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PERTH CASINO ROYAL COMMISSION

PUBLIC HEARING - DAY 24

10.01 AM MONDAY, 09 AUGUST 2021

COMMISSIONER N J OWEN

COMMISSIONER C F JENKINS

COMMISSIONER C MURPHY

HEARING ROOM 3

MR DAVID LEIGH and MS KALA CAMPBELL as Counsel Assisting the Perth Casino Royal Commission

MR DAVID SHAW as Counsel for Mr James Sullivan

MS RACHAEL YOUNG as Counsel for Consolidated Press Holdings Pty Ltd and CPH Crown Holdings Pty Ltd

MS JOANNE SHEPARD as Counsel for Mr Barry Felstead

DR ELIZABETH BOROS as Counsel for Mr Ken Barton

MR PETER SADLER as Counsel for the Gaming and Wagering Commission of Western Australia

MS FIONA SEAWARD as Counsel for the Department of Local Government, Sport and Cultural Industries

MR KANAGA DHARMANANDA SC and MS CLARA WREN and MR RICHARD LILLY as Counsel for Crown Resorts Ltd; Burswood Limited; Burswood Nominees Limited; Burswood Resort (Management) Limited; Crown Sydney Gaming Pty Ltd; Southbank Investments Pty Ltd; Riverbank Investments Pty Ltd and Crown Melbourne Limited

10:01AM

COMMISSIONER OWEN: Thank you. Please be seated. Now I believe we have Mr Sullivan.

Mr Shaw?

5

MR SHAW: May it please you, Commissioner. I appear for Mr Sullivan.

COMMISSIONER OWEN: Thank you very much.

10

JAMES ANDREW SULLIVAN, SWORN

EXAMINATION IN CHIEF BY MR SHAW

15

MR SHAW: Mr Sullivan, can you have a look at the document on the screen. Is that your witness statement, signed on 4 August 2021?

20

MR SULLIVAN: Yes, it appears so.

MR SHAW: If we go to page 0176, you can't see your signature there but that is --- I can't really ask if it is your signature. Can you see the signature on your screen, Mr Sullivan?

25

MR SULLIVAN: I can't see it on the screen.

MR SHAW: But that is your witness statement?

30

MR SULLIVAN: Yes.

MR SHAW: There are a small number of corrections, Commissioner, if I could take Mr Sullivan to?

35

COMMISSIONER OWEN: Certainly.

MR SHAW: If we could go first, please, Mr Operator, to paragraph 24. On that first line where it says, "Three of them report directly to them", the word "them" should be "me"; is that correct?

40

MR SULLIVAN: Correct.

MR SHAW: Next, paragraph 25a) where it mentions "a Technical and Compliance Manager", the word "Operations" should be inserted after "Technical", so that should read:

45

a Technical Operations and Compliance Manager (..... Mark Kelly)

10:03AM

MR SULLIVAN: Correct.

5 MR SHAW: All other references in the statement to that role is to Technical Operations and Compliance Manager?

MR SULLIVAN: Correct.

10 MR SHAW: Paragraph 61, please. The correct document reference there should be, as I understand it, CRW.701.004.4660; that is correct?

MR SULLIVAN: Correct.

15 COMMISSIONER OWEN: Can you repeat that number, please?

MR SHAW: Yes, Commissioner. CRW.701.004.4660.

COMMISSIONER OWEN: Thank you.

20 MR SHAW: If we go to paragraph 124. On that first line where --- I beg your pardon, I'm confusing myself with the word "not" in the first line. On the third line where it says "this is a matter", that should read "this is not a matter"?

25 MR SULLIVAN: Correct.

MR SHAW: If we could go next to paragraph 168. On the first line, the word "never" should be "ever", so that will read:

30 For this reason, I do not believe the 'Royals' have ever been incorporated
Is that correct?

MR SULLIVAN: Yes, that's correct.

35 MR SHAW: If we could have paragraph 207. On the fourth line down, the word "completion" should actually be "competition"; is that correct?

MR SULLIVAN: Correct.

40 MR SHAW: If we could go next to paragraph 212. On the first and second lines, the word "rated" in each case should be deleted; is that correct?

MR SULLIVAN: Yes.

45 MR SHAW: Next, paragraph 213. There are four instances the same there, Commissioners. Where the word "rated" is in line one, "rated" should be deleted, and in line six at the end of that line --- sorry, I missed one. Line two, third word

10:08AM

along, line six at the end of that line, and the last full line "rated EGM paid game".

COMMISSIONER OWEN: Thank you.

5

MR SHAW: Lastly, if we could go to paragraph 320c), "Cats Hats & Bats", to insert "more" before "Bats. "Cats Hats & More Bats"; is that correct?

MR SULLIVAN: Yes, that's correct.

10

MR SHAW: Subject to those corrections, that is your statement?

MR SULLIVAN: Yes, it is.

15

MR SHAW: Commissioner, that is the examination.

COMMISSIONER OWEN: Thank you. The witness statement of James Andrew Sullivan, dated 4 August 2021, and bearing the identifier CRW.998.002.0120, amended as per the exchange this morning, will be admitted into evidence as an exhibit and the mechanics of tidying up the statement can be worked out between the solicitors later on.

20

**EXHIBIT #CRW.998.002.0120 - WITNESS STATEMENT OF JAMES
ANDREW SULLIVAN, DATED 4 AUGUST 2021, AS AMENDED**

25

MR SHAW: Grateful. That is the evidence-in-chief, Commissioner.

30

COMMISSIONER OWEN: Thank you, Mr Shaw. Mr Leigh?

MR LEIGH: Thank you, Commissioner.

35

CROSS-EXAMINATION BY MR LEIGH

MR LEIGH: Mr Sullivan, you have been the gaming product manager at the Perth Casino since 2008; is that correct?

40

MR SULLIVAN: (Inaudible)

MR LEIGH: One of the functions you identify in your witness statement as being involved in that role is engaging with electronic gaming machine suppliers of the products that Crown Perth wants to have approved and operated within the casino; is that correct?

45

MR SULLIVAN: Yes, it is.

10:10AM

MR LEIGH: In the course of the day I will be referring to electronic gaming machines often and when I do, I will usually refer to them as EGMs, for ease of reference. In terms of suppliers, am I correct in understanding there are numerous
5 different companies that supply games?

MR SULLIVAN: Yes, there are.

MR LEIGH: They include Aristocrat, IGT, Konami, SG Gaming and ^ (chk) Why
10 Map, amongst others?

MR SULLIVAN: Yes, they do.

MR LEIGH: These suppliers also provide EGMs to Crown Melbourne?
15

MR SULLIVAN: (Nods head).

MR LEIGH: Putting to one side the COVID restrictions, the number of EGMs the Perth Casino is permitted to operate is 2,500, correct? That's 2,500 spots, if you like,
20 where an EGM machine can go. It's a matter for Crown Perth to decide what games go in those spots?

MR SULLIVAN: That's correct.

MR LEIGH: Crown might have an approved EGM in operation in a spot for a period of time but then change it out as time goes by?
25

MR SULLIVAN: Yes.

MR LEIGH: There is a reasonably constant turnover of games, isn't there?
30

MR SULLIVAN: There is.

MR LEIGH: As new games come in, there's typically a period of excitement and interest where the earnings in those games are relatively high?
35

MR SULLIVAN: Yes.

MR LEIGH: As time goes by, there's perhaps less interest and eventually you get to the stage where it makes economic sense to pay for a new game to get the benefit of that additional revenue; is that right?
40

MR SULLIVAN: Yes, that's correct.

MR LEIGH: In recent years, how many EGMs, on average, would Crown purchase in a year?
45

MR SULLIVAN: In terms of the physical machine or the actual game software that goes into it?

5 MR LEIGH: Both, if there is a difference?

MR SULLIVAN: Yes. So in terms of the physical machine --- sorry, your question was the last few years?

10 MR LEIGH: Again, taking into account there may be differences with COVID. Perhaps you can explain to the Commissioners if there is an average and if it has changed as a result of that?

MR SULLIVAN: Yes. I would say probably, in terms of the physical machines themselves, we would probably in a year buy somewhere between possibly 200 or 15 250 new physical machines. In terms of the software itself, that number would probably be somewhat higher. It might be more like 500 to 700. It's the software, because you would be changing out the software in a machine multiple times, generally.

20 MR LEIGH: Does that mean, again speaking broadly, that approximately a fifth of the games, software-wise, are changing every year at the casino so the patrons will see a different game there?

25 MR SULLIVAN: Potentially that sort of volume, yes.

MR LEIGH: How much, in broad terms, does each EGM cost, again having regard to the hardware and the software?

30 MR SULLIVAN: The EGM itself, the physical hardware, probably costs --- the prices vary by manufacturer, but probably range from approximately \$20,000 up to possibly \$26,000. And in terms of the game's software, they might range at the lower end from possibly \$2,500 to, at the high end, possibly as high as \$6,000 or \$7,000.

35 MR LEIGH: Is it the case that if a supplier has provided you with the hardware and that supplier then later develops new software, typically, that new software can be loaded onto the same hardware box from the same supplier?

40 MR SULLIVAN: Yes, it does --- sometimes the generation of the box itself does change, so there may be some limitations but, generally speaking, the box (inaudible) potentially, there is a bit of variation there.

MR LEIGH: Is there compatibility between manufacturers or is it generally that 45 Aristocrat games run on Aristocrat boxes, and Konami games run on Konami boxes?

MR SULLIVAN: It's certainly exclusively the case. So certainly an Aristocrat piece of software could only ever run in an Aristocrat machine. That's certainly the case across the board.

MR LEIGH: In terms of what you have described to us, in terms of the number of boxes and the number of pieces of software being purchased per year, it is running into the millions per year that Crown Perth is spending on new EGMs?

5

MR SULLIVAN: Generally speaking, yes.

MR LEIGH: So it is a lucrative proposition for the EGM suppliers I mentioned earlier to be able to have business with Crown Perth?

10

MR SULLIVAN: Yes, it is.

MR LEIGH: In terms of your functions of engaging with those suppliers, do I understand correctly that one of the things you deal with in terms of those suppliers is requests for them to develop versions of games which are in operation at other casinos for the Perth market?

15

MR SULLIVAN: Yes. Generally speaking, they would look to leverage development they've done in other markets to see if that can be brought across to a Perth compliance standard, I suppose.

20

MR LEIGH: Similarly, you might also liaise with them and make requests or recommendations for new games or new features you would like to see for the Perth market?

25

MR SULLIVAN: It certainly --- they would normally show us the products they are producing generally for all markets and we would generally have a look at those. They would indicate which ones potentially might be compatible for the Perth market, and some may not. We would focus on the ones that were available and we would have discussion about which ones we thought (inaudible) may be beneficial to move forward with.

30

MR LEIGH: If you had identified that certain games were doing very well in the Perth market and perhaps that certain features and characteristics of those games were successful, you would communicate with the suppliers that you wanted more of those sorts of features or characteristics?

35

MR SULLIVAN: Certainly we give them feedback on which of their games generally are performing well or which ones aren't doing so well.

40

MR LEIGH: Again, as an important customer for those suppliers, they would try to accommodate whatever requests you had for them?

MR SULLIVAN: Yes, I think they would certainly take on board the feedback of what product was performing and seek to do more of what was successful and less of what was not successful.

45

10:16AM

MR LEIGH: The way you describe it at paragraph 143b) of your witness statement, and we don't need to go there, is you say that Crown Perth:

5 seeks to continually refresh, refine and update its EGM product offer to *maximise alignment to customer preferences and demands*.

Is that correct?

10 MR SULLIVAN: (Inaudible)

MR LEIGH: It is necessary, as part of that alignment process, for you to know what the customer preferences are, isn't it?

15 MR SULLIVAN: Yes.

MR LEIGH: In order to find that out, you and Crown Perth carry out careful analysis of the usage of the EGMs that are installed at the casino, don't you?

20 MR SULLIVAN: Yes, we do.

MR LEIGH: Am I right in thinking that analysis entails consideration of factors like looking at how often the game is in use by patrons?

25 MR SULLIVAN: Yes.

MR LEIGH: Both in raw terms and in comparison with other games?

MR SULLIVAN: Yes.

30

MR LEIGH: How much money patrons are spending on the EGMs?

MR SULLIVAN: (Nods head).

35 MR LEIGH: How long the patrons are playing on the games for? So how many games they are playing in a certain period of time?

MR SULLIVAN: Yes.

40 MR LEIGH: Am I correct in understanding that the number of games played, from the time a patron puts some credit into the machine until the time they take the credit out of the machine, that is known as a session?

MR SULLIVAN: Could be termed as a session, yes.

45

MR LEIGH: Is it correct to say as well that if you then get the average of the --- sorry, the number of times a patron hits the play button during that, that is sometimes referred to as the stroke rate; is that correct?

10:17AM

MR SULLIVAN: (Nods head).

5 MR LEIGH: That just means how often they are hitting a button in a given period of time?

10 MR SULLIVAN: Yes, the stroke rate is --- stroke, essentially, refers to the number of games played, paid games played, and a stroke rate would be, potentially, within a period of time.

MR LEIGH: Your function, or part of your function, involves a detailed analysis of all those attributes we have just discussed?

15 MR SULLIVAN: Yes. I suppose the only thing I would say is there is probably two potential lenses through which you can look at that data, either from a product performance point of view or from a patron analysis point of view. My team is predominantly involved in looking at it from a product perspective, in terms of how each individual machine and each game type performs. The detailed analysis of the actual customer side of things is actually done by a separate area of the business.

20 MR LEIGH: That leads into the next question I want to ask you about because my understanding is, and please correct me if I am wrong, that the casino is collecting information about every game played at the casinos; that is, the length of time, amount wagered, and so on, for all games. But then in addition, as you have just explained, there is also separate data collected where those games are played by persons with a loyalty card?

MR SULLIVAN: That's correct.

30 MR LEIGH: If a person is playing with a loyalty card, they insert the card into the machine while they are playing?

MR SULLIVAN: Yes.

35 MR LEIGH: Once they have done that, your system can then track that player and take the session data, the game data for that player and keep it historically for that player?

MR SULLIVAN: Correct.

40 MR LEIGH: So that over time the casino can build up a history of the games the person plays, how much they spend, when they play, the average bets, all those sorts of factors?

45 MR SULLIVAN: Yes.

MR LEIGH: Is it correct to say that when a player is playing with a Crown Rewards

card that can identify them, that is then referred to as rated play?

MR SULLIVAN: (Nods head).

5

MR LEIGH: Rated play makes sense for Crown Rewards. Unrated play would be if an anonymous player is playing?

MR SULLIVAN: Yes, that's right.

10

MR LEIGH: Are there any other types of descriptions of play type?

MR SULLIVAN: No, because essentially what occurs is --- I believe the way the data collects is the system collects the overall data, it then understands what the rated information is and I think the unrated is then the derivation. Everything that wasn't rated is unrated, essentially.

15

MR LEIGH: But when you say everything that wasn't rated is unrated, again it comes back to reinforcing the point that everything is collected?

20

MR SULLIVAN: That's correct. There is certainly data there for all of the information and then you have a subset of rating information which enables you to then determine that the difference between the two numbers would be unrated.

MR LEIGH: The next thing I want to ask you about is in relation to some of the points you made as to the structure of your role in your witness statement. You said at paragraph 19 that until 2015-'16 you used to report to the COO, who was Lonnie Bossi at that stage. After that, you started reporting to the Group General Manager, Product Strategy and Innovation.

25

MR SULLIVAN: Correct.

MR LEIGH: That is Peter Herring, who is based in Melbourne?

MR SULLIVAN: That's correct.

MR LEIGH: What does that mean to you on a day-to-day basis to have your line manager based in Melbourne? Are you constantly in communication via phone and email?

30

MR SULLIVAN: Yes, I would say Mr Herring and I certainly talk on a very regular basis. We have ongoing meetings throughout the week. It's obviously a little bit different being in a physically separate location but, generally speaking, it operates the same, with a little bit more separation than if probably someone was on site.

35

MR LEIGH: There is an equivalent person performing a role such as yours also at Crown Melbourne?

MR SULLIVAN: Yes, I would say broadly similar. Maybe not completely the same, but certainly --- I think the function of my team --- the structure in Crown Melbourne of the team is slightly different to in Crown Perth but, in broad terms,
5 similar in the analysis side of things.

MR LEIGH: Both you and your counterpart report to Mr Herring?

MR SULLIVAN: Yes, that's correct.
10

MR LEIGH: Who is the counterpart in Melbourne?

MR SULLIVAN: In Melbourne, the person doing the analysis in Crown Melbourne would be a gentleman by the name of ^ (chk) Attila Secci.
15

MR LEIGH: Is it fair to say, again in broad terms, that the work you do with EGMs in Perth, in an operational perspective, is seen as being equivalent to the work that is being done in Melbourne?

MR SULLIVAN: Would be broadly similar, yes.
20

MR LEIGH: We'll come back to this point in more detail later, but I understand the EGMs in Melbourne are commonly understood as poker machines?

MR SULLIVAN: (Nods head).
25

MR LEIGH: You consider them to be poker machines?

MR SULLIVAN: (Nods head).
30

MR LEIGH: Beyond that description we have gone through there as to your role and the structure, you say at paragraph 43 of your witness statement that you don't distinguish in your role between the operations of Burswood Nominees Ltd, Burswood Ltd or Burswood Resort (Management) Ltd, you see everything as being
35 essentially Crown Perth; is that correct?

MR SULLIVAN: (Nods head).

MR LEIGH: To your knowledge, is that view common across other senior
40 management at the Perth Casino?

MR SULLIVAN: I'm not specifically sure but my guess would be if people aren't specifically dealing with very senior board level communication, I imagine people consider themselves more part of Crown Perth than specifically doing roles for the
45 individual companies, would be my impression, albeit I'm not sure how others view it, but I think most people who aren't at that very senior level would consider themselves working for the business holistically.

MR LEIGH: You say at paragraph 138 of your witness statement that while you formally report to Mr Herring, you also operationally report to senior management at Crown Perth. Can you explain what you mean by "operationally report"?

5

MR SULLIVAN: Yes, I suppose --- although, as you indicated, I previously reported to Mr Bossi, so certainly if Mr Bossi ever had a question, he would similarly come to me like he used to when I reported directly to him. So certainly there is engagement I had with a lot of people on site and Mr Herring obviously not being here, I would be the person potentially Mr Bossi might come and ask a question, if he couldn't get hold of Mr Herring or wished to discuss it with me directly.

10

MR LEIGH: To put it in crude terms, out of the two gentlemen, Mr Bossi in Perth and Mr Herring in Melbourne, who is the boss?

15

MR SULLIVAN: My understanding is Mr Herring. I believe one of his reporting lines is in to Mr Bossi, so I think ultimately through that path, Mr Bossi is the ultimate boss.

20

MR LEIGH: Have you ever received a conflict in direction from Mr Bossi, on the one hand, and Mr Herring, on the other?

25

MR SULLIVAN: No, not that I can think of. I certainly think if Mr Bossi had indicated he wished to have something done, I think both Mr Herring and I would accept that Mr Bossi's direction was the way we would attend to the matter. So I don't think that would arise because I imagine Mr Herring would accept Mr Bossi's view on the matter.

30

MR LEIGH: At paragraph 66 of your witness statement, you say that in around 2015:

..... KPIs set for management roles within the business may have become more *directed towards financial performance outcomes* *Is that correct?*

35

MR SULLIVAN: Yes.

MR LEIGH: By that, do you mean making money?

40

MR SULLIVAN: Yes. I think within the KPIs, there are ones that are specifically aligned to revenue or contribution targets. I think it was those ones that are specifically financially focused that I believe the proportion of the KPI allocation to those may have increased around that time.

45

MR LEIGH: So a greater focus on those financial considerations, monetary considerations, than on other considerations that have previously been the case?

10:25AM

MR SULLIVAN: Yes, I believe so.

5 MR LEIGH: Did any of those other considerations include things like the need to ensure that regard was had to Responsible Service of Gaming principles?

10 MR SULLIVAN: My recollection --- I don't recall that Responsible Gaming was ever a KPI as such, so I don't think it was --- I certainly didn't perceive necessarily that Responsible Gaming was being deprioritised but I don't think it was a --- I don't think that specifically was within the KPIs, from my recollection.

MR LEIGH: So it was never really a priority?

15 MR SULLIVAN: No, sorry, I'm not saying ---

MR LEIGH: In terms of KPIs?

20 MR SULLIVAN: In terms of KPIs, I don't think it was included as a specific KPI, no.

MR LEIGH: That change or that shift you have described, do you consider in any way that focus was a result of the group structure changing so that there was a model now being run out of Melbourne?

25 MR SULLIVAN: I'm not sure that I connected it to the group structure.

30 MR LEIGH: Are you able to say, and please say no if you are not able to say, whether you have discerned any difference in corporate culture between Crown Melbourne and Crown Perth, in terms of a focus on that financial consideration and making money?

35 MR SULLIVAN: I think my impression would be, and I'm not that close to the Melbourne culture but certainly my impression would be there is a bit of a difference in the Melbourne and the Perth culture, would be my general impression, yes.

MR LEIGH: When you say "a bit of a difference", does that mean a difference in terms of the focus on the financial outcome or something else?

40 MR SULLIVAN: Possibly a bit more financially driven. Possibly a bit more aggressive in their approach to business generally. That would probably be my general perceptions.

45 MR LEIGH: But it remains the case though that it has always been important for Crown Perth as well to achieve financial growth and financial KPIs?

MR SULLIVAN: Yes, certainly financial performance. Crown's business as a whole has always been a matter of ---

10:27AM

MR LEIGH: Please call up CRW.700.056.8406. You will see, Mr Sullivan, this is a spreadsheet that sets out various projects at Crown under the heading of "Operating Building For Growth Initiatives". Go to the second tab, please, at the bottom of the spreadsheet. Thank you. You can see here we have year ending 2009?

MR SULLIVAN: Right.

MR LEIGH: There are various initiatives at rows 42, 43, 44 and 46, if we can go to those, please. You can see your name is listed in column J and for those columns described before, 42, 43, 44 and 46, they are all about driving growth or increased EGM revenues; do you agree?

MR SULLIVAN: Yes.

MR LEIGH: You were the person who had been flagged to implement those policies and drive that growth, weren't you?

MR SULLIVAN: Yes, I suspect so. Yes.

MR LEIGH: Did you implement them?

MR SULLIVAN: Could it be blown up and I just wouldn't mind having a look across to see what the detail of the description there is against each of them.

MR LEIGH: Operator, if you could take this to the right, please, so Mr Sullivan can see the further columns.

MR SULLIVAN: Is it possible to increase the size of that a little bit further as well?

MR LEIGH: We may have to return to this at another stage. We appear to be having a technical difficulty in the focus of the document.

On the assumption that you were able to increase revenue, as was being hoped for by that spreadsheet, can you recall whether you would have given any consideration at the time --- here we go. We now have the document back up.

MR SULLIVAN: It looks to me like probably some of those were implemented, others possibly not. But certainly it seems to be talking generally about the approval and implementation of new games and potentially some jackpots in relation to those new games. So I would say certainly a number of those were implemented, others possibly not.

MR LEIGH: In terms of implementing those new jackpots, I understand that means providing additional funds for patrons to win as jackpots on EGMs?

MR SULLIVAN: Yes. A jackpot is a prize element that normally sits on top of the base operation of the machine itself.

10:30AM

MR LEIGH: In terms of implementing those, can you recall now whether you gave any consideration as to the RSG implications that might flow from the introduction of such jackpots?

5

MR SULLIVAN: No, I don't believe I did in my role.

MR LEIGH: To be clear, when I say RSG, I'm usually referring to Responsible Service of Gambling.

10

MR SULLIVAN: I understand.

MR LEIGH: Most of the questions I have today are in relation to EGMs. But I want to make it clear what I am referring to when I use that term because you say in your witness statement at paragraph 133 that there are, broadly speaking, three different types of EGMs operating at the casino. You say they are table games, which largely draw poker, Keno games and new style games.

15

My understanding, and please correct me if I'm wrong, is that draw poker is a name given to an EGM which replicates a card game in that, first, patrons are dealt a hand of cards, second, they choose whether to hold or discard some or all of those cards and, third, they are then dealt additional cards in place of the ones they discarded.

20

MR SULLIVAN: That's correct.

25

MR LEIGH: The term "draw" in draw poker comes from the fact you draw additional cards; is that right?

