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PERTH CASINO ROYAL COMMISSION

PUBLIC HEARING - DAY 27

10.00 AM THURSDAY, 12 AUGUST 2021

COMMISSIONER N J OWEN

COMMISSIONER C F JENKINS

COMMISSIONER C MURPHY

HEARING ROOM 3

MS PATRICIA CAHILL SC and MR NICK WERNER as Counsel Assisting the Perth Casino Royal Commission

MR MARTIN CUERDEN SC and MR ANTHONY WILLENGE as Counsel for Consolidated Press Holdings Pty Ltd and CPH Crown Holdings Pty Ltd

MS JOANNE SHEPARD and MR ROBERT FRENCH as Counsel for Mr Barry Felstead

DR ELIZABETH BOROS as Counsel for Mr Ken Barton

MR PAUL D. EVANS 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, MR TIM RUSSELL, MR RICHARD LILLY and MS MELANIE JASPER 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

MR PETER WARD as Counsel for Mr John Poynton

MR ANTHONY POWER as Counsel for Ms Maryna Fewster

MS JENNY THORNTON as Counsel for Crown Directors Ms Helen Coonan

MR STEVEN PENGLIS SC as Counsel for Mr Joshua Preston

10:00AM

COMMISSIONER OWEN: Please be seated. This morning we have Ms Coonan.

WITNESS: Good morning, Commissioners.

5

COMMISSIONER OWEN: I can't see you yet, Ms Coonan. Ms Coonan, apparently there is a hitch, probably at this end. I heard you but we can't see you yet. Are you still there?

10 WITNESS: Yes, I am, Commissioner, I am. I can see you.

COMMISSIONER OWEN: Are counsel happy to proceed on audio? Ms Coonan, we will continue on audio until such time as the visual link can be established. Ms Thornton?

15

COMMISSIONER JENKINS: Sorry, just before Ms Thornton starts.

COMMISSIONER OWEN: I'm told it has been on intermittently. The person who has the solution to this problem is off site and going to attend site. So we may have to break when that person arrives. Let's see how we go.

20

MS THORNTON: Thank you, I appear for Ms Coonan. Can you see me?

WITNESS: No, I can't see you, but I can hear you.

25

MS THORNTON: Ms Coonan, you have prepared a witness statement, dated 6 August 2021, in response to the summons you received from the Commission, dated 6 July 2021; that is correct?

30 MS COONAN: That's correct.

MS THORNTON: Do you have a copy of that statement with you?

MS COONAN: Yes, I do.

35

MS THORNTON: That is the document ID number CRW.998.002.0180?

MS COONAN: Yes, that's correct.

40 MS THORNTON: If you turn to page 36 of the document, is that your signature?

MS COONAN: Yes.

45 MS THORNTON: I understand you wish to make an amendment to paragraph 175 of your statement.

COMMISSIONER OWEN: Sorry, in the excitement over audio and video, I forgot to swear the witness in. We have overlooked that step.

10:03AM

Ms Coonan, would you wish to swear an oath or affirm?

MS COONAN: I will take an affirmation, thanks, Commissioner.

5

COMMISSIONER OWEN: Do you have the words of the affirmation or otherwise I can read it out and you can repeat it after me.

10 **HELEN ANNE COONAN (AFFIRM)**

EVIDENCE-IN-CHIEF BY MS THORNTON

15 MS THORNTON: Commissioner, would you like me to start again or are you happy to accept where we were ---

COMMISSIONER OWEN: I am.

20 MS THORNTON: Was Ms Coonan said her signature was on page 36 of her witness statement and she wishes to make an amendment to paragraph 175 at page 29.

MS COONAN: Paragraph 175. Yes, what I wish to substitute was the correct document, which is CRW.700.067.1109. It is the Responsible Gaming Code of
25 Conduct as it applies to Perth, and the Melbourne one has been previously annexed.

MS THORNTON: Sub-paragraph (b) of 175, where there is a reference to the Code of Conduct, it was previously CRW.512.009.1575.

30 COMMISSIONER OWEN: Thank you.

MS THORNTON: It is now CRW.700.067.1109. My instructing solicitors will file an amended statement later this morning with that correction.

35 Is that the only amendment you wish to make to your statement, Ms Coonan?

MS COONAN: Yes, thank you.

MS THORNTON: Commissioner, I tender that statement.

40

COMMISSIONER OWEN: The witness statement of Helen Anne Coonan, dated 6 August 2021, with the amendment to paragraph 175(b), bearing the identifier CRW.998.002.0180, will be admitted into evidence as an exhibit.

45

EXHIBIT #CRW.998.002.0180 - WITNESS STATEMENT OF HELEN ANNE COONAN DATED 6 AUGUST 2021 WITH AMENDED PARA 175(b)

10:06AM

MS THORNTON: Thank you, Commissioner. That is the evidence-in-chief for Ms
5 Coonan.

COMMISSIONER OWEN: Thank you, Ms Thornton. Ms Cahill?

10 **CROSS-EXAMINATION BY MS CAHILL**

MS CAHILL: Thank you, Ms Coonan. Can you see me? We can't see you.

15 MS COONAN: Yes, you are very blurry, Ms Cahill, but good morning. I think I can
make you out.

MS CAHILL: Just to add to our technical problems this morning, I have just learnt
20 that apparently with the feedback from your audio, there is a need for me to wait a
second or two once you have completed your answer for the feedback to cut out. So
if my questions appear a little stilted, it is for that reason.

MS COONAN: Thank you.

25 MS CAHILL: Can we call up CRW.998.002.0180.

COMMISSIONER OWEN: We are striking a second technical difficulty which is
that we cannot display documents until the zoom box is reset, whatever that is. Ms
Coonan, I apologise for these technical difficulties but I think we should adjourn and
30 wait until the technical issues have been resolved, and then we can restart in a more
conventional way. I apologise for that. If you wouldn't mind just remaining
available and we will get a message to you as soon as we can as to the time of
resumption.

35 MS COONAN: Thank you, Commissioner. That's fine from my end.

COMMISSIONER OWEN: We will adjourn, as I said yesterday, pro tempore.

40 **ADJOURNED** **[10:09A.M.]**

RESUMED **[10:34A.M.]**

45 COMMISSIONER OWEN: Thank you, Ms Coonan. We can now see you. Again I
apologise. What I would like to do, if we could push through to, say, midday our
time, 2 pm your time, we can reassess then. I know the time difference will interfere

with a lunch break for you, but are you comfortable with that? Can we go through to 12 and have a look at how we are going?

5 MS COONAN: Yes. If I have any difficulty I will make it known. Thank you.

COMMISSIONER OWEN: Thank you very much.

MS CAHILL: Thank you, Commissioner.

10

Ms Coonan, where I was taking you before we broke was to paragraph 7 of your witness statement at page 0180.

MS COONAN: Yes.

15

MS CAHILL: You are speaking there to your expectation that you will resign all your directorships in the Crown Group by 31 August, which is in the next few weeks. My question is this: do you expect to have any further involvement with the Crown Group after that time?

20

MS COONAN: No.

MS CAHILL: Not even informally?

25

MS COONAN: Well, I haven't turned my mind to it, Ms Cahill, but the events of the last few months have been so intense and have required much of my attention, so that I haven't yet had an opportunity to consider that. But I certainly don't intend to have any formal role. Whether there is some informal role in some capacity, I wouldn't rule out, but it's not my current intention.

30

MS CAHILL: To be clear, you don't expect to enter into any consultancy agreement or other kind of contractual arrangement to provide advisory services or anything of that ilk?

35

MS COONAN: That hasn't been discussed or raised with me at all.

MS CAHILL: I want to ask you questions about the Burswood entities, first of all, historically. Your own involvement with the Burswood entities prior to becoming a director this year is explained in summary form at paragraph 10 of your witness statement at page 0181. Can we go there, please.

40

MS COONAN: Yes.

MS CAHILL: You identify receiving CRL board reports in relation to Crown Perth?

45

MS COONAN: Yes.

MS CAHILL: I understand from paragraph 11. Until you became executive chair in

2020, those reports were limited to a report from Barry Felstead, who was then the CEO of Australian Resorts?

5 MS COONAN: Largely, that's correct.

MS CAHILL: You mean a written report?

10 MS COONAN: No, we also gave verbal reports and attended the Crown Board meetings as well.

MS CAHILL: But there was always a written report, was there?

15 MS COONAN: That's my recollection.

MS CAHILL: I gather from the second sentence at paragraph 11 that prior to becoming chair in January 2020, the CRL board did not receive a written report from the boards of any of the Burswood entities?

20 MS COONAN: That's correct. It was limited to minutes of Crown committee meetings that operated in respect of the subsidiaries.

MS CAHILL: So the actual minutes of the board meetings of the Burswood entities were not provided to the CRL board?

25 MS COONAN: No.

MS CAHILL: It was usual, wasn't it, to have a member of the CRL board sitting on the Burswood Ltd board, typically as chairman?

30 MS COONAN: Yes, that was correct. It was Mr Alexander during the time of his Executive Chairmanship and prior to that, Mr Packer, and I appointed Mr Poynton, Chair of Burswood, when I became the Chair of Crown Resorts.

35 MS CAHILL: Is it the case that before this year, there was no formal procedure for any Burswood Ltd director sitting on the CRL board to report to the CRL board about the Perth Casino operations?

40 MS COONAN: That's correct. I directed that that should happen when I became chair. So each of Mr Poynton in respect of Burswood, Mr Demetriou in respect of Melbourne and Ms Halton in respect of Sydney provided reports from then on.

45 MS CAHILL: But before then, when there was no formal procedure, was it simply assumed that if a CRL director sitting on a subsidiary board such as Burswood Ltd knew of anything to do with the local casino operations that ought to be brought to the attention of the CRL board, then they would do so?

MS COONAN: Yes, in addition to Mr Felstead's reports.

MS CAHILL: Can we go back to paragraph 10 of your witness statement. In that last sentence, you are saying there, in effect, that prior to becoming a director of the Burswood entities, and presumably you mean when you were a director of CRL, you
5 also attended the premises in Perth from time to time and had conversations with management and employees. You see that there?

MS COONAN: Yes.

10 MS CAHILL: Between December 2011 and February 2018, so a 9-year period --- sorry, did you hear me? Did you hear that whole question?

MS COONAN: No, sorry, you cut out there with the time frame, but I think I get the gist of what you are trying to say, Ms Cahill.

15 MS CAHILL: I will start again. Between December 2011 and 2018, approximately how many times did you visit Crown Perth?

MS COONAN: I visited Crown Perth in respect of formal Crown Board meetings
20 that were held there from time to time, including, if my memory serves me correctly, two AGMs. Apart from that, I would have visited Perth and the property probably upwards of half a dozen times, if not a dozen, somewhere in between there.

MS CAHILL: Thank you. About how many times did you actually visit the Perth
25 Casino?

MS COONAN: On each visit, as I recall.

MS CAHILL: Back to paragraph 11. You identify that once you became chair in
30 2020, you directed the chairman of each subsidiary board to give updates to the CRL board on their respective properties. Is that by way of a formal written report that can be studied beforehand by the CRL board members or is it simply a verbal report?

MS COONAN: No. The CEO at that stage gave what I would call the substantive
35 report, and each of the directors gave largely a verbal update in relation to their overview and impressions from board meetings of the subsidiaries.

MS CAHILL: The minutes of the Burswood Ltd board meetings are still not
40 provided to the CRL board?

MS COONAN: I'm not sure about that. You are possibly correct about that. I
obviously have a familiarity with them now, in my current role as the Chair of the Burswood Consolidated Group. But last year, I'm just not sure. I don't think they
45 were.

MS CAHILL: In the third sentence of paragraph 11, having explained in the second sentence that after you became chair, you directed the chairman of each subsidiary

board to give updates, you say that for Crown Perth this was Mr Poynton.

MS COONAN: Yes.

5

MS CAHILL: You understand at the time Mr Poynton was the Chairman of Burswood Ltd, not Burswood Nominees. What was the rationale for asking him, rather than whoever was nominal or in the most senior position on the board of Burswood Nominees to deliver the relevant report?

10

MS COONAN: Well, the way in which it operated was that the Burswood companies operated as a consolidated group and the overview of the operations was reported to Burswood Ltd. Mr Poynton was the Chair of Burswood Ltd and had line of sight in respect of matters that were brought to Burswood Ltd. In that capacity, he did speak at board meetings, not only about the Burswood companies, or Burswood operations is perhaps a better way to put it, but more broadly the economic conditions in Perth and other matters of relevance to evaluating how Burswood was travelling.

15

20

MS CAHILL: Is your assumption that the Burswood Ltd board plays some role or has some responsibilities to discharge in relation to the Perth Casino operations?

25

MS COONAN: Well, the way in which the structure is set up is that Burswood Ltd is the unit holder for the trust that owns the assets of the casino, the licence and other assets. Burswood Nominees is the trustee of the trust and Burswood Management is the manager of the trust. So it has always conventionally operated, on my understanding, as a consolidated group and reported that way.

30

MS CAHILL: On your understanding, does the Burswood Ltd board have any management or executive responsibilities in respect of the Perth Casino operations?

35

MS COONAN: No, it's the unit holder of the trust and the Burswood Nominees, as I've said, is the trustee for the trust, and the management company employs the people and operates, in effect, as the manager of the trust.

40

MS CAHILL: On your understanding, does the Burswood Ltd board have any governance responsibilities over the Perth Casino operations?

MS COONAN: It certainly has over the years operated to assume oversight over all the operations of the Burswood Complex and all of the matters relating to the operation of the casino, the hotel, the food and beverage and other activities, are all reported through to Burswood Ltd.

45

MS CAHILL: On your understanding, it has governance responsibilities in relation to those matters?

MS COONAN: Yes, I would say it does and it has certainly assumed governance responsibilities.

MS CAHILL: On your understanding, does the Burswood Ltd board have any responsibility for the strategic development and direction of the Perth Casino operations?

5

MS COONAN: The overall strategic direction is set by the Crown Board, the parent company, but the local Burswood Group has responsibility for the operations of the complex and the activities that take place on it. So, yes, it does, locally.

10 MS CAHILL: Let me understand that. In relation to the local operations, the Burswood Ltd board has complete responsibility for the strategic development and direction of those operations or partial responsibility? Could you just explain that for me?

15 MS COONAN: Like any consolidated group, the Crown Group sets the overall direction, and strategic direction for all subsidiaries within the group and has centralised functions, as I think has been explained to this Commission, centralised functions. But there are also local operations and strategic directions that the Burswood Ltd board has overview of. So I think you could say that Burswood is
20 local and the Crown parent company has the overview of all of the subsidiaries, the strategic overview.

MS CAHILL: Does the Burswood Ltd board have any responsibility for the development and growth of the Perth Casino operations?

25

MS COONAN: They certainly have input into the development and growth. While this was driven, of course, by the Crown Resorts Board, the Burswood Group obviously had some overview and input into the development that has gone on with Crown Towers, the rebranding of Crown Perth and particularly in respect of what I
30 would regard as local obligations, such as dealing with the regulator, dealing with the minister and the Department. That was all done at local level.

MS CAHILL: Are there any responsibilities of the Burswood board that are reserved to it and it alone and are not delegated to the management of Perth Casino?

35

MS COONAN: I'm sorry, would you mind saying that again, Ms Cahill?

MS CAHILL: Are there any responsibilities of the Burswood Ltd board that are reserved to it and it alone and are not delegated to the management of Perth Casino?

40

MS COONAN: I'm so sorry, you cut out again. Sorry.

MS CAHILL: I was just waiting for that feedback to stop, so my question didn't cut out. I will repeat it. Are there any responsibilities of the Burswood Ltd board that are reserved to it and it alone and are not delegated to the management of the Perth
45 Casino?

MS COONAN: Well, the Burswood Ltd board obviously has strategic oversight for

what happens in respect of AML under Part A of the AML/CTF joint program. That's not delegated. It obviously has responsibility in respect of the risk profile. Obviously management assists with these matters, but they are reserved for board overview. There's just a couple of examples.

MS CAHILL: If you had to describe succinctly the difference in responsibilities between the CRL board and the Burswood Ltd board in relation to the oversight of Perth Casino, how would you describe that?

MS COONAN: I would say that the CRL board has the overall strategic oversight for the Perth Casino. It has oversight of some centralised functions, such as AML/CTF, risk, Responsible Gaming, culture, a few of those things like that, important operations. And the local board, the Burswood board, has strategic responsibility for how they are rolled out at local level and oversight of those functions.

MS CAHILL: Are there any responsibilities that are shared between the Burswood Ltd board and the CRL board or are they completely distinct and mutually exclusive?

MS COONAN: No, they feed up and feed down. They're shared, I would have described them as shared responsibilities. But there are some that are very much local operational responsibilities, such as the example I gave of dealing with the regulator. That, basically, has always been run with oversight of the board and carried out by management.

MS CAHILL: Coming back to the situation prior to 2020 when you, as chair, instituted the procedure of receiving a verbal report from the board of Burswood Ltd at CRL meetings, was there any interest on the part of the CRL board in learning what the Burswood Ltd board was doing from time to time?

MS COONAN: Yes, I think so. Put it this way: from my perspective and the perspective of the directors at the time, I think it was welcomed to hear from a director with local presence, to be able to hear perhaps from on the ground as to what was happening. I think that's very valuable for a consolidated group such as the Crown Group, to hear what was happening on the properties in Melbourne, Sydney and Perth. It was welcomed by the directors and there was active interest in what was contributed at board level, at Crown Board level I should say.

MS CAHILL: The report from the chair of Burswood Ltd that you now require to be given during CRL board meetings, what is your expectation as to the subject matter of that report?

MS COONAN: It should relate to what happened at the last meeting. If my memory serves me correctly, the last meeting in June dealt with the usual financial overview and it dealt with a very detailed report on risk and the update of the risk profile for Perth. It dealt with the rollout of Mr Blackburn's AML uplift policies. It dealt locally with occupational health and safety issues in relation to Burswood. A number

of matters relating to the operations of the group. It always should contain a regulatory update, particularly in respect of Burswood, matters to do with an AUSTRAC notice that had been received and other matters to do with what had
5 happened with restricted trading following COVID. They are all the sort of matters that would be relevant for the chair of Burswood to report to the Crown Group, together with the broader economic conditions. That might be just an observation from experience, but the broader economic impacts of what might be happening there in Western Australia.

10 So you can see from my answer that the one thing I do think is really important, in terms of me moving on and a new chair of Burswood, is that we can get on with finding a local, or someone from Western Australia who can be a good Western Australian presence. We haven't yet been able to entirely repopulate the board and
15 that's certainly something that is high on the agenda.

MS CAHILL: Thank you, Ms Coonan. I will ask you further questions about that very point a little later.

20 MS COONAN: Yes, sure.

MS CAHILL: Can I stay with the chair's report for the moment. When Mr Poynton was the chair of Burswood Ltd and you were the chair of CRL at the same time, did you make clear to Mr Poynton what your expectations were in relation to the
25 reporting requirement from him?

MS COONAN: Well, he did report and he reported on those --- not so much in respect of those matters, but more in respect of general trading conditions in Perth. He took a keen interest in the premises and usually knew what was going on. He
30 was very keen to ensure that the resources, capex for the Pearl Room, didn't fall by the wayside, those sorts of matters. So he gave a good account of what was happening on the ground.

MS CAHILL: But rather than directing him to what your expectations were, you
35 simply listened to what he had to say and regarded it as a sufficient report?

MS COONAN: Well, there were questions, of course. There were questions, of course. So that's not the entirety of it, of course.

40 MS CAHILL: The fact that you implemented this new procedure of requiring a report from the chair of each subsidiary property board, you obviously saw a deficiency in the process before you implemented that procedure; is that right?

MS COONAN: I thought it could be improved.

45 MS CAHILL: What was the deficiency you identified that required that improvement?

MS COONAN: Well, the improvement I wanted to see was a direct connection to the director who was on the ground in each of the subsidiary properties, to be able to advise the parent group of matters of concern, matters of interest, matters of opportunity and the usual kind of things you would expect somebody who lives close to a business to be able to convey to a board.

MS CAHILL: You felt, did you, that was something the CEO's report wouldn't be able to deliver completely, or as well as a chair's report?

MS COONAN: Well, not so much that they couldn't deliver it completely or as well, but I think this was an additional benefit to the Crown Board. That was how I saw it.

MS CAHILL: Are you aware of evidence Mr Poynton has given to this Royal Commission as to his understanding of his role as a director of Burswood Ltd?

MS COONAN: No, I'm sorry, I haven't been able to follow all of the evidence. I have followed as much as I possibly could, but I didn't actually hear Mr Poynton.

MS CAHILL: Mr Poynton gave some evidence about that and also the role of the Burswood Ltd board as a whole. The effect of part of his evidence was that the Burswood Ltd board did not have the power to direct the casino licensee, that's Burswood Nominees Ltd or its management, in any way. It only had the power to monitor the licensee's casino operations and, as he described it, to escalate any issues of concern. Would you agree or disagree with that evidence characterising the role of the Burswood Ltd board?

MS COONAN: Well, I don't think that's a correct characterisation of the way in which the consolidated group operated. But Mr Poynton had been on the board for many, many, many years, even before I was on the board of Crown, so he may have had expectations that were set at a much earlier time than my engagement with him as a fellow director.

MS CAHILL: When you say you don't consider it to be a correct characterisation, do you consider that the Burswood Ltd board has the power to direct the licensee or its management in any way?

MS COONAN: Well, ultimately, it's the unit holder and the way in which it has operated has been to operate with --- able to give directions through the management company and able to effect the operations in relation to the assets of the trust. So that's how it (inaudible) operated. I haven't, as I sit here, turned my mind to Mr Poynton's idea of capacity.

MS CAHILL: Mr Poynton also gave evidence to the effect that the governance of the Perth Casino operations occurred, first, at Burswood Nominees Ltd level and, secondly and ultimately, at CRL board level, such that the Burswood Ltd board did not have governance or oversight of the Perth Casino operations. Do you agree or disagree with that evidence?

