interest to the group, and then typically any - again any action items and where that's gone. Before that group meets Sonja and her team meet with the VIP teams from each of the gaming businesses every couple of weeks and they talk about potentially customers or operational matters in terms of you know monitoring customers via the

system before they get to the point where a responsible gambling liaison officer's got to go and have a chat to them, and how that's working and any of those sort of matters. Or conversely, the VIP guys might say well look, you know, Mary Smith's been - you know, she's someone that we're a little bit concerned about. You know, here's some of the things we're concerned about. We've spoken to her, we'd like you to keep an eye on her or - - -

MS HOLMES: So they would raise particular people with you in that context?

MR WALSH: Yeah, absolutely.

MS HOLMES: And when it's a VIP committee, who do you understand that VIP is? Is it loyalty members? Is it - I'm trying to understand who is a VIP for the purposes of that committee.

MR WALSH: Yeah, typically it's anyone who would access a - one of the private rooms. So it'd be, you know, you've got access to Teak or to Mahogany. Typically you would have a host, so you're going to be largely platinum and like Crown award customers, although if you're gold you can get into Teak. You have access to Teak. But a VIP is largely platinum and black but also gold. And you know, I mean I get customers all - I mean even if I see trends in the numbers like I'll say, you know, Bob Smith, gee you know he's a - he's typically a guy that I would see on my reports, you know, once in a blue moon, he's been popping up a lot, what do we know about

him?

MS HOLMES: When you say he's popping up a lot, where is he popping up?

MR WALSH: He'd been popping up in reports that we'd be talking about, notable players for the day, you know, because they might have been - they might have X turnover or whatever it is, and if I see something unusual I'll make the call myself, you know. Like I haven't noticed Bob Smith, is everything okay? Has someone spoken to him? You know, what do we know, you know.

MS HOLMES: So in that meeting you think that they would raise particular players with - - -

MR WALSH: They normally raise the players in the meetings that they have every two weeks but - - -

MS HOLMES: In the fortnightly meetings?

MR WALSH: Yeah, but occasionally - I mean I would raise them myself. If I'm - because I don't go to the fortnightly meetings, but if I'm concerned about a particular player I'll say how are we going with x, y, z, because I want to know, you know. I can easily ring up the RG guys and get the answer myself but I'd rather have the discussion with the team there because you know again back to a point I made earlier, you know, Robert, people tend to get interested in what their boss is interested in so, you know, if I'm taking an interest in particular players and you know I do that as much to set an example as the fact that I'm actually potentially concerned because I know some of these players,

then I want them to be thinking that.

MS HOLMES: The reason I raised it is over a six month period in 2017 under the agenda item VIP Committee, the minutes refer - reported every meeting there were no issues.

MR WALSH: Right.

MS HOLMES: And I just thought that was odd that over a period of more than six months there was no issues arising out of the VIP committee that were worthy of going to the management committee but I don't know, I mean I'm not sitting on the committee but it just seemed odd to me that there was nothing of worth, of note to go to the Responsible Gaming Management Committee for Melbourne.

MR WALSH: Yeah, look I can't speak to that because I don't go to that meeting and I typically don't see those minutes. I see the one that we have every quarter, which again is minuted and, you know, so I see those ones. But you know I've checked both with our VIP guys and with the RG team over the journey and they obviously meet and have their discussions and, you know, so, you know.

MS HOLMES: So you're aware of the play periods policy then, I take it, the 24 hour policy.

MR WALSH: Yes.

MS HOLMES: In the VIP minutes there's reference to a player, VIP player playing for 40 hours nonstop and then complaining to - complaining about Crown and about them taking all his money, and that got reported to the VIP Committee, a 40 hour stint of playing it

says without a break, and the response of that committee was for the information and nothing else seems to have occurred according to the minutes. Would you expect something like that, someone playing for that period of time without a break and clearly then complaining and getting agitated about their losses being brought to your attention, or anyone else's attention, other than just at that VIP Committee level. This was in late 2017, just to give you some context.

MR WALSH: No, no, that's okay. Well I would because of the - and I don't know if it was tables or machines but typically that's not in adherence to the 24 hour rule. So that would be my first question. Again I'm not trying to be evasive, I can't speak to the circumstances because I'm not aware of it.

MS HOLMES: No, obviously. I just thought as an example that struck me as a long time for somebody to be playing.

MR WALSH: Yes, 40 hours, absolutely.