MR SULLIVAN: Correct.

30

MR LEIGH: That emphasis on the fact you can draw cards in the course of the game emphasises that the player interaction can change the outcome of the game?

MR SULLIVAN: Yes, it can.

35

MR LEIGH: Turning to Keno, which again you mention at 133b), my understanding of Keno, and again correct me if I'm wrong, is you have a series of numbers, possibly 80 numbers from which the player then selects up to 20 numbers?

40

MR SULLIVAN: I think for the games we operate, it may be up to 10, but I could be wrong.

MR LEIGH: Then the game selects an equivalent number of numbers from the numbers available and you see how many match up?

45

MR SULLIVAN: Yes. I'm not expert in the Keno detail either. I think it might be 20 balls drawn and the player has selected 10 out of 90, or something. So certainly

it's a player selecting some numbers and numbers being drawn and matching up the drawn numbers to the player's selected numbers, in broad terms.

5 MR LEIGH: In each game, the player game will then make a choice of the 20 numbers or the 10 numbers before the game starts?

MR SULLIVAN: That's right, yes.

10 MR LEIGH: Keno, as I understand it, is a popular game and is played in casinos around the world?

MR SULLIVAN: Yes, to some degree. Not so much from an EGM point of view, but it is a game that has, historically, been played in casinos and other gaming
15 facilities.

MR LEIGH: That brings us to the third category of game, which you classified as a new style game.

20 MR SULLIVAN: Yes.

MR LEIGH: Am I correct in thinking these games have, in broad terms, the following features: first, they are electronic games that rely on a random number generator to select a series of numbers when a patron hits a start or play button;
25 second, the numbers selected by the game are then mapped against or checked against a series of pay tables to determine whether or not the series of numbers that have been generated constitute a winning sequence or series of numbers; third, the game provides a visual representation of the numbers that have been selected by the random number generator and displays to the patron those numbers as symbols on a
30 grid of some kind?

MR SULLIVAN: (Nods head).

MR LEIGH: Finally, while the player can make a selection prior to the game
35 beginning, typically in terms of the amount to bet or the number sequences on which they select or which they project a sequence will come up, there is otherwise no interaction from the player in the course of the game that can affect the outcome of the game? Have I got that right or would you like to correct any aspect of that?

40 MR SULLIVAN: Yes, no, I think that is broadly right. They are a game of chance, essentially. They can't influence the outcome like potentially they could with selections in a draw poker game. Yes, that's correct.

MR LEIGH: You have provided a series of videos to the Commission, showing
45 different games that have been approved for use. I will play a video and ask if that is one of the types of games you had in mind when you say new style game. Can we please call up CRW.700.062.1037 and, if possible, can we play that from the 45-second mark, at this stage without sound.

[VIDEORECORDING PLAYED]

5

MR LEIGH: Is that the nature of the sort of game you had in mind when you were talking about new style games?

10 MR SULLIVAN: Yes. That would be an example within that category, yes.

MR LEIGH: At this stage, is there anything else you want to tell the Commissioners about the nature of new style games that you think it's important they understand?

15 MR SULLIVAN: No, nothing specific I can think of, no.

MR LEIGH: While we were watching that video, we saw the cards were flipping over in sequence.

20 MR SULLIVAN: Yes.

MR LEIGH: But it is the case, isn't it, that when a patron plays the game, the moment they hit the button, the random number generator has selected all of the numbers for the entirety of the game?

25

MR SULLIVAN: I'm not expert on the exact inner workings of the RNG but I suspect that's probably the case, that at the point of pressing the button, the RNG is probably making the selection of the outcome that's been selected to be displayed.

30 MR LEIGH: Perhaps I can put it this way: the sequence we saw of the cards turning over, that is a visual effect which is not relevant to the operation of the internal math logic of the game?

35 MR SULLIVAN: I suspect that's the case. I'm not sure. I don't get involved, probably, in the detailed inner workings to that degree, but I think what you're saying makes sense to me, that that's probably how it occurs.

40 MR LEIGH: It would be possible --- again, broadly speaking and without going into the details too much, it would be possible for the manufacturer to make a game which didn't have that delayed sequence of tiles turning over but instantly revealed everything at once?

MR SULLIVAN: Yes, I would imagine that is possible.

45 MR LEIGH: But the delay in having things turn over slowly is essentially a technique to build up excitement and have a sense of a feeling of suspense?

MR SULLIVAN: Possibly.

MR LEIGH: It makes the game more fun; would you agree with that?

5 MR SULLIVAN: Yes, I think certainly there's probably a little bit of anticipation in the process. I think that would be a fair assumption. I'm not sure I have ever specifically asked that question but I think that would be a fair assumption, that having it operate for a period of time probably adds something to the process.

10 MR LEIGH: You would agree, wouldn't you, that the extent to which a game is fun or appealing to the patron is significant in determining the extent to which persons will play on that game and spend money at the casino?

MR SULLIVAN: Yes, I expect it is.

15 MR LEIGH: Going back to the distinction between the game maths and the graphics, because, as I understand it, there is a distinction between the maths and the pay tables and the random number generator and the graphical display of the numbers picked, that makes it possible for manufacturers to make clones of games which have the same maths but different graphics; is that correct?

20

MR SULLIVAN: (Nods head).

25 MR LEIGH: Those clone games, from the perspective of a patron, they are a different game. They look different, they might sound different; is that correct?

25

MR SULLIVAN: I would say that, generally speaking, the customers will understand fairly quickly that a clone game is essentially a reworked artwork version of another game. I think the customer would understand it but certainly there is a --- it would seem different, in that the visual representation would look a little bit different.

30

MR LEIGH: The thing I want to seize on from your answer there is it is reworked artwork. Again, that emphasises there is a distinction between the artwork of the game, the way it looks and sounds, and the operation of the game, in terms of the selection of the numbers and the pay tables?

35

MR SULLIVAN: Yes, it's certainly the case that a clone is changing artwork but generally the mathematics in the background will be the same.

40 MR LEIGH: The supplier would be able to change the artwork with relative ease, as compared to the work involved in changing the maths component of the game?

MR SULLIVAN: It's certainly easier, yes.

45 MR LEIGH: Shifting topic now and moving to the system the Perth Casino uses to monitor its EGMs. I understand all the EGMs are linked up and communicating at all times with a central monitoring server?

MR SULLIVAN: Correct.

5 MR LEIGH: You explain at paragraph 267 of your witness statement that the CMS used by Perth Casino is provided by a company called IGT, and that is the IGT Advantage system?

MR SULLIVAN: That's correct.

10 MR LEIGH: The communications from the EGM to the monitoring server are two kinds. You can have alerts or alarms, such as if there is a hardware fault?

MR SULLIVAN: (Nods head).

15 MR LEIGH: Otherwise, you have the information we discussed earlier, being the usage of the machine that it is constantly updating the Advantage server?

MR SULLIVAN: Yes.

20 MR LEIGH: The information that is being transferred will include, but is not limited to, the unique identifier of the EGM?

MR SULLIVAN: I think that might be entered when the machine is configured, so I'm not sure that is being continually communicated. I think that is established at a configuration (inaudible).
25

MR LEIGH: The game which is loaded onto the EGM?

MR SULLIVAN: Again, I think that is done at the point of configuration and that is a static position.
30

MR LEIGH: The time of day the EGM is being played or the time the session starts?

MR SULLIVAN: For rated play, it would --- at card-in, it would log a time when the card went into the machine.
35

MR LEIGH: Which card are you referring to when you say card-in? Is that the Rewards card or a TITO card, ticket-in ticket-out card?

40 MR SULLIVAN: Apologies. It is a Crown Rewards loyalty card.

MR LEIGH: In addition to the information we have already discussed, would the machine be communicating the number of games that have been played on the machine?
45

MR SULLIVAN: Yes, it would.

MR LEIGH: How often that button was being hit, what we discussed before in terms of the stroke rate?

5 MR SULLIVAN: I think that would be a calculated or derived field in the background, based on the time period of play and the amount of games being played. That would be calculated as a separate process at the back end of the system.

10 MR LEIGH: It is measuring number of games played and time as raw numbers?

MR SULLIVAN: I ---

MR LEIGH: If I understood your answer correctly?

15 MR SULLIVAN: I think certainly for rated play, everything in relation to rated play, because it has a start and an end time associated with it, it would be tracking time. I think for the unrated play, it is simply sending back the details without any time associated because you don't have a start and an end point that gets created from a rating, if that makes sense?

20 MR LEIGH: On that point in terms of unrated play, if I am an anonymous person who goes to a machine and puts in \$10 and then plays for a while, the game doesn't say a session started when that \$10 goes in, it simply says that game is part of all the games that have been played that day?

25 MR SULLIVAN: That's correct.

MR LEIGH: In addition to the information it is sending forward, also the amount of money being won by the game?

30 MR SULLIVAN: Yes.

MR LEIGH: The revenue. The total amount being wagered on the game, which I understand is called the turnover?

35 MR SULLIVAN: Yes, correct.

MR LEIGH: Lastly, the average size of the bet?

40 MR SULLIVAN: The average bet value, I think that's a derived --- I think that's a calculation as well. I think to get to average bet you are taking turnover and dividing it by number of games played. I think that is a derived calculation, rather than being specifically sent back.

45 MR LEIGH: Where are those calculations performed? Are they on the machine itself that it is calculated or is the raw data all given to IGT Advantage and then the calculations are performed?

MR SULLIVAN: I think there are certain data fields where the information is being sent from the machine back, and the ones that I am probably referring to (inaudible).

5 MR LEIGH: Is it open to Crown Perth to decide what calculations to perform to manipulate the data that it receives?

MR SULLIVAN: I don't believe so.

10 MR LEIGH: Once the data has been received from the machines, it is stored in a database?

MR SULLIVAN: Yes.

15 MR LEIGH: From that point forward, it is open to Crown Perth at any time to carry out queries or otherwise do manipulation of the data in that database?

MR SULLIVAN: Yes. Sorry, can I go back to my previous answer? Just in relation to where I said Crown can't manipulate the data, certainly as I understand it, the way
20 the data is communicated is through the protocol and the operation within the software. So that's certainly not something I think we would have any ability to influence. That operates the way it operates within the software and we wouldn't be able to adjust that process of communication --- (overspeaking) ---

25 MR LEIGH: I'm not suggesting you would change the data in a way of trying to show different revenue earned or something like that. What I'm suggesting is once you have the historical data from the machines, you can then analysis and manipulate and slide and dice it whichever way you like?

30 MR SULLIVAN: Certainly once the data is in the back end, yes, there is analysis capability, yes.

MR LEIGH: Is that information available to Crown Perth available across the whole of the Crown Group? Can Crown Melbourne see what your local Crown Rewards
35 players have done?

MR SULLIVAN: I think there is a couple of elements to that. I think there is an ability for --- and I think this came about through the group structure as well. Prior to the group structure, I think the position would have been that people in Perth would
40 get Perth data, people in Melbourne would get Melbourne data. I think when the group structure came into being, I think what then happened was you had some individuals in relevant positions that became what we refer to as probably dual licensed, so they could be licensed in Perth or in Melbourne. But there are restrictions that if you are not licensed in Perth, I don't believe you would have an
45 ability to look at Perth's data or vice versa.

MR LEIGH: Can we please call up CRW.701.004.4043. While that is coming up, you say at paragraph 57 of your witness statement that there are various reports

which you receive or generate on a regular basis. Then you have referred us to this report as an example of that.

5 MR SULLIVAN: Yes.

MR LEIGH: If we look at rows 5 to 11, are these all rows that deal with tracking data that you can do on EGMs in the casino?

10 MR SULLIVAN: Can we increase the size of that slightly?

MR SULLIVAN: I would say 5 to 8 are looking at the performance of EGMs in the casino. Nine to 11, they probably have some financial data in them, but they are more general reports about what has occurred over the trading day period. So
15 probably some financial, some other general commentary data as well.

MR LEIGH: The item in row 12, EGM performance by supplier, what is the point of that report?

20 MR SULLIVAN: My recollection of that is that basically, I think, graphs the performance of each supplier's products so you can see on a trend line whether their machines are doing better or worse over time, and there, I think, is a report in relation to each of the individual suppliers there.

25 MR LEIGH: That obviously is allowing Crown to see which games are doing well and then it would assist you in identifying which features of other games you might want to be requesting in future?

MR SULLIVAN: It's probably not specifically looking at the game, it's more
30 looking at for that supplier, is their product holistically doing well across the mix of games they operate, versus another supplier and their mix of games.

MR LEIGH: You would agree that these reports we have here suggest that Crown has thought it was very important to analyse this data and constantly be reviewing
35 that data?

MR SULLIVAN: Certainly we do review the data regularly, yes.

MR LEIGH: In terms of the people who receive all of this data, you can see I think
40 under column E the "Report Recipient Destination", Gaming Machine Department and multiple departments for some of them.

MR SULLIVAN: Yes.

45 MR LEIGH: And, otherwise, Crown Perth Management Group for others. Who is Crown Perth Management Group?

MR SULLIVAN: It could vary by report. So it would generally be, certainly for this

list, myself, potentially members of my team, potentially Mr Herring. For some of the reports, it may be Mr Bossi or others. So for each report there is probably a slightly varied group of management that might receive it.

5

MR LEIGH: Are the Responsible Service of Gaming team included in that management group?

MR SULLIVAN: I don't believe they are for the financial performance items.

10

MR LEIGH: For something like row 13, monthly top EGM players report ---

MR SULLIVAN: Yes.

15

MR LEIGH: --- am I right in assuming that will be the people who have spent the most money on EGMs in a month?

MR SULLIVAN: That is correct.

20

MR LEIGH: It looks like, if I'm reading this correctly, the report recipient is going only to the Gaming Machine Department?

MR SULLIVAN: Yes, it is.

25

MR LEIGH: It doesn't go to the Responsible Service of Gaming people?

MR SULLIVAN: Not that I'm aware of, that report, no

30

MR LEIGH: Do you think it would be appropriate that those people be informed of which persons are spending the most amount of money in the casino, so they can make sure they are not suffering from any form of gambling related harm?

35

MR SULLIVAN: Yes, I certainly wouldn't see any issue with that process. I don't have visibility as to what reporting the RG team do receive. They may receive something similar, but certainly I accept your question that that data may well be of interest to them.

40

MR LEIGH: In terms of the analysis that generates all of these various reports, is that analysis done inhouse? Is it Crown Casino's own work or is it done by third parties?

45

MR SULLIVAN: Yes, no, I think there --- within our various IT departments and analytical teams, I think they basically build most of this reporting, potentially with consulting maybe involved, but generally I believe it's all largely produced inhouse within Crown.

MR LEIGH: Which persons then have access to that data once the report is generated? We can see here who the reports are sent to, but who then has access to

the (inaudible)?

MR SULLIVAN: I think it would vary, based on the report and who is building it.
5 For example, some of the reports may be built by an analyst within my team and there may be then an access list he would set, based on our discussions about which people needed to see it. Other reports are generated and produced from a team within our marketing team. So it may be in that case, while the marketing team may not be a recipient on the report, that I'm aware of, they may have access to the other
10 (inaudible) of the data on. I would imagine they potentially have access, so that's something they look at. I'm not sure.

MR LEIGH: What about live session data, are you aware who can see what sessions are currently in play on an EGM at any given moment?

15

MR SULLIVAN: I certainly can't see that information. There may be --- I think there may be information in relation to large play activity, but it's not information that I see.

MR LEIGH: Who in Crown is seeing this? Is there an IT analyst group and, if so, where are they?

20

MR SULLIVAN: I have a feeling it might be an operational group in relation to the operation of the Riverbank or Pearl Room teams. I think they might be the ones that may have looked at some reporting in that regard. I'm not involved in it so I'm not completely sure.

25

MR LEIGH: Are you aware of whether there is any terminal or access point in the Responsible Gaming room? I understand there is a Responsible Gaming room at the casino. Are you aware whether there is a data access point in there for RSG staff to see?

30

MR SULLIVAN: I'm not sure.

MR LEIGH: Do you have any understanding or awareness of whether live data is given to the RSG teams so they can see what sessions are in use and they keep an eye on those sessions to make sure patrons are not affected by gambling harm.

35

MR SULLIVAN: I'm sorry, I don't have access.

40

MR LEIGH: Would you agree that is sensible if it hadn't already been done?

MR SULLIVAN: Yes, certainly I would accept that they would see value in looking at data, just the same as any other area of the business.

45

MR LEIGH: In addition to being able to receive all that information, the IGT Advantage system can send messages to patrons, can't it? I take you to paragraphs 271 and 272 of your statement. You there refer to some messaging technology which

apparently is not yet in use by Crown. I will let you read that.

MR SULLIVAN: 271?

5

MR LEIGH: Yes.

MR SULLIVAN: Yes.

10 MR LEIGH: I will take you to CRW.709.069.7964, which is an email from you to
Lonnie Bossi and others. If we can go to page 2, please, down to the bottom of the
page, a heading called "Advantage System - Message Blast". You can see there that
the IGT system can send messages to specific players and groups of players,
depending on criteria. If that system were to be used by Crown, do you agree it
15 would be possible to send updates to players, alerting them to things like how long
they have been playing for?

MR SULLIVAN: I'm not exactly sure how it works, but it might be possible.

20 MR LEIGH: Assume that to be possible. Presumably they would also be able to be
informed of things like how much they had lost over time while playing at that
session? If you are not sure to answer ---

MR SULLIVAN: Sorry, I'm just reading the description of the scheduled and the
25 unscheduled message. I'm not sure that it is --- I'm not sure it is configured in a way
--- if I read scheduled message as an example, it refers to sending a message the next
time the loyalty card goes into the gaming device. I think there may be some limits
on the functionality rather than specifically when a trigger occurs, being able to
configure the way it does things. I think it might be a bit more basic than perhaps
30 what you might be thinking.

MR LEIGH: I understand that obviously you are not in a position to say with
certainty, but is it the case that Crown has never investigated enabling this message
technology to message patrons?
35

MR SULLIVAN: I think this email would indicate that we looked at it but we never
ultimately implemented, as far as I'm aware. I don't believe it became implemented.
Certainly this email would indicate we are looking at it at one stage.

40 MR LEIGH: It looks like, from the middle of the page, reason you didn't implement
was because of patron negativity as opposed to any technical limitation?

MR SULLIVAN: No, I actually think the reason I raised it here is because there was
patron negativity coming out of research and I identified that one of the negatives the
45 customers were identifying potentially could be addressed by the implementation of
Message Blast. That's why I think I was raising it as a consideration, to address a
customer negative that had been raised in some research.

COMMISSIONER JENKINS: What is a DM?

MR SULLIVAN: A DM is probably terminology we use, standing for direct mail.
5 That would be where Crown provides a direct mail offer, which is basically a mail-out to one of the Crown Rewards members.

MR LEIGH: The next technical issue I want to ask you about is the way patrons can pay for use of EGMs at the casino. I understand initially when the casino first
10 opened the casinos were only able to be paid for by coins, this is back in the '80s when the casino first opened. If you wanted to play a \$20 game, you had to put in \$10 in \$1 or \$2 coins.

MR SULLIVAN: Yes.
15

MR LEIGH: Then if you wanted to cash out from the game, you would finish playing, it would return those physical coins to you ---

MR SULLIVAN: Yes.
20

MR LEIGH: And you would have to take them and load into the next EGM if you wished to continue playing; you agree?

MR SULLIVAN: There is a slightly revised version of that, but certainly that was
25 part of the process. If you want me to give you the other detail I can, but certainly that was part of the process.

MR LEIGH: Is this how it was historically?

MR SULLIVAN: Yes.
30

MR LEIGH: I'm going through the sequencing, as I understand, of how machines were changed over time. If there is something differently back in the early stages, let
35 me know.

MR SULLIVAN: Generally what would happen if you were playing and you had on your credit meter \$15 and you pressed collect and the machine had \$15 in the
40 hopper, the device that holds the coin, if it had the \$15, it would pay you out the \$15. If, for example, you had \$300 on the credit meter and you pressed collect and the hopper only had less than \$200, what it may do is pay you out a portion based on the
45 coins it has. Then it would go into a lockup and a staff member would need to come out and pay you out the rest of the money. They would issue you a voucher for the remainder that wasn't able to be paid out by the coin and the voucher you could then take to the cage and if you wished you could either gets notes if you wished to go home or more coins to play, you would return to another machine with those coins. They were the two pieces I think back in the early days.

MR LEIGH: That sounds like that style of play had lots of natural break points if

you wanted to shift from one machine to the other, you would be collecting coins or waiting for an attendant to come over so there was delay between the machine shifts?

5 MR SULLIVAN: Certainly it was in some cases a time consuming process, yes.

MR LEIGH: Then subsequently EGMs started to be fitted with note acceptors?

MR SULLIVAN: Yes. Yes.

10

MR LEIGH: When did this first start to happen, if you are aware?

MR SULLIVAN: I think the note acceptors were before my time, so I can't talk to that in great detail. Certainly when I was there there were some older machines that were coin only, but I think the note acceptors were certainly well rolled out by the time I started with the business. So I'm not sure exactly what the time limit would have been for when they were introduced initially at Perth Casino.

15

MR LEIGH: When they were introduced, was there any limit on how much money could be put in by note?

20

MR SULLIVAN: Again because they were introduced before my time, I'm not 100 per cent sure. I certainly am aware of some of the historical limits, but whether they were just limits that by chance existed or whether they were part of specific legislation I can I'm not exactly sure.

25

MR LEIGH: In terms of historic limits, are you aware of any historical limits?

MR SULLIVAN: Yes, so I think it could vary by cabinet and by game. I think there was a game called Clown Keno that I think, if it was set at a certain denomination, had a limit of \$500. I think there were a couple of other machines I can recall that might have been something around \$250. From memory, I think \$500 was about the largest I can recall historically.

30

MR LEIGH: Once a person had finished playing on the machine and wanted to cash out, did the machine return notes or coins at the end of that game? Or both?

35

MR SULLIVAN: Back in the early days it was always by --- if you were cashing out, it was by coin or the attendant servicing. So it wasn't paying out by notes at all.

40

MR LEIGH: Again, when they paid out, you would either be by an attendant coming and you go to the cage to get money or get money out directly but either way you had the visual reminder that what you were getting out was money?

45 MR SULLIVAN: Yes.

MR LEIGH: And the next phase that happened in terms of what machines could do to accept credits was, I understand, the introduction in 2009 of CTS as part of the

IGT Advantage system; is that correct? That was a card-based system available only to members who were members of club Burswood. Again, tell me if I have this wrong, in broad terms the system worked that if a patron was a member of that
5 loyalty program, would go along to an EGM and insert the card, load up value to the machine, notes or dollars, play for a while. When they were done they would take out their card, their loyalty card, go to a different machine and insert that card.

10 MR SULLIVAN: Yes.

MR LEIGH: They would use a PIN number to then be able to access the funds that were left on that card from the first machine; that is correct?

15 MR SULLIVAN: Yes. They were able to move funds around via uploading and down loading from their loyalty card. The only comment I would make in relation to that system is it was only ever implemented at Perth Casino within the Pearl Room facility.

20 MR LEIGH: In terms of the moving of funds around with that card, was there any limit to how much money could be transferred from one EGM to the other?

MR SULLIVAN: I'm not 100 per cent sure on the transfer limit.

25 MR LEIGH: I will ask for CRW.708.017.0305. This is a letter written by Senior Manager Gambling Regulation, Mr Egan, back in 2009 and it is a letter associated with Crown Casino's request for the implementation of IGT. At page 2 of the letter, at the third arrow point in the middle of the page, we've got some reference there to note acceptor limits and a discussion about initial buy-in. Please read that paragraph.

30 MR SULLIVAN: Yes.

MR LEIGH: Can you explain to the Commission what is meant by the notion of a control over initial buy-in and whether it also means there is no control over
35 subsequent buy-ins?

MR SULLIVAN: Yes, I think what that is saying is that because the note acceptor has a limit of I suspect at the time of this was probably a \$100 note acceptor limit, I expect what they were saying was then that the note acceptor would --- the initial buy-in would be limited by that \$100 note acceptor limit and therefore in order to get
40 beyond that amount it would need to be winnings that would produce that size of value on the credit meter, I suppose.

MR LEIGH: So if I played \$100 note in the machine ---

45 MR SULLIVAN: Yes.

MR LEIGH: --- and gambled twice and took my card out and went to the next machine, could I put in another \$100 to take the credit on the machine using both

11:03AM

note and the card to \$200?