MS COONAN: I can tell you about how it has, in fact, operated and it has, in fact, operated with Burswood Ltd exercising strategic oversight of the Perth operations that have been run by the trustee on behalf of the trust and by management as the manager of the trust.

MS CAHILL: So you disagree with that evidence?

MS COONAN: I think that's correct.

MS CAHILL: Mr Poynton also gave evidence to the effect that the non-executive directors of Burswood Ltd were appointed to be, to use his word, "ambassadors" of the Perth casino operations and their director role was limited to an ambassadorial one. Do you agree or disagree with that evidence?

MS COONAN: I don't think that's a fair characterisation of directors' duties. I don't see any problem in having, in addition, regarding yourself as being a good officer of the business, if that's what Mr Poynton means. Not having heard his evidence, I'm not sure what he means. But I don't think that correctly describes directors' duties.

MS CAHILL: You are aware, aren't you, that the Burswood Ltd board does not have a board charter?

MS COONAN: Yes.

MS CAHILL: And never has had one, to your knowledge during your tenure as a director of CRL?

MS COONAN: I've never seen one, Ms Cahill.

MS CAHILL: The CRL board has a board charter though, doesn't it?

MS COONAN: Yes.

MS CAHILL: You would regard that as an important document underpinning the governance exercised by the CRL board?

MS COONAN: Yes, I think --- yes, I do.

MS CAHILL: That board charter is reviewed on an annual basis by the board, isn't it?

MS COONAN: Yes, it is. Yes. I'm sorry, you're just cutting out a bit, Ms Cahill.

MS CAHILL: Yes, that's my fault because I'm not waiting those few seconds I told you I would. You can blame me for that.

11:04AM

MS COONAN: Thank you.

5 MS CAHILL: I think you agreed with me that it is required to be reviewed on an annual basis. It obviously, at its heart, specifies and clarifies the duties, responsibilities and powers of the board; you would agree?

MS COONAN: Yes.

10 MS CAHILL: It also identifies, importantly, doesn't it, the matters that are reserved or the responsibilities that are reserved for the CRL board and the CRL board alone?

MS COONAN: Yes, that's true. There is a whole section of that.

15 MS CAHILL: Can you explain why Burswood Ltd does not have a board charter?

MS COONAN: No. It should have and no doubt that's something that needs to be attended to.

20 MS CAHILL: Would you accept it is a failure of governance by the board of CRL to have not ensured that Burswood Ltd has a board charter?

MS COONAN: Well, I think the important thing here is that we get one. I think it was an omission not to have one and it should be attended to.

25

MS CAHILL: I was asking you whether it was a failure of governance by the CRL board to have not, before now, ensured that the Burswood Ltd board had a board charter?

30 MS COONAN: Well, I think the subsidiaries should be looking at what they do with their charters. I'm surprised they didn't have one. They should have. It is clearly an omission.

35 MS CAHILL: But is your evidence that it is a failure of governance by the Burswood Ltd board, but not the CRL board, to have not ensured there was a Burswood Ltd board charter?

MS COONAN: Well, my understanding, Ms Cahill, is that the Burswood board would have responsibility for the charter.

40

MS CAHILL: So is your answer to my question "yes"?

MS COONAN: No.

45 MS CAHILL: Does the CRL board have any governance responsibility in relation to whether or not Burswood Ltd has a board charter?

MS COONAN: The CRL board? Well, the most important board here, for the

purposes of getting a charter, is Burswood, to have their charter. I think the CRL board would have been as surprised as me that they don't have one. It's an omission and it should happen.

5

MS CAHILL: The CRL board should have checked before now, shouldn't it?

MS COONAN: Checked? Sorry, checked?

10 MS CAHILL: To see if the Burswood Ltd board had a board charter?

MS COONAN: I suppose the CRL board could but the --- for example, Melbourne certainly has one. That's set by Melbourne. Ultimate responsibility for the subsidiaries is, of course, the parent company and I do think the parent company has to accept responsibility for ensuring that all of the necessary constituent documents and governance documents exist in the subsidiaries. That's what I have been trying to say, I think, for the last few answers to you, Ms Cahill, that I think it was an omission and they should have one.

20 MS CAHILL: Have you taken any steps since becoming a director of Burswood Ltd to implement a Burswood Ltd board charter?

MS COONAN: No, I haven't. I've only been there for a couple of meetings and I will be leaving before the next one.

25

MS CAHILL: Can I ask you now about the CEO report to which you ---

MS COONAN: I withdraw that. I withdraw that, Ms Cahill. When I say I will be leaving before the next one, I'm not entirely sure that my departure will be that precise. It could be that I have another meeting for Burswood and I will certainly be raising it then. I think there is one coming up in a week.

30

MS CAHILL: I want to come to the CEO report to which you refer at paragraph 11 of your witness statement. You make it clear there that you are referring to a report the CRL board receives from the Group CEO; yes?

35

MS COONAN: Yes.

MS CAHILL: I will now show you a typical example or ask you to tell me whether it is a typical example of the sort of CEO report that the board of CRL received. This is at CRL.512.001.2092_R, which is a CEO report of 20 February 2013.

40

MS COONAN: I have 19 February.

MS CAHILL: I am waiting for the right document to come on the screen. Do you have that in front of you?

45

MS COONAN: Yes, I do.

MS CAHILL: This is a CEO report of 20 February 2013. Between pages 2092 and 2095, there is summary financial information for different parts of the Crown Group, including Crown Perth. That was very typical, that there was that summary financial information provided?
5

MS COONAN: Yes. This is the report by Mr Craigie, I think.

MS CAHILL: Then at 2096, we have a report or reports on current issues?
10

MS COONAN: Sorry, I just don't have that document yet. Thank you. I don't know whether this is Mr Craigie's report or Mr Felstead's, sorry, but I will try and answer your question, Ms Cahill, if you could repeat it, please.

MS CAHILL: We are at 2096, looking at "Current Issues". That also was a typical way in which the CEO reported; is that right?
15

MS COONAN: I think that's right at the top time. I can only see three paragraphs.

MS CAHILL: If we ask the operator to scroll through, you will see between 2096 and 2098 ---
20

MS COONAN: Yes.

MS CAHILL: --- so that's the next two or three pages, that it is dealing with Crown Melbourne?
25

MS COONAN: Yes.

MS CAHILL: Then at 2098, if you see at about point seven we get to Crown Perth?
30

MS COONAN: Yes, I can see that.

MS CAHILL: That report comes in between 2098 and the top of 2101.
35

MS COONAN: Yes, I can see that. Crown Perth "is currently experiencing significant construction disruption", yes. Starting there?

MS CAHILL: Yes, and this goes through to 2101, where there is this discussion about Crown Perth and its current issues.
40

MS COONAN: Yes.

MS CAHILL: It is typical, is it, of the manner in which the Group CEO reported to the CRL board during your time as a director?
45

MS COONAN: Yes. I mean, it varied but it dealt with issues largely in that format.

MS CAHILL: At paragraph 11 of your witness statement in the fourth sentence, you have explained that from August 2020 the board has received reports from the CEO of each subsidiary; is that right?

5

MS COONAN: Yes. Sorry, paragraph 11? Yes, Mr Bossi.

MS CAHILL: Was this your initiative, to require a report from the CEO of each subsidiary?

10

MS COONAN: Yes.

MS CAHILL: What was the deficiency in the Group CEO reporting structure that you had identified to make you take that initiative?

15

MS COONAN: Once again, I thought the board would be --- the parent company, CRL, would benefit by some more granular information from the person who was the CEO at the time, and also --- Mr Barton, I think, was the Group CEO at the time and then later on in 2020, Mr Bossi became CEO of Perth, Mr Walsh became CEO of Melbourne and Mr Prentis became CEO of Sydney and they all provided reports.

20

MS CAHILL: Has the CEO of Crown Perth been given any instruction by the CRL board as to what the report he is to deliver should contain?

25

MS COONAN: Yes. He is asked to provide updates on the financials, updates on regulatory issues, updates on any other matters of relevance to the operations. There are always incidences of things that need to come to the attention of the board, and a general report is what he was being asked for of matters operationally that he has been dealing with.

30

MS CAHILL: Can we go to an example of a report from the CEO of Perth Casino. We see this in the board pack for the 17 February 2021 meeting, CRW.507.006.1070_R, at page 1232.

35

COMMISSIONER OWEN: Mr Dharmananda?

MR DHARMANANDA: Commissioners, I believe this might be one only for counsel screens, as opposed to public screening.

40

MS CAHILL: Can we have it in the room screen only, please.

COMMISSIONER OWEN: That has been done.

45

MS CAHILL: Thank you. At 1232 is where the report begins and I can tell you the pages go from 1232 to 1244. You would accept the property CEO's report, the Crown Perth's CEO's report, is much more detailed than the Group CEO report the CRL board was receiving previously?

11:17AM

MS COONAN: Yes, it was.

5 MS CAHILL: Go to page (inuadible), you will see that it is canvassing here in the two pages in front of you the COVID issues and then a trading update at 1234.

MS COONAN: I'm just waiting for it to come up, Ms Cahill. Yes.

10 MS CAHILL: Then a business overview at 1235, which continues to 1239.

MS COONAN: Yes.

15 MS CAHILL: Can we go to 1238, please. Do you see there an update on a number of strategic initiatives which have been identified to underpin growth in the local businesses in the coming years?

MS COONAN: Yes, I do.

20 MS CAHILL: Are you able to say whether these are the sorts of strategic initiatives that are reviewed and approved by the Burswood Ltd board?

25 MS COONAN: Yes. I mean, these would be proposals brought to the Crown Group, but they're generated, in effect, by Mr Bossi and his team as being appropriate for the business. I mean, that's the interrelationship between the subsidiary and the Crown Board, and he'd have some discretions to do this, to do some of these initiatives. Others, he would want to discuss.

30 MS CAHILL: But when I was asking you some questions before about the role of the Burswood Ltd board, you mentioned, as I understood your evidence, and please tell me if I have misunderstood, that there were strategic elements of the business, strategic direction of the local business, in respect of which the Burswood Ltd board had exclusive responsibility in the sense of exclusive from management?

35 MS COONAN: No, sorry, not exclusive from management. Management always has to operate and bring proposals worked up for a board to have a view about. But there are some strategic initiatives or some strategy that the Burswood Ltd board would have, such as it can't delegate responsibility for the operation of its AML, for example. You have to keep the overview of that.

40 MS CAHILL: Can we go to the first dot point on page 1238. I won't read it out, I just ask you to read it.

MS COONAN: Yes.

45 MS CAHILL: Is that the sort of initiative that would need to be approved by the Burswood Ltd board before Perth Casino management could implement it?

MS COONAN: That's a very complex question because that's a highly regulated area. I wouldn't be able to give you the answer to that because that would have to be something that you would need to have approval from the regulator to do. And if
5 there was approval from the regulator to do it, this would be something I would think the Crown Board would certainly be informed about, but it's something that relates to the operations of the Perth business.

MS CAHILL: But would, for example, management have to obtain the approval of
10 the Burswood Ltd board before it could go and seek approval from the regulator for matters --- for a strategic initiative, such as is described in the first dot point?

MS COONAN: Management at Crown Perth, conventionally --- I'll put it this way, bearing in mind that I have not been involved in Burswood for more than a few
15 months. Conventionally, they dealt with the regulator. Now, all of the various steps that they take to deal with the regulator in respect of a modification of this kind would not necessarily be visible to the Crown Board. They would certainly be informed about it, I'm sure, and I remember these kind of initiatives from time to time as part of business generation. I just simply can't tell you, because I wasn't
20 there, what role Burswood Ltd played in it.

MS CAHILL: What I am asking is, at a level of abstraction, taking a strategic initiative such as this, is this the kind of thing that would need to go to the Burswood Ltd board for approval before management could take steps to proceed to implement
25 it, including by way of seeking approval from GWC?

MS COONAN: I don't know in that order. I really can't abstract, sitting here. If you could take me to what in fact happened, I may be able to have a view. But this is such a technical area and I am aware that management of the Burswood Group dealt
30 with the regulator exclusively, in terms of providing information back to the CRL board, which is really all I can speak about at this point, I think. This was an update and it was something that obviously the Crown Board was aware of. It was information.

MS CAHILL: Let me approach it this way, Ms Coonan: if at some point in the future at Perth Casino, management considered that it might wish to seek to modify spin rates on EGMs, would it need to go, in your opinion, to the Burswood Ltd board to seek approval to give effect to that?

MS COONAN: Well, I would think that would be part of oversight of operations, for a technical change of that kind, and it should be something within the purview of the Burswood Ltd group.

MS CAHILL: So it would go to the board for approval or it wouldn't?

MS COONAN: That's what I just said, it would.

MS CAHILL: Can we go to page 1239. There is a reference to "Marketing

Initiatives" at about point two or point three. We are still in the Crown Perth report. You will see in the second and third paragraphs in this section, there is a reference to Melbourne and Sydney activities. Do you see that?

5

MS COONAN: No, I can't see any of that, sorry. I can't see the document number. I've got me talking over the top of it so I can't see what number it is. 1239, yes. Thank you. What am I looking at, please? "Marketing Initiatives", and in "Marketing Initiatives"?

10

MS CAHILL: Now go to the second paragraph, commencing "Melbourne non-gaming activities".

MS COONAN: Yes.

15

MS CAHILL: The third paragraph, "Sydney activities have focused on promoting".

MS COONAN: Yes.

20

MS CAHILL: Are you able to explain why in a Crown Perth CEO report there is reference to Melbourne and Sydney marketing activities?

25

MS COONAN: I think it was a generic marketing initiatives compilation of information. Although I haven't got the whole document in front of me, Ms Cahill. I can't give you a laser-like answer on that. But marketing initiatives for the three properties seems to be what is in contemplation here.

30

MS CAHILL: Can we go over to page 1240, the first full paragraph. Do you see "Crown Rewards project team"?

35

MS COONAN: Yes. Yes.

40

MS CAHILL: It seems to be dealing with a marketing exercise exclusively in relation to Sydney?

45

MS COONAN: Yes, and then in the next paragraph but one of the projects was a trial planned in the Pearl Room in Perth. It's talking about a Rewards program initiative.

50

MS CAHILL: Is it your evidence that these marketing initiatives are really more a generic report across all properties?

MS COONAN: I think that is a correct characterisation.

55

MS CAHILL: Can we drop down in this page to the section "HR Initiatives". Is it the same with HR initiatives, that they are just reported as a whole group across each property in the one report?

MS COONAN: Yes --- I apologise, I didn't mean to cut across you, Ms Cahill. Sorry. The IEP program was usually reported upon in great detail to the Corporate Social Responsibility Committee that I chaired from inception, and Perth has played
5 a particularly important role in our Indigenous Employment Program and in our CROWNability initiatives to employ differently abled people. This, I think, is very much a shorthand report of just a statistic. There's a lot of information in the Corporate Social Responsibility Committee that dealt with these matters in detail.

10 MS CAHILL: Is it the case that the property-specific CEO report does not include a report in relation to risk management issues because that is dealt with separately by an ERCC report to the CRL board?

MS COONAN: It's dealt with --- the CRL's board's line to risk is through the Chief
15 Risk Officer, who reports to the Risk Committee and the Risk Committee reports to the board. So the ERCC doesn't report directly to the Crown Resorts Board.

MS CAHILL: Does it report directly to the Risk Committee or only through the
20 Chief Risk Officer?

MS COONAN: No, it reports --- I think it reports just to the Chief Risk Officer.

MS CAHILL: You understand, do you, that the ERCC in relation to Perth Casino is
25 comprised primarily of executives, either of Crown Perth or Crown Group?

MS COONAN: I think that's right. I did look at the list. I think that's probably
correct.

MS CAHILL: Does the CEO of Perth Casino presently have any risk or compliance
30 oversight responsibility independently of the Crown Perth ERCC?

MS COONAN: Not that I'm aware of but the Crown Perth --- well, he sits on that
committee, as I understand it, and that committee has a direct line of sight and
35 responsibility for the corporate risk profile for Perth.

MS CAHILL: The ERCC was already in existence in Perth when you first became a
director of CRL, wasn't it?

MS COONAN: I think so. It seems to have been a committee of very long standing,
40 Ms Cahill.

MS CAHILL: You mention in your witness statement that the ERCC provides legal
risk and compliance updates to the meeting of the Burswood Ltd board. You recall
45 that?

MS COONAN: Yes. Yes.

MS CAHILL: As far as you are aware, that committee has always done so during

your tenure as a director of CRL?

5 MS COONAN: I'm not sure. I just don't know the answer to that. I've only been on Burswood for two meetings. I'm just not sure. I couldn't give you an assurance for that duration.

10 MS CAHILL: Prior to you becoming a director of the Burswood Ltd board, did you have any understanding or awareness of whether and, if so, what the Burswood Ltd board was doing in relation to the ERCC?

15 MS COONAN: I have to say not prior to because I became involved in Burswood in quite extreme circumstances, where it had lost two of its directors and it urgently needed two directors to constitute the board. So it has been a process where I have since discovered these matters, rather than prior to. I think that would be a correct way to put it, as honestly as I can.

20 MS CAHILL: Thank you. In terms of what you have learnt after the event, what's your understanding of the Burswood Ltd board's historical interaction with the ERCC?

25 MS COONAN: My understanding is that the ERCC reports to Burswood Ltd, but I can't give you an assurance that that happened throughout the duration of my time on Crown Resorts. I simply didn't have that kind of granularity and line of sight into what it did.

30 MS CAHILL: Do you understand from the investigations you have made since you joined the Burswood Ltd board about whether the board previously exercised any oversight of the ERCC?

MS COONAN: I don't know whether you would call it oversight. I think there was some reporting up to the board but I just don't know what kind of oversight Burswood Ltd had. Mr Poynton would have been able to help you there.

35 MS CAHILL: Does the Burswood Ltd board now exercise any oversight of the ERCC?

40 MS COONAN: Not directly, but certainly we get reports. We get risk reports, we get AML reports, we get all the usual reports that you should have in terms of governance.

MS CAHILL: What does the Burswood Ltd board do with ERCC reports now?

45 MS COONAN: Evaluates them, understands what is contained within them, particularly with respect to risk. Ms Siegers now attends the Burswood board, so we get direct line of sight into the activities of the ERCC through Ms Siegers. We certainly get Mr Blackburn's input in respect of compliance and AML. He reports directly now to the Burswood board.

MS CAHILL: In terms of your own responsibilities as a director of Burswood Ltd, do you look to see if there are any concerns you have about anything that is raised by the ERCC?

5

MS COONAN: Yes. Well, I get the minutes and I look and make sure they are covering the material you would expect. I mean, I have a slightly greater line of sight at the moment because of my executive chair role. But normally, as a non-executive director, you wouldn't have direct knowledge of what the ERCC does because reports feed from it to the boards.

10

MS CAHILL: Sitting in your position as a director of Burswood Ltd, if you received an ERCC report and it raised a concern in your mind that you thought needed to be addressed, would you go back to the ERCC with that concern or would you go to the CRL board with that concern?

15

MS COONAN: It would depend on the concern. It may be that it would be raised with Mr Bossi, for example.

20

MS CAHILL: Can you elaborate on that answer, by way of an example? A hypothetical concern you would raise with Mr Bossi versus one you would raise with the CRL board?

MS COONAN: I can't give you hypotheticals, I'm sorry.

25

MS CAHILL: I understand from a previous answer you gave that because the ERCC reports to the Chief Risk Officer, the CRL Risk Committee does not itself have any direct dealings with the ERCC; is that right?

30

MS COONAN: You mean the Board Committee?

MS CAHILL: Yes.

35

MS COONAN: The CRL Board Committee? No, I don't think so. I'm not on that committee anymore, so I just don't know.

MS CAHILL: To try and draw the threads together of those series of questions I asked you ---

40

MS COONAN: Can I just correct that question? Can I just correct that question? I have been on the Risk Committee this year. I don't recall ERCC reports to the Board Risk Committee, but obviously Ms Siegers attends and her reports to the board are very extensive, to the Board Committee I mean.

45

MS CAHILL: How long have you been on the CRL Board Risk Committee, Ms Coonan?

MS COONAN: After --- if I can just --- sorry, it's a slightly long-winded answer and I don't mean to make it longwinded, but after the Bergin Report and most of the directors resigned, the majority of the board resigned or stepped down from their positions and the CEO stepped down from his position. There were only three active directors left and we all had to be on every committee. So it really was from about 15 February, as best I can recall it, and we were all on every committee.

MS CAHILL: You weren't on the Risk Committee before then?

MS COONAN: I don't think so, no. I did --- I may have attended some Risk Committee meetings because when I was chair, I attended by invitation as many of the board committees as I could. So in that capacity, as an invitee, I have attended a Risk Committee meeting.

MS CAHILL: Coming to a final question on this topic, Ms Coonan, as I was saying, to draw these threads together, are you able to succinctly describe the demarcation of responsibilities between the Burswood Ltd board, on the one hand, and the CRL board, on the other, in relation to risk management?

MS COONAN: Yes. The overall strategic risk management is under the control of the CRL board, but the local board and management are responsible for risk at the properties and they are responsible for their own corporate risk profile and for adjustments to it. The reporting now is that Ms Siegers attends the Burswood Ltd board meetings and provides an update on risks also relevant to the Burswood properties.

MS CAHILL: Can we come back to your witness statement at page 0192, paragraph 69. You give evidence that CRL sets the overarching strategic direction for all subsidiaries and manages centralised group functions. When we get to paragraph 70, underneath it, you mention as examples approaches to be taken by subsidiaries on risk management, AML/CTF and Responsible Gaming. Just to clarify, your evidence is that CRL sets the overarching strategic directions in those nominated areas, does it?

MS COONAN: Yes, they are centralised functions but with local application and implementation.