MS HOLMES: Nonstop and then for the suggestion - well they got agitated, but then no further action on the record appears to have been taken on that.

MR WALSH: Yeah. Look, some of the internationals do play for long periods of time. They fly in for a few days and that's what they do, you know, and they'll have something to eat, you know, they'll have a massage, they'll have a few hours' sleep. Because they can't play at home their predominant reason for coming to Melbourne is to have a play and that's

what they do. This one I can't speak to though because as I say, you know, it should be 24 hours and - - -

MS HOLMES: So that would apply to an international as well, because I mean I think it's a VIP host has fed this back in.

MR WALSH: Certainly, certainly, well I know for machine customers, yes. So if it's an international VIP table game player, you know, again I - certainly they should've been monitoring and doing welfare checks. Exactly how they apply the 24 hour rule, you know, I know there is some latitude given to the table game players if they're only there for a few days but I can't speak for this specific example.

MS HOLMES: No, and it's purely an example but I just assumed that would be something that would have more action and be put through your systems where there's that length of play.

MR WALSH: No, that's reasonable. I mean I - yeah, I mean I can't disagree with that.

MR CHAPPELL: Do you think 24 hours is perhaps a bit long?

MR WALSH: It's a tough one. Because I've asked that question before, you know, just in terms of how did we get to 24 hours? And essentially the answer is, you know, we go with the observable signs. There is monitoring that occurs through the system before that period and then there is a responsible gaming liaison officer intervention before we get to that time. The 24 hour period just provides a drop

dead. All it says is like - and as I mentioned earlier trying to keep it simple for staff, you know. You talk about observable signs and we train and train and train but still people are going to have - they're going to have different lenses when they're looking, what's observable and what's not, and their threshold of what is potentially acceptable and not acceptable may vary depending on the person, and that's just human nature. 24 hours and bang that's hard, right. So you know it's almost like a do not pass Go, you know. If you spoke to my mum and said listen, you know, do you think 24 hours is an excessive time to gamble she would say absolutely. But, you know, if you ask somebody else do you think 12 hours is and they'd say well it depends on what they want to do and how they're feeling and you know. I know myself that I will walk into the Black salon and I'll talk to customers who, you know, might have been sitting there for five, six hours, they're on for a chat, no problems, how's it going, you know, they're off to dinner, they're back, they're playing, you know. You sort of sit there and say wow, you know, they really love their gaming. So it's not an easy question to answer I suppose is what I'm saying other than it does provide a - - -

MR CHAPPELL: I understand it's complicated for international and interstate (indistinct) basically in the place for a reason. What about for (indistinct) customers, locals?

MR WALSH: Yeah, well I think for (indistinct) customers, I mean again 24 hours is just a - it's just a hard close. We're really relying on observable signs before that and you know, I know that the RGLOs, you know, are utilised by the staff to come and have a chat to customers, you know, on the main floor well before that, depending upon how they're behaving or being perceived or they haven't moved off a machine. I mean typically you find machine players move around a fair bit, they don't normally come and play a session on one machine, that's really rare actually. So you know if someone's displaying that sort of behaviour it's unusual so it sticks out.

MS HOLMES: Do you think it's difficult when you - with the volume of RGLOs you've got, given the number of patrons coming through the door. There's essentially one and at times there are two, and given they're the only ones that appear on the policy to have authority to go and engage in a meaningful discussion about lengths of play. You know, I know the staff are trained but it seems that authority to actually go and speak in more depth with someone is only with a RGLO and there's not many of them, that that's an issue?

MR WALSH: Yeah, no, well the managers can do it as well. I mean you wouldn't leave it to a frontline team member just because they're not really skilled in that but observable signs means that we've got - the reason we train that is to give us the best

opportunity to try and have many eyes on our customers and then being able to call in the experts for that, you know, advice when - as and when required. If the challenge is well do you have enough, you know, we're comfortable with our current operation in terms of how it's been working. Can it be improved? Yeah, I'm sure it can be. So we would now - you know I wouldn't sit here and say no to, you know, more people. I just want to get comfort that we thought that they were going to you know close a gap that we currently have and as I say, so we - look, I mean our program - as I say I'm not trying to hold it out as being perfect by any means but we do get a lot of international jurisdictions coming and visiting, they're very interested, and the reason they come and see us and this is what I mean, I can only tell you what they're telling us is that they think it's a pretty good model but it's by no means perfect. So you know extra resource is always better than none or better than less, depending on the circumstance so (indistinct words) - - -

MR CHAPPELL: What do you think about - - -

MR WALSH: - - - (indistinct) at the moment.