5 MR SULLIVAN: I don't think so. As soon as the credit meter or what is driving the amount on the credit meter, as soon as the credit meter increments to \$100 or more, the BNA locks out.

10 MR LEIGH: The final means of payment I want to ask you about is what I now understand is the predominant mechanism at the Perth Casino, which is ticket-in, ticket-out.

MR SULLIVAN: Yes.

15 MR LEIGH: The way the TITO system works is explained in a letter from Lonnie Bossi to Barry Sergeant. That is CRW.708.003.5229. If we could please have pages 5 and 6 up. The TITO scheme is not necessarily linked to the Crown Rewards scheme; is that correct?

20 MR SULLIVAN: No, it can be used by a non-Crown Rewards member, that's correct.

25 MR LEIGH: So a player can walk up and insert a note and once they are done playing the EGM, they hit a button and the machine prints a card, the TITO ticket and they can then take that card to a new machine and stick it in.

MR SULLIVAN: Yes. We call it a ticket rather than a card, not to be confused with the loyalty card, but certainly a ticket would be produced and it is based on the individual machine which ones are capable of producing tickets or not.

30 MR LEIGH: In terms of the ticket, unlike with the Rewards card in the Pearl Room where there is a PIN, the ticket has no PIN, it is just the equivalent of cash?

MR SULLIVAN: That's correct yes.

35 MR LEIGH: Is there any limit as to how much money can be put on to that card when going from one machine to the next?

MR SULLIVAN: Meaning the ticket?

40 MR LEIGH: Onto the ticket, Im sorry?

MR SULLIVAN: I don't think --- actually, I think there are TITO --- I'm not sure about the TITO limit. I'm not 100 per cent sure on the limits.

45 MR LEIGH: In terms of where you can get the TITO ticket from, obviously you can have it come out of the machine after you finish playing if you first insert money at that machine. Can you also purchase a ticket elsewhere, at either the cage or at a ticket redemption terminal?

11:06AM

MR SULLIVAN: No, I don't believe you can.

5 MR LEIGH: So you have to start on the machine and then load money on and you only get a card afterwards?

10 MR SULLIVAN: To clarify, I don't believe you can buy a ticket from the cage. I think when you redeem --- you can redeem cash from a ticket redemption terminal by inserting your ticket. I think when it can produce a residual ticket for the amount it can't cash out, but other than producing a residual ticket for a relatively small amount it would be taken to the cage, it doesn't allow you to purchase a ticket from the ticket redemption terminal.

15 MR LEIGH: So at the start of a night, the only way to begin your gaming is at a machine inserting cash into the machine; is that correct?

MR SULLIVAN: Other than if you were someone signed up to CTS.

20 MR LEIGH: Yes. So it's not possible to go to the cage to start with and get a ticket; is that right?

MR SULLIVAN: I don't believe so.

25 MR LEIGH: And in terms of the TRTs, is that the same process, you can't get a ticket from the TRT, you can only cash in at the TRT?

MR SULLIVAN: Yes, I believe that is the case.

30 MR LEIGH: And is there any cash maximum you can have returned to you at the TRT?

35 MR SULLIVAN: I don't believe so. I think if it had the cash there, it would cash out whatever value was on the ticket would be my guess. I'm not 100 per cent sure, but that would be my understanding of how it operated.

MR LEIGH: In terms of money cashed out to you, do you get a receipt or other form of documentation to show what amount of money you've had cashed out to you?

40 MR SULLIVAN: I'm not sure whether it produces a receipt.

MR LEIGH: If you go to the cage to have your TITO ticket converted to cash, do you receive a receipt there?

45 MR SULLIVAN: I'm not sure.

MR LEIGH: In terms of the amount of money you can have out of the TITO

machine, would you be able to withdraw large sums, such as \$5,000 or \$6,000 out of a TRT; are you aware?

5 MR SULLIVAN: No, sorry, I'm not sure what the limits are there.

MR LEIGH: I will shift topic and ask you some questions about the Crown Rewards loyalty scheme, which you have referred to on a number of indications in your statement. My understanding is that any adult is able to join the rewards scheme for free; is that correct?
10

MR SULLIVAN: I believe so, yes.

MR LEIGH: If we can call up DLG.555.0004.0001. This is the brochure for the Rewards program that explains how it works. If we can go to page 15, please. In broad terms, this program allows people who buy services with Crown to accumulate point and make use of the points for other services; is that correct?
15

MR SULLIVAN: Yes.
20

MR LEIGH: So on page 7 of the brochure, which I think is page 18, there is a list showing there as to the value of different services and how many points you gather. You can see that for a \$5 bet on Crown gaming machine you can get one point.

25 MR SULLIVAN: Yes.

MR LEIGH: And presumably the difference in point rating for different spend is some of those services are more profitable than others; is that correct?

30 MR SULLIVAN: Yes, I would expect so.

MR LEIGH: And for a gaming machine we know that there is 90 per cent return to player ratios. So on average, if you are gambling \$5, you are losing 50 cents.

35 MR SULLIVAN: Yes.

MR LEIGH: If we can go to page 20, page 11 of the brochure. This explains how you can redeem points and relevantly you can exchange the points for extra bets.

40 MR SULLIVAN: Yes.

MR LEIGH: At the bottom you can see that it has 100 Crown Rewards point is \$1.

MR SULLIVAN: Yes.
45

MR LEIGH: So for every \$500 a person spends gambling, they get 100 Crown Rewards points and get a further \$1 they can use in gaming; is that correct?

11:10AM

MR SULLIVAN: That's correct, yes.

MR LEIGH: Pausing there. You would agree that the purpose of the Crown
5 Rewards system and the offering of extra credits to persons who have built up points
is to drive growth of Crown's business?

MR SULLIVAN: Yes, I think it is about enhancing the experience of the offer to
10 Crown's customers, yes, I would agree with that.

MR LEIGH: And do you remember being a member of the steering committee in
2008 that considered the introduction of the IGT Advantage system?

MR SULLIVAN: Yes, I believe I was.

MR LEIGH: Can we call up CRW.700.061.2313. And this document lists you on
15 page 4 as a member of the steering team. Given you've acknowledged that, we don't
need to go there. If we go to page two, please, you can see under the heading
"Bonusing - Extra Credits" there is discussion about what is allowed. It says:

20 *This bonus is used to increase time on the device.*

You see that on the second line?

MR SULLIVAN: Yes.

MR LEIGH: Then it goes on to say that:

30 *The experience at Crown has proven that the increased ease at which points
can be redeemed reduced the overall point liability --- patrons earn and burn
points with the increased ease of point redemption.*

It says that it "increase time on device" because players don't have to go to other
35 places.

MR SULLIVAN: Yes.

MR LEIGH: That is what you understand the purpose and the effect of extra credits
40 offered by Crown Perth to be?

MR SULLIVAN: Yes.

MR LEIGH: When you were part of that steering committee in 2008, did you have
45 any concerns about the fact that there were these features designed to make people
play on EGMs for longer and whether that might have any responsible service of
Gaming and Wagering Commissioning implications?

MR SULLIVAN: What was the date of this, 2008 or 2009?

11:12AM

MR LEIGH: 2008 was this document and 2008 was the date of the letter asking for IGT Advantage to be used?

5 MR SULLIVAN: I can't recall back in 2008/2009 what the position was regarding the existence or operation of the Responsible Gaming function.

MR LEIGH: Let me ask you the question this way. Do you have any recollection of anyone at any time while that steering committee was operating raising a concern as to this feature having an impact on Responsible Service of Gaming?
10

MR SULLIVAN: Not that I can recall.

MR LEIGH: Can we go back to the reward brochure, please, at 0007.0004.0001. At page 22, which I think we have as page 14 of the brochure here, there is a sequence explaining how a person can make use of the Extra Play process. That sequence there shows as being insert the Crown Rewards card into an EGM?
15

MR SULLIVAN: Yes.
20

MR LEIGH: Go into the menu for the game. Choose points play and the patron will then put in their PIN number to access their account details?

MR SULLIVAN: Yes.
25

MR LEIGH: At that point you can then play the EGM making use of the Extra Play credits?

MR SULLIVAN: Yes.
30

MR LEIGH: You can see down the bottom of the page that it says:

To use your Extra Play you'll first need to insert cash into the Gaming Machine.

MR SULLIVAN: Yes.
35

MR LEIGH: The reason you have to have that cash in the machine first is because when you first gamble, the machine is not taking the credit value from your extra play credits, the machine takes the credit value from the gaming credit meter?
40

MR SULLIVAN: Yes.

MR LEIGH: And I presume that that is so that you can't take your Extra Play credit and cash it out for cash? And to your knowledge does the system that is actually in use in casino today work the way the brochure says it does in terms of sequencing the way the credits are used?
45

11:14AM

MR SULLIVAN: In terms of how it takes the money from the credit meter then refunds out of the Extra Play account?

5 MR LEIGH: Yes.

MR SULLIVAN: Yes, that is my understanding how the process works.

10 MR LEIGH: Commissioners, I note the time.

COMMISSIONER OWEN: All right. Mr Sullivan, we take a 15-minute break. We will return at 11.30.

15 **ADJOURNED** **[11:15A.M.]**

RESUMED **[11:31A.M.]**

20 COMMISSIONER OWEN: Please sit down. Thank you, Mr Sullivan. Mr Leigh.

MR LEIGH: Before we broke, the last thing you agreed with was in relation to Extra Play, when the system is used, the sequence is, first, the customer spends their own
25 money and, second, the casino refunds them an equivalent amount of money?

MR SULLIVAN: Correct.

30 MR LEIGH: Now, that is in relation obviously to the Crown Rewards system. Can I ask you another question in relation to the use of the rewards card for rated play.

MR SULLIVAN: Yes.

35 MR LEIGH: How does that technically work. If you sit down to play at a game and put your TITO ticket in and then your Crown Rewards card in five minutes later ---

MR SULLIVAN: Yes.

40 MR LEIGH: --- does it start rating from the moment the card is in or from the time you first put your TITO ticket in?

MR SULLIVAN: My understanding of the rating entries is they are based on a card in and card out event. Any activity that may have occurred outside of the duration of the card in and card out point would not be tracked by the system as I understand it.
45

MR LEIGH: In terms of card in, card out, a patron shoves it in a machine and pull it out or is there a button to press to make it come out?

MR SULLIVAN: Yes. There is essentially a card reader on each of the gaming devices and the patron walks up with their physical card, inserts the card into that device. That is what we refer to as a card-in event. At some point in time when they
5 finish playing they would pull the card out. That would be the card out event. They would finish the rating and that rating information would be captured as one individual rating session.

MR LEIGH: From the way you describe it, it would not be possible for a patron to
10 make use of one card to get rating sessions on multiple machines at a time?

MR SULLIVAN: No. Correct.

MR LEIGH: We have been provided with the EGM player data by the Perth Casino.
15 In some of that data there are instances of sessions that seem to overlap. Would that be a glitch in the system from what you are saying?

MR SULLIVAN: Just to clarify, that is an overlap of the same customer with an
20 overlap on a card in and card out time?

MR LEIGH: Again, from what I understand, the analysis that has been done, there is a session where it shows a start and end time of an individual session and then there is a different session with a start and end time which overlaps to some degree the
25 first session.

MR SULLIVAN: Both sessions being for the same customer?

MR LEIGH: For the same customer? So you are saying you don't understand that
30 to be possible?

MR SULLIVAN: Unless --- yes, unless there was a slight glitch --- if it was a short period of time, maybe a slight glitch in the timing possibly, but generally speaking that would sound unusual to me that that would be the case.

MR LEIGH: Thank you.

COMMISSIONER JENKINS: So what if a customer has two cards, though?

MR SULLIVAN: Yes, I think there may have been some instances in the past where
40 multiple cards did come into existence but I have a feeling at a point in time what they came into place was I think what they call a sequence number such that if your details are tracked back so that you had a card, for example, you lost it, or indicated to Crown that you had lost your card, and got issued with another one, the nature of the sequence number would mean that if what you were attempting to do was to get a
45 second card, the old card would be sequenced numbered so it was invalid once the second card existed. So I think the only anomaly that might work outside of that practice is if your details at the Crown Rewards desk were actually somewhat

different so you could in theory find a way to create two accounts but within the same physical account my understanding is the sequencing of the cards would avoid multiple cards existing. Jeb thank you.

5

MR LEIGH: Is that a recent change to have sequencing? Might there be historical anomalies where people have two cards with the same patron ID?

10 MR SULLIVAN: I'm not completely sure. I have a recollection of my understanding of sequence number as to when it came into existence, I'm not sure, I'm sorry.

15 MR LEIGH: The other question I had going back to a moment about the discussion about different forms of value and the CTS card and how it would hold value. Given you are moving from one machine to the other with just a rewards card and logging on to use a PIN number to access those funds ---

MR SULLIVAN: Yes.

20 MR LEIGH: --- that does mean the customer essentially has an account with Crown Casino?

MR SULLIVAN: Yes, I believe they have. It is essentially a CTS account, yes.

25 MR LEIGH: And can they load value on to that account other than through the EGMs say in the Pearl Room? Can they go to the cage and load value on to the account?

30 MR SULLIVAN: I think they can go to the Pearl Room cage and load money from the Pearl Room cage I believe.

MR LEIGH: Do you know whether they can do that only via cash or other mechanisms such as debit card?

35 MR SULLIVAN: I believe it would only be cash but I'm not close enough to the detail to be 100 per cent sure.

MR LEIGH: Are you aware of whether there is any maximum they have in terms of value those cards can hold?

40 MR SULLIVAN: I'm not sure.

45 MR LEIGH: One of the questions I asked you before the break was in relation to the TITO tickets and what the value was they could hold. I think you said you weren't sure about that.

MR SULLIVAN: Yes.

MR LEIGH: If we can call up CRW.708.003.5229 and go to page 7. This is the

same letter in relation to IGT Advantage in 2009. There is a discussion about a maximum limit of \$2,000 and \$5,000 in the Meridian Room.

5 MR SULLIVAN: I can see that.

MR LEIGH: And does that ring a bell? Have you heard the figures before or is that not something you are aware of?

10 MR SULLIVAN: I think the \$2,000 and \$5,000 might ring a bell. That may well be the case.

MR LEIGH: Thank you. Turning then away from those documents. You mentioned at paragraph 37 of your statement that whenever a new EGM or
15 technology is produced at the casino, your team completes a form in relation to potential AML ramifications. Can you give the Commission some idea of what that means? What is an example of some of the consideration you had for AML issues?

MR SULLIVAN: To be honest, in relation to most EGM games, while the form is
20 completed, generally the games don't trigger matters in relation to that form simply because the payment devices and the insertion devices don't generally change. On some occasions where there has been a process change, those are more likely to be the areas that may result in a change to say limits or other things that would affect how much money could be inserted or withdrawn from the machine. Generally most
25 of the forms that we complete would not be raising matters. It would be more if there was an actual change in process rather than the games itself. That would be my general view.

MR LEIGH: You talk about this a bit more at paragraph 72 of your witness
30 statement. You say that one step to deal with potential money laundering is that EGMs have to lock up and require staff intervention where you have a win of more than \$10,000?

MR SULLIVAN: Yes.
35

MR LEIGH: And do I understand correctly that's because it is equivalent to a \$10,000 cash transaction and something that needs to be reported?

MR SULLIVAN: My understanding is the position there is based on a stipulation
40 within the National Standard for the Western Australian jurisdiction. It defines I believe, a substantial win. And for WA that has been set at \$10,000, any prize of that value or greater will go to lockup.

MR LEIGH: Does that mean that for less than \$10,000 the machine does not
45 lockup?

MR SULLIVAN: I think for less than \$10,000 it doesn't inherently have to lockup per that requirement. But it may be there are specific settings within Crown that may

mean certain values lower than that may lockup but it wouldn't be, I suppose, a requirement that it always lock up necessarily so there may be variability below the \$10,000 value.

5

MR LEIGH: You are simply not sure as to what the situation is?

MR SULLIVAN: Sorry, I'm not 100 per cent sure.

10 MR LEIGH: Are you aware of any possible scenarios by which persons could make use of EGMs for the purposes of attempting to launder money?

MR SULLIVAN: Not specifically, no.

15 MR LEIGH: Have you heard of the express "bill stuffing"?

MR SULLIVAN: No.

20 MR LEIGH: Would you agree that a scenario that might allow persons to perhaps make use of the casino could be as follows. The person has cash to a particular value that they've gained through criminal activity, perhaps drug sales.

MR SULLIVAN: Yes.

25 MR LEIGH: They come into the casino and go to an EGM. They insert a substantial amount of money in cash notes so as to generate a value on the credit meter ---

MR SULLIVAN: Yes.

30

MR LEIGH: --- into the hundreds of dollars and they cash out, get the TITO ticket, perhaps go to another machine and load up again to reach a value into the perhaps thousands of dollars.

35 MR SULLIVAN: I think the only thing that would restrict someone's ability to do that would be the fact that the bank note acceptor locks out at the \$100 and that would mean that would be as far as you could go without actually generating a win from the playing of the machine that. So that bill note acceptor would limit your ability to just load up extreme amounts of money beyond the \$100 limit, I suppose.

40

MR LEIGH: And so again to make sure I understand this, if you have the ticket value at \$100, you've gone to the first machine and put in \$100. At that stage the bank note acceptor locks out?

45 MR SULLIVAN: If I insert the \$100 be it notes or a ticket, the credit meter goes to \$100. Once that credit meter is at \$100 or more, the bill note acceptor locks out.

MR LEIGH: If I then take the ticket out, I cash the ticket out, I have a ticket in my

hand, I go to the next machine, I insert it into the next machine, it's straight away at \$100 value. I'm not able to insert any further notes; is that your point?

5 MR SULLIVAN: Yes.

MR LEIGH: Okay.

10 COMMISSIONER JENKINS: What if I go to another machine and put cash in first, so put \$100 in first and then put my ticket in which has say \$99 on it? Can I do that?

MR SULLIVAN: I think you could insert the ticket, yes. I don't think you could insert notes. The ticket may well be accepted. I'm not 100 per cent certain. I suspect the ticket would be expected.

15

MR LEIGH: Picking up the Commissioner's question, if that is correct you could make use of the sequencing to constantly load the machine to the \$100, add the ticket you had, cash out immediately and move to the next machine and repeat the process?

20 MR SULLIVAN: Yeah, I'm not certain exactly how that works.

MR LEIGH: Have you ever done any analysis on EGMs at the casino to try and see what the ratio is of the amount of money loaded on to the machine versus the amount of turnover on those machines?

25

MR SULLIVAN: I think it points in time we may have looked at cash inserted or dropped as a relative measure to turnover but I can only recall that having been done once or twice.

30 MR LEIGH: So would you agree that that would be a way of determining whether machines were perhaps being used for the purpose of attempting to launder money if you had significant deposits and in very insignificant gambling before money is withdrawn?

35 MR SULLIVAN: It is possible. I imagine there may be some limitations to the data if --- I'm assuming if that was someone's motivation, they would probably not be using a card, in which case it may be difficult to track because you're not looking at -- you're not having a session. It's not linking back to a specific activity, so it may be hard to isolate. But you may be able to look at data to find something of value in
40 there.

MR LEIGH: You say, for example, at paragraph 74 of your witness statement you once spoke to Louise Lane about AML issues at the casino.

45 MR SULLIVAN: Yes.

MR LEIGH: Was this issue discussed in that conversation?

MR SULLIVAN: I'm not sure we discussed that specific scenario. Certainly she had an interest in understanding from my recollection insertion limits, withdrawal limits. I can't remember whether we specifically talked to ticket processing and those
5 details. It is possible, but I suspect similar to now I wouldn't have had all the answers for her on some of that detail.

MR LEIGH: To the best of your knowledge, is there any ongoing program of data
10 analysis by Crown to attempt to determine whether EGM machines are being used for the purpose of money laundering?

MR SULLIVAN: Not that I'm aware of.

MR LEIGH: Moving on to a different topic. This is in relation to potential gaming
15 related harm from EGM use. You say at paragraph 273 of your statement that you don't have an informed understanding of the data or statistics produced regarding the extent to which EGM players at Perth Casino have problem gambling issues, is that correct?

20 MR SULLIVAN: Yes, that's correct.

MR LEIGH: But you have completed the online and in-person staff training sessions while you've been at the casino?

25 MR SULLIVAN: Yes, I have.

MR LEIGH: Is this the ongoing training you identify at paragraph 38 of your witness statement? That can be brought up, please.

30 MR SULLIVAN: Yes, the online training I think is refreshed on an annual basis.

MR LEIGH: As a result of this ongoing training, you would generally be aware that gambling can be addictive and harmful?

35 MR SULLIVAN: Yes, I am.

MR LEIGH: And are you, again generally aware that EGMs are commonly regarded as among the most addictive forms of gambling?

40 MR SULLIVAN: Yes, I am.

MR LEIGH: And are you aware that is because --- one of the reasons is because of the rapid rate at which players can play leads to the repeated activation of the brain's reward system?
45

MR SULLIVAN: In broad terms, yes.

MR LEIGH: If we can call up CRW.700.067.1290. This is Crown's Responsible

Gambling Code of Conduct operations manual. I've asked the operator to go to page 14. You can see there is a heading "Addiction" in the middle of the page?

5 MR SULLIVAN: Yes.

MR LEIGH: It explains that the DSM now includes gambling disorder as the sole condition in a new category on behavioural addictions, and the new classification and its location reflect research findings that gambling disorder is similar to substance-related disorders in clinical expression, brain origin, comorbidity, physiology and treatment. Do you see that?

MR SULLIVAN: I see that.

15 MR LEIGH: Do you understand, in light of the general training you have received and specific comments in Crown's own RSG operations manual and your work in this EGM area, that EGMs can result in the same kind of addiction as drugs of addiction?

20 MR SULLIVAN: Yes, I certainly would conclude that based on what (inaudible).

MR LEIGH: Are you saying, by virtue of what I've just shown you, that you did not have any knowledge of this beforehand?

25 MR SULLIVAN: I don't believe I've read this document before, no.

MR LEIGH: Before today, did you have a general understanding of the fact that the EGMs could result in the same kind of addiction as drugs of addiction?

30 MR SULLIVAN: I don't think I specifically --- I knew there were addiction related matters. I'm not sure I specifically was aware of them being linked to substance abuse type disorders.

MR LEIGH: Given you are aware there are addiction issues, I want to take you then to paragraph 278 of your statement where you say that:

To my knowledge, there is no specific activity undertaken by Crown prior to the introduction of new EGMs to assess whether they contain features, which might lead to addiction, or otherwise encourage problem gambling.

40

MR SULLIVAN: That's correct.

MR LEIGH: Do you have any answer as to why Crown does not engage in that analysis or assessment before obtaining new EGMs?

45

MR SULLIVAN: I think I may have in my statement also detailed some general controls that are put in place in relation to RSG related matters per the national stand and/or WA Appendix. Certainly, other than those elements, I don't believe Crown has a factor in this issues where they are designed to (inaudible).

MR LEIGH: That is something that has been constant to your knowledge throughout the 17 years that you have been working with EGMs at Crown?

5 MR SULLIVAN: That Crown hasn't had its own practice?

MR LEIGH: Yes.

MR SULLIVAN: As far as I'm aware, that is consistent, yes.

10

MR LEIGH: And then at paragraph 282 you essentially make the same point, that there is no assessment of EGM games once they have been acquired to see whether they contain features that might lead to addiction?

15 MR SULLIVAN: Not that I'm aware of.

MR LEIGH: Again, the same question, in the 17 years you've been working in this area, has there ever been to your knowledge a review of any EGMs at the casino to assess whether there might be harmful features on the EGMs?

20

MR SULLIVAN: Not that I'm personally aware of.

MR LEIGH: Are you aware of Crown ever conducting any research, whether by itself or through retaining someone else to carry out research on the casino's behalf as to the extent to which EGMs might be causing harm?

25

MR SULLIVAN: I'm generally aware that gaming research is something that is looked at, but whether it is specifically --- I don't see that research so whether it is specific to EGMs and what it contains I don't have other than a general familiarity and the use of research, I'm not sure of the facilities.

30

MR LEIGH: You said "research was looked at". My question was whether Crown had commissioned or done its own research as opposed to looking at others research?