MS CAHILL: When you refer to risk management, AML/CTF and Responsible Gaming, the strategic direction is set by the --- the overarching strategic direction is set by the CRL board and in those areas, there is also a centralised group function; is that right?

MS COONAN: Yes, that and other areas.

MS CAHILL: I will come back to those individual topics in a moment. First of all, I want to ask you a question about management. At paragraph 75 at 0193, you draw attention to, in terms, the CEO of Crown Perth reporting to the Group CEO; you see

that?

MS COONAN: Yes.

5

MS CAHILL: The Group CEO does not report to the Burswood Ltd board?

MS COONAN: The Group CEO certainly attends, because that's me at the moment, and I'm chair of it too, Ms Cahill.

10

MS CAHILL: Does the Group CEO report to the Burswood Ltd board?

MS COONAN: Yes.

15 MS CAHILL: Does the Burswood Ltd board have a power of hire or fire over the Group CEO?

MS COONAN: No.

20 MS CAHILL: Does the Burswood Ltd board have the power of hire or fire over the Crown Perth CEO?

MS COONAN: Mr Bossi was appointed to his role by the CRL board, so I would say no.

25

MS CAHILL: Is it the CRL board which has the power of hire or fire over him, or does the Group CEO also have that power or has that power separately from CRL board?

30 MS COONAN: The Group CEO would have that authority but at the time Mr Bossi was appointed, he was appointed effectively by the then Group CEO, Ken Barton, as part of a restructure and approved by the CRL board.

MS CAHILL: Was he approved by the Burswood Ltd board?

35

MS COONAN: I wasn't on it, so I don't know.

MS CAHILL: To clarify, does the Burswood Ltd board have the power to direct the CEO of Crown Perth in terms of how he is to discharge his role?

40

MS COONAN: It would depend what the direction was, I would think.

MS CAHILL: Is it made clear to the board of Burswood Ltd what it may direct Mr Bossi as to and what it may not?

45

MS COONAN: Well, that would depend very much on what overview and operational functions need to be the subject of the direction.

MS CAHILL: But the board of Burswood Ltd, has it been given a clear indication by the CRL board as to what it may direct Mr Bossi in relation to and what it may not?

5

MS COONAN: That direction and capacity to make directions would depend to local operational matters and overview. It's difficult to demarcate it without knowing what the subject matter is. But as I've tried to explain, the overall strategic direction is the Crown Board's and the local operation, the implementation of the centralised functions and local matters, are the purview of the Burswood Group.

10

COMMISSIONER OWEN: Ms Cahill, could I seek some clarification.

Ms Coonan, do you see in paragraph 76 of your witness statement ---

15

MS COONAN: Yes.

COMMISSIONER OWEN: --- the end of the second sentence, "Soon to be Mr McCann", to what is that a reference?

20

MS COONAN: I apologise, Commissioner. Mr McCann has been hired by Crown as the new CEO to replace Mr Barton, who left the company in February this year. That was the basis for me to step in as the interim Executive Chair, pending a whole lot of things having to happen, including finding a new CEO. So Mr McCann has been hired but, as with all casino boards, his appointment is subject to probity clearances in each of the jurisdictions in which Crown operates. So at the moment, we are operating as a duo because he doesn't have authority in certain respects until he gets that probity clearance.

25

30 COMMISSIONER OWEN: Thank you.

MS CAHILL: Ms Coonan, how does the board of Burswood Ltd know what it may direct Mr Bossi in relation to and what it may not?

35

MS COONAN: Well, at the moment that's me and I have a very clear idea about what I can do about directing Mr Bossi. Obviously going forward, once we direct our mind, as you quite rightly allude to, to putting a charter in place, those demarcations will all be clearer. But as a practical matter, the Burswood Group can direct Mr Bossi in respect of how he carries out his functions locally in respect of implementation of matters that relate to the operation of the property and the casino.

40

MS CAHILL: In relation to centralised functions, you have given some examples at 76. I understand you to be saying there, in terms, because you reference the Chief Marketing Officer, that marketing is a centralised function; is that right?

45

MS COONAN: Well, there are local marketing. Obviously if you want to attract people in Perth, that has some local functions. But the overall strategic marketing function is centralised.

MS CAHILL: Is marketing a centralised function?

5 MS COONAN: It's certainly centralised but it has local impact and some local decision-making in relation to that.

10 MS CAHILL: Can we call up PCRC.0004.0007.0003. What is coming up on the screen, and you may have a hard copy, is an organisational chart we were provided by Crown's lawyers the day before yesterday. Do you have that in hard copy or are you looking at it on the screen?

MS COONAN: I can read it on the screen.

15 MS CAHILL: The reason I ask is because it is double-sided in large copy format, so it depends whether I direct you to the first page or not. In any event, do you have the page with the heading at the top "Perth Executive Team" with Mr Bossi at the top?

MS COONAN: Yes, I have that.

20 MS CAHILL: There don't appear to be any marketing executives on this page. Go to the next page, where you have "Perth (Group) Executive Team"; do you have that?

MS COONAN: Yes.

25 MS CAHILL: On the right-hand, do you see Mr Nick Emery's name?

MS COONAN: I do.

30 MS CAHILL: Looking at that box and down the right-hand column, we see a chain of marketing executives?

MS COONAN: That seems to be right, yes.

35 MS CAHILL: Can you explain for the benefit of the Commission, please, the colour coding of this document? The pink shading in a box designates that the position is a group role; is that right?

40 MS COONAN: I don't know. I really don't know. I can't clarify it, but you could be correct.

MS CAHILL: Well, you would understand ---

MS COONAN: Okay, I can see now. I can see now.

45 MS CAHILL: You would understand at least that Mr Emery as the Chief Marketing Officer, that is a group function, a group role?

MS COONAN: Yes. I didn't have the whole document, Ms Cahill. I can see now

11:51AM

the shading and the reference to group roles, yes.

5 MS CAHILL: Do you see, if we take Mr Emery as an example, there is a dotted green outline in the box for his role?

MS COONAN: Yes.

10 MS CAHILL: The legend at the bottom of the document designates a green outlined box as Crown Melbourne; do you see that?

MS COONAN: Yes. Yes, I can see that.

15 MS CAHILL: Does that mean the position is employed through the Melbourne corporate entities?

MS COONAN: I don't know. I can't confirm that. But I know that Mr Emery is located in Melbourne.

20 MS CAHILL: Is he employed by Crown Melbourne or is he employed by CRL?

MS COONAN: I can't tell you.

25 MS CAHILL: Do you know who the CFO of Australian Resorts is employed by?

MS COONAN: I don't know their direct employment lines, no.

30 MS CAHILL: Can we come back to the marketing executives. We see that all of those roles are shaded pink, except for the General Manager of Marketing; you see that?

MS COONAN: Yes, I do.

35 MS CAHILL: Because that box is white, do we understand that person is employed by Burswood Resort (Management) Ltd?

MS COONAN: I don't know.

40 MS CAHILL: Is that role located in Perth?

MS COONAN: I don't know. I don't know Ms Townsend.

45 COMMISSIONER OWEN: Ms Cahill, the feedback seems to me to be getting a little worse. Perhaps we should break.

Ms Coonan, the feedback is getting a little worse at this end, from my perspective. I think we might take a break now and see if something can be done. It may be occurring at the Sydney end. Before we do that, if you still have that document, you

11:54AM

can see in the top line several references to Mr McCann?

MS COONAN: Yes.

5

COMMISSIONER OWEN: He is referred to as CEO and MD. Do I take it from that, perhaps subject to probity approvals, that he would be appointed to the board?

MS COONAN: Yes.

10

COMMISSIONER OWEN: Thank you.

MS COONAN: That's the intention, Commissioner.

15

COMMISSIONER OWEN: Thank you. I think the most appropriate course is if we break now and take the lunch break for 45 minutes. If we come back at, say, 20 minutes to 1. So, 20 minutes to 3 your time, 20 minutes to 1 our time, thank you.

MS COONAN: Yes, thank you, Commissioner.

20

ADJOURNED

[11:55A.M.]

25

RESUMED

[12:41P.M.]

COMMISSIONER OWEN: Please be seated. Thank you, Ms Coonan.

30

MS COONAN: Commissioner.

35

MS CAHILL: Ms Coonan, I was asking you before the break about the centralised function of marketing within the Crown Group and I was asking you about those executive positions that appear on the organisational chart the Commission received the day before yesterday. Below executive level, there is a marketing team, is there, that is physically present at Crown Perth?

MS COONAN: There may be one or two but I'm not sure who they would be or who they are.

40

MS CAHILL: Do you know who those people report to?

MS COONAN: I think they report through to --- sorry, could I just go to the next page?

45

MS CAHILL: You are looking at the organisational chart?

MS COONAN: The next one. Yes, I think they report through to Mr Emery.

MS CAHILL: Mr Emery is located in Melbourne, is he?

MS COONAN: He is, yes.

5

MS CAHILL: That marketing team, the one or two people who are in Perth, at some level they have authority to do certain things here without reference to anyone else; is that right?

10 MS COONAN: I would imagine so but I'm not sure of the number of them or their identity or what they're actually --- what their actual job descriptions would be. In other words, what they are actually doing. But I am aware that Crown Perth does control some of its own marketing in respect of its products and offerings.

15 MS CAHILL: In terms of that control, does the Crown Perth CEO have any delegated authority in relation to marketing activities?

MS COONAN: I believe he would.

20 MS CAHILL: Do you know what that delegated authority is?

MS COONAN: No.

MS CAHILL: Do you know who the authority is delegated from?

25

MS COONAN: He would have that authority within his delegations from the CEO. But I don't --- I can't really tell you with any specificity what the delegations are.

30 MS CAHILL: To be clear, it's because his reporting line is through to the Group CEO that his authority in relation to marketing would come from the CEO; is that your evidence?

35 MS COONAN: He's got the overall responsibility for the operation as CEO of the property, but my understanding is that people such as marketing people would liaise with, and be responsible through to, Mr Emery.

MS CAHILL: Are there some marketing activities, if they are to be undertaken at Crown Perth in relation to the Perth Casino operations, that only the Chief Marketing Officer or a group executive can approve?

40

MS COONAN: You would have to ask Mr Bossi that.

MS CAHILL: Does the Crown Perth CEO have the power of hire or fire over anybody in the Perth marketing team?

45

MS COONAN: I'm sorry, I just didn't hear that.

MS CAHILL: Does the Crown Perth CEO have the power of hire or fire over anybody in the Perth marketing team?

5 MS COONAN: I would think he would. I mean, he'd be responsible for who is hired and who is working on the property.

MS CAHILL: So he hires the marketing team?

10 MS COONAN: I don't know.

MS CAHILL: What involvement does the Burswood Ltd board have in overseeing Crown Perth's marketing activities?

15 MS COONAN: I'm not aware of any, but I've only been there a very short time.

MS CAHILL: So you are not sure whether the Burswood Ltd board has any responsibility or power to oversee the strategic direction of marketing activities in respect of the Perth Casino?

20

MS COONAN: Well, they're operational matters and Burswood Ltd or the Burswood Group obviously have oversight over the operations. But as I explained earlier today, there are some functions which have centralised features, so it is quite possible that people who do marketing would do it by arrangement with and liaison with the Chief Marketing Officer.

25

MS CAHILL: Is it possible for the Burswood Ltd board to say in terms, "Well, we don't like the Chief Marketing Officer's direction, we don't like the Crown Group marketing strategies or activities, we want Perth Casino to have a different strategy or undertake different activities"? Is that possible?

30

MS COONAN: Certainly they'd be welcome to have that view, if they came to it.

MS CAHILL: But can they override the group marketing strategies or activities?

35

MS COONAN: I'd have to know what was being suggested here, what sort of example, to try to give you some greater precision in my answer.

MS CAHILL: Does that mean there might be circumstances in which, in effect, the Burswood Ltd board doesn't have a power of veto over marketing strategies of Crown Group, but there might be other occasions where it does?

40

MS COONAN: Well, as I explained, with centralised functions there is, if you like, a dual role where the overall strategic direction is set by the parent and then the local subsidiaries have oversight in terms of implementation. So it would depend on what their objection would be. I'm sure they'd be listened to very carefully and, if warranted, action would be taken.

45

MS CAHILL: Can we ---

MS COONAN: It would depend where it arose and with respect to what.

5

MS CAHILL: Can I take you back to the organisational chart, Ms Coonan. I'm on the page headed "Perth Executive Team". Do you have that?

MS COONAN: Yes, I have that now.

10

MS CAHILL: You can see on the left-hand side of the page, the farthest left-hand line of reporting, there is what one might assume are local Perth positions in relation to gaming machine operation and then, to the right of that, table games; do you see that?

15

MS COONAN: Yes, I see that.

MS CAHILL: Then on the far right-hand side you will see two shaded boxes with Mr Herring and Mr Christie's names in them. Do you see those?

20

MS COONAN: Yes. Now I do.

MS CAHILL: Those two positions are Melbourne-based, aren't they? That's what it says in the boxes?

25

MS COONAN: Yes, I think so.

MS CAHILL: These two men are Group General Managers, it says, for product strategy innovation in relation to gaming machines and table games. Those are group positions?

30

MS COONAN: That's what it says.

MS CAHILL: With only a dotted line report to the CEO of Crown Perth, but a direct report to the CEO of Crown Melbourne; is that right?

35

MS COONAN: I don't know. Could I just have it shrunk a bit, please? I can't see the dotted line. Yes, I'm not familiar with this so, I'm sorry, I can't --- I'm just looking at it now. Yes, that appears to be correct.

40

MS CAHILL: Why do they report to Crown Melbourne CEO?

MS COONAN: It's obviously a group role with group functions across the two properties.

45

MS CAHILL: But then they should report to the Group CEO, shouldn't they?

MS COONAN: I'm sorry, which Group CEO?

12:50PM

MS CAHILL: The CRL Group CEO?

5 MS COONAN: Well, it says they report to Steve McCann, CEO and MD of Crown Resorts.

MS CAHILL: Do you see it says "Peter Herring"? We'll just take that one.

10 MS COONAN: Yes.

MS CAHILL: Do you see the blue type?

MS COONAN: Yes.

15 MS CAHILL: "Reports to Xavier Walsh CEO Crown Melbourne"?

MS COONAN: Yes.

20 MS CAHILL: That is a local Melbourne position?

MS COONAN: That is, and a dotted line to Mr Bossi, who's his equivalent in Perth.

MS CAHILL: I see. So the dotted line reports to Melbourne and Perth?

25 MS COONAN: That's my understanding.

MS CAHILL: Who do they directly report to? What is the solid line report?

30 MS COONAN: The solid line report, both of them report to the CEO, who is about to be Mr McCann.

MS CAHILL: Mr Sullivan reports to Mr Herring and Mr Christie?

35 MS COONAN: Yes, I think so.

MS CAHILL: Does he have any dotted line report to Mr Bossi?

MS COONAN: Well, not on the chart.

40 MS CAHILL: What, in practice ---

MS COONAN: My understanding is that he does.

45 MS CAHILL: And what ---

MS COONAN: He's based in Perth I think.

MS CAHILL: If he is based in Perth, there is a dotted line report to Mr Bossi; is that what you assume?

5 MS COONAN: Not necessarily, but my understanding is with respect to Mr Sullivan's responsibilities, that he also has a dotted line to Mr Bossi. I could be wrong about that.

10 MS CAHILL: Essentially, are Mr Herring and Mr Christie responsible for strategy, product development and business development in relation to table games and gaming machines at Crown Perth?

15 MS COONAN: I think that's part of their roles, yes, but I'm not entirely sure. This is deep in management, for me. I'm effectively a non-executive director of the patient so, unfortunately, I don't have this familiarity to be able to provide accurate answers to the extent that I would otherwise like.

20 MS CAHILL: Does the Burswood Ltd board have any governance or oversight of Mr Herring and Mr Christie's function?

MS COONAN: They would, in terms of what happens locally, but not in terms of what happens in Melbourne.

25 MS CAHILL: Can the Burswood Ltd board depart from the Crown Group gaming machine or table games product strategy?

MS COONAN: Could you say that again, please?

30 MS CAHILL: Can the Burswood Ltd board depart from the Crown Group gaming machine or table games product strategy?

MS COONAN: They possibly could, particularly if there's some regulatory impediments or issues locally in Perth.

35 MS CAHILL: Let's take an example, Ms Coonan. In the absence of any regulatory requirement, if the Burswood Ltd board decided they wanted to have in the Perth Casino only EGMs that had fewer addictive features than the machines the group function was purchasing, would they have the ability to pursue that strategy?

40 MS COONAN: That's a total hypothetical, Ms Cahill. I don't know.

MS CAHILL: The actual day-to-day operation of gaming machines and table games at the Perth Casino is controlled at the local level, isn't it?

45 MS COONAN: It is.

MS CAHILL: What is the rationale for the division of responsibilities between the product innovation strategy being located as a group function and the day-to-day

operations as a local function?

5 MS COONAN: Probably historical, I would have thought. But I'm not in management, Ms Cahill, I can't help you with that detail.

10 MS CAHILL: You appreciate of course, don't you, that it is Crown Perth or Burswood Nominees Ltd, and not CRL, that has been granted a licence by the State of Western Australia to conduct gaming operations in this State?

MS COONAN: Yes, I keenly appreciate that.

15 MS CAHILL: Has the board of CRL, during your tenure, ever discussed and considered whether it is appropriate for someone other than the licensee to have control over the strategy and development of gaming operations at Perth Casino in the way in which this group function does?

20 MS COONAN: Well, first of all, I don't accept that the group function does that and I can't recall a discussion about it. I don't recall it having been an issue.

MS CAHILL: There is no ICB business in Crown Group at the moment, is there?

MS COONAN: I'm sorry, could you just say that again? There's no what?

25 MS CAHILL: ICB, International Commission Business.

MS COONAN: No, that's true.

30 MS CAHILL: You mention at 116 of your witness statement that the Crown Group has resolved to permanently cease junket operations.

MS COONAN: Yes, that's true.

35 MS CAHILL: What do you mean by "permanent" in that context?

MS COONAN: Not doing it in future.

40 MS CAHILL: Because the board of CRL could of course at some later time, however constituted, resolve to recommence the ICB business, couldn't it?

45 MS COONAN: It couldn't if there are regulatory impediments to it, which there currently are in Perth. In NSW I understand there may be legislation to that effect. I can't speak to it in Melbourne. But the board is of the view, and has come to a view, that they have no intention of recommencing that business.

MS CAHILL: Prior to the cessation of the junket and premium player business by Crown Group, the development and management of that business in relation to Perth Casino was effectively controlled outside of Perth; is that so?

12:56PM

MS COONAN: Yes, that's right. That's my understanding.

5 MS CAHILL: Was it essentially controlled by the Crown Group or Crown Melbourne?

MS COONAN: It was controlled largely by Crown Melbourne or out of Crown Melbourne and by the VIP group.

10 MS CAHILL: Who answered to whom, to the Crown Melbourne board or the CRL board?

MS COONAN: Both.

15 MS CAHILL: The Burswood Ltd board had no oversight or governance of the operation of the ICB business, insofar as it involved the Perth Casino, did it?

MS COONAN: They hosted junkets in Perth, that's my understanding. But I'm not sure about what oversight there may have been.

20 MS CAHILL: The Burswood Ltd ---

MS COONAN: But your point, which is correct, is that it was basically more a Melbourne function.

25 MS CAHILL: The Burswood Ltd board did not have the ability, independently of CRL or Crown Melbourne, to control whether junkets came to Perth and, if so, on what terms; is that right?

30 MS COONAN: I don't know, but I don't think they ever did.

MS CAHILL: Again, having regard to the fact that neither CRL nor Crown Melbourne is the licensee of Perth Casino, did the board of CRL, during your tenure, ever discuss or consider whether it was appropriate for someone other than the licensee to have control over the ICB business involving Perth Casino?

35

MS COONAN: I don't recall a discussion of that kind.

MS CAHILL: Moving to AML/CTF issues, Ms Coonan. At 122 of your witness statement you explain that the Crown Group has a centralised AML/CTF system and a set of policies, procedures and controls. You mention, by cross-referencing to your evidence in the Bergin Inquiry, about Crown Group having promulgated a joint AML/CTF program across the properties, as well as a corporate policy statement. You will recall that evidence?

45

MS COONAN: Yes.

MS CAHILL: Previously, it was the case, wasn't it, that each property had its own compliance program for AML/CTF issues?

5 MS COONAN: That's correct.

MS CAHILL: The new program, the joint program, has been adopted by the CRL board, hasn't it?

10 MS COONAN: Yes, and each of the subsidiary boards.

MS CAHILL: That was my next question: Burswood Ltd has resolved to support the adoption of that program?

15 MS COONAN: Yes.

MS CAHILL: Sorry. Burswood Nominees, you say at 125, has resolved to support the adoption of that joint program?

20 MS COONAN: Yes.

MS CAHILL: You understand that Burswood Nominees is exclusively an executive or management board or was at the time?

25 MS COONAN: Yes.

MS CAHILL: Has the approval of Burswood Ltd board been sought in relation to the joint AML/CTF program and corporate policy statement?

30 MS COONAN: Yes, it was approved at a Burswood Ltd meeting.

MS CAHILL: Does the Burswood Ltd board now have any responsibility in relation to the oversight or governance of that joint program?

35 MS COONAN: Yes, they would have oversight of the local parts of the program, but it's a group program. The joint AML/CTF program is a joint program with each of the properties being part of the designated business group as part of the adoption of Part A, I think back on 2 November last year. The reason for the joint program largely arose out of recommendations from Mr Neil Jeans of Initialism. Back in
40 2019, he attended the CRL board and his evidence was that manual systems and standalone systems, siloed programs, gave rise to vulnerabilities, and to better align the AML function it should be a joint program.

45 MS CAHILL: At 126, I think you are referring to the 2 November meeting that we mentioned a moment ago. Can we see 126 clearly, please?

MS COONAN: Yes.