MR CHAPPELL: What do you think about the approach to RSA and the people you've got on the floor doing that?

MR WALSH: Well RSA is a little different in that we have RSA officers and one RSA manager, whereas the RGLO office with the RGLO officers, then we've got the managers, we've got the chaplains, we've got the

psychologists. You know, you've got a core dedicated team who are relying on not only themselves but the information being fed in by the gaming staff and other people like security and so forth on the floor. The RSA model works a bit differently, so it's relying on RSA officers sort of meandering round the property or in some instances depending on the evening, they're stationed at a specific bar with one manager. They feed up through security, whereas the RGLO office feed up through Josh. So it's a bit of a different - it's a bit of a different model. One has many specific on the ground, the other one has - is using the eyes of the people who we train for the observable signs and then call in the experts. So they're a little bit different.

MS HOLMES: And on the RSA steering committee, I think you're on that as well.

MR WALSH: I'm the chair.

MS HOLMES: Yeah. I'm trying to keep track of who's on what.

MR WALSH: No, that's okay.

MR PRESTON: You can largely assume that we're on pretty much every - - -

MR WALSH: Pretty much all of them.

MR CHAPPELL: How much time do you spend in meetings?

MR WALSH: A lot. But again that sort of goes with what you were asking me earlier about my responsibilities and most of these things I'm across.

MS HOLMES: In that one I've seen papers that are quite detailed about what the RSAs are doing and the

nature of their interventions and outcomes, but I don't see the same thing in Responsible Gaming. Have you ever thought what you were gathering for RSA might be helpful for RSG?

MR WALSH: It's not a bad point. The minutes of the meetings are similar. I - - -

MS HOLMES: I'm talking about the papers more than the minutes.

MR WALSH: Yeah. I'd probably put that down to more my own - because they - you know, I take a specific interest because you know the security are reporting to me, that's where RSA reports. So the papers that I get, Miriam, are just not on RSA, they're also on removals, refused entries, you know, assaults, thefts, car parks - I mean I get a whole bunch of stuff in that environment. The RSA stats are one piece of it and, you know, largely what I'm really looking for in that space, you know, going to trends, you know, how many people are removed as an absolute number and then as a relative number compared to the last month, last year. And then also how many of them we have to go - are assisted with and then of those assisted, how many we would need to put handcuffs on. You know, and so a little bit like RSA - like RSG beg your pardon. Sometimes the greater number doesn't mean - that's not a bad thing, it just means we're more proactive, so you need more (indistinct) - - -

MS HOLMES: And it also has about assessments. So has - from what I've seen, details about actually just doing

assessments. So what are the RSAs, because as I understand it this is soft intervention approach and you're trying to measure that as well as how many you actually use in security to walk them out the door.

MR WALSH: Yeah, because the RSA guys don't do the removal, they just do the - - -

MS HOLMES: And have you ever thought about that with the excluded persons who are breaching?

MR WALSH: Well the excluded, so when they're breaching the first thing is we've got to try and identify them and that's where the facial rec cameras have been really helpful. So the first thing that happens is the comms will call security and then they're also call an RGLO officer to attend as well as the VCGLR, and you know so the idea is to get to the patron with those three parties and obviously the (indistinct) liaison officer and the VCGLR will talk to the patron and the security person's really there to ensure that they actually - that they leave. But that's how that works as opposed to you know the RSA officer is going to identify on the ground rather than it coming through - than it coming through comms.

MS HOLMES: Security.

MR WALSH: Yeah, exactly or if it's a - say if they go to a table then they might be recognised by one of the table game personnel and then they'll call security and then the same process is followed. So there's certainly different ways you could do it, I

absolutely acknowledge that and as I say, look we look at different models around the place and try and keep an eye on them and if, you know, we see good ideas or good thoughts we certainly feed them into how we think about things. I'm by no means intransigent on how we operate.

MR CHAPPELL: Well I think that brings us to a soft landing.

Thank you very much for your time this afternoon.

MR WALSH: Thank you. No, my pleasure.

MS HOLMES: Thank you.

MR CHAPPELL: It's been very helpful.

MR WALSH: Thank you.

INTERVIEW CONCLUDED