35 MR SULLIVAN: I have a general understanding that they have engaged RG consultants in relation to certain projects but as to whether it is specifically in relation to EGMs, I'm not certain.

MR LEIGH: By contrast, at paragraph 260 of your statement, you explain that EGM usage data has historically and is currently being analysed by the product team?

40

MR SULLIVAN: Yes.

45 MR LEIGH: That is to assess the financial performance of the games at Crown and that is did to determine the relevant use of the games and determine whether changes to the game mix might better align to current EGM usage?

11:51AM

MR SULLIVAN: Yes.

MR LEIGH: So you are constantly looking at which games are the most popular
5 and make the most money?

MR SULLIVAN: Yes.

MR LEIGH: And no doubt again that is to make sure that you secure games of that
10 type into the future that continue to provide a product mix that makes the casino
money?

MR SULLIVAN: Yes.

MR LEIGH: And so the types of games you will be seeking out and having
15 supplied will inevitably be the ones that are most attractive and compelling to
customers because they are the most used games?

MR SULLIVAN: Yes, you would generally produce more of the more popular
20 games I would expect.

MR LEIGH: Would you agree that the games that are the most compelling and
attractive to people are also the games that are most likely to lead to people playing
another levels which may cause them gamble related harm?
25

MR SULLIVAN: I accept there could be a connection there.

MR LEIGH: Are you aware of whether the Perth Casino takes any steps to try and
balance the tension between those two things? On the one hand, the desire to get
30 EGM games which are attractive and compelling but, on the other hand, not to get
EGM games whose features are so compelling as to result in addiction or other
gaming related harm?

MR SULLIVAN: I'm not aware of the specifics of what the RG team may do in that
35 space.

MR LEIGH: Let me ask the question this way. When you buy an EGM game ---

MR SULLIVAN: Yes.
40

MR LEIGH: --- do you consult with the RSG team and say, "Is this game okay?"

MR SULLIVAN: No, I don't.

MR LEIGH: In short, there is zero input into your purchasing decisions from an
45 RSG perspective?

MR SULLIVAN: Yes, that's correct.

11:52AM

MR LEIGH: I will ask now about two issues relating to the matter in which EGMs are used at the Perth Casino and the extent to which that usage may impact RSG. The first is losses disguised as wins. Are you familiar with that term?

5

MR SULLIVAN: Yes.

MR LEIGH: Can you explain to the Commissioners what you understand that term to mean?

10

MR SULLIVAN: My belief is the term is meant to refer to when a player places a bet for a certain amount of money, the win they receive is for a lower value than the value of their bet. And then there is some sequence associated with the awarding of that value, despite the fact it is less than their bet value. I think that is what is referred to as a loss disguised as a win.

15

MR LEIGH: Can we call up CRW.700.612.3109. One of the video ---

20 **[VIDEORECORDING PLAYED]**

MR LEIGH: Picking up on the last thing you say, the sequences we saw broadly reflect what happens in EGM games throughout the casino. Can I take it from that that all or otherwise most of the EGM games in the casino would play a sequence similar to what we saw with a small win sequence if a patron had returned a prize that was smaller than what they bet?

25

MR SULLIVAN: I would expect something similar to that, yes.

30

MR LEIGH: And you would agree that what we saw with a small win was a celebratory. The jaunty tune, the woman wearing the witch's hat blowing kisses to the player, all signalling to the patron they have had a win of some kind?

35

MR SULLIVAN: Yes.

MR LEIGH: And, as you say in the video, the reality is the patron lost 25 cents on that bet.

40

MR SULLIVAN: They have.

MR LEIGH: Do you understand the reason why losses disguised as wins are something which has been studied and to which regard has been paid is because of the concern they are likely to be an addictive feature?

45

MR SULLIVAN: Yes, I'm broadly aware of the concern, yes.

MR LEIGH: And if the patron is constantly told you've won, you've won, you've won, that is triggering the reward system again and potentially leads to addiction?

5 MR SULLIVAN: Yes, I understand that.

MR LEIGH: Are you aware that some jurisdictions in Australia have prohibited this sort of loss disguised as win?

10 MR SULLIVAN: I believe I may have become aware of one recently.

MR LEIGH: If we can call up PUB.0016.0020.0001. This is the Tasmanian appendix to the Gaming Machine National Standard. You can see I think T3.16 on page 6.

15 MR SULLIVAN: Yes, I see that.

MR LEIGH: And on your reading, that would capture the sort of celebratory sequence you termed a small win in the sequence we watched earlier?

20 MR SULLIVAN: Yes, it appears so.

MR LEIGH: They still have poker machines in Tasmania, don't they?

25 MR SULLIVAN: I believe so, yes.

MR LEIGH: So getting rid of a loss disguised as a win doesn't have a consequence that you won't be able to source further EGMs in the future, does it?

30 MR SULLIVAN: No, I wouldn't have thought so, no.

MR LEIGH: There is no technical reason the Perth Casino couldn't prohibit losses disguised as wins on its EGMs, is there?

35 MR SULLIVAN: I wouldn't have thought so, no.

MR LEIGH: It might mean the EGMs are a little less profitable?

MR SULLIVAN: Possibly.

40 MR LEIGH: Perhaps a little less dangerous?

MR SULLIVAN: Possibly.

45 MR LEIGH: You also explained in the video we watched the winning sequences couldn't be shown to the GWC because it is the last thing done in the game development process. That emphasises again the fact that there is a schism or disconnect between the game maths and the random number generator and the

graphics and the sound that is used to present the game to the player.

MR SULLIVAN: Yes.

5

MR LEIGH: Like all visual elements of the game, that winning sequence is an add-on to the maths aspect?

MR SULLIVAN: I believe so. Separate to the development process.

10

MR LEIGH: Because they added it at the end, it is an additional file that comes into being at the end of the process. The work for the manufacturer to disable that sort of file and not play it would likely be a very simple proposition, wouldn't it?

15 MR SULLIVAN: Yes, I wouldn't have thought it is --- I'm not familiar with the exact processes but I wouldn't have thought it was extremely problematic.

MR LEIGH: So likely to be some development cost for the casino if they were to not use losses disguised as wins, but to your best estimate, it's not likely to be a significant cost?

20

MR SULLIVAN: I wouldn't have thought so.

MR LEIGH: The next thing I want to ask about now are some of the RSG risks in the TITO system. You would accept that there are a number risks that arrive from using a ticket based system rather than cash, and using cash in and out as you play in EGMs. I suggest to you the risks would include players more likely to play continuously without a break, players use the opportunity to reflect on gambling when a staff member processes a hand pay or when a player needs to leave the EGM to obtain more cash from an ATM, booth or cage, the players are less likely to interact with staff and other place, player's behaviour becomes more anonymous as a result. The reduction in staff results in a reduction in the capacity of staff to identify players exhibiting problematic behaviours, and that is on the assumption that there is a reduction in staff because there are not as many people needed to clear coins and so on and finally that there is a higher risk that players will become disassociated from the value of the money they are gambling with. Do you agree with all of those risks?

30

35

MR SULLIVAN: Yes, I think those are all potential risks. Yes.

40 MR LEIGH: Are you aware that all of those risks were identified by Mr Egan at the time that the IGT Advantage --- sorry, the TITO system was considered and communicated by Mr Egan to Mr Paul Hulme?

MR SULLIVAN: I'm not sure whether I was aware of that or not.

45

MR LEIGH: Can we call up CRW.705.005.4506. This is the email from Mr Egan to Mr Hulme. You can see it goes on to the attachment that Mr Egan provided, which is CRW.705.005.4587. If we can please go to page two of the second

document, the 4587, you can see in the middle of the page the dot points, being all the dot points I read out to you a moment ago.

5 MR SULLIVAN: Yes, I can see those.

MR LEIGH: Now, I think you just said you don't have any recollection of Mr Egan discussing that with you; is that correct?

10 MR SULLIVAN: Not that I recall.

MR LEIGH: Do you have any recollection of Mr Hulme discussing those concerns with you?

15 MR SULLIVAN: Not that I recall.

MR LEIGH: Would you accept that all of those risks are relatively obvious risks?

MR SULLIVAN: Yes, certainly some of them are very obvious.

20

MR LEIGH: And are you aware that none of those risks were communicated by Crown to the GWC when it applied for approval of the TITO ticket system?

MR SULLIVAN: I'm not sure whether I was aware of that or not.

25

MR LEIGH: Can we please call up CRW.708.003.5229. As you can see, this is the letter from Crown then styled as Burswood. And it goes through and discusses TITO. I think if we can go page by page for a moment. Sorry, go back two pages, please. In the middle of the page here there is some discussion about what might be the RSG implications.

30

MR SULLIVAN: Yes.

MR LEIGH: Essentially what the position being put by Crown was there is very little research available.

35

MR SULLIVAN: Yes.

MR LEIGH: And then it goes on to quote from a report.

40

MR SULLIVAN: Yes, I see that.

MR LEIGH: And if we can go to the next page, please. This next page basically steps out and says that from Crown's perspective they consider that the manner in which they operate their RSG programs will mitigate any harmful effects.

45

MR SULLIVAN: Can that be blown up. Yes, I see that.

12:10PM

MR LEIGH: So, accepting that Crown drew attention to its RSG program and then explained the measures they had in place that they said would be helpful and ameliorate any effects, would you agree that there was a failure to properly articulate to the regulator the risks that Crown itself had recognised?

MR SULLIVAN: ---

MR SHAW: Commissioner, is this a comment on the letter now, the one that the witness has not said he's seen it at all and is looking at this for the first time.

COMMISSIONER OWEN: Yes, clarify.

MR LEIGH: Again as has been suggested, I'm not asking whether you failed to provide information to the regulator, I'm asking whether you agree in light of the documents we've seen so far this morning, and the concerns people had within Crown, that Crown the corporation failed to articulate to the regulator risks which it had recognised as being inherent with the TITO system that was being introduced?

MR DHARMANANDA: Again is that a question about the contents of this letter or a communication at or about the time the letter was issued?

COMMISSIONER OWEN: Again, please clarify.

MR LEIGH: Yes, the question is in relation specifically to the letter going to the GWC and whether you agree that what is being set out in the letter does not articulate ---

MR SHAW: At the risk of jumping up and down too much, Commissioner. We've quickly gone through this letter. There is a question now asked about the whole of what was or wasn't put to between Crown and the regulator. Without looking through the whole letter, without establishing anything about this letter, just looking at this one little part of it and asking for an opinion about something that this witness wasn't even involved in.

COMMISSIONER OWEN: I think the witness has said that his knowledge, his personal knowledge of these matters is pretty sparse, is that a reasonable summation of what he said.

MR LEIGH: Yes, thank you, Commissioner. In that case I will proceed on to perhaps ask a different question in relation to this letter. If it can be please taken to CRW.705.005.4587. If we can look, please, at page 4. Do you see in the second paragraph under the heading "Sale or uploading with value of tickets", there is comment there suggesting that one measure to deal with RSG issues would be to limit the amount that could be accumulated on a ticket to \$199?

MR SULLIVAN: Yes, I see that.

MR LEIGH: I think we went earlier after the break back to the letter that had been sent by Mr Bossi to the GWC at this time and we saw that the proposed transfer amount was \$2,000, didn't we?

5

MR SULLIVAN: Yes, I believe we did.

MR LEIGH: So, to the best of your knowledge, in terms of the system that is currently operating at the Crown casino, that is not a system which incorporated the safety mechanism that was proposed by Mr Egan?

10

MR SULLIVAN: I don't believe so based on those two pieces of information, no.

MR LEIGH: Then at paragraph 4 of this page you can see there is a comment there about the possibility of introducing other harm minimisation measures such as pre-commitment and player activity statements.

15

MR SULLIVAN: Yes.

MR LEIGH: Now, my understanding is that there is no mandatory requirement for either of those systems at the casino at the moment; is that correct?

20

MR SULLIVAN: I don't believe there is a mandatory requirement, no.

MR LEIGH: However, those options are offered on a voluntary basis?

25

MR SULLIVAN: I believe so, yes.

MR LEIGH: Can you explain to us the pre-commitment system, which I believe is called play safe limits? Can you explain to the Commissioners how that works?

30

MR SULLIVAN: In broad terms, my understanding of play safe limits is the patron has the option to set either of --- I'm not sure whether it's one or potentially two limits. One I believe is a daily spend limit and the other is a daily time limit. So one would be the amount of money they would allow themselves to spend or like to set to be the value they would spend within a day. The other would be the amount of time they could spend gaming within a trading day. I believe those are the two key limits within the system.

35

MR LEIGH: What happens once a person goes past those limits?

40

MR SULLIVAN: I believe what happens, I'm not expert in this system, but my understanding of what happens is that a message would be displayed to the customer advising them that they had met one or other of those set limits.

45

MR LEIGH: And my understanding it, and correct me if I'm wrong, that once you reach the limit, the consequences that you then stop accruing loyalty points while you play, but that you are not locked out from playing; is that correct?

12:16PM

MR SULLIVAN: That's my understanding, yes.

MR LEIGH: So it's not really a limit, is it?

5

MR SULLIVAN: Certainly not in terms of not allowing you to play.

MR LEIGH: Would you agree that what it really is is an incentive not to turn on that facility because doing so won't stop you from gambling, but it will stop you from getting any potential reward if you keep gambling?

10

MR SULLIVAN: I don't believe that's the intention of it. But I do accept it's not forcing you to stop playing at the end of the process. I certainly do appreciate that.

MR LEIGH: Are you aware of what the level of uptake is for the pre-commitment service?

15

MR SULLIVAN: I'm not specifically aware but my impression historically has been that it has been relatively low.

20

MR LEIGH: Can we call up CRW.563.008.7968. These are the meeting minutes of a Responsible Gaming Management Committee meeting in November 2020. I don't believe that you are a member of that committee?

MR SULLIVAN: No, I'm not.

25

MR LEIGH: Have you ever received the minutes of the meeting or is it something you don't get?

MR SULLIVAN: I don't believe I get those, no.

30

MR LEIGH: And is that even if what is being discussed by the committee might dovetail into the area of the EGMs?

MR SULLIVAN: Can you blow the minutes up a little bit. I don't believe I've ever seen a set of minutes from that meeting, that would be my recollection.

35

MR LEIGH: If we can please go to page 30. You can see looking at this table, and judging by the heading, that is where Responsible Gaming have provided assistance of various kinds to patrons. Would you agree?

40

MR SULLIVAN: Yes.

MR LEIGH: If we look in the middle of the page, we have play safe limits and they specify then a series of dates between 2020 up to January, February, March 2021?

45

MR SULLIVAN: Yes, I see that.

MR LEIGH: You see there is only one safe limit imposed in November 2020 and nothing in any of the other months?

5 MR SULLIVAN: I see that.

MR LEIGH: The fact that there is a capacity for play safe limits to be imposed, does that suggest the RSG team have the capacity to interact with Crown's data holdings and reward system to turn on those limits? Or is it the RG team that does enable
10 these limits? Are you aware of that?

MR SULLIVAN: I believe the way the system works is that the individual gaming devices are enrolled within the play safe limit program within the advantage system and I believe my team configure that within the system and set that up within the
15 Advantage system.

MR LEIGH: So the sequence would be, if I have this correct, a patron approaches an RSG staff member and makes a request and it is given to your team to implement; is that right?
20

MR SULLIVAN: Apologies. Maybe if I explain that clearer. My team do the configuration that ensures all the relevant gaming devices are enrolled within the play safe system so play on all the devices contributes to the limit. The actual patron side of determining they wish to enrol in the program and set a limit, I'm not
25 involved in that part of the process, but my expectation would be that the customer would go to a Crown Rewards desk and indicate to the staff member at that desk they wish to set some limits and I expect the Crown Rewards staff member would work them through that process and set that up on the system.

30 MR LEIGH: If we can go back to page 22, please. We can see that in the same time period, the self-exclusions in the top left-hand corner, there looks to be 116 people who have self-excluded?

MR SULLIVAN: Yes, I see that.
35

MR LEIGH: Would you agree generally a person would only seek to self-exclude if they have gambled to the point where it has caused them harm and they want to try and avoid further harm?

40 MR SULLIVAN: I certainly accept --- I imagine there is a reason for them taking that action.

MR LEIGH: Generally speaking, and knowing we don't know about the individual cases, this suggests that there is something like 116 people at the Perth Casino who
45 have suffered harm in a period.

MR SHAW: Well, I don't know first of all that the answer gave to the previous

question I was concerned about that. This is taking that further. I'm not sure --- it is not suggested that there is an acceptance that there are 116 cases of self-harm. The witness didn't accept that.

5

COMMISSIONER OWEN: I think that is right. The --- you put it to the witness that a self-exclusion would maybe be indicative of an individual case or a person feeling that they need to limit future harm but it doesn't follow that there has been actual harm.

10

MR LEIGH: Thank you, Commissioner. I don't take that question any further. But I would note for the benefit of the transcript that CRW.704.001.3898 at page 23 shows some additional minutes for other meetings, and the play safe limits for those meetings again suggest there is very few or no persons making use of play safe limits and a high number of persons making use of self-exclusions.

15

Having had me just say that in broad terms, is that consistent with your general understanding of how the systems work at the casino, that there is a higher use of self-exclusion than play safe limits?

20

MR SULLIVAN: I don't believe I would have ever had access to see the volume of self-exclusions. I don't believe I see specific data, be it in relation to the signup numbers for play safe limits nor the self-exclusion numbers. I wouldn't be suitably informed to understand the relative position.

25

MR LEIGH: Would you accept that seeing the figures that we did look at a moment ago that one person in four months is making use of the player play safe limits ---

MR SULLIVAN: Yes.

30

MR LEIGH: --- that that suggests that system is not really being utilised?

MR SULLIVAN: Certainly your data aligns with, I think, my initial comment is that my understanding was the uptake was limited, yes.

35

MR LEIGH: Do you recall that when the system was presented to the GWC, play safe limits were articulated as being part of the IGT Advantage system?

MR SULLIVAN: I believe so.

40

MR LEIGH: Can we please call up GWC.0002.0016.0016. Page 2 of the minutes show you were at the meeting in order to help present to the GWC. You can see there is a reference at the top of 4.3.

45

MR SULLIVAN: Yes, I see that.

MR LEIGH: You can see there are some concerns at the bottom of the page from member Hayward as to identifying patrons that may be induced to visit the casino.

MR SULLIVAN: Yes.

5 MR LEIGH: If we go over the page to page 3 at the top, you can see in the middle of the first paragraph on that page, starting at the end of the fourth line, there is discussion about the play safe limits technology and how that is an additional tool to monitor player behaviour?

10 MR SULLIVAN: Yes, I see that mentioned.

MR LEIGH: Would you agree that is a tool explained to the GWC that appears to be useful, but doesn't appear to be used?

15 MR SULLIVAN: I certainly see it presented to the GWC. And I accept that, based on what I've seen of the usage data, it appears to be very low.

MR LEIGH: In relation then to player activity statements, which is a different concept, are you aware of what those are?

20 MR SULLIVAN: I'm aware of what the broader concepts of the statements are, yes.

MR LEIGH: Can you explain to the Commissioners your understanding?

25 MR SULLIVAN: My understanding is that player activity statement is produced for a period of time and basically summarises the player's gaming activity. I'm not sure exactly the source of production of that statement so I'm not sure precisely which gaming activities it includes or excludes, but certainly I believe it records a certain player's gaming activity for a period of time.

30 MR LEIGH: Now, it sounds like the way you are answering that question this is not really something within your bailiwick; is that correct?

35 MR SULLIVAN: No, that's right. I understand the concept of it but I'm not familiar with any detail of the player activity statement program.

MR LEIGH: Are you aware of the fact that in Crown Melbourne it is compulsory for the casino to provide player activity statements to patrons who have a rewards membership on an annual basis?

40 MR SULLIVAN: I think I may have been aware of that, yes.

45 MR LEIGH: And that if the patrons don't collect their player activity statement to see what their gambling has been they are then obliged to cancel or suspend their loyalty membership?

MR SULLIVAN: I'm not sure if I was aware of that.

MR LEIGH: Would there be any reason, any technical reason why Crown could not roll out a similar requirement that players who wanted to take part in the loyalty scheme were obliged on some regular basis to receive a player activity statement?

5

MR SULLIVAN: I don't believe so, no.

MR LEIGH: Just a change of tack now, Mr Sullivan, and talk a bit about poker machines. You are obviously aware that section 22(1) of the Casino Control Act allows the GWC to declare any game to be approved except for a game played with poker machines? Have you seen that before?

10

MR SULLIVAN: Yes, I understand that.

MR LEIGH: You deal with that at paragraph 157 of your statement and say that your understanding is that the term "poker machine" refers to a spinning reel gaming machine?

15

MR SULLIVAN: Yes.

20

MR LEIGH: Can you explain to the Commissioners what you mean by that term?

MR SULLIVAN: A spinning reel, to my terminology, basically means a game that operates in most gaming jurisdictions around the world and the visual representation of the game back in the early days, it was a physical reel that was actually spinning in the machine but over time became a video representation, essentially, of a reel spinning and stopping at a point and displaying a number of symbols, and in a lot of those games they have five reels, each displaying three symbols next to each other. That is my broad understanding of what that term means.

25

30

MR LEIGH: We have a video presented by Mr Connolly at an AUSTRAC casino regulator's forum in which he says what he thinks a spinning reel machine is. I will ask you to say whether you agree with that assessment. It is GWC.004.0019.0006. I think it is slide 8.

35

[VIDEORECORDING PLAYED]

MR LEIGH: Is that what you described as being a spinning wheel game?

40

MR SULLIVAN: Yes, that would be consistent with my understanding.

MR LEIGH: You say that is what, in essence, you understand to be meant by the term poker machine?

45

MR SULLIVAN: Yes, I believe so.

MR LEIGH: So is that the only difference that you believe exists between EGMs at the Perth Casino and poker machines played in other jurisdictions?

5 MR SULLIVAN: My understanding of the distinction is that it is based upon I suppose two factors, one is the factors detailed within the WA Appendix to the Gaming Machine National Standard and, two, the other factor determined by the Gaming and Wagering Commission and the approval of EGM product in WA.

10 MR LEIGH: But in terms of where you say in your statement that that is what it means, a spinning reel game, the way you describe it in that statement makes it seem as if you consider that to be the only feature which is important in determining whether it is a poker machine?

15 MR SULLIVAN: I suppose I was saying an explanation of what I thought a spinning reel broadly meant. Certainly the factors within the WA Appendix, there are, from memory, 10 or 12 different factors there, so I didn't --- I don't understand. I can't (inaudible) those details, but certainly there are a range of factors that are creating distinction.

20

MR LEIGH: So do I take it from what you just said there that your understanding of what a poker machine is, whatever the GWC says at any given time in the WA Appendix; is that correct? Or do you say there is an essential characteristic which is always relevant to that determination?

25

MR SULLIVAN: I think what I'm saying is I think a poker machine remains what it is and then there is a series of factors within the WA Appendix to the National Standard that the Gaming and Wagering Commission have determined are distinguishing factors a game approved for operation in WA from a poker machine or spinning reel?

30

MR LEIGH: It sounds like a two-step process. Step one is intrinsically a poker machine and step two is what the GWC might make use of for its own policy determinations?

35

MR SULLIVAN: Yes, as to what is then not a poker machine which would be approvable.

MR LEIGH: If we can call up CRW.709.111.0195. This is an email exchange between you and other Perth Casino officers in February 2015.

40

MR SULLIVAN: Yes.

MR LEIGH: Now, the second paragraph there deals with what appears to be your understanding at the time. I will let you read that.

45

MR SULLIVAN: The second paragraph?

MR LEIGH: Yes.

MR SULLIVAN: Yes, that provides some degree of explanation to the matter.

5

MR LEIGH: Do you agree that the paragraph there suggests you previously thought it to be significant as to whether machines were poker machines or not poke are machines, whether they had any of the distinctions mentioned in the last sentence of the second paragraph?

10

MR SULLIVAN: Sorry, can you ask the question.

MR LEIGH: At the time this was written in 2015 ---

15

MR SULLIVAN: Yes.

MR LEIGH: --- do you agree looking at the last sentence in the second paragraph that you then thought the distinctions set out in that paragraph were significant in determining whether or not the machine was a poker machine?

20

MR SULLIVAN: I think I certainly identified those as examples of the factors that were in the minds of the Commission in making that distinction, yes.