01:01PM

Ms Cahill: You say in the second sentence:

5 *at the same meeting, which was a joint meeting of the boards of CRL and the property entities*

Can you explain what you mean by the "property entities"?

10 MS COONAN: Yes. Sydney, Melbourne and Perth.

MS CAHILL: But do you mean to include Burswood Ltd in that description?

MS COONAN: Yes, Burswood Nominees as the licence holder.

15 MS CAHILL: Did the Burswood Ltd board have any input into the development of the joint program and policy statement as it stands today?

MS COONAN: Well, I haven't been on the Burswood board for very long. Certainly I was there at the point at which it was adopted and there were questions of
20 Mr Blackburn, who presented at that meeting, and acceptance of the program. So I'm not sure whether prior to my involvement with Burswood, there was consultation at that level.

MS CAHILL: Can we go to paragraphs 130 to 132 at page 0201 of your witness
25 statement. At 20, you are describing what Part A of the joint program entails?

MS COONAN: Yes.

MS CAHILL: Then at 131 you say:
30

..... *under the Joint AML/CTF Program in addition to the obligations of the CRL board and senior management you describe responsibilities of the board of Burswood Nominees*

35 You see that?

MS COONAN: Yes.

MS CAHILL: Where does Burswood Ltd fit into all of this?
40

MS COONAN: Burswood Ltd holds meetings, that's what I meant. Burswood Ltd actually holds the meetings at which these functions are exercised for Burswood Nominees.

45 MS CAHILL: Can you say that again, please?

MS COONAN: Yes. Burswood Ltd --- it's a consolidated group here. Burswood Ltd's meetings also include obligations relating to Burswood Nominees and

Burswood Resort (Management) Ltd., so that's what I meant.

MS CAHILL: At 132:

5

..... material AML/CTF matters must be escalated to the Board of Burswood
Nominees

MS COONAN: Yes.

10

MS CAHILL: Should that read "Burswood Ltd" or should there be an additional sentence that goes along the lines of "and then escalated from the board of Burswood Nominees Ltd to Burswood Ltd"?

15

MS COONAN: Well, that's my understanding about how it would --- how it operates, in fact. But the obligation actually sits with Burswood Nominees, as the member of the designated group.

20

MS CAHILL: Can we look at 133, please. You nominate Burswood Nominees again as having adopted the three lines of defence.

MS COONAN: Yes.

25

MS CAHILL: If we look at the first line of defence, you reference there operational management. This is --- effectively, the people on the ground who are actually performing the operational roles at Crown Perth are the first line of defence to identify and manage AML/CTF risk; is that right?

30

MS COONAN: Correct.

MS CAHILL: Then the second line of defence, you reference the Financial Crime & Compliance team. That's a group function, is it?

35

MS COONAN: Two group functions; one is Risk, headed by Ms Siegers, and the Financial Crime --- so Risk is one of the second lines of defence. The other is the Financial Crime & Compliance team, headed by Mr Blackburn.

40

MS CAHILL: In relation to the second line of defence, is there any involvement by the local Perth executive team, the Burswood Nominees Ltd board or the Burswood Ltd board in that defence?

45

MS COONAN: Only in terms of reporting to them, I would think. For example, if there's some issue involving AML that arises in the Perth operations, that would be a report to the Financial Crime & Compliance teams. It's a group function.

MS CAHILL: While we're talking about AML, can we go back to the organisational chart I had you at before, Ms Coonan, PCRC.0004.0007.0003. The next page, please, "Perth (Group) Executive Team". Do you see at the bottom to the right,

Mr Stokes' role, Group GM, AML?

MS COONAN: Yes.

5

MS CAHILL: Is that role the most senior role in the second line of defence?

MS COONAN: No, it's Mr Blackburn.

10 MS CAHILL: Is it the second most senior role?

MS COONAN: There have been about another 16 hires over the last few weeks, so I'm not sure, but I would think so because he has to be approved under the program, so he really is the group --- he has that role for AML.

15

MS CAHILL: Is there a person who is identified as a replacement for him when he leaves at the end of September?

MS COONAN: Yes. I can't recall her name but there has been a hire.

20

MS CAHILL: Coming back to paragraph 133, going through those lines of defence, we're now at the third line of defence which you describe as the internal audit function. Could we show Ms Coonan her witness statement, please. The third line of defence provides independent assurance, et cetera, and consists of the internal audit function?

25

MS COONAN: Yes. That is Ms Jessica Ottner.

MS CAHILL: That is the Chief Risk Officer, is it?

30

MS COONAN: No. She's audit, internal audit.

MS CAHILL: Yes?

35 MS COONAN: No, Ms Siegers is the Chief Risk Officer.

MS CAHILL: So there is an internal audit officer?

MS COONAN: Yes, that's right. As part of our structural reforms, we separated Risk and Audit to provide an extra line of assurance. So the third line is a new function or, at least, a function now headed up by a new person, Ms Jessica Ottner.

40

MS CAHILL: Does the local ERCC retain any role in respect of the internal audit function?

45

MS COONAN: The local ERCC --- this is deep in management. I will do my best to provide an accurate answer here. But they interrelate, so Mr Blackburn and Ms Siegers and, I understand, Ms Ottner, all sit on the ERCC, so there is a line there.

01:08PM

MS CAHILL: Does the ERCC oversee the internal audit function?

MS COONAN: Not that I --- no, I think that's independent of the ERCC.

5

MS CAHILL: As far as you are aware and accepting, as I understand, you're saying you are not completely sure of this ---

MS COONAN: Look, I'm not in management, so I can't --- this is Mr Blackburn's
10 area, he has administration of this program, and I may not be doing him justice. But I'm trying very hard to give you accurate answers.

MS CAHILL: Thank you. But is it your best sense of it, with all those caveats, that
15 the ERCC oversees risk management and compliance but not the internal audit function?

MS COONAN: I don't know.

MS CAHILL: Are you aware of the composition of the ERCC in Perth these days?
20

MS COONAN: Yes, I did see a list, but you'd have to take me to it.

MS CAHILL: Let's have a look at a recent agenda paper which will identify the
25 attendees. CRW.700.019.0001 is the agenda for the ERCC meeting for 19 May 2021. Can we blow up the attendees, please. If we take Mr Marais out of the equation as an executive officer and not a member, we have Mr Bossi who is local, a local Perth person; yes?

MS COONAN: Yes, he's in Perth and so is Mr Marais.
30

MS CAHILL: Yes. Mr Hill? Local?

MS COONAN: I think he is. I don't know that I've met him.

MS CAHILL: Mr Kucan?
35

MS COONAN: Yes. I understood he may have left.

MS CAHILL: And Mr Cairns is actually --- that's a group position, isn't he, Mr
40 Cairns?

MS COONAN: I don't know. I'm not in management.

MS CAHILL: Can we have a look at the organisational chart with the Perth
45 executive team written on it.

MS COONAN: Yes, I can see Mr Hill's name.

01:11PM

MS CAHILL: He is the executive general manager of Crown Hotel Perth and apparently reports to somebody in Sydney?

5 MS COONAN: Are we looking at Mr Hill?

MS CAHILL: Mr Cairns.

10 MS COONAN: Oh, sorry. I don't --- oh.

MS CAHILL: You see that?

MS COONAN: Yes, I can see that and also Mr Bossi.

15 MS CAHILL: Yes, a dotted line to Mr Bossi. Why does Mr Cairns report to Sydney?

MS COONAN: Obviously his duties require both sites or some attention to both sites, but his title is obviously Perth.

20 MS CAHILL: Can we go back ---

MS COONAN: It may be --- I don't know this, but there were some realignments with respect to getting Crown Sydney open but it may not be a permanent (inaudible).

MS CAHILL: Can we go back to the agenda paper, please, CRW.700.019.0001, and look at the attendees, blown up for Ms Coonan, please. Apart from the ones I have identified, the other positions are group positions; is that right?

30 MS COONAN: I think that's probably right without going through each of them, but I think so.

MS CAHILL: What is the rationale for having a number of group positions on the local ERCC?

35 MS COONAN: Because their functions obviously have some relationship to the operational matters in Perth.

40 MS CAHILL: Is there scope for the Burswood Ltd board to decide that Burswood Nominees Ltd should not be part of the joint AML/CTF program and to instead have its own AML/CTF compliance program for regulatory purposes?

MS COONAN: Could you just break that up a bit, please? I lost you there.

45 MS CAHILL: Sorry. Is there scope for the Burswood Ltd board to decide that Burswood Nominees should not be part of the joint AML/CTF program and to

instead have its own AML/CTF compliance program for regulatory purposes?

MS COONAN: It would not do that, based on expert advice.

5

MS CAHILL: Would CRL board permit that?

MS COONAN: Well, CRL board would take advice about this and in particular from Mr Blackburn, who is a well-known expert who has put in place a group
10 AML/CTF function to provide the best possible AML/CTF compliance system that we can devise. It's been rolling out now for some months and we accept the advice that the function --- this ought to be a group function, to be better aligned and to provide better systems and better preventions against money laundering.

15 MS CAHILL: The effect of that analysis you have just given is the CRL board would be likely to not permit the Burswood Ltd board to depart from the joint AML/CTF compliance program?

MS COONAN: I can't imagine any reason why they should depart from a joint
20 program that provides efficiencies, better alignment, better automation, better expertise than a siloed AML function which was criticised in the past.

MS CAHILL: Can we come back to the organisational chart, please, on the page that is headed "Perth (Group) Executive Team". We come back to the Group GM, AML
25 position at the bottom, currently occupied by Mr Stokes. That is a Melbourne-based position. Is there any position immediately under that, a senior management position, located in Perth in respect of AML?

MS COONAN: There may be. There are now, I think, something in the order of 50-
30 odd --- 54, I think, people who have been hired into the AML function. Some are based in Perth. But this is a function that can be --- it's largely automated, a lot of it is automated. It's not particularly relevant where you physically sit, but there are some located in Perth. I can't give you the exact number.

35 MS CAHILL: I want to ask you about risk management more generally, not just AML risk, Ms Coonan. This takes us to paragraphs 80 to 98 of your witness statement at pages 0193 through to 0197. Do I understand correctly from paragraph 81 of your witness statement that the risk appetite for the Crown Group is set by the CRL board?

40

MS COONAN: Yes.

MS CAHILL: Sorry, was that a "yes"?

45 MS COONAN: Yes. But each property has its own risk profile.

MS CAHILL: Does the Burswood Ltd board or the Burswood Nominees Ltd board have any control or influence over how the risk appetite is set for Perth Casino?

MS COONAN: Yes. They provide their own risk profile and feedback to Ms Siegers and the Risk Management Committee.

5 MS CAHILL: But can they control how the risk appetite is set for Perth Casino?

MS COONAN: Sorry, the risk appetite is set for the group.

10 MS CAHILL: Can the Burswood Nominees board or the Burswood Ltd board control or influence that risk appetite, insofar as it applies to the Perth Casino?

MS COONAN: You would have to take me to what it is that you're suggesting would be changed from our current risk appetite, to give me a clue as to what might need to be changed.

15

MS CAHILL: The Risk Management Strategy and Risk Management Policy that you refer to at 81 is approved by the CRL board, isn't it?

20

MS COONAN: Yes, it is. Yes.

MS CAHILL: Is it required to be approved by the Burswood Ltd board, insofar as it affects the Risk Management Strategy and Policy specifically for the Perth Casino operations?

25 MS COONAN: It's a general overarching risk management appetite that is set by the CRL board. It's not altered by any of the subsidiaries, but each of them do have a role to set their own corporate risk profile.

30 MS CAHILL: Is this Risk Management Strategy that you refer to at 81, and the Risk Management Policy, required to be approved by the Burswood Ltd board before it is implemented in respect of Perth Casino operations?

MS COONAN: I believe it is approved.

35 MS CAHILL: Is it required to be approved before it is implemented in respect of the Perth Casino operations?

MS COONAN: I don't know. I mean, I wasn't on the Burswood Group when this was settled.

40

MS CAHILL: Go to paragraph 85, please, at page 0194. You refer again to the three lines of defence in respect of the Risk Management Strategy, which mirrors the evidence you gave earlier in your witness statement in relation to the management of AML risk, which we've already discussed; is that right?

45

MS COONAN: That's true.

MS CAHILL: Again, you have the first line of defence all occurring on the ground at a local operational level?

5 MS COONAN: Yes.

MS CAHILL: Then the second line of defence refers to an independent Risk Management Team, which is a group role, is it?

10 MS COONAN: No, that's the reference to the risk management --- that's a reference to Ms Siegers and her team, and the compliance and AML functions are Mr Blackburn's team.

MS CAHILL: Can we come back to the Risk Management Policy.

15

MS COONAN: Would you like me to explain what "independent" means?

MS CAHILL: If you would like to explain, go ahead.

20 MS COONAN: I'm just wondering if you're interested. Basically with the restructure that we went through last year, we separated out, as I explained a little earlier, risk and audit, and the Risk Management Team now reports directly to the Risk Management Committee. They are separate, as is Compliance and the AML functions, from any of the operational arms of the business. So that's what is meant
25 by "independent". Mr Blackburn actually reports directly to the CRL board and Ms Siegers' team reports to the Risk Management Committee and to the board.

MS CAHILL: What about to the Burswood Ltd board?

30 MS COONAN: Yes, they report to the Burswood Ltd board as well.

MS CAHILL: Who can basically direct them in relation to the second line of defence, insofar as it relates to Perth Casino?

35 MS COONAN: Well, they would certainly have some input into issues, if they know of them. That's what this is designed to do, to enable local matters to do with risk and local matters to do, for example, with AML, to be escalated through these functions. So obviously Burswood Ltd has an oversight role as well.

40 MS CAHILL: Can I take you quickly to the Crown Resorts Ltd Risk Management Policy, CRW.512.043.0051, to page 0053, please. Focus in on section 2, "Risk management at operating level". The second paragraph is talking about each Crown business being responsible for maintaining and reviewing the risk profile of its business.

45

MS COONAN: Yes.

MS CAHILL: So that's management ---

MS COONAN: Sorry, that's what I was referring to.

MS CAHILL: Sorry. You finish.

5 MS COONAN: I was just saying that was what I was alluding to in my earlier answers.

MS CAHILL: Right. It goes on to say:

10 *..... and shall be responsible for reporting any material changes to the Crown Risk Management Committee at least four times per year*

MS COONAN: Yes.

15 MS CAHILL: But it doesn't mention the Burswood Ltd board or the Burswood Nominees Ltd board. There is no requirement to report in to them any material change?

MS COONAN: I think it's subsumed into each Crown business because, in fact, at
20 the last Burswood meeting that I was at, there was a very, very detailed risk meeting presented by Ms Siegers and an upgrading of the risk profile of Crown Perth.

MS CAHILL: Can we go over the page to section 4. We are looking at the obligation under 4.1:

25 *Each Crown business is responsible for identifying, assessing and managing material risks to their business.*

Should we read that reference to "each Crown business" as being, in this case, Crown
30 Perth management as overseen by Burswood Ltd board and Burswood Nominees Ltd board?

MS COONAN: Well, that's what, in fact, happens, yes.

35 MS CAHILL: That's how we should understand the policy is intended to operate?

MS COONAN: Well, in fact, that's what happens and, as I say, at the last Burswood Ltd meeting I was at, this is exactly what happened.

40 MS CAHILL: I understand from the evidence you have given about risk management that you are firmly of the view that it is better to have an overarching group risk management strategy than to allow the local operation, overseen by Burswood Ltd board, to set its own separate and individual risk management strategy?

45 MS COONAN: Yes, I think that would be a backward step because a central risk

function that's separate from the operating arms of the business is independent, is not beholden to any other operational part of the business and can set the overall strategy. That's not to say that there aren't issues to do with local business and local governance, that is the subsidiaries and the subsidiary boards, for having an overview about identifying, assessing and managing their own risks. So it goes both ways, is really the best way to describe it, and I think that is the most effective model.

MS CAHILL: Does that model take account of the fact that the licensee, rather than in the Crown Group or the Risk Management Group that it has established, is the licensee that has responsibility to the State of Western Australia for the operation of the Perth Casino and the risks that creates?

MS COONAN: Well, that's part of the risks that are assessed in the local corporate profile. Obviously maintaining your licence is a critical risk, or any threat to maintaining your licence is a critical risk.

MS CAHILL: Can I ask you about harm minimisation now, please, Ms Coonan. You speak about that in your witness statement between paragraphs 174 and 192. At 175, you describe how the policies and procedures for responsible service of gaming apply across the whole Crown Group?

MS COONAN: Yes.

MS CAHILL: At 178 you explain that the policies, as I say, are set across the whole group, but implementation occurs at a local level?

MS COONAN: Yes.

MS CAHILL: In terms of the setting of the policies and procedures, does either the CEO of Crown Perth or the Responsible Gaming team members in Perth have any input into the establishment of those policies and procedures?

MS COONAN: Yes. Well, they have, they have traditionally. This, of course, is a very important area, a very important part of our social licence to operate and one where some consistency across the Crown properties is very important, particularly as you have visitors coming from different properties. So the idea of having centrally formulated responsible gaming policies, I think, works well. That's not to say that there aren't some particular needs at property level. And that's been --- there have recently been some examples of that where, as part of our expert advisory group, there have been some specific recommendations in respect of Perth but not Melbourne that have been implemented. So it's a matter of understanding what is needed locally, as well as understanding what it is about the group function that can deliver this very important service in a consistent and efficient way.

MS CAHILL: Does the Burswood Ltd or the Burswood Nominees Ltd board have any capacity to depart from the Crown Group RSG strategy and framework?

MS COONAN: If there was some reason to. It would be interesting to know what it is. But what I've been saying is there have been some differences in implementation and, obviously, locally that's been very important for the Perth group. I refer to
5 things like the recommendation for a separate and new Responsible Gaming Centre, which we have approved at a Crown Resorts level and which is presently sitting with the Minister for approval. That's not necessary in Melbourne, but it's an example where locally this very important policy can be modified appropriately.

10 MS CAHILL: What about in relation to the situation legally in Western Australia in respect of poker machines?

MS COONAN: Yes. Well, electronic gaming machines is unique, of course, to these properties, and responsible gaming with respect to it is appropriately provided
15 for.

MS CAHILL: But isn't it more appropriate for the Burswood Ltd board to have responsibility for the oversight of the type of EGMs that are provided to patrons at Perth Casino, rather than someone on the eastern seaboard, who is not subject to the
20 same legal restriction?

MS COONAN: Well, we have to operate these properties according to the licence conditions and the controls around the products we can offer. You haven't alluded to any reason why there would need to be any departure from any of the existing
25 policies to accommodate electronic gaming machines. If you could give me an example, maybe I could do my very best to see why we would consider departing from it but, at the moment, I can't see that. The necessary differences are well and truly catered for locally, as they should be.

30 MS CAHILL: Does the Responsible Gaming team at Crown Perth report to anyone at Crown Perth?

MS COONAN: They report through to the head of the group and through, ultimately, to Mr Blackburn, to Sonja Bauer, who is the head of Responsible
35 Gaming.

MS CAHILL: Does the Responsible Gaming team at Crown Perth report to anyone located in Perth?

40 MS COONAN: Other than keeping Mr Bossi abreast of it, they report as part of the group function in the way that I've described.

MS CAHILL: You refer at paragraph 181, page 0208 to the Sixth Review of the Melbourne Casino licence by the Victorian regulator in 2018. Then over at page
45 0209, you mention that Recommendations 6 to 16 made to Crown Melbourne related to responsible gambling measures; you see that?

MS COONAN: Sorry, now I have it. Yes.

MS CAHILL: At 182, you give evidence that all of the recommendations --- can we have 182 up, please --- that have fallen due for implementation have been implemented. So the only ones in Melbourne that have not been implemented are the ones not yet due, that's 9 and the third limb of recommendation 8(b).

MS COONAN: Yes. It may be with 8(b) that there's some technical difficulties in delivering it. There may be a distinction with that one.

MS CAHILL: But is the sense of paragraph 183 of your witness statement that some of the recommendations from the Victorian regulator have been implemented at Perth Casino, but not all of them?

MS COONAN: I'm sorry, I just can't --- it's not up on my screen yet. Now I have it. May I have the question again, please, Ms Cahill?

MS CAHILL: Yes. The sense of 183 is that some, but not all, of the recommendations of the Victorian regulator which have fallen due for implementation, have been implemented at Perth Casino?

MS COONAN: I think most of them have. As I was just alluding to, there's an issue to do with the development of the Crown model, that tool, which I think is still in development. Yes, there we go, at the bottom of the sentence. My recollection was correct, Ms Cahill. It's currently being developed, the expectation that a trial would be ready to commence.

MS CAHILL: Recommendations 14, 15 and 16 have not been implemented at the Perth Casino, have they?

MS COONAN: I'm not sure what they are. If you could take me to them?

MS CAHILL: You can't tell me?

MS COONAN: Well, not just off the top of my head.

MS CAHILL: Can we go to paragraph 187, please, page 0211. You are talking about the RGAP which has made two recommendations in relation to the Perth Casino?

MS COONAN: Yes, on time limits and spend, which has been implemented. And the evaluation of Crown Melbourne data, which hasn't been implemented, largely because of access to the data. It's held by Intralot in Victoria, who is an independent gaming regulator.

MS CAHILL: What are the time and spend limits for EGMs that have been implemented at Crown Casino, as you refer --- sorry, at Perth Casino, as you refer to at 187a?

MS COONAN: My understanding is that related to --- and it's recently been modified by an enhancement. I think it was 18 hours, and the spend I'm not sure of.

5 MS CAHILL: Changing topics, Ms Coonan. Does the Burswood Ltd board or the Burswood Nominees Ltd board have the capacity to set or approve an annual budget for the operation of the Perth Casino independently of the CRL board?

MS COONAN: No.

10

MS CAHILL: Does the Burswood Ltd board or the Burswood Nominees Ltd board have the capacity to make decisions about capital expenditure in respect of the Perth Casino independently of the Crown Resorts Ltd board?

15 MS COONAN: Some, but not major.

MS CAHILL: Can you give me a sense of what those "not major" decisions might be?

20 MS COONAN: Well, maintenance and things of that nature. I wouldn't be able to give you dollar amounts.

MS CAHILL: Does the Burswood Ltd board or the Burswood Nominees Ltd board have the capacity to procure funding for Perth Casino operations or capital improvements at the Perth Casino independently of the CRL board?

25

MS COONAN: Not unless it was very minor, so I think the answer to that would be no.

30 MS CAHILL: Come back to the organisational chart, please, Ms Coonan, on the page with the heading "Perth (Group) Executive Team". On the left-hand column you have, and I hope I'm saying his name correctly, John Salomone, who is the CFO of Australian Resorts. He reports through to Mr McGregor, who reports through to the CRL CEO, Mr McCann?

35

MS COONAN: Yes.

MS CAHILL: The only executive functions in finance that are Crown Perth-based are the Financial Controller and the General Manager of Cage and Count; is that right?

40

MS COONAN: That's what the chart says.

MS CAHILL: You don't know independently of ---

45

MS COONAN: I have no independent--- I'm not in management. I have no independent knowledge of these roles.

MS CAHILL: The procurement function for Perth Casino is group based, is it?

MS COONAN: Say again, sorry?

5

MS CAHILL: Is the procurement function for Perth Casino group-based?

MS COONAN: Some would be. Some would be local.

10 MS CAHILL: Would you agree that Perth Casino does not have any financial autonomy from the CRL Group as a whole?

MS COONAN: No, I wouldn't agree with that. I just don't know what the demarcations are, but there is obviously some in Perth.

15

MS CAHILL: Has the board of CRL during your tenure ever discussed or considered the degree of financial autonomy the licensee of Perth Casino should have?

20 MS COONAN: I'm not aware of those discussions, if they occurred.

MS CAHILL: At any time during your tenure as a director of CRL, have you considered clause 3.12 of the Burswood Ltd Constitution?

25 MS COONAN: Could I see it, please?

MS CAHILL: Yes. PUB.0026.0002.0001 at page 0010.

MS COONAN: And it was 3 point?

30

MS CAHILL: 3.12. You've seen that clause before?

MS COONAN: Yes, I have and I'm aware of that.

35 MS CAHILL: You understand it was a clause of the Constitution of Burswood Ltd, inserted by reason of a requirement in the State Agreement?

MS COONAN: Yes, I'm aware of that. Same with Melbourne.

40 MS CAHILL: It gives, in the clause, a description of what "head office" means?

MS COONAN: Yes.

45 MS CAHILL: As a director of Burswood Ltd, what do you regard to be the business of that company?

MS COONAN: The business of the company is to conduct the licence and to

manage the assets of the Crown Group --- sorry, the Crown Casino and hotel and other functions in Perth.

5 MS CAHILL: Do you regard Burswood Ltd as having central management and control over that business?

MS COONAN: Well, I think it does control the local operations, insofar as the matters that are rolled out here, the implementation of the group functions as they
10 apply to the Crown facilities in Perth, and they certainly happen in Western Australia.

MS CAHILL: Do you regard Burswood Ltd as having central management or control over the business you have just described?

15

MS COONAN: Could you just clarify what you mean by "central management"?

MS CAHILL: You're not sure what that means?

20 MS COONAN: I'm just not clear because we've talked for a couple of hours about Crown Resorts' role and some central functions. So are you referring to all of those or are you referring to the day-to-day management and control which the Burswood Group has? So I just need a clarification for your question, please.

25 MS CAHILL: You would need to have some distillation of the concept of central management before you could answer that question; is that right?

MS COONAN: Look, there's lots of parts of central management. Do you mean all of it? Do you mean that nothing that Crown Resorts does should be done by Crown
30 Resorts and it should all be in Western Australia? The way I take it, as the way in which I take it in Melbourne and the way in which I take it in Sydney, is it means that whilst we've got a group function and group arrangements, central management and control of the properties relating to the day-to-day management are in Perth for Perth's purposes.

35

MS CAHILL: I want to move, Ms Coonan, to ask you about some movements in the management structure of the Crown Group in the wake of the Bergin Inquiry.

MS COONAN: Certainly.

40

MS CAHILL: Mr Barton's contract of employment with CRL was terminated earlier this year by mutual agreement, was it?

MS COONAN: Yes.

45

MS CAHILL: Why did CRL board agree to that termination?

MS COONAN: Well, it was mutual, so we agreed mutually that Mr Barton would step down from his office.

MS CAHILL: Why was that something that the CRL board wanted?

5 MS COONAN: It was largely a matter of some issues to do with the Bergin Inquiry, but it didn't relate to much of Mr Barton's long service for the company. There were some issues there, but there were some other considerations relating to him stepping down.

10 MS CAHILL: What were they?

MS COONAN: He had decided, in the circumstances, that he didn't wish to remain with the business and the business was prepared for Mr Barton to step away from that office.

15 MS CAHILL: So was it entirely his initiative?

MS COONAN: No, no, no. It was mutual. "Mutual" means both of us came to that arrangement and both agreed to it.

20 MS CAHILL: What were the issues about Mr Barton emerging from the Bergin Inquiry that meant the CRL board also wanted his employment to terminate?

25 MS COONAN: There were some issues to do with the regulator coming out of the Bergin Inquiry as to Mr Barton's suitability to continue in the business, continue in his role.

MS CAHILL: Effectively, it's what the regulator had to say and the opinions of the regulator that ---

30 MS COONAN: Ultimately it was with all of the directors who stepped aside, apart from Mr Horvath.

35 MS CAHILL: Can we go to CRW.507.006.1044_R. This is an agenda for a meeting of the board of CRL for 14 February this year. At 1046 there is a memo to the board.

MS COONAN: Yes.

40 MR DHARMANANDA: I think it is a matter that should not go on a public screen, Commissioners.

COMMISSIONER OWEN: I think it is not on the public screen. Is that correct, Ms Cahill?

45 MS CAHILL: It's not on the screen.

Can we go to the third paragraph, commencing "Mr Barton has served".

MS COONAN: Yes.

5 MS CAHILL: Then Mr Barton's termination of employment is classified as 'without cause'; you see that?

MS COONAN: Yes.

10 MS COONAN: There was no reason, from CRL board's perspective, to terminate Mr Barton?

15 MS COONAN: Well, there were issues why he didn't wish to remain in his employment and the business didn't wish him to continue to remain. But 'without cause' related to his long tenure and other matters. So whilst there were some --- put it this way: if you look at the total sweep of Mr Barton's employment, that's correct.

MS CAHILL: But there was a matter of cause arising from the Bergin Inquiry or the ILGA opinions about his suitability; is that right?

20 MS COONAN: Sorry, I didn't mean to cut across you. Would you say again? I'm very sorry to have interrupted.

MS CAHILL: I think you were looking back over the whole of Mr Barton's tenure?

25 MS COONAN: I think these things have to be on balance and have to be looked at holistically. There was that opinion and there was the view of the regulator, but I think that things, on balance, have to be taken into account.

30 MS CAHILL: But the opinion of the regulator caused the CRL board to conclude that it was no longer appropriate for Mr Barton to remain in his role?

MS COONAN: We accepted his resignation.

35 MS CAHILL: Can you just answer my question, please?

MS COONAN: Yes. (Inaudible) yes.

40 MS CAHILL: But it was the opinion of the regulator that caused the CRL board to accept or agree to the termination of Mr Barton's employment?

MS COONAN: Well, we didn't seek to have him continue, so it was really Mr Barton's resignation.

45 MS CAHILL: So he resigned and you just accepted the resignation, rather than it being mutually agreed?

MS COONAN: No, it was mutual, as I said.

01:46PM

MS CAHILL: The mutuality, from the CRL board's perspective was because ILGA had formed adverse opinions about Mr Barton?

5 MS COONAN: We accepted that Mr Barton wished to resign. We didn't resist that. His reasons were well-known to us and we didn't resist.

MS CAHILL: Did you share his view, his reasons? Did you have the same opinion?

10 MS COONAN: I'm not entirely sure what was in his head.

MS CAHILL: Let's go to CRW.510.041.0161, just on the room screens.

MS COONAN: Yes, I have it.

15

MS CAHILL: A meeting of the CRL board a few days later, 17 February 2021.

MS COONAN: Yes.

20 MS CAHILL: Can we go to 1604.

MS COONAN: Yes, I have it, thanks.

25 MS CAHILL: Sorry. Can we go to 1613. Mr Barton entered into a services agreement, didn't he, with Crown Resorts Ltd within a matter of days of the termination of his employment?

MS COONAN: Yes.

30 MS CAHILL: Part of those agreed services include assisting CRL in the implementation of some or all of the recommendations arising from the ILGA Inquiry?

MS COONAN: Yes. I don't have it in front of me, but that's my recollection.

35

MS CAHILL: Neither do I, for some reason that's really not evident to me at the moment, Ms Coonan, but we will battle on. Another service he is providing under his service agreement is to assist you in relation to any aspects of his former position as CEO; isn't that right?

40

MS COONAN: Yes.

45 MS CAHILL: Why was CRL prepared to agree to the termination of his employment if it then immediately entered into a service agreement for him to continue to assist in the provision of the same services he had under his employment agreement?

MS COONAN: Well, they weren't the same services and they are quite varied. Just

recently, for example, Mr Barton has been called upon to assist with his corporate memory in respect of some matters that have arisen in the Victorian Royal Commission. He's been of assistance to Mr McCann, who is only quite new in the job, and he is available in respect of matters when he's called upon. That's not the job he had and he doesn't perform it in the way in which he did.

MS CAHILL: Are you of the view that it is appropriate to retain Mr Barton to provide those services?

MS COONAN: Well, I was, and am. It's the same arrangement that Crown entered into when it separated from Mr Craigie, the previous CEO. So there was an arrangement there that has been of value to Crown. Ultimately, it's to do things in the best interests of the business and it certainly was the judgment of the board that this was in the best interests of the business.

MS CAHILL: Is it really just window dressing, having it appear from the outside that he has left the company when he hasn't really?

MS COONAN: Well, he's not present in the company all the time, he's present when he is called upon from time to time to do things. It's not window dressing. It's a fairly conventional way of separating, particularly with a CEO and particularly a CEO of very long standing, when Crown has on its plate multiple issues that it has to work through, where you do need to be able to call on people's recollection and understanding of how things occurred and who may have been involved. Crown has been facing regulatory and other issues, where the continued goodwill and cooperation of these people is a benefit to the business.

MS CAHILL: Can I ask you about Mr Preston. Mr Preston's contract of employment with the Crown Group was terminated late last year, wasn't it?

MS COONAN: Yes.

MS CAHILL: Was that also by mutual agreement?

MS COONAN: I believe so, but that was arranged between Mr Barton and Mr Preston.

MS CAHILL: You are not aware of the reasons why CRL agreed to that termination?

MS COONAN: Well, Mr Preston, as I understand it, wasn't well. He didn't wish to continue in that role. There were also some issues to do with his evidence in the Bergin Inquiry. I wasn't privy to the exact discussions relating to Mr Preston, nor of Mr Felstead, if we come to him.

MS CAHILL: If Mr Preston had not wished to terminate his employment, would CRL have retained him?

MS COONAN: That's totally hypothetical.

MS CAHILL: You don't know?

5

MS COONAN: It's hypothetical.

MS CAHILL: Has CRL entered into any sort of agreement or arrangement with Mr Preston, for him to continue to provide services to the Crown Group?

10

MS COONAN: Not that I'm aware of.

MS CAHILL: Mr Felstead's contract of employment with Crown Group was terminated late last year too, wasn't it?

15

MS COONAN: Yes.

MS CAHILL: Also by mutual agreement?

20

MS COONAN: I don't know. It was arranged with --- between Mr Barton and Mr Felstead, but that's my understanding.

MS CAHILL: Has CRL entered into any sort of agreement or arrangement with Mr Felstead, for him to continue to provide services to CRL?

25

MS COONAN: Not that I'm aware of.

MS CAHILL: Mr Bossi is the CEO of Crown Perth now only on an interim basis, isn't he?

30

MS COONAN: Yes. I think there will be or possibly could be some restructures. Mr McCann has come into the business and as new CEOs do, they look at the kind of management structure they wish to have. The arrangement with respect to Mr Bossi was put in place, as I think I said a little earlier in the day, together with Mr Prentis in Sydney and Mr Walsh in Melbourne, as a result of the abolition of Mr Felstead's job as CEO of Australian Resorts.

35

MS CAHILL: Coming back to Mr Bossi, his role as a director on the Burswood entities is also only interim, isn't it?

40

MS COONAN: Well, that was the intention. If we can get to the point where we can have a locally based director, that would be appropriate then for the locally based director to take over as chair and Mr McCann to join the board.

45

MS CAHILL: What steps have been taken to find a permanent CEO for Crown Perth?

MS COONAN: Quite extensive steps. It may come as no surprise, with issues to do with managing inquiries, Royal Commissions and other regulatory matters, that it is a difficult issue to attract suitably qualified directors, but the search goes on and we will be successful.

MS CAHILL: Are you able to say, sitting here today, when you expect or when CRL expects to make that appointment?

MS COONAN: No, I can't do that.

MS CAHILL: But the expectation is, if and when someone is appointed to that CEO position, they will take Mr Bossi's position as a director on the Burswood entity boards?

MS COONAN: They may. That would be a matter for the board at the time.

MS CAHILL: What will happen to Mr Bossi, if and when a CEO is appointed to Crown Perth?

MS COONAN: I'm not sure that a CEO will be appointed to Crown Perth.

MS CAHILL: I said "if and when".

MS COONAN: Well, that's hypothetical.

MS CAHILL: You don't want to answer that question hypothetically?

MS COONAN: I don't want to answer hypotheticals. Mr Bossi is performing his duties very effectively, as far as I can tell. It would be up to Mr McCann as to what kind of management structure he wishes to take forward. But I've got no reason to think Mr Bossi wouldn't have a role.

MS CAHILL: But whether he returns to his Chief Operating Officer position or not, you are not in a position to say presently?

MS COONAN: No. I'm not in management.

MS CAHILL: Do you know who the current Chief Operating Officer of Crown Perth is?

MS COONAN: On a temporary basis, no.

MS CAHILL: You are aware, aren't you, of Mr Bossi's long association with the Perth Casino operations?

MS COONAN: Yes.

MS CAHILL: What is the CRL board's rationale for the current retention of Mr Bossi in a senior executive role at Crown Perth, given that long association?

5 MS COONAN: Could you just say that again, please?

MS CAHILL: What is the CRL board's rationale for the retention of Mr Bossi at a senior executive level in Crown Perth, given his long association with the operations of Perth Casino?

10

MS COONAN: I'm sorry, I don't understand the question.

MS CAHILL: Mr Bossi is currently the CEO of Crown Perth?

15 MS COONAN: Yes, he is.

MS CAHILL: You are aware he has been in a Chief Operating Officer role, senior executive role with Crown Perth for many years?

20 MS COONAN: Yes.

MS CAHILL: You are aware, of course, of the various inquiries exposing issues of concern around the operations at Perth Casino and Melbourne Casino?

25 MS COONAN: Yes.

MS CAHILL: Given those issues of concern and his association with the Perth Casino operation over a long period of time, what is the CRL board's rationale for continuing to retain Mr Bossi in a senior executive position at Perth Casino?

30

MS COONAN: Could you tell me what you're referring to, please?

MS CAHILL: I think I just have, Ms ---

35 MS COONAN: No. Well, you're talking about mentions and --- I mean, I haven't followed all the evidence because I haven't been able to watch every word of what this Commission has taken by way of evidence. So I just would like to know what it is that grounds your concern about the rationale.

40 MS CAHILL: All right, and without me giving that explanation, you are unable to answer my question; is that right?

MS COONAN: I just don't know what you're alluding to exactly. I just don't know.

45 MS CAHILL: All right. Let's talk about Mr McGregor then --- sorry.

COMMISSIONER OWEN: Did you want to finish, Ms Coonan?

MS COONAN: Thank you very much, Commissioner. What I was about to say is that throughout these Commissions, various people have received adverse mentions and have been referred to in reports. The view I take about it is there are, I think,
5 concerns and they need to be assessed carefully, but I think they need to be done in a measured way and certainly with the benefit of allowing the Commission to consider the evidence and come to views. So, rather than shooting Mr Bossi from the witness box, the view I take is I think it is very important to understand all of the
10 circumstances around what the adverse comment might be, understand what he says, and come to the proper --- go through proper processes. That's what has been done with respect to --- I think I've now moved on about nine people in Sydney or certainly across the business more broadly, and I've always tried to do it in a fair and appropriate way, without jumping to conclusions. I realise there are issues that have to be worked through. Thank you for allowing me to give an explanation,
15 Commissioner.

MS CAHILL: The present situation in relation to the governance of the Burswood entities is that Mr McGregor and Mr Bossi are the directors of Burswood Nominees Ltd and Burswood Resort (Management) Ltd?

20 MS COONAN: I think so, yes.

MS CAHILL: And you, Mr Bossi and Ms Fewster are the only directors of Burswood Ltd?

25 MS COONAN: Yes, I think that's right. I think I'm a director of the three.

MS CAHILL: Who is to replace you when you leave as a director of Burswood Ltd?

30 MS COONAN: That will be a matter for the Crown Board.

MS CAHILL: Is it currently expected that Ms Fewster will remain on the board of Burswood Ltd?

35 MS COONAN: That will be a matter for Ms Fewster.

MS CAHILL: Is the Crown Group intending to refresh the board of Burswood Ltd, generally?

40 MS COONAN: Yes, I can see a good case for doing that. I do support local representation on these boards.

MS CAHILL: Has the CRL board turned its mind to the optimal number of directors that should sit on the Burswood Ltd board?

45 MS COONAN: There are five on Melbourne, as part of the requirement. There are three on Burswood. It may be that these are standardised going forward. I think local representation is effectively a good thing, but I do think that having

a Perth-based director, who is a member of the CRL board, heading up the Burswood Group is a good thing.

5 MS CAHILL: Following on from that, has the CRL board given consideration to the number of executive positions that should be on the Burswood Ltd board?

MS COONAN: Well, certainly no more than one, I think, is appropriate. But as far as a board decision, these are all matters going forward that would need
10 consideration. We still have a very underpopulated board of Crown. We still only have four functioning directors, which is an incredibly small number for a publicly listed board. We endeavour to meet all of the requirements. But the issues are largely to do with people who can be appointed but still take months to get probity. So at the moment we've got four people who have probity and one waiting probity
15 and who has been waiting for many weeks.

MS CAHILL: The focus of my question here, Ms Coonan, is whether the CRL board has given consideration to these matters.

20 MS COONAN: Yes.

MS CAHILL: So it has discussed the optimal size of the Burswood Ltd board?

MS COONAN: The People, Remuneration and Nomination Committee has remit
25 over these matters and makes recommendation to the board as to how the composition might best be filled.

MS CAHILL: Has it made recommendations to the board about the Burswood Ltd board composition?
30

MS COONAN: Not yet. We just had to fill the positions, Ms Cahill, in the circumstances that I explained in February. So that was, as I explained to Ms Fewster when I spoke with her, something we will revisit when we have a proper Perth-based director to put into the proper mix.
35

MS CAHILL: To your knowledge, does the CRL board regard the refreshment of the Burswood Ltd board as a matter of urgency or priority?

MS COONAN: Along with many priorities, that's one.
40

MS CAHILL: What is happening with the governance of the Perth Casino while that process of refreshment is underway?

MS COONAN: It's continuing the way it has, certainly this year, because that's my
45 direct knowledge of it, as I explained. So the governance is the way in which I've described.

MS CAHILL: Going back to your witness statement at 104, page 0197, you give

evidence of your awareness of conditions of the Casino Agreement between Crown Melbourne and the Victorian regulator.

5 MS COONAN: Yes.

MS CAHILL: In particular, for the purposes of my question, Ms Coonan, clause 22.1(ra)(3) of that agreement, by which Crown Casino Ltd has promised to ensure that Crown Resorts Ltd maintains the Melbourne Casino as the flagship casino of Crown Resorts' gaming business in Australia. My question is this: has CRL or
10 Crown Casino Ltd maintained Melbourne Casino as the flagship casino of CRL's gaming business in Australia to date?

15 [Technical disruption]

MR DHARMANANDA: I think it has frozen.

20 COMMISSIONER OWEN: I think we might take a break. Not before 2.15 and if a message can be delivered to Ms Coonan that we seem to have lost her again. Thank you.

25 **ADJOURNED** **[2:05P.M.]**

RESUMED **[2:20P.M.]**

30 COMMISSIONER OWEN: Let's try again.

MS CAHILL: Ms Coonan, where I had you was in relation to clause 22.1(ra)(3) of the Melbourne Casino Agreement, whereby Crown Casino promised to ensure that
35 Crown Resorts Ltd maintained the Melbourne Casino as the flagship casino of Crown Resorts gaming business.

MS COONAN: Yes, I've got that, thank you.

40 MS CAHILL: Has Crown Resorts Ltd maintained Melbourne Casino as the flagship casino of CRL's gaming business in Australia during the term of the Melbourne Casino Agreement to date?

MS COONAN: I believe so.

45 MS CAHILL: How has it done that?

MS COONAN: It has done it by, in effect, operating a casino or a business of the

scale and scope of the Victorian facilities, by observing the requirements to have the affairs of Crown Melbourne conducted from Crown Melbourne on that board, by having the requisite number of executives resident in Melbourne, in compliance, and
5 by the way in which it has operated the Agreement.

MS CAHILL: What do you mean by that, "the way it has operated the Agreement"?

MS COONAN: Well, it has observed the Agreement and it operates, pursuant to the
10 Agreement, a casino and associated facilities of the scale and scope which means it is the largest of the three. It services a much larger population than the other casinos and it's maintained as the main one.