25

MR LEIGH: And in that case, in the absence of these distinctions that are mentioned in the last sentence, would you be of the view that getting rid of those distinctions would mean an EGM would move closer towards being a poker machine?

30

MR SULLIVAN: I would accept that if you remove factors, the level of distinction would diminish as you remove factors. I would certainly accept that. That makes sense.

35

MR LEIGH: In terms of what a spinning reel game is, we looked at that video to show an example of one, you accept that at their core a random number generator with a visual overlay?

MR SULLIVAN: Yes, I believe so.

40

MR LEIGH: Again when the button to play is hit on the random number generator, it selects numbers and sequences and then presents them to the player showing whether there is a win or not?

MR SULLIVAN: Yes.

45

MR LEIGH: And that process again happens immediately the buttons are pressed, the result is instantaneously and after that the graphic display it?

MR SULLIVAN: I believe that is likely to be how the process works.

MR LEIGH: So if the manufacturer of a spinning reel game wished to they could display the way in which the result was presented to the patron in different ways?

5 MR SULLIVAN: Yes.

MR LEIGH: And whichever way that was chosen to show the result to the patron, whether it by way of a spinning reel or cards turning over or any other mechanism, would not change the underlying operation of the game?

10

MR SULLIVAN: Subject to consideration of other factors that might apply.

MR LEIGH: Which factors are you thinking about?

15 MR SULLIVAN: Well, if you looked at the factors within the WA Appendix, there is a range of things identified there as being separate and distinct on a Perth EGM relative to a spinning wheel.

MR LEIGH: We'll come to the appendix in a moment. Just in terms of some other
20 factors that we were able to see in that video, the quality was not good. But could you hear from the sound a single button being depressed between each spinning of the reels? If you couldn't, that's fine.

MR SULLIVAN: I couldn't and my understanding is one of the distinctions between
25 Western Australian EGM games and spinning reels is the requirement for a separate play button. I don't think that requirement exists in most spinning reel jurisdictions.

MR LEIGH: So when you say for a "separate button", is that a physically separate
30 button the player is playing on?

MR SULLIVAN: It is a separate button distinct from the actual bot unions
themselves.

MR LEIGH: You are saying that in playing in, say, Melbourne, you may have a
35 series of button along the machine ---

MR SULLIVAN: Yes.

MR LEIGH: --- and one of the buttons might be a amount to wager button, and you
40 hit the credit button and that commences the game.

MR SULLIVAN: Yes, if I can explain it. On spinning reels there is a two-factor bet
selection process. My understanding of how it works in a spinning reel environment,
once the second of the bet processes is completed, as you press the second button, the
45 play sequence will commence straight away. You don't have the requirement for a
separate play button request as exists in WA as I understand.

12:36PM

MR LEIGH: For example, with a poker machine, you might go number of credits to bet ---

5 MR SULLIVAN: Yes.

MR LEIGH: --- and the value of the credits and then it would start playing?

10 MR SULLIVAN: Yes, it would generally be number of credits and say number of lines or something else, potentially. As you made that second selection it would immediately commence the game play process without the requirement for a separate play button.

15 MR LEIGH: How would the player commence subsequent games?

MR SULLIVAN: I think they can either press the same button again, in some cases I think they have a play button as well, I think what they call a dash button, which is a separate button. So they could either press the same secondary button they pushed before or alternatively another button.

20 MR LEIGH: So the sequence is select, as you said, betting lines, select credit ---

MR SULLIVAN: Yes.

25 MR LEIGH: --- and subsequently a button each time to play a game?

MR SULLIVAN: In the Perth environment, rather than in the spinning reel environment.

30 MR LEIGH: So just sticking with the spinning reel environment for a moment ---

MR SULLIVAN: Yes.

35 MR LEIGH: --- the two-button sequence, number of lines, credit to play, game starts?

MR SULLIVAN: Yes.

40 MR LEIGH: And then subsequent games, a button has to be hit again?

MR SULLIVAN: I believe so.

45 MR LEIGH: So you've got two buttons to start and then for subsequent games one button to go.

MR SULLIVAN: Yes.

MR LEIGH: And in WA you have two buttons to start for credit and bet value and

a start button and subsequent games are a start button as well?

MR SULLIVAN: Yes, that's correct.

5

MR LEIGH: So for all subsequent games in WA and outside WA, there is a single button that can be hit for the game to go?

MR SULLIVAN: Yes, I do accept that. Yes.

10

MR LEIGH: Okay.

We talked for a moment about what you understand the word "poker machine" to mean. What is your understanding as to why poker machines are prohibited by the legislation?

15

MR SULLIVAN: I suppose my impression is, I'm not sure I've ever been specifically informed because obviously the legislation was before my time, but I would assume that it had RSG type considerations in relation to that determination in the legislation. That would be I suppose what I would assume.

20

MR LEIGH: We earlier discussed the fact that you are generally aware of the potentially addictive nature of EGMs and do I understand that to also extend to poker machines?

25

MR SULLIVAN: Yes, I think in general terms, yes.

MR LEIGH: And would you agree that one of the reasons why EGMs and poker machines are potentially dangerous is that players can engage in the repetitive action of just hitting a button to play new games over and over again?

30

MR SULLIVAN: I imagine it is, potentially, yes.

MR LEIGH: And would you also agree that there is a potential for players with the repetitive sequencing and sounds that they are watching, to be able to then ultimately enter into a dissociative state while they are playing. Is that something you have generally heard about?

35

MR SULLIVAN: I think I have a general understanding of that, yes.

40

MR LEIGH: Would you agree that those sorts of characteristics I just put to you, the repetitive action and visuals, are things which are consistent both with EGMs in WA and poker machines or spinning reel games as you describe them in other jurisdictions?

45

MR SULLIVAN: I would accept I think they are a risk both in WA and other jurisdictions, yes.

MR LEIGH: Moving then to the national gaming standards, or the Gaming Machine National Standard which you discussed at paragraph 155 of your witness statement, can you just confirm at a general level whether the purpose for the standard is to
5 create universal base performance and other characteristics to allow machines to be interoperable?

MR SULLIVAN: This is the National Standard document?

10 MR LEIGH: Yes.

MR SULLIVAN: Yes, my understanding is that that document is developed collectively between all of the jurisdictional gaming regulators in Australia and New Zealand and that is a common set of principles to which EGMs will be developed
15 and operate.

MR LEIGH: And in each State and Territory often has their own appendix which they can add the standard?

20 MR SULLIVAN: Yes, that's correct.

MR LEIGH: You say you've been aware of the WA Appendix since approximately 2004, 2005.

25 MR SULLIVAN: I expect so.

MR LEIGH: We don't seem to have a version of the standard that is that old. The earliest one we've received is October 2009. That is CRW.705.008.5846. And if we go please to page 12. You can see at WA 4.7, "Determination of a Poker Machines"?
30

MR SULLIVAN: Yes, I see that.

MR LEIGH: If we can please have this page and the next page side-by-side.

35 Would you agree the factors set out there are broadly the same factors in the WA Appendix consistently up until 2019?

MR SULLIVAN: I believe so.

40 MR LEIGH: We'll come back to the September 2019 changes later. For the moment I'm asking about the Appendix as it existed prior to those changes.

MR SULLIVAN: Yes.

45 MR LEIGH: Would you accept that some of the items in this table are material and others less material in that they largely duplicate requirements in the National Standard that are already existing?

MR SULLIVAN: I'm not sure I would understand from the listing which may be from the National Standard. I accept that may be possible but I'm not clear in my own mind as to which ones may fall into that category.

5

MR LEIGH: Let's go through them sequentially. In terms of appearance, there is a discussion about the game shall not use a spinning reel display.

MR SULLIVAN: Yes.

10

MR LEIGH: And that is consistent with what you explained earlier as to your understanding of what poker machines are, really it is significant that that spinning reel is there?

15

MR SULLIVAN: Yes.

MR LEIGH: Putting aside the questions about having a handle or rotating the plane of the screen, would you agree that one and three are essentially inverse, that if it's a spinning wheel it won't be rotating the plane of the screen, but if it's rotating the plane of the screen it won't be a spinning reel?

20

MR SULLIVAN: There is potentially a relationship between 1 and 3, I would accept.

25

MR LEIGH: And I will leave 4 until I get to point 11. Moving to speed of play, what do you understand the expression "speed of play" to mean?

MR SULLIVAN: Basically the minimum speed between the commencement of subsequent game play processes, I suppose.

30

MR LEIGH: So put that in concrete terms, I hit the start button ---

MR SULLIVAN: Yes.

35

MR LEIGH: --- and the game is now playing. I'm frantically hammering away at the start button trying to start the next game, but I'm only allowed to start it once the speed of play has elapsed; is that correct?

Is it right all states have a speed of play requirement?

40

MR SULLIVAN: My understanding is it is a bit of a mixed position and I'm happy to try and explain the detail of my understanding of it for you if you like.

45

As I understand it, Victoria has a specifically mandated speed of play position. I believe Queensland may also have a specifically regulated or legislative speed of play. In NSW, my understanding is it may not actually be in formally in regulation or legislation but is an understood position with the regulator. The other States, as I understand it, are essentially markets that are receiving product developed for one of those markets I've previously mentioned such they are receiving product inherently

that has the speed that exists in those primary markets, albeit their legislation may not specifically articulate that position.

5 MR LEIGH: Would you agree that in general the speed of play for most other States and Territories is three seconds and for Victoria it is 2.14; that is your understanding?

MR SULLIVAN: That is my understanding.

10

MR LEIGH: So, a speed of play requirement for five seconds at this time was a material difference with the speed of play elsewhere?

MR SULLIVAN: Yes, it was.

15

MR LEIGH: And then player interaction, a requirement to choose a play strategy. That, if I understood your answer earlier, is also something which is the same for spinning reel machines in other jurisdictions, you still have to choose the number of lines and credits to bet per line?

20

MR SULLIVAN: Other than the mentioning of the start button in the second paragraph, I would agree I think other than the start button element, I think broadly speaking the bet selections are probably aligned.

25 MR LEIGH: As we discussed earlier, even with the start button, you still have to press a button to play a new game and likewise you still have to press a button to play a new game in other jurisdictions?

MR SULLIVAN: Yes, I accept that.

30

MR LEIGH: Then we have the return to player, a minimum of 90 per cent.

MR SULLIVAN: Yes.

35 MR LEIGH: Do you understand that at this stage to be a significant return to player that was available elsewhere in the country?

MR SULLIVAN: My understanding is it is somewhat higher than other States in Australia, yes.

40

MR LEIGH: Other States have about 85 per cent. That's a common figure in other States?

MR SULLIVAN: Yes, I think 85 to 87 is about where most of the other States sit.

45

MR LEIGH: So that difference, you would agree, is a material difference in terms of what the standards were showing and what other jurisdictions might allow?

MR SULLIVAN: Yes.

MR LEIGH: In relation to fairness, which is point 5, a requirement that a player be able to determine how to play games, you might not be able to answer this off the top of your head from what you said earlier, but are you aware that those general requirements of fairness are also set out in the National Standard?

MR SULLIVAN: I'm certainly conscious there are fairness considerations in the National Standard. Whether they are completely consistent, I couldn't talk to that level of detail.

MR LEIGH: Let's call up GWC.0002.0016.0186 and please go to page 73. You can see under 3.3 there is a series of dots as to requirements in the National Standard.

MR SULLIVAN: Yes.

MR LEIGH: You can see, for example, the third dot point is "clear game rules and instructions"?

MR SULLIVAN: Sorry, can we increase the size of that slightly?

MR LEIGH: And, likewise there's the fourth dot point ---

MR DHARMANANDA: I'm sorry, I missed the screen to identify what this document is.

MR LEIGH: Apparently I can't display the earlier page because there is a non-publication order, but this is the Gaming Machine National Standard 2016.

MR DHARMANANDA: Thank you.

MR LEIGH: Just going back where we were, you can see that the fourth dot point, a requirement that there be no false information and the fifth dot point that the game not be misleading. If we can now please go back to what we were looking at before, that's CRW.705.008.5846.

Looking here, generally in relation to the fairness points, the determination how to play the game, we saw before there was a requirement to have rules, there is a point there about prizes. I will go to number three, not to be misled into belief there is control, so no misleading features.

MR SULLIVAN: Yes, I see that at number three.

MR LEIGH: Would you agree that broadly speaking fairness is something mandated by the National Standard accepting there might be some variation on some of the points and that this as a result is not a significant or material difference with the WA standard, or the WA Appendix?

MR SULLIVAN: I would accept there appears to be some similarity between the inclusions in both documents.

5 MR LEIGH: Rules of play, I don't think anything needs to be said about that.

Misleading features, we've already looked at the National Standard. Harm minimisation features, that all monies to credit meter and start of gaming by a separate button. Can you explain the "all monies to credit meter" and what that means?
10

MR SULLIVAN: I believe it means after a win has occurred the money has to go to the credit meter. There has to be a transfer across to the credit meter as part of the sequencing of how the funds transfer but I'm not completely sure as to whether that is a specific distinction to other jurisdictions or not. I'm not completely sure.
15

MR LEIGH: That was my next question, as to whether that is different in what happens in spinning reel games?

20 MR SULLIVAN: Apologies, I'm unsure as to the position of the different markets on that matter.

MR LEIGH: The, ten national standards, the compliance with the National Standard, you agree that is something which all EGMs or poker machines have to comply with the National Standard?
25

MR SULLIVAN: Yes.

MR LEIGH: Again that is a non-material distinction?
30

MR SULLIVAN: Yes, I think that is standard.

MR LEIGH: I will come back to "independence of outcome".

35 In respect of chances of winning, what do you understand that to mean and is it anything different than what would be the case with poker machines in other jurisdictions?

MR SULLIVAN: I'm not necessarily sure whether those elements are included in the National Standard or not.
40

MR LEIGH: Do you understand the requirements there to be the same for spinning reel machines or are these requirements different?

45 MR SULLIVAN: I'm not sure.

MR LEIGH: And, lastly, in relation to win truncation, is there anything about that standard which is set out there which is differently ordinarily to poker machines?

MR SULLIVAN: I believe there may be some jurisdictions that operate win truncation but I'm not 100 per cent sure in relation to that.

5 MR LEIGH: Is that when you get to a certain size of win you can't go over a threshold, is that what it means?

MR SULLIVAN: I think it has a way of scaling down the value of the win to sit within win limits that may exist within a jurisdiction. That is my broad
10 understanding without being an expert in that area.

MR LEIGH: Going back to number 11, "independence of outcome". My understanding is that when you use a spinning reel machine the reel effectively as a number of symbols in a fixed order.

15

MR SULLIVAN: Yes.

MR LEIGH: And when the random number generator selects symbols and shows sequences, they will always show in the same sequence that you are seeing them
20 displayed. So, for example, if you have "cat hat bat", any time you have "hat" in the middle you will always have "cat" above and "bat" below.

MR SULLIVAN: Yes.

25 MR LEIGH: By contrast, when we see here at number 11 that you must have multiple outcomes being dependent, that means each symbol as picked is then followed by a new pick; correct?

MR SULLIVAN: Yes.

30

MR LEIGH: So you might have "cat hat bat" on one sequence and "cat cauldron broomstick" on another?

MR SULLIVAN: Yes.

35

MR LEIGH: That requirement is consistent with what we see at point one, sub-point four, that the symbol shall be drawn at random?

MR SULLIVAN: Yes. I think the reference in factor one, item 4 in relation to the
40 fixed position, I think relates back to that dynamic you mentioned where the symbols are in fixed relative positions to each other.

MR LEIGH: Having gone through that technical section, would you agree that broadly speaking the particularly substantive aspects of this table, which create
45 genuine differences between EGMs in WA and perhaps poker machines in other jurisdictions, are the visual appearance in item 1?

MR SULLIVAN: Yeah, I suppose, I'm happy to comment on it. I'm not sure --- my view is that the Gaming and Wagering Commission is the party determining what is significant or not. So I would just preface my comments by saying I'm not sure it's my determination to assess that position, but certainly I'm happy to give you my feedback.

MR SHAW: I don't know what use the feedback will be, quite frankly. I think the answer that the witness has just given is about as far as it can go rather than ask this witness what he thinks might be more or might not be quite as significant in comparing these to the national standards.

COMMISSIONER OWEN: I think let's just see where it goes, Mr Shaw.

MR SHAW: Yes, Commissioner.

COMMISSIONER OWEN: The witness is clear, has made it clear that he's just giving his impression.

MR SHAW: Yes.

MR LEIGH: Mr Sullivan, going back to that question we were asking. We've gone through the individual items. In terms of your impression as to which of those individuals items actually impose material distinctions with jurisdictions where there are poker machines and here, do you agree that the visual appearance is material?

MR SULLIVAN: Yes, I would.

MR LEIGH: The speed of play is material?

MR SULLIVAN: Yes.

MR LEIGH: The RTP is material?

MR SULLIVAN: Yes.

MR LEIGH: And the independence of outcome for the selection of symbols is material?

MR SULLIVAN: Yes.

MR LEIGH: Is there anything else you want to add that is in your view material about what we've looked at with those items as to the distinction between poker machines and non-poker machines?

MR SULLIVAN: I think the start or play button is a distinction. I think the determinations as to whether it is significant or not are perhaps individual ones but I would consider that a distinction.

In relation to rules of play, the structure in Perth in relation to rules of play has historically been somewhat different to other markets. I think the position and the level of that distinction has shifted over time and perhaps become less significant over time but I think there is a degree of distinction on the structure there.

Win truncation, maybe, but I'm not informed enough to be able to really give you an assessment on that factor. The chances of winning I'm uncertain on the chances of winning as well.

MR LEIGH: Of those various items that you have articulated, is it correct to say that in 2019 Crown suggested to the GWC that three of those factors should be amended; being speed of play, the RTP and the independence of outcome for the selection of symbols?

MR SULLIVAN: I believe a proposal was lodged for consideration of those factors, yes.

MR LEIGH: So, on what basis did Crown, if you are aware, or otherwise, did you form the view that those factors could be changed such that it would not materially move EGMs towards being poker machines? Why was it possible to change those factors and not have the (inaudible) collapse?

MR SULLIVAN: Well, I think there are a couple of elements from my recollection in relation to that. One was that, as I mentioned earlier, I think Crown's view was it was the determination of the GWC as to which of these factors were more or less significant. So the proposal was for consideration to be given to those factors. Whether that was ultimately an acceptable proposal or not I didn't necessarily see it as a decision for Crown but a decision for the GWC.

The other element was from recollection I think in relation to a couple of the factors that were being considered for review, I think Crown may have obtained a certification report from an ATF providing some commentary in relation to their assessment of those factors. So I think that may have been also a matter that may have formed part of the presentation that Crown made and may have been given contraction by the GWC in relation to one or two of the factors from the WA Appendix from memory.

MR LEIGH: I understand your point about ultimately it's a matter for the GWC to decide. Whatever it decides, were there any items in that table that you considered it would not be possible for Crown to suggest to the GWC to be changed without the machine becoming a poker machine? Or, is it a case, for example, the entire table could be replaced with some alternate item like machine must be pink and that would still be enough or is there some essential element to your mind which can't be transgressed with the machine still not being a poker machine?

MR SULLIVAN: I think certainly the one in there that would probably be difficult

to overcome without removing the prohibition on the spinning reels would be the visual distinction. So, I imagine, that would probably be the one that was the stronger differentiator to say this product looks and feels different to a spinning wheel.

MR LEIGH: And, lastly, why is that the thing you seize upon out of all of the various factors in the table, why is it the visual aspect you see as being so critical?

MR SULLIVAN: I think it would simply be with the name, "spinning reel", reflects essentially the nature of how that game operates. Therefore, if you were to remove that element and make it exactly the same, I'm not sure that distinction would be maintained. But that would just be my personal view.

MR LEIGH: But the word isn't determination of a spinning reel, it is determination of a poker machine. So you are taking an initial first step where you are saying a poker machine is always a spinning reel machine; is that correct?

MR SULLIVAN: Yes. I think I've explained my interpretation of the term "poker machine" is that it is a spinning reel.

MR LEIGH: What is that based on, your understanding?

MR SULLIVAN: Just based on my historical impression. It certainly isn't --- there is no, as I understand it, there is no definition of poker machines. That's simply been my impression having worked within the business over a period of time and what that is intended to mean. But I accept that it is certainly not defined anywhere definitely.

MR LEIGH: Commissioners, is that a convenient time?

COMMISSIONER OWEN: Mr Sullivan, we break for an hour. We will be back at 2 pm.

35

ADJOURNED **[1:00P.M.]**

40

RESUMED **[1:59P.M.]**

COMMISSIONER OWEN: Please sit down. We will need to break about 3 pm.

MR LEIGH: Yes, Commissioner.

45

Mr Sullivan, before the lunch break we were talking about the WA Appendix and the Gaming Machine National Standard.

MR SULLIVAN: Yes.

MR LEIGH: I will ask you some questions now about the other documents, which is the GWC policy document on electronic gaming machines.

5 MR SULLIVAN: Yes.

MR LEIGH: Can we call up GWC.0002.0016.0035_R at page 417. Are you familiar with this document?

10 MR SULLIVAN: Yes, I am.

MR LEIGH: This is the September 2011 version of the policy.

MR SULLIVAN: Yes, I see that.

15

MR LEIGH: You can see from the purpose, it is to provide guidelines used by the GWC in determining whether an EGM game, that is not a poker machine. Again, a similar subject matter as to the Appendix.

20 MR SULLIVAN: Yes, could that be blown up a bit, please.

MR LEIGH: Can we please go to page 418. Now, some of the items specified here are analogous to those we looked at before in the appendix. There is appearance, speed of play, as examples. Items 4 and 5, if I can have those shown, please, do you
25 accept those items are different to the items specified in the appendix?

MR SULLIVAN: As I understand it, yes.

MR LEIGH: When you say "as I understand it", you have dealt with the subject in
30 your witness statement at paragraph 161. I understand from what you said there that you don't recall being aware of this statement before 2016, is that correct, or this policy I should say?

MR SULLIVAN: I think I have a specific record of it from 2016. I think I may have
35 been aware of it earlier, but I'm less certain as to exactly when I became aware of it.

MR LEIGH: I will just show a document to you which may be of assistance.
GWC.0002.0016.0126_R page 48, please. You can see this is a letter from Joshua
Preston to the Department of Racing, Gaming and Liquor. Do you see the second
40 last paragraph talks about the Commission's electronic gaming machine policy?

MR SULLIVAN: Yes, I see that.

MR LEIGH: You were the person who primarily demonstrates EGM games to the
45 GWC, aren't you?

MR SULLIVAN: Yes, I am.

MR LEIGH: Do you think it is likely, if Mr Preston knew about this policy in 2012, that he would have discussed it with you from around that time?

5 MR SULLIVAN: Yes, I suspect that is likely.

MR LEIGH: Again I appreciate you don't know with certainty, is it likely you would have known of each of those items in the policy that we just looked at a moment ago from about 2012?

10

MR SULLIVAN: I suspect that is likely.

MR LEIGH: If we can please go back to look at item 5, which is at GWC.0002.0016.0035_R at page 418. The requirement here specifies the symbols are acceptable and there are various dot points as to what is acceptable. The final dot point is symbols that do not appear on poker machines in other states in Australia".

15

MR SULLIVAN: I see that.

MR LEIGH: You provided as part of an attachment to your witness statement, a spreadsheet showing approximately 70 games which appear to be both in use in Melbourne and in use in Perth. So the same supplier and same name of the game; is that correct?

20

25 MR SULLIVAN: Yes.

MR LEIGH: You would accept, generally speaking, the games that are used in the Melbourne casino will be spinning reel games and, accordingly, poker machines?

30 MR SULLIVAN: Yes.

MR LEIGH: Would you accept, broadly speaking, the symbols in use on those games in Melbourne are likely to be the same symbols in use in the variants of the games in Perth?

35

MR SULLIVAN: In the main, yes.

MR LEIGH: Accepting there may be some exceptions or differences, but broadly speaking you would accept a number of those games will have the same symbols in both places?

40

MR SULLIVAN: (Inaudible).

MR LEIGH: On its face, it appears that the games, or at least some of the games, that are in use in the Perth Casino will be operating in contravention of this requirement of the GWC's policy?

45

MR SULLIVAN: Yes, I do accept, based on that statement there, that would appear to be the case.

5 MR LEIGH: Again, you have likely known about this apparent breach of policy for a number of years?

MR SULLIVAN: Yes, I accept that.