MS CAHILL: What do you mean "it's maintained as the main one"?

15

MS COONAN: That's how it operates.

MS CAHILL: Yes, but what do you mean "maintained as the main one"?

MS COONAN: Well, if it's the biggest, and the population of at least --- let's
20 compare Perth, because Sydney doesn't exist yet or it certainly doesn't operate yet as a casino. If you just look at the difference in population that the facilities service, I mean, Melbourne is, what, 11.5 million, Perth 5.5 or something --- it is the way in which it operates with that kind of patronage, those kind of numbers and that kind of
25 size, and observance of the other requirements under the State Agreements.

MS CAHILL: Apart from size and volume of patronage, are there features of the Melbourne Casino that Perth Casino does not have that contribute to making the Melbourne Casino the flagship casino of CRL's gaming business in Australia?

30

MS COONAN: I don't think so. I think Crown Perth has a --- its facilities are very similar, superior in some respects. I think Crown Towers is a magnificent contribution to the Perth community. I know that it's a very important part of the Perth community. I don't think there is any distinction in terms of quality of service,
35 excellence and attention to that kind of five-star experience.

MS CAHILL: CRL intends to maintain Melbourne Casino as the flagship casino of its group going forward, does it?

MS COONAN: Well, it intends to comply with the Agreement.

40

MS CAHILL: Does it intend to maintain Melbourne Casino as the flagship casino of the CRL Group in Australia?

MS COONAN: In accordance with its agreement, yes.

45

MS CAHILL: Do you perceive any conflict between your role as a director of Burswood Ltd and your role as a director of CRL, having regard to that clause, the

requirement to maintain Melbourne Casino as the flagship casino?

MS COONAN: No.

5

MS CAHILL: Changing topics, Ms Coonan. I want to ask you a couple of questions about the consultancy agreement that Mr Poynton had with CPH?

MS COONAN: Yes.

10

MS CAHILL: Can we go to CRL.506.006.5524, minutes of meeting of the CRL board, 2 May 2018, at page 5535. Can you see at about point five, "Other business director appointments"?

15 MS COONAN: Yes, I can see that.

MS CAHILL: Ms Manos is advising the board ---

20 MR DHARMANANDA: Commissioners, I rise because this is another document in respect of which Crown seeks a non-publication order.

COMMISSIONER OWEN: That can be taken off the public screen, thank you.

25 MS CAHILL: I don't think it was on the public screen.

MR DHARMANANDA: It was.

30 MS CAHILL: If we go to the first dot point, there is the nomination there for Mr Poynton. Then the second dot point, there is this notification by Ms Manos about Mr Poynton's retainer by CPH; you see that?

MS COONAN: Yes.

35 MS CAHILL: There was a resolution passed at that point to appoint Mr Poynton to the board?

MS COONAN: Yes.

40 MS CAHILL: It's not apparent that the board inquired first whether there was a written retainer agreement; did it?

MS COONAN: Not that I recall.

45 MS CAHILL: Do you recall whether the board, before resolving to appoint Mr Poynton, ascertained the terms of the retainer or its scope?

MS COONAN: No. I had understood Ms Manos might have done that, but certainly I don't have any independent recollection of that discussion at board level.

MS CAHILL: Surely it was necessary for the board to understand the contents of that arrangement before deciding whether it was appropriate to appoint Mr Poynton to the board?

5

MS COONAN: Yes. I mean, that's a reasonable point of view, I think. But with nominee directors, there's not a lot of discretion as to how somebody arrives on a board. For example, there wasn't, as far as I understand it, any examination of Mr Jalan, who is an employee of CPH, I think. Mr Johnson was already on the board when I joined. But I don't recall an independent discussion of this.

10

MS CAHILL: Do I understand from your evidence that you've just given that it wasn't an unusual thing to not inquire into the relationship between the nominee director and their nominator?

15

MS COONAN: Well, not on this occasion.

MS CAHILL: But my question is: is that, to your understanding, the usual position that CRL board adopted?

20

MS COONAN: I'm not sure. I don't have any other experience of that, apart from Mr Jalan, who I think was the chair of CPH and possibly an employee.

MS CAHILL: Was there any inquiry made about any arrangement between him and CPH before his appointment?

25

MS COONAN: Not that I'm aware of.

MS CAHILL: When you say there is limited scope to inquire into that relationship or challenge it, it would obviously be of interest, wouldn't it, to the CRL board if a nominating party or shareholder were to have an arrangement where, for example, confidential information of the board was required to be passed to that nominating shareholder.

30

MS COONAN: I agree with that.

35

MS CAHILL: That would be unacceptable?

MS COONAN: I agree.

40

MS CAHILL: So that would be a situation that you would want to know about before resolving to appoint somebody to the board?

MS COONAN: Well, I think it would be relevant in terms of the ability of the nominee to be able to fulfil their role appropriately.

45

MS CAHILL: But that inquiry wasn't made of Mr Poynton?

MS COONAN: Not that I'm aware of. It may have been made by the Nominations and Remunerations Committee, but not at this point, which is the first point at which I was aware of it.

5

MS CAHILL: Do you recall if and when the CRL board obtained a copy of Mr Poynton's consultancy agreement?

10 MS COONAN: I don't know. I saw it in the bundle I was given yesterday for the first time.

MS CAHILL: You had never seen it before?

15 MS COONAN: No.

MS CAHILL: Can I understand this: you recall that in October 2018, the CRL board approved a controlling shareholder protocol with CPH?

20 MS COONAN: Yes, I do.

MS CAHILL: Which enabled the sharing of confidential information of Crown to CPH and Mr Packer?

25 MS COONAN: Yes. On certain terms, yes.

MS CAHILL: That protocol was examined and some findings were made about it in the Bergin Inquiry?

30 MS COONAN: Yes.

MS CAHILL: As a result of what came out of the Bergin Inquiry in October 2020, it became apparent to both CPH and CRL that that protocol should cease?

35 MS COONAN: Yes. It was reviewed earlier than the Bergin Inquiry in about June of 2020. I had asked that it be reviewed by the company's then lawyers, MinterEllison, so it was reviewed and the advice was it didn't need to be changed, but whatever information got passed should be recorded in writing.

40 MS CAHILL: Did it occur to the board, or did the CRL board take any steps after it ceased the protocol arrangements with CPH itself, to consider the arrangements between Mr Poynton, specifically, and CPH that it had been advised of back in 2018?

45 MS COONAN: No. The actual arrangement --- the terms of this arrangement with Mr Poynton only became apparent to me, at least --- I don't know whether others knew. Obviously the CPH nominee directors would have known, but the independent directors I don't think had any line of sight into it. As I said, I saw it for the first time in a bundle yesterday.

MS CAHILL: When that protocol was terminated between CPH and CRL, did the CRL board turn its mind to whether it should investigate whether any directors individually had separate arrangements with CPH for the passing of information?

5

MS COONAN: No. We dealt with what we knew about, which was the shareholder protocol and the other protocol with respect to provision of services.

MS CAHILL: You are aware that Mr Poynton terminated his arrangement with CPH on 10 February 2021 this year?

10

MS COONAN: Yes. I think he tried to do it earlier. He did mention to me that he wanted to be free or independent of CPH, so there was an earlier, I think, conversation. I understand that he provided notice of termination to Ms Manos.

15

MS CAHILL: Was that something, that termination, entirely of Mr Poynton's own volition or was the CRL board either insisting or encouraging him that he do so?

MS COONAN: No. I think the CRL board, leaving aside the nominee directors, were conscious of the fact that it would be very difficult for Mr Poynton, having been a nominee director of CPH, to become independent just by severing whatever relationship he had with them. Our charter provided, I think, for three years' lapse of time between designated type of arrangements and independence. So I think that was the mindset of the CRL board. I think Mr Poynton had in mind the fact that he was independent from Mr Packer and that he should be able to continue on the board as an independent.

20

25

COMMISSIONER OWEN: Ms Coonan, another technology matter, could you please check that your computer is on mute?

30

MS COONAN: I might have to get some assistance here to drive this, Commissioner. I'm assuming somebody will rescue me, Commissioner.

COMMISSIONER OWEN: Please continue.

35

MS CAHILL: Ms Coonan, just coming back to Mr Poynton's consultancy agreement.

MS COONAN: Yes.

40

MS CAHILL: Do you recall either yourself or any member of the CRL board expressing to you concerns about the contents of Mr Poynton's consultancy agreement with CPH?

MS COONAN: In the last few days since it became public. That's the only concerns. Nobody had concerns earlier because, to my knowledge, no one knew about it.

45

MS CAHILL: When you say "in the last few days", do you mean since Mr Poynton has given evidence to this Royal Commission?

5 MS COONAN: Yes. I understand there was some evidence to this effect that he had a written agreement and as to the terms of it.

MS CAHILL: Finally, Ms Coonan, I want to ask you a couple of questions about the corporate culture of the Crown Group. When you gave evidence to the Victorian
10 Royal Commission --- I don't think this was your own expression, I think it's one you adopted that was put to you by Senior Counsel Assisting in respect of certain conduct by Crown Group that was being examined. He, and then you, were referring to "old Crown", if we can put air quotes around that. Do you recall that?

15 MS COONAN: Yes, it's emblazened in my mind, Ms Cahill.

MS CAHILL: I assume that when you were using the term "old Crown", you were identifying what you understood to be a previously prevailing corporate culture within the group?

20 MS COONAN: Yes, that's --- sorry. I think we're right, thank you. Apologies, I've just got someone helping me here. Thank you.

Yes, I mean, I think it was a conglomerate of circumstances that perhaps might have
25 sat under the idea, under the notion of culture.

MS CAHILL: Could I ask you to describe in summary your understanding of the culture of "old Crown"?

30 MS COONAN: Well, it was a very unusual culture, I think, as cultures are with successful major shareholders, founders of businesses, if that's the right description. I think Crown has been on a journey of going from, perhaps, one influenced by the majority shareholder and founder into, perhaps, more the stance of a listed public company, with all of the outward-facing obligations and transparency of modern
35 corporate governance.

MS CAHILL: I plan to give you the opportunity to explain any shift in corporate culture that you perceived to have happened and what that different culture looks like now, but can we just go back to the old culture and for you to give us a sense of what
40 that culture was?

MS COONAN: I think it was one where, certainly from management's level, they were very beholden to the major shareholder, who was part of the business for a significant period of time. When the major shareholder stepped back from having that sort of involvement, I think management still, in many respects, thought they were reporting to the major shareholder. I think that affected the way in which
45 people carried out their functions. At board level, it meant that there were certain

reporting lines which --- or at least the risk management structures and the reporting lines to the board were very blurred. There was asymmetrical information, where some information was given to some directors and not others. It was a situation
5 where it was very difficult, from a board perspective, to actually end up with enlivened suspicions about things because the way in which matters were presented didn't raise those kind of issues.

Now, that's a longwinded way of perhaps saying that might have been culture. But
10 it's a very, very different place now, as you've heard in both Victoria and to some extent in NSW, although it's much more developed now.

MS CAHILL: Can I take that last point you identified. Do I understand you to be saying, in terms, that as a director of CRL, there was a concern that the way in which
15 information was presented wasn't necessarily open and balanced, to enable you to see the full picture?

MS COONAN: I think that's right, and even if you had, and did at times ask appropriate questions and pursue lines of inquiry, it wasn't necessarily going to yield
20 the full picture.

MS CAHILL: When you referred in your longer answer to the influence of the major shareholder, you are referring of course to CPH?

MS COONAN: Yes, I mean it was influence. I mean, they didn't actually have the numbers on the board, but CPH had influence and they've recognised that, which is why they've stepped back. It was a very central part of the Bergin Report that the CPH influence had, effectively, infected the operations of Crown.

MS CAHILL: The CPH influence is, in practical terms, synonymous in your eyes with Mr Packer's influence; is that right?

MS COONAN: Not only Mr Packer. I mean, and CPH. Certainly not only Mr Packer. Mr Packer did step back from the business and it's interesting that the
35 evidence in the Bergin Inquiry, I think Mr Packer himself said that he appreciated that his influence may have continued even though he stepped back.

MS CAHILL: Just in terms of cultural change, you would perceive that there has been a degree of cultural change to date, would you?

MS COONAN: Yes, I think a huge amount of cultural change.
40

MS CAHILL: I will give you the opportunity to elaborate on that, if you wish to.

MS COONAN: Yes. Well, I think the first thing when you start to look at culture in an organisation is tone from the top and that was very much the starting point after the Bergin Inquiry, when there were a few independent directors who were able to take a different direction with the company. There had been some earlier work in

relation to culture the previous year, but we were enabled to escalate it after the Bergin Report.

5 That meant that apart from tone from the top, it has been necessary to get some external help to actually benchmark Crown's present culture, to look critically at what its future state should be and to get a roadmap to go there. Deloitte's have been carrying out that exercise and it's almost to the point where I think the framework is ready to be rolled out right across the organisation.

10 It has meant that we have set up a new HR function and a new head of people and culture, Mr Weston, to oversee that together with Mr McCann, who has done it elsewhere in his previous organisation, Lendlease. I'm very confident that this will be the right tone that will go right through the organisation, together with the reset of
15 the risk management structure.

We now have a risk-aware and compliant culture, where the prevailing notion is if you see something, say something, do the right thing. And the psychological safety of the staff in being able to speak up, that's been encouraged very much by me and
20 my fellow directors. I've been communicating with Crown's 20,000-odd employees every week with a newsletter which encourages them to contact me, gives them all of the ways in which they can escalate their concerns right throughout the organisation.

As well, of course, there are some very new people in the organisation, new
25 management to lead it. We've got, as I said, Mr McCann, Mr Weston, Mr Blackburn, Ms Ottner who I talked about and various others who are able to provide a very different tone for the kind of culture that Crown wants.

We've aligned our values, I think, to our purpose. I think we're getting it well lined
30 up and I'm very confident that the structures are now there to have a culture --- as I say, a risk-aware and compliant culture to deliver our purpose and values.

MS CAHILL: Do you perceive that this cultural change has filtered down to Perth
35 Casino yet?

MS COONAN: I get a lot of feedback from the Perth Casino into my chairman's
inbox. I do think that it is actually now penetrating right through, what we expect. I think the expectations are clear. We have nil appetite --- and this is conveyed. We have nil appetite for matters to do with breaches of regulation, with anything to do
40 with criminal influence. We've communicated, together with other ways in which we've set our overall risk appetite, to staff, right down, that this is what we're expecting and this is what we want as part of a compliant, ethical and clean operation.

45 MS CAHILL: Thank you, Ms Coonan. Nothing further.

COMMISSIONER OWEN: Thank you, Ms Cahill. Any applications?

MR WARD: Commissioner, I seek to leave to cross-examine on some issues relating to the operation of the Burswood Ltd board.

5 COMMISSIONER OWEN: Mr Ward.

MR WARD: Thank you, Mr Ward.

10 **CROSS-EXAMINATION BY MR WARD**

MR WARD: Ms Coonan, my name is Ward and I appear for Mr Poynton.

15 MS COONAN: Mr Ward.

MR WARD: Can I start by going back to something you said right at the start of your evidence in answer to a question from Ms Cahill. You said that you appointed Mr Poynton as Chairman of Burswood Ltd in 2020; is that right?

20

MS COONAN: I think that's correct.

MR WARD: In your capacity as Chair of Crown Resorts Ltd, you effectively had the power to control the composition and, to some degree, the operation of the boards of those subsidiaries, didn't you?

25

MS COONAN: Together with the Remuneration and Nomination Committee, who looks at all of the appointments and then makes a recommendation to the board.

30 MR WARD: At a practical level, you had authority to direct Mr Poynton to provide reports to the board of Crown Resorts?

MS COONAN: That was what he was required to do. That's what I set in place.

35 MR WARD: And in your words, you directed him?

MS COONAN: Yes. Well, I said, "Please, I would like some reports delivered to the CRL board", and he said "Yes".

40 MR WARD: You also caused the February 2021 subcommittee board meetings to be --- sorry, subsidiary board meetings to be cancelled?

MS COONAN: That was in connection with the delivery of the Bergin Report and the fact that we wouldn't have been able to populate all the committees in the immediate aftermath, which I anticipated. And I wrote to all of the directors and said this was my plan to get us over the report being delivered and asked for any response from any director and I didn't get any.

45

02:47PM

MR WARD: Can the operator please bring up CRW.515.003.1312.

MS COONAN: I actually have it in hard copy, Mr Ward.

5

MR WARD: For the benefit of everybody else, we'll have it brought up on screen.

MS COONAN: Okay.

10 MR WARD: Is that the email you are referring to, by which you ---

MS COONAN: Yes.

MR WARD: --- in effect, cancelled the subsidiary board meetings?

15

MS COONAN: Yes. That's ---

MR WARD: As far as you are aware, your predecessor as Chair of Crown Resorts Ltd had similar control over the operation and composition of the boards of subsidiaries?

20

MS COONAN: Well, I had no line of sight into that, but I would assume that's correct.

25 MR WARD: So long as were you a director of Crown Resorts and Mr Packer or Mr Alexander were in the chair, did you observe them to have similar control over the composition of the boards of subsidiaries?

MS COONAN: Well, I never actually attended any of those meetings. The process was that the People, Remuneration and Nomination Committee would consider the composition of committees and make a recommendation to the board.

30

MS CAHILL: Perhaps if we can just turn then to the composition of the board of Burswood Ltd throughout the time you were a director at Crown Resorts. You were aware that Mr Barton was a director of Burswood Ltd through all of that time?

35

MS COONAN: I don't know for what period, but certainly for some period Mr Barton was.

40 MR WARD: You are aware Mr Felstead was a director for all of that time?

MS COONAN: I'm not sure.

MR WARD: You are aware Mr Craigie was a director through the period up until 2017?

45

MS COONAN: He may have been.

MR WARD: Are you aware that Mr Alexander was a director and chair for part of that period?

5 MS COONAN: Yes.

MR WARD: You are aware that Mr Packer was the chair of Burswood Ltd up until 2016?

10 MS COONAN: He may have been. I think he was, yes.

MR WARD: Are you aware that there were two external independent, non-executive directors, Mr Poynton and Mr Roberts?

15 MS COONAN: Yes.

MR WARD: More recently, Mr Roberts replaced by Ms Fewster?

MS COONAN: Yes.

20

MR WARD: Would you accept that throughout the whole of that period, the board of Burswood Ltd was comprised generally by the Group Chair, the Group CEO, the Perth CEO, possibly one other executive of Crown Resorts and two external non-independent --- non-executive directors?

25

MS COONAN: I think the answer to that would be "yes", but I'd have to see the appointments and the times to be absolutely certain. But as a general proposition, that's probably correct, Mr Ward.

30 MR WARD: Burswood Ltd had no employees at any time, did it?

MS COONAN: No, not that I'm aware of.

35 MR WARD: The boards of Burswood Nominees Ltd and Burswood Resort (Management) Ltd were all appointed by Crown Resorts, weren't they?

MS COONAN: I would expect so.

40 MR WARD: The board of Burswood Nominees, were you aware that through most of the last 10 years it was comprised of Mr Barton, Mr Felstead and Mr Craigie?

MS COONAN: I don't know. Not for 10 years. I just don't know.

45 MR WARD: Were you aware that those boards all comprised executives of Crown Resorts or of Crown Perth?

MS COONAN: No.

MR WARD: Were you aware that there were no independent non-executive directors on the board of Burswood Nominees?

5 MS COONAN: No, I'm not in a position to agree with that. I don't know.

MR WARD: So you don't know who was on the boards of those companies?

MS COONAN: Well, that's not quite right. You asked me about nominees.

10

MR WARD: Okay, of Burswood Nominees. Were you aware of who was on the board of Burswood Nominees prior to your appointment in May this year?

MS COONAN: No.

15

MR WARD: Were you aware of who was on the board of Burswood Resort (Management) Ltd prior to your appointment in February this year?

MS COONAN: No. After February, that's my remit over Burswood, as I explained.
20 It's been a couple of months.

MR WARD: Burswood Nominees is a subsidiary of Burswood Ltd, isn't it?

MS COONAN: Yes.

25

MR WARD: Burswood Ltd is itself a subsidiary of Crown (Western Australia) Pty Ltd; isn't it?

MS COONAN: I understand so, yes.

30

MR WARD: You are a director of that company?

MS COONAN: I think I'm a director of all companies, I think currently about 60, and shortly not to be, Mr Ward.

35

MR WARD: Mr Bossi is the other director of Crown (Western Australia) Pty Ltd, isn't he?

MS COONAN: I think that's right.

40

MR WARD: Does that company have a board charter?

MS COONAN: Look, I don't know. I'm sorry about that. I couldn't tell you.

45 MR WARD: Is that company at all responsible for implementing the strategy of Crown Resorts in Western Australia?

MS COONAN: Which strategy?

MR WARD: You said earlier, in answer to questions from Ms Cahill, that Crown Resorts sets the overall strategic direction for operations in Western Australia.

5 MS COONAN: Crown Resorts does, yes.

MR WARD: Yes. Is Crown (Western Australia) Pty Ltd responsible for implementing that strategy in Western Australia?

10 MS COONAN: The three entities that are the --- that comprise Burswood, as I've said in my evidence today, Limited, Nominees and Management, that group is responsible for implementing the strategy in Western Australia.

15 MR WARD: Like Burswood Ltd, Crown (Western Australia) Pty Ltd has no employees, does it?

MS COONAN: No.

20 MR WARD: Crown (Western Australia) Pty Ltd is also itself a wholly owned subsidiary of Crown Entertainment Group Holdings Pty Ltd, isn't it?

MS COONAN: Yes, I think that's right. You might just have to show me the group structure.

25 MR WARD: You are a director of that company as well, aren't you?

MS COONAN: Yes. As I said, I think I'm a director of all companies, and soon not to be.

30 MR WARD: That company also has no employees?

MS COONAN: I don't think so.