10 MR LEIGH: Do you agree that when you go to present a game to the GWC, the members are likely relying upon you to draw to their attention any aspects of the game of which they should be aware in considering whether to approve the game?

MR SULLIVAN: Yes, I think that is reasonable.

15

MR LEIGH: In terms of the numbers of games you present over the course of time, is it correct that you present many games in each year?

MR SULLIVAN: Yes, we do.

20

MR LEIGH: Would it be dozens of games a year?

MR SULLIVAN: May not be dozens but it may be a dozen, in that vicinity.

25 MR LEIGH: If it is the case that you'd known about this policy, perhaps around 2012, there may be over 100 games that you've presented in that time to the GWC?

MR SULLIVAN: That's possible, yes.

30 MR LEIGH: Many of those games, without knowing the exact number, many of those games may have been games in apparent contravention of this policy?

MR SULLIVAN: Yes.

35 MR LEIGH: Am I right, from what I see in your witness statement around paragraph 173, that you can't recall discussing this matter with others at Crown? You haven't located any documents that deal with the matter and you don't have any recollection of discussion between Crown and the regulator about this matter?

40 MR SULLIVAN: Not specific recollections and very limited documentation, yes.

MR LEIGH: Is it fair to summarise that as being that for a number of years you've known about the policy, but you've effectively ignored it?

45 MR SULLIVAN: I don't think that's my impression. My view is I suspect I became aware of the requirement, but I don't believe I considered the application of it in the way I look at it now.

MR LEIGH: Do you accept, thinking about it now, that it would have been appropriate, once you became aware of the policy and realised there were potentially games in contravention of the policy, that you raise that with the regulator to determine how to proceed?

MR SULLIVAN: Yes, I certainly accept, having become aware of the issue, we should seek to resolve the issue.

MR LEIGH: Can I ask you, did you not raise the issue with the regulator because of a concern they might require you to take games out of circulation or otherwise pay the costs of having the games changed?

MR SULLIVAN: I can't specifically recall. I don't believe that would have been the approach. I think, if I had to speculate, and as I say, I can't specifically recall, but I suspect our view may have been when the policy came into existence, and I think I've explained some of the history in my witness statement, the policy claiming to exist at a certain point in time, there is already a very long history of what I termed themed game symbols being approved within games. I don't think I necessarily appreciated at that point in time the significance of the matter, and simply thought if the Gaming and Wagering Commission had changed their historical stance relative to everything approved previously, that would become apparent in our ongoing discussions. And I don't, to the best of my recollection, recall that occurring. But, as I said, I do accept it is an inconsistency that should have, once identified, been resolved and addressed. I certainly accept that.

MR LEIGH: You are aware there have been changes to the Appendix and the standards in 2019?

MR SULLIVAN: Yes.

MR LEIGH: We'll come back to those in detail later. Are you also aware that item 5, the item dealing with symbols, was not modified in the 2019 changes?

MR SULLIVAN: Yes.

MR LEIGH: Can we please call up CRW.708.002.1319. You can see this is an email that appears to be from you to Paul Hulme?

MR SULLIVAN: Yes.

MR LEIGH: If you go to the third paragraph, beginning with the words "I believe historically", I will let you read that paragraph to yourself.

MR SULLIVAN: Yes, I see that.

MR LEIGH: Isn't it correct that what you are saying in this paragraph is you are noting that the independent organisation, the ATF, that carry out tests on EGMs, they

have known about the WA Appendix before but they haven't had visibility of the policy?

5 MR SULLIVAN: Yes.

MR LEIGH: And you say you see no reason to change the position. So you are suggesting that the independent testing facilities should be kept in the dark about the policy existence? Isn't that what you are doing in that paragraph?

10

MR SULLIVAN: No, I don't think that is what I'm necessarily doing there. I think my historical --- I mean, the EGM games in WA have always been ATF certified and developed in accordance with, and to be certified against, the National Standard and the WA Appendix. To my mind, they have always been the defining documents as to what was required. I think I'm simply stating a matter of historical fact, that those were the key documents and the history was we had never provided this document before and I didn't necessary understand that it was a requirement, because they simply were not testing against the policy document.

15

20 MR LEIGH: You are saying that it's not the case that you suggested not providing the policy to ATF because you were concerned if they had the policy, they would certify the game was not consistent with the policy? You are saying that is in no way part of your thinking?

25 MR SULLIVAN: I can't recall my specific thinking when I wrote the email, but I don't think that would have been my intent. I think my view would have been the policy wasn't a relevant document for them because they simply were not testing against that policy.

30 MR LEIGH: Can I ask you more questions and detail about the 2019 changes to the WA Appendix and the policy. You address those at paragraph 200 and following of your witness statement. You say at paragraph 204 that you thought the reason for the change was to improve the quality and variety of EGM games and generate a range of commercial benefits.

35

MR SULLIVAN: Yes.

MR LEIGH: Can I please call up CRW.705.001.0380. This is an email from you to Claude Marais and Paul Hulme in May 2018. That is the year before these changes were made. Can you see you are talking here about potential regulatory parameters that impact upon the revenue at the casino?

40

MR SULLIVAN: Yes, I can.

45 MR LEIGH: Looking at the items that you specify in the second series of arrow points, game speed, bet limits, bank note acceptors, minimum RTP, would you agree that many of these things are the things you ultimately, and when I say "you", I'm talking about Crown Perth collectively. Ultimately, these are the things you

requested the GWC consider changing in 2019?

MR SULLIVAN: Certainly a couple of them, yes.

5

MR LEIGH: Does this indicate that as early as 2018, Crown Perth was actively looking for ways to try and increase its revenues in relation to EGM usage?

MR SULLIVAN: Yes. Certainly based on the date of this email, yes, that was the case.

10

MR LEIGH: Would you agree that those changes that were ultimately requested in 2019, the changes were primarily about driving revenue growth for the casino?

MR SULLIVAN: That was certainly the significant driver behind it, yes.

15

MR LEIGH: The point you mention about the concern to have games of different quality or better quality, that itself is also wrapped up in profit because of the idea that if patrons play those games more, the casino will earn more?

20

MR SULLIVAN: Certainly there is a linkage there, I accept that.

MR LEIGH: Call up, please, GWC.0 002.0016.0269. This PowerPoint presentation, do you recognise this?

25

MR SULLIVAN: Yes, I do.

MR LEIGH: Were you one of the persons who presented this presentation to the GWC in March of 2019?

30

MR SULLIVAN: Yes, I was.

MR LEIGH: Please go to page 3. On this page in this table you have set out or, rather, the group of people who have been presenting have set out the change in revenue over time, over various financial years, and you've shown there has been a decline in the financial year 2016 from 278 million down to 263 million in financial year 2018?

35

MR SULLIVAN: Yes, I see that.

40

MR LEIGH: Why did you choose financial year 2016 as the starting year from which to draw comparisons?

MR SULLIVAN: I can't recall the specific determination on the selection of the time period.

45

MR LEIGH: If we go over the page for a moment to page 4, you can see along the top, the first arrow point, there is an explanation as to what Crown understands the

declining revenue has been attributed to.

MR SULLIVAN: Right.

5

MR LEIGH: Thinking about that now and thinking back to this presentation, does it accurately reflect your understanding as to why there had been a decline in revenue?

MR SULLIVAN: I assume there would have been a consistency across the two matters, yes.

10

MR LEIGH: All the items you point to in those dot points, are which or pointed to in the dot points, they are not items that would respond to a change in --- well, they are factors which are independent from the nature of the games at the casino; aren't they? For example, you are not suggesting that tourism would have been better, looking at the second dot point, had there been different gaming standards governing the casino?

15

MR SULLIVAN: I think for two, not to what I would imagine was any material degree. Three, I think, has a linkage to gaming machine product. And four has a linkage to gaming machine product.

20

MR LEIGH: In terms of the first two items you specify as the attribution of decline, material decline in the local economy, sustained decline in international and interstate tourism, and particularly the first one, decline in the local economy, you would accept if there is such a decline, that the members of the community are likely to have less disposable income to spend on products such as gambling products?

25

MR SULLIVAN: Yes, I would accept that.

30

MR LEIGH: In those circumstances, if revenues are down when the economy is down, that is to be expected?

MR SULLIVAN: Yes (inaudible).

35

MR LEIGH: It may even be appropriate that people are not spending money they can't afford to spend?

MR SULLIVAN: Yes, I think so.

40

MR LEIGH: The casino, as a general proposition, can't expect to increase revenues year on year, regardless of economic conditions, can it?

MR SULLIVAN: No.

45

MR LEIGH: Going then back to page 4, you explain --- I think it is page 3. You explain that there is a shortfall or what you characterise as a shortfall, at bottom of page 4, of approximately \$30 million per annum?

MR SULLIVAN: Yes, I see that.

5 MR LEIGH: Can you explain what you mean by saying that it is a shortfall? You're not suggesting the casino is making a loss, are you?

10 MR SULLIVAN: I suspect, based on the comments in the brackets, that the calculation of the \$30 million appears to be what the projection was from the increase in additional gaming product, presumably out to --- I think it might have been 2018 was the date relevant to the FY16 position. So, the comment in the bracket would appear to indicate that may be the basis for the calculation of the \$30 million.

15 MR LEIGH: Inside the bracket, as you say, there is a comment about unrealised revenue increases. Is that an assertion that if there had been a different standard governing the Perth Casino, there would have been growth over that time? Is that correct?

20 MR SULLIVAN: I think it may have been not due to the changes in the EGM factors, but may have been due to the projection of what the additional gaming product installation was intended to generate in terms of that forecast revenue number versus the FY16 number, I think might have been the comparative used, based on my reading of that comment.

25 MR LEIGH: Do you mean Crown had estimated what it was likely to make over time as it was adding EGMs and that the figures hadn't matched up with what actually happened?

30 MR SULLIVAN: Yes, that's my interpretation of what I think that is saying in brackets.

35 MR LEIGH: In that case, this notion of a shortfall of 30 million, what you are really saying is the budgets haven't done what you expected, it's not a shortfall in the sense of a loss or money being owed to anyone?

MR SULLIVAN: No, that's correct. I suspect it's a shortfall in projection, not an actual loss to the business, which I think is consistent with the previous data you showed.

40 MR LEIGH: In terms of the loss you explain in that table showing the decrease in revenue, you didn't put in that table any comparison with the experience Crown had at its other gaming properties? Was the same decrease being experienced in Melbourne at this time?

45 MR SULLIVAN: I'm not sure.

MR LEIGH: Do you think that would have been a significant point to draw to the GWC 's attention, so as to understand whether it was perhaps economy-wide declines

in gaming, as opposed to something affecting Perth alone?

5 MR SULLIVAN: It may have been relevant. I wouldn't have had visibility on the Melbourne numbers, so I can't really comment on that position.

10 MR LEIGH: Can we go to page 6 of this document, please. There is a discussion here about what is identified as significant commercial disadvantages between EGMs in WA and machines in other places and the game outcome. Do I understand that to be a reference to the maths we talked about before and the spinning wheel selection versus the individual selection?

MR SULLIVAN: Yes.

15 MR LEIGH: And speed of play and return to player.

MR SULLIVAN: Yes, I see that.

20 MR LEIGH: Each of those things are said to disadvantage WA in some way?

MR SULLIVAN: Yes.

25 MR LEIGH: But you don't include in this table the advantages to WA and, in particular, the fact that there is no competition in WA in terms of EGMs for the Crown Perth casino, is there?

MR SULLIVAN: That hasn't been detailed there, no.

30 MR LEIGH: Whereas in Melbourne or any other jurisdiction, typically, the casinos have to compete with EGMs that are in clubs or pubs or other venues which might offer them?

35 MR SULLIVAN: Yes, I accept that competitive landscape is different. I think there are differing views on the impact of that environment but certainly I accept it is a different environment here. It is not a competitive environment.

40 MR LEIGH: Given that this is a document that is making a submission to the GWC about the unique position that Crown Perth casino is in, wouldn't it have been appropriate to likewise specify the unique advantages the casino had, so as to give a balanced and accurate picture to the GWC?

MR SULLIVAN: I think possibly that --- I would accept that could have been included in there.

45 MR LEIGH: Did you do any analysis to work out what the significance of those advantages versus disadvantages were for EGMs in Perth and poker machines in Melbourne?

MR SULLIVAN: In terms of the relativities of the different competitive environments.

5 MR LEIGH: For example, did you work out the average daily earning on an EGM in Perth versus the average daily earning on a poker machine in Melbourne?

MR SULLIVAN: I don't believe that comparative was done between jurisdictions.

10 MR LEIGH: Wouldn't that, again, have been an important thing to provide the GWC so it could assess whether what you were suggesting were disadvantages actually translated into disadvantages, in terms of machine use and profitability?

MR SULLIVAN: I'm not sure whether the Gaming Commission would have
15 considered that information of value. Possibly.

MR LEIGH: Is that something which you could now analyse to determine what the different profitability is of EGMs in Perth or poker machines in Melbourne?

20 MR SULLIVAN: From a casino perspective only or from a casino and a non-casino perspective ---

MR LEIGH: Casino perspective only. In terms of Crown's access to its data, is that something that could be done?
25

MR SULLIVAN: Certainly, Crown Resorts would understand what the Melbourne and Perth positions are, yes.

MR LEIGH: I will take you now to page 16 of this document, please. There is a
30 discussion here as to the estimate of what might be the consequences of these changes, were the GWC to accept them. You can see at the top it says there is a negligible impact in respect of gaming harm, and you go on to say why that is. Because, in summary, the assertion is that games used to be much faster in Perth and that over time, on average, they've gotten slower because of the use of unpaid or
35 bonus features.

MR SULLIVAN: Yes.

MR LEIGH: Can you explain in more detail to the Commissioners what those
40 features are and how they might change the time of a game?

MR SULLIVAN: Yes. I think if you go back in time to the early days of Perth
Casino, the technology inherent within a gaming machine was far more limited than
it may be today. So things like free games, jackpot features, bonus features, these are
45 all things that would exist in modern EGM games that would not have existed back in the very early days of the casino operating in WA. So I think that is the distinction being made there in terms of the development of product over time that pursuing the five second parameter was put in place. I don't know whether it was put in place in

1985 or not, but if it had have been applied at that time, the paid games feed would have actually played closely to that five seconds. But over time, because of these other features being allowed for, the average paid game speed has extended, once
5 you allow for the inclusion of these unpaid features such as free games, bonus jackpots, et cetera.

MR LEIGH: Did you conduct any analysis at this time? I'm going through the games you had in operation and working out what percentage of them had bonus
10 features and what didn't and of those that did, what length of time those bonus features actually played for?

MR SULLIVAN: I don't believe we did specific analysis of the length of time of individual bonus features. We did do some analysis that we referred to in the second
15 point there about the average paid game speed, generally, of the 9.5 seconds, but the detail you are talking to about specific feature assessment on individual games, that wasn't an assessment we did at the time, no, that I recall.

MR LEIGH: The statement that there has been an increase in unpaid features, that is
20 essentially impressionistic, from your perspective or others at Crown's perspective, about how the games are changing. It is not based on any empirical data, it's just your sense of it?

MR SULLIVAN: Certainly we did not create hard empirical data, no, I don't believe
25 we did.

MR LEIGH: You said there that the 9.5 seconds, on the other hand, was based on some empirical data. One of the documents that the PCRC has been given is a spreadsheet, CRW.709.110.3995. The metadata of this document suggests that you
30 are the author and that you created it in January 2019.

MR SULLIVAN: Yes.

MR LEIGH: You can see there you are showing as the author. Can we go back to
35 the actual document. Do you recognise this document?

MR SULLIVAN: Yes, I do.

MR LEIGH: We'll start with the fifth tab across, which is EGM play, CP total.
40 Looking at the top, on the fourth row, the suggestion seems to be that the data analysed here is from January to December 2018; is that right?

MR SULLIVAN: Can I get that blown up, please? Yes, that appears to be the case.

MR LEIGH: This analysis, is this what was carried out for the purpose of supporting
45 the presentation to the GWC?

MR SULLIVAN: I don't think --- I can't see the calculation to the 9.5 on that tab, but

I ---

5 MR LEIGH: My question is a bit more general than that. Was this document created for the purpose of supporting the presentation?

MR SULLIVAN: I believe this document holistically is the background to the 9.5 second calculation that was included in the presentation, I believe.

10 MR LEIGH: If we go to the seventh tab, which is EGM play data, is this a tab in relation to Crown Melbourne? Is this where you get your comparative figures? Or, rather, is this analysis what you depended upon for your comparative figures in the GWC presentation?

15 MR SULLIVAN: Yes, I believe there is both Melbourne --- references to CM, being Crown Melbourne, and CP, being Crown Perth.

MR LEIGH: Again, the date range at row 4 suggests you have looked again over that year of 2018 as your baseline?

20

MR SULLIVAN: Yes, that would appear to be the case.

MR LEIGH: We can now go to the second tab, which is EGM game speed. As I understand it, the SPH, for example, at column G is the spins per hour of different games?

25

MR SULLIVAN: A stroke per hour rate.

MR LEIGH: Thank you. Then we can go down to the bottom of the table and there are games set out the entire way across. Down the bottom we have what appears to be the summary section. Can we not have column A and B in the way, if that's possible? If we make it slightly smaller to bring in the average play as well. Looking at this, again if I understand correctly, at the bottom of the document we are in the CP total, so we are in Crown Perth figures for the moment? That is the tab we are looking at?

35

MR SULLIVAN: Yes.

MR LEIGH: You have broken this up into legacy games and regular games?

40

MR SULLIVAN: Yes.

MR LEIGH: Legacy games, would those be the ones we discussed earlier as being Keno and draw poker versus regular games, being the new style games?

45

MR SULLIVAN: It's possible. I'm not sure exactly how we've categorised that position.

MR LEIGH: You then work out a series of averages to come up with a total time at the end of 9.4 seconds for regular games and 10 seconds for legacy games?

5 MR SULLIVAN: I see that.

MR LEIGH: Then you have averaged them to get your final play speed of 9.5 seconds?

10 MR SULLIVAN: Yes, I see that.

MR LEIGH: You would accept the first thing this document suggests is the games that are the new style games are, in fact, faster than the legacy games?

15 MR SULLIVAN: Yes. Well, I would accept there would be a progression over time in relation to the position with the historical product.

MR LEIGH: In terms of them assessing how these games have changed over a very lengthy period of time from when the casino opened, this document suggests they've got quicker rather than slower?

20

MR SULLIVAN: I'm not sure I would draw that conclusion. I think the current data that we're --- I think that is a different point to the point we were trying to make in the presentation. My recollection is the point we were making in the presentation is some of these regulations, the five seconds, for example, was I believe put in place at a very early point in time. That position would have, I think we are saying, predated potentially any of the games we had operating here. I don't think the intention was to say that that 10 seconds related to the point we were making about the very old games.

30

MR LEIGH: The point I'm making is this data is what appears to be the data you analysed or you number crunched for the purposes of the presentation. You agree with that?

35 MR SULLIVAN: Yes, I do.

MR LEIGH: There is no other data that you number crunched for the purpose of that presentation?

40 MR SULLIVAN: No, there isn't.

MR LEIGH: In this data, the definitive thing we see is legacy games are slower than regular games. So there has at least been that increase in speed over time, that's the first point. Do you accept that?

45

MR SULLIVAN: I accept that ---

MR LEIGH: The second point is ---

COMMISSIONER OWEN: Sorry, I don't think he quite finished the answer.

5 MR SULLIVAN: I accept what the numbers in the data are showing but I am
conscious of the interpretation of that data, relative to the point I believe we were
trying to make in the presentation to the GWC.

10 MR LEIGH: On that data, or the point in the presentation you were trying to make,
we saw a moment ago there was the assertion that games have got slower because of
the unpaid features?

MR SULLIVAN: Yes.

15 MR LEIGH: But there is nothing in this document that shows, for example, what the
speed of games were on average five years ago, 10 years ago.

MR SULLIVAN: (Nods head).

20 MR LEIGH: There is no evidentiary basis here to say that games were faster and are
now slower; do you accept that?

MR SULLIVAN: I do accept that.

25 MR LEIGH: If we can now go back to the PowerPoint presentation, please,
GWC.0002.0016.0269, page 16. There are two discrete statements in the dot points.
The first one I discussed with you a moment ago about what the historical speed of
play was.

30 MR SULLIVAN: Yes.

MR LEIGH: The second one is that there has been an increase because of those
other features leading to this 9.5?

35 MR SULLIVAN: Yes.

MR LEIGH: But you agree as well that there is no evidence in that spreadsheet we
looked at a moment ago that would allow you to draw the second conclusion? It
could, for example, have been that the average speed was 9.5 a year ago, two years
ago, three years ago?

40 MR SULLIVAN: I think there is probably a couple of factors at play in that
comparison of the legacy and the regular data, but I accept I don't think we've
specifically done the type of time period analysis you've talked about to prove out
that number. I accept that.

45 MR LEIGH: Given you accept there was no analysis, do you accept the statements
being made here to the GWC are statements that don't have a proper evidentiary

foundation?

5 MR SULLIVAN: Well, I don't accept that position in relation to the calculation of the 9.5 seconds. I consider we did a fair and reasonable amount of work in establishing that position. Do I accept the point that we didn't go back and, in an evidentiary manner, determine the historical position? I do accept that point. But I don't accept the point that we did not put time into putting up what I would consider a reasonable approach to the calculation of the 9.5 seconds.

10

MR LEIGH: To be clear, I am not suggesting the 9.5 seconds is not accurate for the time frame in which it is measured, but I am noting that you say the 9.5 seconds is a result of progressive increases in unpaid game features. That statement does not have support.

15

MR SULLIVAN: I accept we have not proven that with data. I accept that.

MR LEIGH: And above, that historically EGM games operated at the speed of play close to the minimum, there is no support for that statement either?

20

MR SULLIVAN: I accept there is not data.

MR LEIGH: As a result --- well, do you accept the way those statements are presented suggests to the GWC that there is such data?

25

MR SULLIVAN: I don't know that it necessarily does. Do I accept it could be interpreted that way? I accept it could. I don't accept necessarily that that would be the starting expectation.

30

MR LEIGH: In addition to the points we have just discussed now, isn't it also the case that not only did you not have the data in relation to the first point about the historical speed of EGMs, but you also would not have been able to obtain the data because of limitations in the way that speed of play is measured?

35

MR SULLIVAN: I think there would have been a number of reasons why we would have had challenges doing a very historic review of the data.

40

MR LEIGH: In short, attempts to measure game speed are inherently unreliable because what they are based on is not the actual games but, rather, a session of time and the number of games happening within that time, not taking into account whether the patron is constantly playing or is taking breaks, having a drink, talking to someone or doing something else; isn't that correct?

45

MR SULLIVAN: I accept there is allowance for breaks, depending upon patron behaviour, within that data.

MR LEIGH: When you view the data, you can't know what level of breaks were happening over the course of time for which the data is measured?

MR SULLIVAN: We cannot define that. I would agree with that.

5 MR LEIGH: You would also agree that a statement we have seen in the first dot point, that they operated at close to the minimum of five seconds, is one which is inconsistent with the measurement technique that was being adopted by Crown to try and work out speeds, because that measurement technique would have not been able to distinguish between ordinary playing time and break interrupted playing time?

10 MR SULLIVAN: I would accept that that challenge would exist in comparative data, yes.

MR LEIGH: That is a challenge or difficulty you have brought to the attention of the GWC. We can call up GWC.0002.0016.0312 at page 70. Do you recognise this
15 document?

MR SULLIVAN: Yes, I believe I do.

MR LEIGH: It is a document that attempts to show the GWC information about new
20 games that have been introduced following the amendments to the policy?

MR SULLIVAN: Yes.

MR LEIGH: At which time the Appendix had been changed to allow the speed of
25 play of three seconds?

MR SULLIVAN: Yes, it appears so. Yes.

MR LEIGH: Down the bottom you have the caveat as to what the meaning of rated
30 seconds is?

MR SULLIVAN: Yes, I see that.

MR LEIGH: Again, that is just to confirm that the Casino's limitations in being able
35 to measure speed of play are inherent in the technology available to the casino, that it will never be able to actually work out true playing time, as opposed to overall session of time, overall number of games in that time?

MR SULLIVAN: Yes.
40

MR LEIGH: Did any of this get explained to the GWC in the course of the March 2019 meeting?