35 MR WARD: The implementation --- in answer to Ms Cahill 's questions, you said that Crown Resorts Ltd sets the overall strategy but it is implemented in Western Australia by Crown Perth. Do you agree with that?

MS COONAN: Yes. I mean, local operations are implemented there.

40 MR WARD: They are implemented by employees of Burswood Resort (Management) Ltd, aren't they?

45 MS COONAN: They're technically employees, yes, of Burswood Resort (Management) Ltd.

MR WARD: Some of them are employees of Crown Melbourne who work in the group structure?

MS COONAN: Yes, that's right.

5 MR WARD: Would you agree that you can't implement a strategy without employees?

MS COONAN: I think it would depend on what you're talking about, Mr Ward. Can you --- what do you mean?

10 MR WARD: Only an executive management can implement the board strategy, can't they?

MS COONAN: Oh, I see what you mean, yes. Yes.

15 MR WARD: The directors themselves do not have power as directors to implement a strategy, they implement it through employees?

MS COONAN: I think that's right. You just broke up there for a minute, Mr Ward. Did you say that directors can't implement?

20 MR WARD: Directors in and of themselves can't implement a strategy, they implement it by giving direction to employees. It's the employees --- (overspeaking) ---

25 MS COONAN: It depends --- sorry, you were breaking up again. Executive directors are in a different capacity to non-executive directors. But I think your proposition, broadly, if I understand the question, is that you have to give directions to management to implement operations.

30 MR WARD: Thank you. Would you agree that to the extent that the board of Burswood Ltd was involved in implementing the strategic direction imposed by Crown Resorts, the board of Burswood Ltd worked within the parameters that were effectively given to it by Crown Resorts and by the executives that were on the board of Burswood Ltd? Do you agree with that?

35 MS COONAN: No. I think that Burswood had independent oversight of operations. They didn't implement it but they had oversight. That was their job, to oversee the implementation of strategic directions. Certainly they were CRL directions but it was an oversight role, not an implementing role.

40 MR WARD: Why do you say Burswood Ltd is different in that respect than Crown Western Australia or Crown Group Holdings?

45 MS COONAN: Because they were not regarded, either conventionally by the regulator or by the way Crown operated, as part of the Burswood Group, namely Limited, Nominees and Management, because of the trust structure.

MR WARD: The sole job of Burswood Ltd was to hold the units in the trust, wasn't it?

5 MS COONAN: Yes, they are the unit holder.

MR WARD: Because the board was comprised by three or four executives and two non-executives, those independent non-executive directors might comment on things that were proposed to be done through the board, but ultimate responsibility and control rested with the executives and the Crown Resorts board, did it not?

10 MS COONAN: Well, I don't know exactly what you're getting at, Mr Ward. I don't really understand the question. Non-executive directors have duties and obligations, like anyone on a board.

15 MR WARD: Accepting, Ms Coonan, that they have the duties of directors to act in a fiduciary manner towards the company, nonetheless, in the way this board was structured and its composition was set by Crown Resorts, the independent directors could not themselves override the executive directors, could they?

20 MS COONAN: Well, was there some reason to? I mean, I don't know whether you're grounding this in some kind of legal theory or are you grounding it in some kind of fact. I just don't know. I'd love to help if I can.

25 MR WARD: Perhaps we can deal with it as a simple fact. If a resolution came to be considered by the board and the executive members of the board voted for it and Mr Poynton and Mr Roberts voted against it, the resolution would not pass would it?

30 MS COONAN: Well, that happens with numbers on any board. That's correct.

MR WARD: Ms Cahill asked you whether the Crown Resorts Board has ever defined what matters the Burswood Ltd Board could direct Crown Perth's CEO on. Do you remember that stream?

35 MS COONAN: No. Could you just tell me again?

MR WARD: Ms Cahill asked you whether the Crown Resorts Board had ever defined what matters the Burswood Ltd Board could direct the Crown Perth CEO on?

40 MS COONAN: Yes, now --- yes.

MR WARD: You recall that your answer was that it is difficult to define, they might be able to deal with some local matters?

45 MS COONAN: Well, I don't know that I quite said that but what I meant was that the Burswood Group, at least Burswood Ltd, certainly the way it conventionally operated had oversight of the operations of management in the Perth properties.

MR WARD: The simple and direct answer to Ms Cahill's question is that it has never been defined what matters the Burswood Ltd board ---

5 MS COONAN: Absolutely true.

MR WARD: It has never been defined?

MS COONAN: It has never been defined.

10

MR WARD: Thank you. And it has never been necessary to define it because the Crown Resorts Chair, Crown Resorts CEO and the Perth CEO have always sat on that Burswood Ltd board, haven't they?

15 MS COONAN: The second part of your question is correct, that those people have sat on the board, but I don't know that it necessary follows that's the reason it didn't get defined. I think it should be defined and it will be.

MR WARD: Likewise, because of that degree of control of the board, as a matter of
20 fact, it has never been necessary for that board to have a separate charter, has it?

MS COONAN: I don't know that that's the reason.

MR WARD: There is no need for the board of Crown (Western Australia) Pty Ltd to
25 have a charter, is there?

MS COONAN: I don't know. I'll have to have a look at that.

MR WARD: No reason for the board of Crown Entertainment Group Holdings Pty
30 Ltd to have a charter, is there?

MS COONAN: Not that I would think so, but I do think the Burswood Group needs one. They should have had one and they will get one.

35 MR WARD: When you told Ms Cahill earlier that the Burswood Ltd board has effectively operated to give directions to Burswood Resort (Management) Ltd, the management company, that was because the Group CEO, Group Chair and Perth CEO were all sitting on that board, wasn't it?

40 MS COONAN: Well, they were able to give directions.

MR WARD: Do you remember being asked by Ms Cahill about Crown Perth's
45 CEO's report and you were shown a section of that report regarding electronic gaming machines and a reduction in time between in games from 5 seconds to 3 seconds?

MS COONAN: Yes, I do.

MR WARD: You have seen that document?

MS COONAN: Yes.

5

MR WARD: That is not a matter that the Crown Perth CEO would ever have had authority to do independently of the Crown Resorts CEO, is it?

10 MS COONAN: No, that's --- as I said, it's an important matter but it could not --- nothing could happen with that other than locally, together with the WA regulator and as part of the Perth service offering. So it's very much a local matter.

MR WARD: So there has to be ---

15 MS COONAN: --- (overspeaking) --- as to whether it could be implemented or not.

MR WARD: There has to be a proposal put up to the regulator?

MS COONAN: Definitely.

20

MR WARD: That proposal might be put forward by Crown Perth CEO, but the Crown Perth CEO cannot do that without the Crown Resorts CEO approving it, can he?

25 MS COONAN: I would think not, but dealings with the regulator are always at local level and always by local Perth management.

30 MR WARD: If a proposal like that was to be put up and it was something the independent directors disagreed with, they could raise their concerns but they couldn't stop it, could they?

MS COONAN: Well, that's entirely speculative, Mr Ward. I mean, I don't know. You'd have to see what happened at the time.

35 MR WARD: I'm asking not as a speculation about a hypothetical event, what I'm asking is as a matter of practice on the operation of this board, if the independent directors had a concern with a proposal like that being put up, they could raise their concerns but they couldn't stop it, could they?

40 MS COONAN: Well, you can always raise concerns on a board and it will depend on the numbers.

45 MR WARD: Ms Coonan, in an earlier part of your evidence in questioning by Ms Cahill, you were taken to something that Mr Poynton said in his evidence. Ms Cahill described it as, in summary, that Mr Poynton said his role was ambassadorial. Can I link that to something you said earlier about the need for local Western Australian directors.

MS COONAN: I think that's a good idea, yes.

5 MR WARD: Your view is that there needs to be somebody local, who is plugged into the local business, economy and political scene to provide input; is that right?

MS COONAN: I'm not sure about political but certainly somebody who is familiar with the property, familiar with the community, familiar with stakeholders, yes.

10 MR WARD: That is particularly useful in a non-executive independent director because they provide a broader view than just the management view; is that right?

MS COONAN: It can be, and I think that's one of the roles of a non-executive director, to bring whatever the sum total of your experience is to a role.

15 MR WARD: Whilst they might be bringing that broader perspective, they are not directly being engaged as a director to manage the operations of the company, are they?

20 MS COONAN: I think so. I mean, basically your primary duty is to the company.

MR WARD: Yes. They have a duty as a director to act in the interests of the company ---

25 MS COONAN: Yes.

MR WARD: --- but they are not engaged to manage the company, in the same way you have been doing for the last year as Managing Director of Crown Resorts; is that right?

30 MS COONAN: No, a non-executive director is not a manager.

MR WARD: Thank you. Can I ask that the transcript of Mr Poynton's evidence be brought up at page 1407, lines 24 to 33.

35 MS COONAN: Yes, I've got it now.

MR WARD: Can I just ask you to read that, Ms Coonan.

40 MS COONAN: Yes, I will read it, Mr Ward. Just a moment. Yes, I've read that now.

MR WARD: Having read what Mr Poynton actually said, you wouldn't disagree with the proposition, would you?

45 MS COONAN: Which part of it?

MR WARD: That paragraph on the screen in front of you. You wouldn't disagree, firstly, that being a director of a wholly owned subsidiary is different to being a director of a company that actually employs staff and operates a business? You don't agree with that proposition, do you?

MS COONAN: No.

MR WARD: And you don't disagree ---

MS COONAN: Well, sorry, it depends what the subsidiary does, of course.

MR WARD: You don't disagree with the proposition in the third sentence, that the -- - when he says "they", he means the non-management directors, himself and Mr Roberts, were never envisaged or it was never --- they were there to provide political and economic overview about the situation in Western Australia. That's consistent with the evidence you just gave a moment ago about the desirability of non-executive directors having that input, isn't it?

MS COONAN: I said it could be useful that you bring the sum total of your experience to your roles and obligations and duties as a director, is what I said.

MR WARD: You wouldn't disagree with the proposition in the next sentence, that it was never envisaged that the company and its directors would be directly responsible for the management of the casino?

MS COONAN: Not directly responsible but responsible for overview, of the way in which the Burswood Group operated, would have been my interpretation. Mr Poynton has a different one about how he did it for 15 years. I wasn't there to see how he viewed that.

MR WARD: So whilst you might have disagreed with Ms Cahill's summary of Mr Poynton's evidence, having now seen it, you don't disagree with what he says in that paragraph, do you?

MS COONAN: Yes, I do.

MR WARD: Specifically in what respect do you disagree?

MS COONAN: Let me just go through it. I think it depends what the subsidiary does.

MR WARD: That's not disagreeing, that's asking for additional information, isn't it?

MS COONAN: This whole paragraph I don't agree with then, if you want to take it as a whole. I don't know what was envisaged at the time of his appointment, which I think was back in 2004 or 2007, or before my time anyway, so I don't know what was envisaged.

MR WARD: So the answer is you don't know? Not that you disagree with what happened 15 years ago, you don't know?

5 MS COONAN: No, I just don't know what happened 15 years ago.

MR WARD: In that case, you can't assist the Commission any further with that question.

10 COMMISSIONER OWEN: I don't think Ms Coonan had finished, Mr Ward. Had you finished your answer?

MS COONAN: No. Thank you, Commissioner. I was just trying to be helpful here, rather than let this go because Mr Ward's question deserves to be answered. I don't
15 really know how Mr Poynton reconciles being an ambassador with duties as a director. I think you can be an ambassador as well as a director. I think good officers and people who are friends to businesses, that's a good thing and I think Mr Poynton did that. But I don't know that I can extrapolate from that, that that was the sum total of his understanding of obligations and the way in which he carried out his
20 duties as a director. I just can't say that.

MR WARD: You don't know how he carried out his duties as a director, do you?

MS COONAN: He says here how he did it and I don't agree that that's a correct way
25 to describe duties as a director.

MR WARD: No further questions.

COMMISSIONER OWEN: Thank you, Mr Ward. Mr Penglis?
30

MR PENGLIS: One short topic, if I may, with leave?

CROSS-EXAMINATION BY MR PENGLIS
35

MR PENGLIS: Ms Coonan, my name is Penglis and I represent Mr Preston.

MS COONAN: Yes.
40

MR PENGLIS: Ms Coonan, were you asked by Counsel Assisting after lunch about your recollection of the circumstances upon which various people left the employ of Crown.

45 MS COONAN: Yes.

MR PENGLIS: Including Mr Preston and Mr Felstead.

MS COONAN: Yes.

5 MR PENGLIS: Is it fair to say that sitting there today, you have no independent recollection of those matters?

10 MS COONAN: Well, that's not quite right. I just don't have any granular detail of how the separation with Mr Felstead and Mr Preston occurred. That was actually conducted by Mr Barton.

15 MR PENGLIS: Mr Barton gave evidence to this Commission earlier this week. I want to share that with you to see if it refreshes your memory and whether you agree or disagree with it. That's all I'm going to ask you. In essence, Mr Barton gave evidence to the effect that they left the employment of Crown on the basis of redundancies as a result of an organisational restructure. Does that help jog your memory one way or the other?

20 MS COONAN: Yes, that was a presentation to the board by Mr Barton and his proposal with respect to those roles.

MR PENGLIS: The board accepted his recommendations or his proposal, as a consequence of which the positions held by Mr Felstead and Mr Preston, respectively, disappeared?

25 MS COONAN: That's true but I think, in all fairness, I have to say there was some impact in relation to comments in the Bergin Inquiry. But Mr Barton gave evidence and I have no reason to disbelief him or contradict him.

30 MR PENGLIS: Mr Barton said in his evidence to this Commission that the organisational restructure was driven by some imperatives that were coming from the work that you were carrying --- "you" being Crown, were doing during the course of the restructuring. Would you agree or disagree with that?

35 MS COONAN: That is certainly true as well.

40 MR PENGLIS: I asked Mr Barton a question with which he agreed. What he said was --- in effect, he agreed with this: the proposition I put to him, with which he agreed, was it would be wrong for anyone to suggest that Mr Felstead or Mr Preston left the employ for any reason other than the structural reorganisation that Mr Barton referred to. He agreed with that proposition. Do you?

45 MS COONAN: Yes, but I mean, to be perfectly honest, there were some comments that concerned the Crown Board but Mr Barton's evidence is correct. Just as I gave evidence today as to the way in which we separated from Mr Barton. It wasn't the only factor but Mr Barton's evidence is correct, there was a restructure and there were redundancies in respect of both Mr Preston and Mr Felstead.

MR PENGLIS: May it please the Commission.

COMMISSIONER OWEN: Thank you.

5

MR CUERDEN: Mr Commissioner, my name is Cuerden. I appear for CPH companies. I have a couple of questions, if I may?

10 **CROSS-EXAMINATION BY MR CUERDEN**

MR CUERDEN: Ms Coonan, my name is Cuerden. I appear on behalf of the CPH companies. From the time you commenced your position, Mr Craigie was the Group CEO until April 2017; is that correct.

15

MS COONAN: Yes, that accords with my recollection.

MR CUERDEN: Do you recall what Mr Felstead's position was until April 2017 while Mr Craigie was Group CEO?

20

MS COONAN: I think he reported to Mr Craigie but I can't remember the name of his position.

MR CUERDEN: You had discussions with Mr Craigie over that period of time?

25

MS COONAN: There were many discussions over that period of time. I'm just not sure if you are asking me to recollect what ---

MR CUERDEN: It was a very bad question. I will narrow it. You had discussions with him in respect of his obligations to report to Mr Craigie? That is, he was obliged to report to Mr Craigie?

30

MS COONAN: Mr Felstead?

35

MR CUERDEN: Yes.

MS COONAN: I don't recall having a conversation with Mr Felstead about that.

MR CUERDEN: Do you recall Mr Felstead making it clear to you that he understood his obligation was to report to Mr Craigie, as the Group CEO, and not the CPH companies or Mr Packer?

40

MS COONAN: Oh, I follow what you mean. Would you just mind repeating it again? I'm very sorry.

45

MR CUERDEN: I'm not suggesting there was --- (overspeaking) ---

MS COONAN: I mean, I was a non-executive director, so my involvement in these kind of conversations might have been pretty limited, but I want to assist you if you can take me to something I might be able to help with.

5

MR CUERDEN: Your interactions and conversations with Mr Felstead made it clear that Mr Felstead understood his obligation was to report to Mr Craigie, not to report to Mr Packer or the CPH companies?

10 MS COONAN: I only ever had experience of Mr Felstead reporting to Mr Craigie in relation to board meetings.

MR CUERDEN: Until February 2020, it's the case that there was no nominee of the CPH companies on the Crown Risk Management Committee, the CRL Risk Management Committee; is that correct?

15

MS COONAN: I will have to take your word for it. I'm sorry, my memory doesn't extend past thousands of meetings.

20 MR CUERDEN: Certainly you can't recall --- if I can ask it the other way, you can't recall there being a nominee of the CPH companies on Crown's Risk Management Committee, can you?

MS COONAN: I wasn't a member of the Crown Risk Committee at all until 2021.

25

MR CUERDEN: You were asked some questions about the controlling shareholder protocol entered into in 2018. You supported that protocol being entered into at the time?

30 MS COONAN: Absolutely. It's a fairly conventional way of arrangements between nominees and a major shareholder, in my understanding, and if it's properly observed, it's appropriate.

MR CUERDEN: The other independent directors at the time agreed to enter into that arrangement?

35

MS COONAN: Yes.

MS CAHILL: I take it from what you have said that at the time you entered into the arrangement, or decided to enter into the arrangement, you considered it to be in the best interests of Crown to do so?

40

MS COONAN: I did, and we had legal advice to that effect.

45 MR CUERDEN: May it please the Commission

COMMISSIONER OWEN: Thank you, Mr Cuerden. Any other application?

MR POWER: May it please the Commission, I seek the Commissioners' leave to ask a few question about the last sentence of paragraph 8 of Ms Coonan's statement.

COMMISSIONER OWEN: Go ahead.

5

MR POWER: Thank you.

CROSS-EXAMINATION BY MR POWER

10

MR POWER: Ms Coonan, my name is Power and I appear for Ms Fewster.

MS COONAN: Yes.

15

MR POWER: I won't keep you too long. Can we please have paragraph 8 of Ms Coonan statement brought up. Ms Coonan, I would like you to read the last sentence of that paragraph for me, please, and if you need to read the rest of it, please do.

20

MS COONAN: No, I've read it. Thank you.

MR POWER: Thank you. That conversation you had with Ms Fewster, I am told that was a telephone conversation ---

25

MS COONAN: Yes.

MR POWER: --- where you rang her late on the afternoon of 28 February 2021. Does that sound right to you?

30

MS COONAN: Yes, I think that's correct. It was definitely a telephone conversation.

MR POWER: Thank you. I would like to bring up another document. I'm told the identification number is FEW.0002.0001.0015. Some of that information should not be on the public screen. Thank you.

35

Ms Coonan, you may not have seen this for some time, so please let me know if you need the opportunity to read through it. You will see it's an email from Ms Fewster to Mr Poynton of 18 February 2021 and you are copied into it?

40

MS COONAN: Yes, I was.

MR POWER: Just take a moment to read it.

45

MS COONAN: Yes, I will.

MR POWER: Thank you. Let me know when you've done that.

MS COONAN: I've read that, thank you.

5

MR POWER: I want to focus in particular on the last two paragraphs. The conversation that you had with Ms Fewster late on the afternoon of 28 February 2021, I'm told, was about the contents of those last two paragraphs; is that correct?

10

MS COONAN: No, I don't recollect it. I recall that either Ms Manos, who was then the Group Counsel, or Ms Harris contacted me and said we need to repopulate some appointments to the board. This was at a time of great crisis, of course. In view of these resignations, I was the only person left who could take the chair and there wasn't anybody who was prepared to take the other position other than Mr Bossi. I rang Ms Fewster and had a very pleasant conversation with Ms Fewster and explained that this was the best I could do in the circumstances to have these appointments made and that when there was an opportunity to have a Crown-based director replace Mr Poynton, that's when we'd look at how to structure the board. I think she may have mentioned that she was concerned about these matters. I haven't any reason to disbelieve that she raised them.

15

20

MR POWER: Yes. This email, of course, preceded the telephone conversation and one of the reasons why you spoke to her on 28 February was to deal with the misgivings she had expressed in those last two paragraphs, wasn't it?

25

MS COONAN: Yes.

MR POWER: And what you ---

30

MS COONAN: Can I just clarify that?

MR POWER: Of course.

35

MS COONAN: I'm not sure so much about the misgivings, but I wanted to give her an explanation as to why I didn't have any other alternatives.

40

MR POWER: Is one of the things you told her during that conversation that which you refer to in paragraph 8 of your witness statement, namely that Mr Bossi's appointment to the board of Burswood Ltd would be on an urgent basis, pending the appointment of additional Perth-based independent directors?

MS COONAN: Yes.

45

MR POWER: Was your intention at that time to do your best to ensure there were some independent Perth-based directors appointed as soon as you could have that done?

MS COONAN: Yes, appropriately qualified, independent Perth-based directors,

definitely.

MR POWER: Thank you. I have no further questions.

5

COMMISSIONER OWEN: Thank you, Mr Power. Anyone else? Mr Evans?

MR EVANS: A couple of topics, if I could, thank you, Commissioners.

10

CROSS-EXAMINATION BY MR EVANS

MR EVANS: Ms Fewster, my name is Evans. I appear for the Gaming and
15 Wagering Commission in these proceedings.

MS COONAN: I'm sorry? Mr Evans, is it?

20

MR EVANS: That's correct.

MS COONAN: I didn't hear. I'm Coonan, not Fewster.

MR EVANS: My apologies. I'm picking it up from my learned friend Mr Power.

25

MS COONAN: It has been a long day, Mr Evans. I understand.

MR EVANS: And it is later for you than it is for me.

30

MS COONAN: I'm glad you noticed.

MR EVANS: I will try not to detain you too long but there are a couple of questions
the GWC would like your assistance with, if you can ---

35

MS COONAN: Of course.