MR SULLIVAN: I don't believe the discussion would have occurred regarding rated
45 play at the GWC meeting because at that point in time the data was covering a holistic view of data, not specifically a rated position. I think subsequently when a discussion was held, I believe at department level rather than at GWC level, the

discussion around the provision of rated data was discussed and I believe that's when there was a discussion about the detailed composition of rated play data and perceptions the Department had had about in relation to that definition of rate of
5 play.

MR LEIGH: Do you agree the GWC appears not to have understood these limitations following the March 2019 presentation?

10 MR DHARMANANDA: I'm not sure the premise of the question is established in relation to that and certainly without knowing what is the basis for the appearance, it is difficult for this witness to answer that question.

COMMISSIONER OWEN: Lead into it, Mr Leigh.

15

MR LEIGH: Are you aware that in September 2020, the GWC issued a Show Cause Notice asking why it shouldn't revoke the changes to the Appendix so as to allow for the 3-second game speed?

20 MR SULLIVAN: I'm not sure I was aware of the Show Cause Notice. I think I was aware there was some discussion about the position on rated play data, but I'm not sure about the Show Cause Notice.

MR LEIGH: When you say you were aware of some discussion, what discussion
25 was that?

MR SULLIVAN: I believe I was aware, between the executives and the Legal and Compliance Department I think there was some commentary that I may have been involved in, indicating there were some things we needed to work through on speed
30 of play or some issues that had arisen, from memory. I can't recall exactly.

MR LEIGH: If you were involved in some of those discussions, did you take, as your impression from those discussions, that the GWC had not understood the speed of play limitations as a result of the 2019 presentation?
35

MR SULLIVAN: I'm not sure I understood the detail of exactly what the GWC's position was.

MR LEIGH: You then presented to the GWC in November 2020, didn't you? We
40 can call up the document, if you would like to see it. GWC.0002.0016.0336_R at page 4. You can see 5.4, the heading down the bottom, Crown Perth Show Cause.

MR SULLIVAN: Yes, I believe at a point of time we became aware there was a speed of play issue we needed to resolve. I'm not sure in my attendance I necessarily
45 knew about the show cause, but I have a vague recollection we may have presented an update on speed of play. So I think I became aware at a point in time that speed of play was being looked at, I'm just not specifically aware of the visibility on show cause specifically as being part of the process.

MR LEIGH: In terms of what you presented on at this meeting, it appears there is some discussion there about the steps that will be taken, the engaging of an independent ATF and then having manual simulated testing of game speeds from that point. You go on to say in your witness statement at paragraph at 222 that there is ongoing correspondence between Crown Perth and the GWC in relation to this issue.

MR SULLIVAN: Yes.

MR LEIGH: Can you tell the Commission what is the latest position in relation to this ongoing correspondence?

MR SULLIVAN: My recollection is the latest submission by Crown to the GWC, I think, was in something like mid to late April this year and I believe that had flowed from ongoing conversation about the speed of play analysis process with some of our manufacturers, indicating that there was potential variability in speed of play measurements. As a result of that discussion, and I think at a point in time we put forward both a pre and a post approval testing process to the games and I think our view was, in light of the variability the manufacturers had raised, our concern was that if we did pre-approval testing at a 3-second requirement per the revised requirement in the appendix and we then did post-approval testing, accepting there was a degree of variability in test results, that could mean the post-testing didn't line up as being necessarily consistent with the pre-testing. So I think what was outlined in that April correspondence was saying we won't test to 3 seconds for the games, we'll test to 3.5 to try and offset that potential for inconsistency with the outcomes in the pre and post-testing, allowing for the volatility. So I think that was an adjusted position put forward in the April correspondence.

I don't believe the GWC has yet responded to that submission position. I think Crown has taken steps to communicate that position and continue to progress it with the suppliers. So we have been receiving revised reports allowing for that 3.5-second approach. I believe we've made a submission to the GWC in relation to all of the impacted games from one of our suppliers. I had some recent correspondence from the Department or a Department officer in relation to that matter. I believe she indicated she had been looking to put --- or she was seeking some of the background on it because I don't believe she was familiar with the history in relation to the matter. So I think she was looking to put --- trying to understand it, so I provided some explanation to her, and she was looking to put that matter to the GWC for them to consider. I think she was trying to get to last month's meeting but indicated that wasn't possible and she now may be wanting to get to this month's meeting. One of the elements I explained within that was in a recent appearance, Mr Bossi and I had at a GWC meeting, the GWC had indicated that due to the demands of the Royal Commission, they were going to have limited capability to assess or evaluate Crown's submissions, of which game submissions were one of those elements. So I indicated to the Department that we had lodged a submission in relation to one of the suppliers' list of games, but that subsequent to that submission we hadn't continued to lodge submissions for consideration by the GWC, in light of their request or their indication

they weren't in a position to consider for a period of time. So I indicated to her, I believe, that if the Commission's view was they would like us to continue to put those submissions in for assessment, we could do that, and if she could get
5 clarification on that from the submission that she made, then we could comply with that as required by the GWC.

MR LEIGH: Just out of that answer you gave, I didn't want to interrupt but I'm not quite sure I understand the point you made about testing to 3.5 seconds. Are you
10 saying you have asked the ATFs to confirm that none of the games are faster than 3.5 seconds; is that the point?

MR SULLIVAN: So what we are saying was rather than directing the manufacturers to develop games to the 3-second requirement, consistent with what was detailed in
15 the WA Appendix, in light of the potential for variability in pre-testing and post-testing results, which suggest that if you develop the game to a 3.5-second level, even allowing for volatility, it should still fall above 3 seconds. That was the thinking behind trying to minimise the chance of the process not producing consistent results as we roll through the implementation.

20 MR LEIGH: You essentially asked manufacturers to develop a slightly longer game speed, so as to give you a buffer in case there was unexpected performance?

MR SULLIVAN: Yes.
25

MR LEIGH: Is that intending then or is it the expectation that the games will therefore, overall, on average, be 5 seconds or longer speed of play or they will overall, on average, be 3 seconds or longer speed of play?

30 MR SULLIVAN: They would obviously have to meet the minimum 5-second requirement and if the view was that at the 3-second speed of play they were going to meet the five, then by extension, if you were developing to 3.5, you would expect them to get to 5.5. But I think we're still understanding, as this process is developing and implemented, exactly how that plays out. But certainly the expectation of it was
35 that we achieve an outcome that would mean we are consistent, we meet the requirements of the GWC regarding each of the 3 second and 5 second requirements for those games.

MR LEIGH: If we can please bring back up the PowerPoint presentation at
40 GWC.0002.0016.0269 at to page 16. That first dot point at the top, where it says "average speed of paid EGM games expected to remain above 5 seconds", what was the basis for the expectation?

MR SULLIVAN: I think the comparative analysis we did to Melbourne was our
45 basis for expecting that, on the basis of their environment and the result we calculated for Melbourne, that should produce a result of above 5 seconds for Perth, in light of our consideration of the relative parameters in Melbourne.

MR LEIGH: If we can please bring up CRW.709.154.2161. This is an email from you to Mr Claude Marais and Mr Paul Hulme?

5 MR SULLIVAN: Yes.

MR LEIGH: You see the date is 21 March 2019. If we can please go down the page, there is a comment about slide 12.

10 MR SULLIVAN: Yes, I see that.

MR LEIGH: That comment explains why the word "expected" is used in the slide.

MR SULLIVAN: Yes.

15

MR LEIGH: Because you recognised there was a risk of not achieving speeds above 5 seconds.

MR SULLIVAN: Yes, I accept that.

20

MR LEIGH: Did you articulate to the GWC in the course of the presentation that there was such a risk?

MR SULLIVAN: I don't believe we did but I don't believe our proposal at that point in time was based upon applying a 5-second requirement to the 3-second --- I believe the position we put forward as our proposal was to adjust the minimum speed of play requirement to 3 seconds. At that point in time, we were not anticipating the requirement to also apply a 5-second requirement to that 3-second requirement.

25

30 MR LEIGH: But you were the party that suggested that 5 seconds would still be achieved. It's not as if the GWC put in a requirement that you had not articulated in your slide, or a figure that you had not articulated in your slide?

MR SULLIVAN: I think what we put forward was we were saying --- our proposal was to move from a 5-second minimum speed of play to a 3-second minimum speed of play. I think we then indicated that we expected that we'd still achieve a 5-second outcome, but I think what I was trying to say here is I don't want to be saying we're guaranteeing a 5-second outcome because I'm not sure we can actually do that. I think that was my thinking behind what I was saying.

35

40

MR LEIGH: If we can move, please, to CRW.708.002.1297. You can see from the top of the email this is from you again to Mr Marais and Mr Hulme.

MR SULLIVAN: Yes.

45

MR LEIGH: You are discussing here that you have an Excel spreadsheet that sets out your assumptions as to the commercial impact that may result from the changes?

MR SULLIVAN: Yes, I see that.

5 MR LEIGH: Can we call up the spreadsheet, CRW.708.002.1298, please. Looking at the first tab under "Scenarios", you can see that scenario 2 at row 20 is "Approval to Change Game Speed and Game Math".

MR SULLIVAN: Yes, I see that.

10 MR LEIGH: That is effectively what ultimately was allowed by the GWC, isn't it?

MR SULLIVAN: As I said, I don't think the game speed adjustment was ultimately what we had proposed, but it was a partial change. Again, the math change was, I believe, approved as proposed.

15 MR LEIGH: That is scenario 2. If we can please go to the scenario 2 tab. You can see here some estimates in terms of what you think might be revenue changes. At row 29 there is an estimate revenue increase for game speed change only. I hear your point that it is not quite the game speed you are accepting but, nonetheless, you had an estimate, based on 3 seconds, of an \$18.5 million increase in revenue.

MR SULLIVAN: Sorry, could the size of that be increased? Yes, I see that.

25 MR LEIGH: At row 30 you had another increase assumption, based on the game math change, of 7.95 million?

MR SULLIVAN: Yes, I see that.

30 MR LEIGH: There is a note to the side, explaining where these figures come from, as per scenarios 5 and 6. If we could go to scenario 5 now, you can see at row 18 you are estimating an increase in revenue based on current players of 5 per cent and that's equivalent to \$13-odd million for current local players?

35 MR SULLIVAN: Yes.

MR LEIGH: If we can go to scenario 6, there is a similar estimate that \$7.95 million will come from current players, at row 23.

40 MR SULLIVAN: Yes, I see that.

MR LEIGH: At row 6 there is discussion about Crown gaining access to a full spinning reel game library. What does that mean?

45 MR SULLIVAN: Essentially, the winning combinations restrictions that had been in place created material restrictions on the type of products that could be converted into a manner that would be acceptable for approval in WA. Whereas previously under the regulations prior to the September 2019 change, there was a portion of games that would never be convertible to be compatible for operation in WA, post that change,

an increased amount of that library opened up, in terms of availability for use in the market.

5 MR LEIGH: In simple terms, you could get existing spinning reel poker machine games and you could change the visual appearance of them and offer them in the Perth Casino?

10 MR SULLIVAN: Yes, subject to meeting the ongoing requirements of the WA Appendix, then games that met those requirements could be approved in Western Australia.

15 MR LEIGH: But the same internals of the game, the same random number generator, the same maths, the same pay tables, all of the operational aspects of the game would essentially be unchanged?

MR SULLIVAN: Yes.

20 MR LEIGH: In terms then of the total amount of money we have seen in those two figures, the \$7 million and the previous, which I think was \$18.5 million, adding those together, you are estimating that something in the order of \$21 million was going to be additionally paid by local patrons at the casino each year moving forward; is that correct?

25 MR SULLIVAN: I'm not sure that --- I think there was a degree of scaling to that figure. I think that figure was on the basis of a full implementation, so I think there may have been some phasing to get there. But the numbers are based on full implementation, so it might have been half of that for a couple of years to implement to a position, but the view was then that that might be the sort of quantum of the
30 number, once you got to the full rollout.

MR LEIGH: Over time you might get to the stage where you would be looking at, ballpark, \$20 million additional being paid by local gamblers?

35 MR SULLIVAN: Yes.

MR LEIGH: What analysis, if any, did you do to determine whether local gamblers could afford an extra \$20 million a year?

40 MR SULLIVAN: I don't know. I was performing some of the product and financial elements of the presentation. In relation to what reviews were done on the RSG side, I don't know what occurred in those elements of the review or presentation.

45 MR LEIGH: Did you at any stage speak to anyone in the RSG team to seek their advice or comments as to the proposals?

MR SULLIVAN: No, I didn't.

MR LEIGH: Are you aware of whether anyone else in the team that was considering this spoke to RSG people to seek their view as to the implementation of this project?

5 MR SULLIVAN: Not specifically aware, no.

MR LEIGH: When you say "not specifically aware", are you aware in a general sense?

10 MR SULLIVAN: No. I know there was discussion about RG in relation to the proposal, but exactly what engagement occurred with the RSG team, I didn't do that. Whether others did, I don't know.

MR LEIGH: Let me ask the question this way: do you have any reason to believe
15 that anyone did speak to the RSG team?

MR SHAW: I think, with respect, the witness can only answer for himself. That seems to be a question about whether he knows whether anyone else had communications with the RSG team.

20

COMMISSIONER OWEN: There was slight differences in the answer. It might be well to clarify it I think.

MR LEIGH: So the question I'm asking you now is whether you might be aware of
25 any person in the team that was considering the changes in the Appendix and the policy, if you are aware whether any of those persons spoke to members of the RSG team or sought advice from the RSG team as to these changes?

MR SULLIVAN: I'm not aware of any conversation, no.
30

MR LEIGH: Going back to the point we had a moment ago as to the access to the spinning reel library and being able to access machines that were essentially poker machines in other States and now being able to use them here in Perth, with some modifications to the way that they displayed the revealing of the numbers that had
35 been generated, is there any difference now between the machines that are allowed under the amended index and policy in other jurisdictions other than the appearance by which the result is revealed?

MR SULLIVAN: Yes, the other differences that are retained within the WA
40 Appendix, that would be relevant to other jurisdictions.

MR LEIGH: So that includes things like RTT?

MR SULLIVAN: RTP, separate play button win truncation in certain jurisdictions.
45 So whatever is retained within the WA Appendix depending on the regulation you are comparing to could be a distinguishing element between a West Australian product and a product in another jurisdiction.

MR LEIGH: Now I'm going to ask you some questions about the apparent impact of these changes.

COMMISSIONER OWEN: Could we take a break?

5

MR LEIGH: Thank you, Commissioner.

COMMISSIONER OWEN: We will take 10 minutes. We'll come back shortly after 10 past.

10

ADJOURNED

[3.03PM]

15

RESUMED

[3.10 PM]

COMMISSIONER OWEN: Please sit down. Thank you, Mr Sullivan. Mr Leigh?

20

MR LEIGH: Mr Sullivan you explain at paragraph 232 of your witness statement that you've been doing some tracking of the financial performance of games that have been pursued pursuant to the modified Appendix and policy and you've given a spreadsheet as part of your witness statement to explain that. Can I have up CRW.700.060.1578. And I understand that is subject to a non-publication order.

25

Please only on counsel's monitors. Do you recognise this document.

MR SULLIVAN: Yes, I do.

30

MR LEIGH: Do I understand correctly that the way this document works is the first page is a summary page and then the other pages as you go through show analysis of individual games that is then summarised to the first page.

MR SULLIVAN: That's correct.

35

MR LEIGH: And what it is showing is the average earn per new game versus old games in different sections of the casino?

MR SULLIVAN: Yes, it is.

40

MR LEIGH: And you are calculating the earnings by reference to the theoretical wins per month, at TWPM.

MR SULLIVAN: Theoretical wins per machine.

45

MR LEIGH: Thank you. And the reason you make it a theoretical calculation because it doesn't matter if people are lucky enough to win, what you are interested is the amount of games they are playing because that is a better predictor as to the

long-term revenue the casino will make.

MR SULLIVAN: Yes, it takes out the volatility of actual returns, yes.

5

MR LEIGH: And so looking down under the column that has average TWPM percentage and you have different percentages at different places.

MR SULLIVAN: Yes.

10

MR LEIGH: I understand that each of those percentages show the increase in winnings for machines that have been approved under the amendments versus the machines that were previously approved; is that correct? And so the grand total you have down the bottom of 166 per cent, that is the average across all machines in the casino at the moment.

15

MR SULLIVAN: Yes.

COMMISSIONER JENKINS: Sorry, where is that? I can see it.

20

MR LEIGH: And certain rooms have a significantly higher difference in earnings. So looking at the Pearl Room at the suite at the top ---

25

MR SULLIVAN: Yes.

MR LEIGH: --- that is 2671 per cent increase.

MR SULLIVAN:

30

MR LEIGH: And then that's calculated by reference to the two figures to its left, \$1500 per machine and \$583 per machine; is that correct.

MR SULLIVAN: Yes, it is.

35

MR LEIGH: Can you explain the meaning of the quartiles on the right-hand of the spreadsheet?

40

MR SULLIVAN: It is essentially rating the machines into quartiles, being the bottom 25 per cent, mid-25 per cent, upper 25 per cent and then most upper 25 per cent. Basically, what it's shading in yellow is showing in each of those room locations the average performance of the new product, which quartile it is within. So it's staying, generally speaking, in the top half of performance, missed across the top quartile and second quartile.

45

MR LEIGH: In terms then of the way this is broken down, is it right that the first --- one moment, Commissioner. I have been reminded that I need to be careful about my reference to figures in this document. Looking at the first series of areas ---

MR SULLIVAN: Yes.

5 MR LEIGH: --- and going down to AA area, are those first ones all, essentially, VIP rooms or other special parts of the casino?

MR SULLIVAN: It varies a little bit. I can explain the interpretation of those areas, if it helps?

10 MR LEIGH: Please do.

MR SULLIVAN: So, the top three. The Pearl Room is the VIP facility at Perth Casino. Within that area there is the suite, which is a high-end area within the Pearl Room, then the smoking and nonsmoking areas are general access areas within the Pearl Room, one of which allows smoking within the area, the other area has no
15 smoking at the area. The Riverside room is then a separate member-only room, located as an extension of the main gaming floor, but it has a membership criteria which is at a mid-tier level between the main gaming floor and the Pearl Room. Then the other rooms, baccarat, AA high limit, EE high limit, are areas located on the main
20 gaming floor but are generally higher performing areas. Then the remaining AA through FF areas are various areas located across the main gaming floor.

MR LEIGH: That AA through FF is general public access?

25 MR SULLIVAN: Yes, it is.

MR LEIGH: The differences in figures, and I won't articulate them, but you can see there is quite a range of percentage differences across those different areas?

30 MR SULLIVAN: Yes, there is.

MR LEIGH: Again, that is essentially a snapshot of what ordinary people, to use a crude expression, are spending extra in the casino on those new machines?

35 MR SULLIVAN: Subject to a couple of considerations in relation to how the data is interpreted. But, yes, it is talking to the performances, subject to a couple of performance considerations, that data is in relation to the main gaming floor areas.

40 MR LEIGH: I counted 15 new games in this report. Is that the total number of games that have since been approved under the new Appendix and policy?

MR SULLIVAN: That may be about right. I'm not 100 per cent sure but possibly.

45 MR LEIGH: In terms then of the number of machines, I think that is discussed at page 34 of the spreadsheet, if we can go to that, please. You can see down the bottom of the page there is a specification as to the number of EGMs, both new regulation and legacy?

MR SULLIVAN: Yes.

MR LEIGH: That number there for new regulation, does that represent all the
5 machines that have either been purchased or perhaps upgraded to take advantage of
the amendments to the Appendix and policy?

MR SULLIVAN: Yes, I believe it does.

10 MR LEIGH: Is it the intention, if you are aware, of Crown Perth over time to
convert all machines to the new allowances under the amended Appendix and
policy?

MR SULLIVAN: Given a sufficient period of time, progressively the new games
15 would be developed to the new regulations but, in my experience, there is potentially
for some games quite a long tail. There are some games that simply cannot get
changed or converted. Those games will remain while customers still wish to play
them. But over time you would imagine the older product diminishes and the newer
style of product progressively flows through to a degree. The new number regulation
20 would increase over time and I would expect the legacy number to decrease.

MR LEIGH: At the bottom of the page on the right-hand side, there are some
theoretical revenue figures which are articulated. Are those the totals for each of the
25 types of games, the new EGM and legacy EGM? The figure on the right-hand side
there is the total amount they are earning per day?

MR SULLIVAN: The average TWPM column?

MR LEIGH: Under "theo rev daily av"?
30

MR SULLIVAN: Apologies. Yes, yes. In the total daily revenue for the cumulative
number of machines within that category.

MR LEIGH: Yes. So of the total number of machines, that is theoretically ---
35

MR SULLIVAN: Yes.

MR LEIGH: --- what they are earning cumulatively per day?

40 MR SULLIVAN: Yes, it is.

MR LEIGH: Again without saying the exact figure, you would agree the amount
being earned by the new regulation machines is significantly higher than that by the
45 legacy machines?

MR SULLIVAN: Yes, it is.

MR LEIGH: Notwithstanding that the number of machines is lower?

MR SULLIVAN: Yes, correct.

5 MR LEIGH: Looking at that daily difference and calculating that across the course
of the year, again I won't say the figure but you recall when you presented to the
GWC, Crown's suggestion was there was a \$30 million shortfall. If that figure was
taken into account and if you worked on the assumption that does hold true every
day, the earnings in those two different columns, and that holds true throughout the
year, and you also accept that is not the entirety of the converted machines to what
10 they might make use of in future, would you accept that --- I'm not quite sure how to
put this to you. Are these figures in line with what you expected?

MR SULLIVAN: I don't think we have actually done a post-analysis back to what
was presented to determine whether they are aligned to what we expected, but there
15 is a couple of factors in there that I think need to be considered in the interpretation
of that data. I understand the theory of the calculation you are putting forward but
I'm not necessarily of the view that that is the appropriate way to analyse the data.

MR LEIGH: What information would you like to give the Commissioners as what
20 other factors they should be taking into account when they are considering this sort
of information?

MR SULLIVAN: I think there are two points which I would make. One is our view
is that the COVID issue, predominantly the border closure in Western Australia,
25 seems to have had a material impact on the gaming machine business in Western
Australia. That is one of the factors that I believe has had some effect on what we
would consider a normal trading period. The other factor ---

COMMISSIONER JENKINS: Sorry. When you say "material impact", what do you
30 mean? Increased it, decreased it?

MR SULLIVAN: The fact that the border has been closed, our impression has been
that a lot of West Australians who normally would have gone interstate or overseas
to travel and have holidays, et cetera, what appears to have happened is their
35 disposable income hasn't been spent on those things. And for those who were casino
customers, potentially a portion of that money they would have normally spent
travelling overseas may be flowing through with increased spend, to a degree, within
the casino.

40 COMMISSIONER JENKINS: Thank you.

MR LEIGH: When you say that is the understanding you have, what is that based
on? What is the source of that understanding?

45 MR SULLIVAN: In my opinion, it is not a definitive matter that we can prove. The
reality, I think, is until the hard border stops, it is only really at that point we will
actually be able to determine whether what we think is the case is actually true or
not.

MR LEIGH: So that's not based on, for example, a consultant doing analysis, that is your best guess at this stage as to what is the source of the increase in earnings?

5 MR SULLIVAN: Yes. Not just me personally, I think the view of people within the Crown business who have a degree of understanding of that business. It's our perception on what the shift has been related to but, as I said, it can't be proven. The other factor within the data as well that I just want to raise for consideration and interpretation of the data is, as a general matter of course, new product will
10 outperform older product. So I accept the number on the front page of 166 per cent looks like a very big increase, but at different points in time, whenever you are comparing new product against old product, the dynamic of product performance is such that you would always expect that new product performance number to be higher than the old number. Again, I can't give you a definitive view on exactly what
15 the position would be if we hadn't had the changes. That would be incredibly difficult to do. But certainly as a general principle, I think the 66 per cent uplift that is shown on that front page, I think, would be somewhat overstated relative to what the true increase is.

20 MR LEIGH: Do I understand correctly from what you are saying that the only way we will be able to test that proposition is once the borders are open again; is that the point?

MR SULLIVAN: Certainly for the COVID point. The point in relation to new
25 product outperforming old product, that one is, I would say, impossible to prove because unless you had old regulation versions of the same products you've just put in, so we've put them in under new regulations --- the only way to really like-for-like prove it is put them in under old regulations and see what the difference in performance is, which clearly is not going to happen. So there are some
30 complexities but certainly I appreciate we can't fully validate what that variation would be.

MR LEIGH: The next thing to ask you about is some of the testing that you have done of these games in relation to their speed, and that is CRW.700.060.1615. If you
35 can just explain to the Commission what these figures are representing and, in particular, why some games have a first-hour section and a second-hour section, but other games only have a first-hour section?

MR SULLIVAN: My recollection of the data was this was some interim data we
40 were seeking to produce while we were awaiting BMM completing their review to come back to us with a testing procedure approach. So we picked, from recollection, one EGM game from each of our key suppliers which is the reason for the six different games. We tested each of the games for one hour to get a sense of what roughly the number would look like. I think based upon the one-hour figure it
45 appeared the Royal Diamonds game may take a significantly longer period to normalise and we also had a question on that. I might come back to provide further commentary on that. The second and third games, Lightning Link and Bubble Blast appeared to normalise above a 5-second average pretty quickly. The bottom three

games appeared somewhat below. And for those ones we thought it was worthwhile doing a second-hour test to see what the impact of that was, whether it meant an increase or decrease in speed. Ultimately I think it produced a slight increase in speed for two of the games, not much for the other.

I think as we were doing this testing as well, I think, we were conscious that we weren't really going to be able to replicate the position that an ATF may in relation to what they were doing but it was a way to try and get a quick sense of what the numbers might look like while we were waiting for that. In relation to the first game as well, the Royal Diamonds game, I think we thought that was unusual, that that was lower than some of the others, and I think that may have prompted a conversation with the supplier of that game to understand why that game may look lower. And I think as a result of that discussion we became aware that different accredited testing facilities were applying a different methodology to how they test the speed of play, which we hadn't necessarily previously contemplated. So I think in a latter submission in relation to the speed of play process I believe what we've suggested to the GWC is to actually regulate and stipulate exactly what the required process is to ensure that all ATFs will be testing to a like process so we don't potentially have variability in terms of how that is implemented.

MR LEIGH: In terms of these figures, they are the results of your own internal testing, it's not an ATF that's generated these figures for you?

MR SULLIVAN: No, that's correct.

MR LEIGH: And, in terms of methodology so the Commissioners understand, was it simply a case of getting a person in front of a machine and playing as fast as they could or was it a case of a person trying to emulate what might be a normal person playing?

MR SULLIVAN: I believe it was playing as fast as you could, yes.

COMMISSIONER JENKINS: So that was playing as fast as you could on a machine set for a minimum speed of play of 3 seconds?

MR SULLIVAN: That's correct, yes.

COMMISSIONER JENKINS: And have you done that same process with a minimum speed of 5 seconds?

MR SULLIVAN: No, I don't believe so.

MR LEIGH: The last question I wanted to ask you briefly in relation to the changes that have happened recently at Crown Perth Casino, one of the changes that this Commission has been informed about is that there is now a limit per day in relation to domestic patrons. I understand it is 12 hours a day and no more than 48 hours per week in relation to local gambling. Are you aware of those restrictions?

MR SULLIVAN: I think I've heard commentary through either Royal Commissions or media about that but I'm not specifically involved in discussion on those matters.

5 MR LEIGH: Obviously any change you would agree to those sorts of considerations would have to be properly supported by research as to what would be appropriate limits to set?

MR SULLIVAN: Yes, I imagine that is quite possible.

10

MR LEIGH: My question is whatever the research might show in terms of setting the limits does Crown have the technology to impose mandatory limits at particular times after persons have been playing? If, for example, you have a rated player, you have your rewards card, and you stick into a machine and play for X hours, the system can then say you have reached X hours, you must be locked out for Y hours; is that possible?

15

MR SULLIVAN: I don't believe the system would be comprehensively able to do that simply because if the player chose to play again --- from a system point of view, if the player chose to come back and play without a loyalty card, you wouldn't necessarily know who they were. That said, there may have been other processes put in place with the RG team to monitor and control those issues, but from a sure system point of view I don't think the system would be doing all the work to manage that process.

20

25

MR LEIGH: What about if the system was configured to not allow playing at all unless a player had a card identifying them to the machine?

MR SULLIVAN: I think that would cover some of the elements. I suppose it would depend how the card work and how you identified that the card the person was holding --- whether I'm actually the holder of the card that I'm inserting. There may be related considerations, but I understand the concept you are saying.

30

MR LEIGH: I appreciate your point that it might be the case that someone might use someone else's card, but from the purely technical aspect, it would be possible for a system to exist that said you can't play without a card and if you were playing with a card, you could have time or spend limits imposed; is that correct?

35

MR SULLIVAN: I think theoretically the concept exists. I'm not specifically aware whether our system could do that or whether systems generally have that functionality or what complexity may be involved in implementing it. But certainly in theory there is no reason to say it couldn't happen subject to what work may be required to achieve that.

40

MR LEIGH: I think earlier in your evidence you said that there is probably no technical reason why you couldn't, for example, give access to RSG staff information about active sessions that are happening in the casino so they could better monitor

45

and assist patrons while they were gaming?

5 MR SULLIVAN: I wouldn't see any reason why the RSG team couldn't receive any of the information available within the Crown Resorts group.

10 MR LEIGH: And I think you previously agreed there was no reason why you couldn't have a mandatory player activity statement in Perth analogous to what is done in Melbourne?

MR SULLIVAN: Not that I can think of.

15 MR LEIGH: And in relation to play safe limit on spend, as opposed to just hours, again is there any technical reason why it would not be possible to have limits imposed so patrons couldn't spend more than a set amount that they nominated?

MR SULLIVAN: A mandatory limit?

20 MR LEIGH: Correct.

MR SULLIVAN: Again, subject to the development, I don't believe there is any reason why that couldn't be the case.

25 MR LEIGH: All right. Thank you, Commissioners, I have no further questions.

COMMISSIONER OWEN: Thank you, Mr Leigh. Any applications? Mr Sadler?

30 **CROSS-EXAMINATION BY MR SADLER**

MR SADLER: My name is Sadler and I act for the Gaming and Wagering Commission.

35 At paragraph 179 of your witness statement you talk about the approvals for the EGMs and you set out the two-stage, in principle and formal approval process that you go through.

40 MR SULLIVAN: Yes.

45 MR SADLER: To orientate you to my question, at 191 you talk about attending the GWC meetings to present the Crown presentation on new EGMs and you talk about how there may be questions during the course of the presentation, and at the end the chair of the GWC generally asks the GWC members if they have in further questions for you?

MR SULLIVAN: Yes.

MR SADLER: So, in your opinion, was the GWC's approval of the new game a forgone conclusion?

5 MR SULLIVAN: No, I don't believe so.

MR SADLER: And do you feel that your presentation and Crown's proposal to the GWC was checked and challenged by the GWC?

10 MR SULLIVAN: Yes, I do.

MR SADLER: Thank you, Commissioners.

15 COMMISSIONER OWEN: Thank you, Mr Sadler. Mr Dharmananda?

CROSS-EXAMINATION BY MR DHARMANANDA

20 MR DHARMANANDA: Three questions just to clarify some of the evidence given by Mr Sullivan.

Mr Sullivan, my name is Dharmananda. I appear for Crown Group. You were asked questions in relation to the play button; do you recall that.

25 MR SULLIVAN: Yes, I do.

MR LEIGH: And it was suggested to you by Mr Leigh that in relation to subsequent games the play button didn't really have any part to play in creating a difference between the games in WA and the eastern seaboard. That assumes, does it not, that the bet and the play lines stays the same?

MR SULLIVAN: Yes, that's correct. It assumes you are not changing your bet.

35 MR DHARMANANDA: Yes. You were asked also some questions in relation to the symbols. Do you recall that?

MR SULLIVAN: Yes, I do.

40 MR DHARMANANDA: And Mr Leigh put to you that the position in relation to WA might involve the contravention of the policy, do you recall that?

MR SULLIVAN: Yes, I do.

45 MR DHARMANANDA: The policy is distinct from the appendix, is it not?

MR SULLIVAN: As I understand it, they are two separate documents, yes.

MR DHARMANANDA: And when you present to the GWC the games, the symbols on the games are apparent to the GWC?

5 MR SULLIVAN: Yes, they are.

MR DHARMANANDA: And you have in communications --- or Crown in its communications to the GWC have made reference to games that are taken from the eastern seaboard?

10

MR SULLIVAN: Certainly in some presentations I think that was referenced, yes.

MR DHARMANANDA: What can you tell us about Lightning Link?

15

MR SULLIVAN: I think Lightning Link may have been one that we referenced in the presentation that we made to the Gaming and Wagering Commission in relation to the September 2019 amendments. I think we referenced that that had been a popular product in other jurisdictions and I think we articulated delays in being able to access a variation of that product was one of the challenges we considered from a Crown perspective.

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MR DHARMANANDA: You sought to introduce that game to WA?

MR SULLIVAN: Yes, we did.

25

MR DHARMANANDA: Adopting the same symbols that were used in the eastern seaboard?

30

MR SULLIVAN: Other than in relation to the Royals where I think I explained in my statement the approach we've taken to symbols to not use the Royals, (inaudible) a uniquely developed set of symbols, but certainly in relation to theme symbols there has been a historical consistency with games developed for operation in other markets.

35

MR DHARMANANDA: What do you mean by the Royals, just for the sake of the transport, Mr Sullivan?

40

MR SULLIVAN: So, in a lot of spinning reel games, I can't recall now whether they were reflected in the video we looked at earlier, but there is a standard set of symbols in a lot of spinning reel games; there is a letter "A" represents an "Ace", a "K" representing a "King", and "Q" a "Queen", and a "J" representing a "Jack" as well as possibly a couple of number symbols but they are generally the symbol set referred to as the Royals that the GWC has advised from early on that was not a set of symbols they wished to be used in WA games and as a result have not been used.

45

MR DHARMANANDA: Thank you.

You were also asked questions in relation to the 9.5 seconds. Do you recall that?

MR SULLIVAN: Yes, I do.

MR DHARMANANDA: And you were taken to some materials that you prepared.
5 You deal with this in your statement at paragraph 212 and 213 and particularly at
2.13 you explain how with you went about the analysis. Is that, referring to
paragraph 212 and 213, still accurate Mr Sullivan?

MR SULLIVAN: Yes, it is still accurate subject to the correction we made at the
10 beginning of the proceeding to remove the word "rated" through both of those
elements. But subject to that change, yes, that was the process that was supplied.

MR DHARMANANDA: Thank you, Mr Sullivan.

15 COMMISSIONER OWEN: Thank you, Mr Dharmananda.

Mr Shaw the practice we have adopted is the Commissioners will ask questions now
and then you get to re-examine.

20 MR SHAW: Yes.

COMMISSIONER OWEN: Are there any other applications?

25 **QUESTIONS BY THE COMMISSIONERS**

COMMISSIONER JENKINS: Thank you. In respect to 213, the 9.5 seconds
average speed of play was for a machine program for a minimum speed of play of 5
30 seconds; is that right?

MR SULLIVAN: In yes, it was games approved under that regime. And the way
that it was assessed was to use sessions of carded play --- of rated play; is that right?

35 MR SULLIVAN: No. So it actually included an allowance for both rated and
unrated. So it was looking at a figure based on overall play levels.

COMMISSIONER JENKINS: The rated play portion of that ---

40 MR SULLIVAN: Yes.

COMMISSIONER JENKINS: --- included possible breaks in session?

MR SULLIVAN: Yes, it did. Yes.

45

COMMISSIONER JENKINS: And what about the unrated portion?

MR SULLIVAN: Yes. Both would have been reflective of actual player behaviour, so, yes.

5 COMMISSIONER JENKINS: Do you have an understanding of what the significance is of the Royals and why they would not be accepted by the GWC?

MR SULLIVAN: My understanding was just a strong historical association of those symbols for use in spinning reel games, that there was a preference as one of many
10 points of distinction, that that was one that was felt by the Gaming and Wagering Commission members in the early days that that would be something best not used in Western Australian games. My guess would be as another point of distinction, but that's not based on anyone telling me that. I just assumed that, I suppose.

15 COMMISSIONER JENKINS: Thank you.

Can I ask you about your AML training. You referred in your oral evidence to having an annual refresher. I just wanted to understand what that encompassed. I want to know whether you had the same training basically annually or whether you
20 completed module A one year, so in the second year you did module B, and in the third year you did module C?

MR SULLIVAN: My impression is it is not a modular session. I think you do the session one year and I think it would be broadly the same unless they did a refresh of
25 the session itself. So occasionally what they will do is redo the training, make adjustments to it. But I think if it was a period where they weren't actually doing a complete redo of the module, it would probably be resitting certainly if not the same a very similar module until they did a complete rework of it would be my impression.

30 COMMISSIONER JENKINS: And that was online training?

MR SULLIVAN: Yes, I believe so.

35 COMMISSIONER JENKINS: And do you recall how long it takes you to do that?

MR SULLIVAN: I can't remember the timing for the AML one. If I had to guess I would suggest possibly --- I think a lot of them take half an hour type time would be my guess but I'm not certain, Commissioner.

40 COMMISSIONER JENKINS: And what about for Responsible Service of Gaming training; do the same comments apply in respect of that it is the same module basically each year unless they do a complete reformation?

45 MR SULLIVAN: Yes, I think the position on the online RSG training is that fact. I think I also mentioned in my statement that I had recently completed a manager training module which I think is a recent development by Crown. So that is an additional session that is actually an in-person session for managers which is

a little bit different, but, yes, the online is a repeat of largely of a similar session online, albeit there may be additions and adjustments based on programs to what is included in that session, I imagine.

5

COMMISSIONER JENKINS: Thank you for that.

I think you might have answered a couple of these questions just in the final portion of Mr Leigh's examination. But you said that if a patron exceeds a play safe limit, a message is displayed on the machine they are using, presumably it's carded play.

10

MR SULLIVAN: I believe they receive a message, yes.

COMMISSIONER JENKINS: I was going to ask how is that displayed; do you know?

15

MR SULLIVAN: I think we actually recorded --- one of the videos was of a service window device which exists an on EGM.

COMMISSIONER JENKINS: I haven't seen that but I did see in your statement there is a reference to a window so I can have a look at that; it is in there, is it?

20

MR SULLIVAN: Yes, just to explain to you to be clear, almost all of the EGMs operate this service window technology which is basically you imagined your computer screen was a gaming machine screen, basically a portion of it pops out with the display screen which a message can be displayed on. There is a slightly older version of technology that isn't actually displayed on the main game screen of the gaming machine. I think I might have explained this in my statement as well, but it is basically a small LCD screen installed near the main gaming screen that can display similar content. So there's two slightly different versions of implementation but either one should be able to display a form of message to the customer.

25

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COMMISSIONER JENKINS: And my question is can a patron turn that off?

MR SULLIVAN: The message?

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COMMISSIONER JENKINS: Yes.

MR SULLIVAN: I think it only displays for a certain period of time.

40

COMMISSIONER JENKINS: Could a machine be configured so that the message could not be removed whilst that particular card was in it?

MR SULLIVAN: I'm not completely sure of the settings for that module of the system. I have a feeling that it may have a configurable display time which would if be I assume configurable to a degree but I think it may only provide for that message being displayed for a period of time, not to potentially if the card was removed and went to another machine, I'm not sure whether it would re-enable that

45

machine. So I'm not 100 per cent sure on the functionality.

5 COMMISSIONER JENKINS: I'm not suggesting re-enable it, but more that could it be configured so it would stay until the card was removed or is it time, you seem to be implying that it is time-based?

10 MR SULLIVAN: I think it may be time-based so there may be a maximum period of time it can be displayed for based on the configuration in the system, I suspect, but I'm not 100 per cent sure.

15 COMMISSIONER JENKINS: And could a machine configured so as to prevent a rated player continuing from with a session once a safe limit was reached? I know you said to Mr Leigh was that you couldn't stop them going to another machine, but could you stop them on that particular machine that they were on at the time that the same limit was reached?

20 MR SULLIVAN: I don't believe so. My current understanding is it is simply alerting the player they have reached their limit. I don't think there is additional functionality to actually lock out and stop that play. I'm not 100 per cent sure but I believe the reaching of a limit, just for your information, I think may form part of the RSG team process whereby they receive the advice of those limit settings and would look to attend when the customer hits. I believe that may be the case, but I think I have a recollection of that in my head but I'm not completely around that process.

25 COMMISSIONER JENKINS: Thank you, Mr Sullivan.

30 COMMISSIONER OWEN: Mr Sullivan, just a couple of questions. I'm not sure whether I got the wording right for this answer you gave to Mr Leigh but I will do my best.

The questions were directed at analysis of the data.

35 MR SULLIVAN: Yes.

COMMISSIONER OWEN: Your role in analysing the data or I think the common phraseology these days is mining data. What I understood you to say is that you and your team looked at that data from a product performance perspective.

40 MR SULLIVAN: Yes.

COMMISSIONER OWEN: But that it was a different team who looked it from a player or patron profile perspective; is that right?

45 MR SULLIVAN: Yes, correct.

COMMISSIONER OWEN: Is that information that comes from the IGT Advantage system?

MR SULLIVAN: Both sides come from the IGT Advantage system. The data all flows through that system. It's just that there are certain ways that I suppose my team looks at the data from a product point of view and a different data set within the Advantage system that the other team looks at.

COMMISSIONER OWEN: Now, I wonder if we could --- I'm interested in the second team. I'm going to ask you a couple of questions about the second team. Can we bring up the document. This has names on it, but if there is a problem, Mr Dharmananda, let me know. CRW.700.002.0290. It may not be on the system. Could I show the witness a hard copy. Oh, it is there. You can see in the middle column ---

MR SULLIVAN: Yes.

COMMISSIONER OWEN: --- at least slightly to the left of the middle column, your name appears at the bottom of that line, James Sullivan, Gaming Product Manager.

MR SULLIVAN: Yes.

COMMISSIONER OWEN: Now, where would I find this second team to which you referred.

MR SULLIVAN: Sorry, can we increase the size of that slightly? The second team, if you go right over to the right under Mr Mick Emery, the Chief Marketing Officer, there is a lady there in the middle position, Group GM Marketing, Financial and Planning. It's that role, Group GM Marketing, Financial and Planning, that team does the analysis on the patron side of the data.

COMMISSIONER OWEN: In essence, to the best of your understanding, what is the type of information that they are mining?

MR SULLIVAN: So, whereas my team would be looking at, for example, what the individual performance was of each individual machine on the floor, what (inaudible) et cetera, they would be looking at it from a customer point of view. So they might be looking at say the different tiers of the loyalty club, what dynamics you are seeing in the different loyalty club tiers at the VIP and they may be looking more individually at different customers, different groups of customers. So they would be looking predominantly at the rating data we talked about where the information is linked to an individual player and they would be looking at that data to see what offers they may be able to send to those customers of the loyalty club.

COMMISSIONER OWEN: So, from what you've just said, it seems to be more of a marketing function; is that right?

MR SULLIVAN: That's correct, it does sit within the marketing strain, yes.

COMMISSIONER OWEN: Does anyone, to your knowledge, analyse or mine the data for information that might be relevant to an assessment of the Responsible Gaming activities?

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MR SULLIVAN: I don't know the historical position, Commissioner, and I think I mentioned in my witness statement as well, I was invited to attend a recent meeting with a member of the recent marking manager I identified here and the some other people, including the General Manager of Responsible Gaming at Crown Perth, involving a discussion about data opportunities in the RG space, which I think had flowed from some work that had been occurring at Crown Melbourne looking at similar types of issues. I don't know the background on the work that had done previously, that was my first involvement in a couple of those meetings over the last month or two, but there appears to be some work going on in that space. Albeit, as I said, I don't understand the full history to the position.

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COMMISSIONER OWEN: Thank you.

Different topic. Also in response to questions from Mr Leigh you commented on the culture, the cultural difference between Crown and Crown Melbourne.

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MR SULLIVAN: Yes.

COMMISSIONER OWEN: I appreciate that you said it is a matter of impression. I fully accept that.

25

MR SULLIVAN: Yes.

COMMISSIONER OWEN: I appreciate that. But what I would like to ask you is when you made that comment that you saw the culture in Melbourne as being more aggressive and financially driven, is that impression your impression derived from any particular events or discussions or is it simply a matter of impression overall?

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MR SULLIVAN: I think it is probably a mix of interactions with certain people over the years, probably also comments made from other people regarding interactions they've had with other people in Melbourne. I think there would generally be I think a general impression within the business that there is a little bit of a different dynamic in the Perth business and the Melbourne business, but it is probably informed by some interactions I've had, comments I've heard from others, that seem to be consistent with some of my impressions. That would be generally I suppose where I've sourced it for myself and others who have made similar comments.

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COMMISSIONER OWEN: And as the organisation moved from I think roughly 2017 into more of a group services model, did that change, did that in any way add to the information upon which you formed that impression or is it --- has it been gained over a longer period?

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MR SULLIVAN: I think I gained the view over a longer period of time. I think perhaps it may have become more relevant to certain people when the group function existed because a lot of the group roles happen to be Melbourne based rather than
5 Perth based. Not exclusively, but probably a higher portion. So I think people in Perth who perhaps hadn't dealt with the Melbourne business as much probably started to notice that difference where they maybe previously hadn't been exposed to it.

10 COMMISSIONER OWEN: Thank you.

My last area is to ask you --- to come back to the question of poker machines.

MR SULLIVAN: Yes.

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COMMISSIONER OWEN: In your capacity as the head of the gaming product group do you meet from time to time --- have you met from time to time over the years with colleagues, and I'm not talking about Crown, but from other casinos who are doing a similar job to you?

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MR SULLIVAN: I do certainly know some individuals at other casinos. Being in WA the degree of interaction, obviously, the gaming industry in WA is very isolated obviously. But certainly I've met people over the years so I certainly have some interaction with people in similar roles.

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COMMISSIONER OWEN: Are you aware of any other jurisdiction in Australia, other than WA, that has the prohibition on this thing called poker machines?

MR SULLIVAN: I'm aware --- my awareness is it is unique to WA and possibly
30 Norway had something similar for a period of time. Whether they still have it --- my understanding of the only jurisdictions in the world that I'm aware of that have a spinning reel prohibition are Australia and possibly one other country, which I think may have been Norway. But whether that is still current, I'm not sure.

35 COMMISSIONER OWEN: Can I take it that that other country, whether it be Norway or someone else, you haven't discussed this problem with a colleague doing a similar job to you about this issue?

MR SULLIVAN: From that jurisdiction? No, no, I haven't.

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COMMISSIONER OWEN: Thank you, Mr Sullivan. Anything arising, Mr Leigh?

MR LEIGH: No, thank you, Commissioner.

45 COMMISSIONER OWEN: Mr Shaw.

RE-EXAMINATION BY MR SHAW

MR SHAW: Thank you, Commissioner, only two questions, if I may.

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Mr Sullivan you were asked by Mr Leigh a number of questions concerning and in connection with Responsible Service of Gaming and clarified to Commissioner Jenkins that you attended or participated in management training modules in relation to RSG.

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MR SULLIVAN: Yes.

MR SHAW: Other than the training that you received as part of your role, do you have any great expertise in RSG?

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MR SULLIVAN: No, I don't have a lot of exposure --- other than the training I've done, I really have very little exposure to the RSG functions of the business.

MR SHAW: Thank you.

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And the only other question I have is there were questions about losses disguised as wins. This isn't in relation to Crown, but I want to ask you this, in respect of losses disguised as wins, are you aware that in Lotterywest that it is possible to buy a ticket for \$24 to receive \$8 in return and be described as a winner?

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MR SULLIVAN: I'm not specifically aware of the detail of Lotterywest's operations.

MR SHAW: Thank you, I don't have any further questions.

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COMMISSIONER OWEN: Thank you, very much, Mr Shaw.

COMMISSIONER JENKINS: Does the question come from personal experience?

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MR SHAW: Yes, it is, Commissioner, I was wondering why I would sometimes score an \$8 and was called a winner!

COMMISSIONER OWEN: Mr Sullivan, thank you very much for your evidence. It has been of great help to us. There may be some matters to clarify so the summons will be left in place, but you are free to go and thank you very much.

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MR SULLIVAN: Thank you.

COMMISSIONER OWEN: We will resume at 10 am tomorrow.

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ADJOURNED AT 4.01 PM UNTIL TUESDAY, 10 AUGUST 2021 AT 10.00 AM

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