MR EVANS: --- and which may be of interest to the Commissioners. You will
recall you presented to the Gaming and Wagering Commission for the first time on
15 December 2020; is that correct?

40

MS COONAN: That's correct.

MR EVANS: And you presented for a second time in February 2021. The purpose
of both those presentations was to introduce yourself to the Gaming and Wagering
Commission, first, as you were then, as Chair of CRL and later as Executive Chair of
45 CRL?

MS COONAN: Yes.

MR EVANS: And to provide some assurance to the Gaming and Wagering Commission as to CRL's intentions?

5 MS COONAN: Yes. If I may explain, I wished to do this and I approached the regulators in each jurisdiction as a matter of courtesy and to assure the Western Australia regulator and the Victorian regulator that Crown, through its board at least and senior management, didn't have a tin ear, we had listened to the Bergin evidence. I had in train a major program of rectification and it was my view that it would be
10 relevant to each of the regulators in each of the jurisdictions to understand the way in which we were trying to remediate the company. So that was my first intent.

MR EVANS: In addressing the question of remediation, obviously one has to address what is to be remediated, doesn't one?

15

MS COONAN: That's what the remediation program did, yes.

MR EVANS: One recognises, in dealing with a regulator in those circumstances, there is a need for a very high level of candour if one is to be believed in relation to
20 the representations that you are making?

MS COONAN: Well, yes, if you are making representations, certainly.

MR EVANS: Yes. One of the issues which was live from the Bergin Inquiry at that
25 stage was the possibility of money laundering through what are called colloquially the Southbank and Riverbank accounts; is that right?

MS COONAN: Yes.

30 MR EVANS: It is the case, isn't it, that about a month prior to your first presentation to the GWC, Crown had obtained, from its consultants Grant Thornton and Initialism, reports which contained relatively unequivocal indicia of money laundering through those accounts?

35 MS COONAN: Well, the reports showed that. I'm not sure when Crown got them. I know they were given to the regulator at about the time of my meeting. I had no line of sight into when that was.

MR EVANS: We'll come to that, Ms Coonan, in a moment.

40

MS COONAN: All right. Sorry.

MR EVANS: My question for you is, when were you first made aware of the contents of those reports? Not necessarily given the reports, but made aware of the
45 contents of them?

MS COONAN: I'm not sure. I couldn't put a date on it.

MR EVANS: Was it prior to your first apprehension to the GWC?

5 MS COONAN: It may have been, but they may have been drafts. My recollection, I think, now is that Crown was looking at the reports and looking at whether there would be some response to them.

MR EVANS: Response to your own ---

10 MS COONAN: I just don't know when I was aware of the contents.

MR EVANS: For the purpose of your making your presentation, you were provided with some briefing notes; do you recall that?

15 MS COONAN: Yes, I had briefing notes from Mr Chris Reilly.

MR EVANS: Who is Mr Reilly?

20 MS COONAN: Mr Reilly works in Melbourne actually, but as I understood it, he had set up the meeting through someone in Perth.

MR EVANS: The meeting had been set up at your request, however?

25 MS COONAN: Yes. I wanted to introduce myself.

MR EVANS: That meeting was conducted by yourself and Mr Barton, principally, as I understand it?

30 MS COONAN: Yes.

MR EVANS: You have read those briefing notes?

MS COONAN: Yes.

35 MR EVANS: Can I bring up the briefing notes, to remind you in case you are not familiar with all of it, with the full content of it. CRW.513.021.3859. Do you recognise those?

40 MS COONAN: Yes.

MR EVANS: Can the operator scroll briefly down. You will see there was a provision for you to thank the GWC for its cooperation to date and to make some promises or assurances about the future. Can I take you to the paragraph starting "Importantly". You want to assure that Crown Perth will remain in full control of operational matters. This was a presentation made by the Crown Group, collectively;
45 is that right?

MS COONAN: No, it was really me, as chair, reaching out, so they had a name and

a face and someone who they could contact.

5 MR EVANS: You are making representations on behalf of Crown Perth there, as to what Crown Perth is going to do.

10 MS COONAN: What that related to was the proposal in relation to a potential restructure that had been mooted that we'd had some advice about, I think from Herbert Smith Freehills, which related to potentially how the subsidiaries might be restructured. I mean, it's just parked. It's not something that is likely to proceed any time soon, but that's what that referred to.

15 MR EVANS: But the GWC wasn't briefed about that potential restructure as part of this presentation, was it?

MS COONAN: I'm not sure.

MR EVANS: It doesn't form part of the briefing notes.

20 MS COONAN: No, it doesn't form part of the briefing notes but I understood that management had a prior meeting. I think Mr Barton had a meeting and I understood he may have given at that presentation an outline of a potential restructure and Mr Reilly might have picked that up.

25 MR EVANS: That's Mr Barton's meeting in October 2019; is that correct?

MS COONAN: It might have been. I wasn't there.

30 MR EVANS: --- (overspeaking) ---

MS COONAN: I have since seen a presentation and I have a feeling that it might have been a reference to the mooted restructure.

35 MR EVANS: Did you read through the entirety of these notes at the time they were given to you?

MS COONAN: I may have. I think I did, yes.

40 MR EVANS: You will have read the section which was attributed to Mr Barton and which he spoke to?

MS COONAN: You'll have to show me.

45 MR EVANS: Can the operator roll down to the second page, I think it is, the heading "Ken Barton".

MS COONAN: Yes. Yes, I remember all that.

MR EVANS: Do you see the reference to the Riverbank Investments bank account being closed?

5 MS COONAN: Yes.

MR EVANS: Were you aware at that time that the Initialism and Grant Thornton reports had been delivered to GWC?

10 MS COONAN: I just can't say yes. I may have been aware but I don't know.

MR EVANS: You concede that you may well have been aware. Likely, I would have to suggest, you were aware of the fact that those reports had been received?

15 MS COONAN: I don't know. I mean, I would tell you if I had a recollection of when I received it, but I don't.

MR EVANS: Well, this is the proposition I want to put to you, Ms Coonan: you, as chair, were deeply concerned in the progress of the inquiries then being conducted by
20 Commissioner Bergin?

MS COONAN: Yes.

MR EVANS: Very late in the course of that Inquiry, these reports had been
25 disclosed to Commissioner Bergin?

MS COONAN: I'm not sure.

MR EVANS: You were aware?
30

MS COONAN: No. I don't know.

MR EVANS: You have no recollection of that?

35 MS COONAN: I don't know when they were given to Commissioner Bergin. What I recall is that right at the heel of the hunt, I think about the last day of evidence, there was some other information that had come to light that Grant Thornton were engaged in relation to those matters. But I'm not sure when any of the reports were given --- were received, certainly not by me, or when they went to Commissioner
40 Bergin.

MR EVANS: So you're not ---

45 MS COONAN: (Inaudible) closed, and I just cannot recall when I got them. Of course I know what they say and I'm well aware of them now, but I just don't know the date at which I got them.

MR EVANS: Let's postulate this: if you had received that information prior to 15 December, would you have regarded the information in those reports as being

essential to be promptly disclosed to the GWC?

MS COONAN: Yes.

5

MR EVANS: Thank you. Can I take you to another topic. It relates to the broad sweep of the regulatory investigations which Crown has been facing over the last two years or so. In your witness statement you say that Crown has ceased dealing with junkets and junket operators. That is in your witness statement at 48(j). Do you recall that?

10

MS COONAN: Yes, I do.

MR EVANS: Earlier this afternoon you gave evidence that that is now an absolute commitment or a determination, not to deal with junket operators. Do you recall that?

15

MS COONAN: Yes. Yes.

MR EVANS: You understand that Crown previously lobbied for the elimination of State licensing of junket operators and that only Queensland maintains a licensing system in relation to junket operators today?

20

MS COONAN: I'm aware of the latter part of your question.

25

MR EVANS: You weren't aware it was Crown that actively lobbied the State regulators in Victoria and Western Australia for the elimination of it?

MS COONAN: Well, I wasn't involved in it and I don't know that.

30

MR EVANS: You don't know that? All right. Is it then the case that the CRL position has moved further from the position which was stated as at 14 December 2020 by Mr Barton in his letter to the Gaming and Wagering Commission? You recall that letter exists, the letter sent to the GWC the night before your presentation on the 15th?

35

MS COONAN: Could I see it, please?

MR EVANS: Can you bring up CRW.513.021.6266.

40

MS COONAN: What am I looking at, Mr Ward, I'm sorry. I have one page.

MR EVANS: You have Mr Evans, and it's ---

45

MS COONAN: Now it's my turn. Sorry.

MR EVANS: There are too many parties. Can the operator roll back up four pages to the beginning of that document. This is the letter sent to Mr Ord, as chair of GWC

and also Director-General of the Department, on 14 December 2020.

MS COONAN: I can see that.

5

MR EVANS: Did you see that document before it was sent?

MS COONAN: No.

10 MR EVANS: Did you read it prior to your meeting on 15 December?

MS COONAN: I don't believe so.

MR EVANS: Have you subsequently read it?

15

MS COONAN: Yes.

MR EVANS: On the fourth page of that letter at point e), this is in an annexure to the letter in fact, it is represented that Crown has permanently ceased dealing with all junket operators. Subject to consultation with gaming regulators in Victoria, Western Australia and NSW, Crown will only recommence dealing with a junket operator if the junket operator is licensed or otherwise approved or sanctioned by all gaming regulators in the States in which Crown operates. You understand that?

25 MS COONAN: Yes, I do.

MR EVANS: Did that represent the position that Crown Resorts Ltd had resolved at that time?

30 MS COONAN: It went through about three iterations. What this actually refers to is the fact that under some clauses of the Agreement, certainly in Melbourne, there was an obligation to maintain Crown as the premium Commission-based casino. And there may be similar --- I don't know whether or not there's a similar arrangement or requirement in the Agreement with Western Australia. The board was concerned that we should consult first, but I think events simply overtook us and the board's very firm view is that the risks are unacceptable in dealing with junkets and the resolution is that we will stop dealing with junkets. And, as you know now, there's some regulatory intervention to require that.

40 MR EVANS: That is certainly the case in Western Australia. A direction has been given to that effect.

MS COONAN: Yes.

45 MR EVANS: Although it is not an unconditional direction in the light of this representation. Now, I will repeat my question: is it now CRL's position, unconditionally, that it will not deal with junket operators in the future?

MS COONAN: Yes.

5 MR EVANS: I ask that question because I did notice in the Burswood Ltd board papers for, I think, the June board meeting that there are renovations planned for the Pearl Room in Perth. You understand what the Pearl Room is?

MS COONAN: Yes. Sorry, you cut out then for a second.

10 MR EVANS: I understand from those papers that there are renovations contemplated, at some cost, to the Pearl Room in Perth.

MS COONAN: Yes.

15 MR EVANS: The Pearl Room is the equivalent of the Mahogany Room in Melbourne?

MS COONAN: Yes.

20 MR EVANS: It is a venue which has historically, since its inception, been reserved for high roller gamblers in those casinos?

MS COONAN: Yes.

25 MR EVANS: Principally, junket gamblers?

MS COONAN: Yes.

30 MR EVANS: I was left wondering why such expensive renovations were contemplated to the Pearl Room if junket gambling was no longer to be contemplated in those casinos?

35 MS COONAN: Well, local premium play is obviously the way in which we have to structure our business.

MR EVANS: The evidence before the Commission today is that Crown Resorts eschews International Commission Business by way of junket operations now and into the future?

40 MS COONAN: Yes.

MR EVANS: It does not seek to have a new regulatory regime erected under which State regulators will reassume a role of licensing junket operators?

45 MS COONAN: It certainly does not seek that.

MR EVANS: Thank you. Can I then go to the topic of continuity and refreshment in the Crown Resorts Ltd board. You refer in your witness statement at 42 to

appointments made to the CRL board in recent times.

MS COONAN: Yes.

5

MR EVANS: In particular, you refer to the appointment of Mr Morrison, the former CEO of SkyCity, and Mr Bruce Carter, the former deputy chair of SkyCity, in January and April 2021, respectively?

10 MS COONAN: Yes.

MR EVANS: Are they the only appointments which have been made?

MS COONAN: Apart from Mr McCann, the CEO, who will also be a director.

15

MR EVANS: Do we take it from those two appointments ---

MS COONAN: Three.

20 MR EVANS: Sorry, those three appointments, but I'm putting Mr McCann to one side. To understand, SkyCity is a publically listed casino operator which operates casinos, I think, in New Zealand, Adelaide, Queensland and possibly Tasmania; is that right?

25 MS COONAN: I'm not sure about Tasmania, but certainly the other jurisdictions.

MR EVANS: Yes. Do we take it from that that you consider the future success of CRL and its group is dependent about gaming industry expertise at the highest levels of the company?

30

MS COONAN: Well, we did think it was a relevant skill set to have in some new appointments.

35 MR EVANS: And the first and second appointments of independent non-executive directors are both people with a strong history in the listed casino industry?

MS COONAN: Yes.

MR EVANS: Both from the same company?

40

MS COONAN: Yes.

45 MR EVANS: Before doing that, was due diligence done on SkyCity and its history of involvement in relation to issues which are the subject of the various inquiries in which Crown Resorts is concerned?

MS COONAN: There was extensive due diligence done at the time, both externally. Both of the candidates were validated. Mr Morrison has received probity in this

jurisdiction in Sydney and in Melbourne. Mr Carter, I think, is waiting in NSW but otherwise has received probity, which fortifies my view and the inquiries we made, that they are appropriate appointments.

5

MR EVANS: Was it of concern that SkyCity had previously engaged with junket operators in the context of its own operations?

MS COONAN: It is always of concern if there's allegations of money laundering.

10

MR EVANS: No, not money laundering. Was it of concern that SkyCity had engaged with junket operators in the course of conducting its business?

MS COONAN: Not at the time.

15

MR EVANS: Although junket operators were a prime subject of the inquiries which Crown Resorts was facing.

MS COONAN: Junket --- just let me check back a little bit. Would you just mind asking again?

20

MR EVANS: Was it of concern to Crown Resorts Ltd that SkyCity had a history of contracting with junket operators for International Commission Business?

25

MS COONAN: Not a major concern once these people received probity.

MR EVANS: Was it a concern that SkyCity might be facing allegations of contraventions of the AML/CTF legislation?

30

MS COONAN: Well, it's potentially any casino operator, any bank, any financial service provider can be subject to allegations.

MR EVANS: Indeed, SkyCity self-reported that on or about 7 June 2021, but it was the subject of an AUSTRAC inquiry in relation to that.

35

You are aware that one of the subjects of inquiry, particularly in the Melbourne Royal Commission, is the ability of Crown Melbourne and although it was not apparently used, Crown Perth, to accept China UnionPay payments?

40

MS COONAN: Yes.

MR EVANS: For gaming at the casino?

MS COONAN: Yes.

45

MR EVANS: Was it of concern that SkyCity accepts China UnionPay cards ---

MS COONAN: I'm not aware of that.

MR EVANS: We'll move off that topic.

5 We accept that you've had a torrid time between the ILGA/Bergin Inquiry, AUSTRAC inquiries, ASIC inquiries, the Melbourne Commission and now the Perth Casino Commission.

MS COONAN: That's very kind of you. Thank you.

10 MR EVANS: Each of those necessarily poses a significant business risk for Crown Resorts, does it not?

MS COONAN: Of course.

15 MR EVANS: And you've been closely involved because you've given evidence in both the ILGA Inquiry and the Melbourne Royal Commission inquiry?

MS COONAN: Yes. I now have the triumvirate; three times.

20 MR EVANS: And you necessarily have been closely involved in the direction of Crown Resorts' response to those inquiries, in particular over the last few months?

MS COONAN: Yes, certainly in respect of Victoria.

25 MR EVANS: I would assume in doing that you have sought and obtained the support and approval of the board for key decisions in relation to the conduct of the proceedings before for those inquiries?

MS COONAN: Yes.

30 MR EVANS: And you say in your statement that Crown has accepted the deficiencies in its culture and its governance and risk processes and frameworks contributing to and underpinning findings in the Bergin Inquiry, that is in your witness statement at 35.

35

MS COONAN: Yes.

40 MR EVANS: You understand that those deficiencies are such that the Bergin Inquiry found that in answer to the question whether the licensee, that is the Sydney Pty Ltd licensee of the limited casino licence in NSW, as to whether it was a suitable person to continue to give effect to the Barangaroo restricted gaming licence, the answer from Commissioner Bergin was "no".

45 MS COONAN: Yes, I have accepted that. I agree.

MR EVANS: And as to the question of whether Crown Resorts Ltd was a suitable person to be a close associate of that licensee, Commissioner Bergin answered that

question, "no".

MS COONAN: Yes.

5

MR EVANS: And nine days ago Crown made closing submissions before the Melbourne Royal Commission.

MS COONAN: Yes.

10

MR EVANS: Mr Borsky QC made those submissions orally on behalf of Crown.

MS COONAN: I think they were in writing as well.

15

MR EVANS: They are in writing. I have yet to have the luxury of being able to obtain the written submissions but I have the transcript of the oral submissions. Now those submissions were obviously approved by Crown Resorts Ltd before they were made?

20

MS COONAN: Yes.

MR EVANS: And by you personally?

MS COONAN: Well, I was part of the board examination of the submissions.

25

MR EVANS: And those submissions include the following, and the relevant document, Commissioners, is COM.0004.0040.0001. I will just give you the transcript references. Mr Borsky submitted that from the outset of the Royal Commission that Crown has adopted a different approach to it as compared to the one adopted in the Bergin Inquiry.

30

MS COONAN: I've only got the cover page.

MR EVANS: Can we go to page 4052 of the transcript. I don't have the pinpoint. That is 4094. About 10:34 35.

35

MS COONAN: "From the outset", yes I have that.

MR EVANS: Just to understand what that different approach is, the approach to the Bergin Inquiry has to be characterised as being somewhat combative and defensive, does it not?

40

MS COONAN: I think that is a fair characterisation.

45

MR EVANS: Mr Borsky then says that you, referring to Commissioner Finkelstein, wrote to the directors of Crown on 10 March, asking whether Crown accepted that it was open to Commissioner Bergin to make the principal findings that she made, and to conclude that Crown was not suitable.

MS COONAN: Is that on the next page?

5 MR EVANS: It is at 10:34 39. To balance that paragraph "from the outset of the Commission".

MS COONAN: Yes, thank you. Thank you, yes.

10 MS COONAN: That's correct. That's correct.

MR EVANS: And to move to the next paragraph, Crown, in its response seven days later, it goes without saying that was authorised by the board of Crown accepting that he was open to make the findings I've just taken you to?

15 MS COONAN: That is correct.

MR EVANS: And also accepted the essence of Commissioner Bergin's three principle findings on the factual areas of inquiry the subject of which supported its conclusions?

20 MS COONAN: Yes.

MR EVANS: Now roll down two pages to 4054 and at pinpoint 10:37 31. It might be the previous page, perhaps. I might be working on a slightly different version.

25 MS COONAN: I've got "More generally on instructions from Crown there has been close cooperation", that is 28?

30 MR EVANS: Can you scroll up slightly, operator.

MS COONAN: Then you go on to China UnionPay.

35 MR EVANS: No, can you roll up slightly further. I may have loaded up a slightly differently numbered version. Roll up to 4052. That's not right. This is supposed to be a timed transcript. I'm struggling to find the transcript reference, Ms Coonan. I apologise for delaying you in that regard. Can I put this proposition to you because you will recall it, I am sure. That Crown accepted on the evidence before the Melbourne Commission that it was open for the Commissioner to include, although this was not its primary contention, that it was open for the Commission to include
40 on all the evidence that Crown Melbourne was not a suitable person to continue to hold the Crown Melbourne casino licence?

MS COONAN: Yes.

45 MR EVANS: You recall that?

MS COONAN: Yes.

MR EVANS: That was a considered position that Crown Resorts had reached.

MS COONAN: Yes, it was all considered.

5

MR EVANS: That remains the position?

MS COONAN: My understanding is it does.

10 MR EVANS: And it is a position which you have endorsed?

MS COONAN: Well, the board endorsed it.

MR EVANS: And you as a member of the board so endorsed it.

15

MS COONAN: Well, as all the members of the board endorsed it. There were no dissenting.

MR EVANS: Thank you. No further questions, Commissioners.

20

COMMISSIONER OWEN: Thank you, Mr Evans.

How long do you think you will you be, Mr Dharmananda.

25 MR DHARMANANDA: Perhaps 5 or 10 minutes.

Ms Coonan, I'm conscious it's been 1.5 hours or so --- --

MR DHARMANANDA: Someone else also wishes to (inaudible) ---

30

COMMISSIONER OWEN: Before you?

MR DHARMANANDA: Before me, I think.

35 COMMISSIONER OWEN: I will just ask Ms Coonan. Ms Coonan, we are absolutely determined to finish today but if you would like a break we can take a short break or we can keep going?

40 MS COONAN: No, I think we can keep going. If you just excuse me, I just need to retrieve my glass that wandered up the table. I will refresh myself and I'm ready to go.

COMMISSIONER OWEN: Ms Shepard?

45 MS SHEPARD: Commissioner, I seek leave to examine Ms Coonan with respect to paragraph 11 of her statement. I shouldn't be more than 5 minutes.

COMMISSIONER OWEN: Go ahead.

MS SHEPARD: Thank you, Commissioners.

5

Ms Coonan, my name is Shepard and I appear for Mr Barry Felstead. Earlier you gave evidence that you were aware that up until April 2017 the Group CEO was Rowan Craigie, that is the case, isn't it?

10 MS COONAN: Yes.

MS SHEPARD: And from 2017 to 2020 Mr John Alexander assumed the responsibilities for Group CEO, didn't he?

15 MS COONAN: Yes, he did. He was executive chair.

MS SHEPARD: Executive chair and Group CEO?

MS COONAN: Both.

20

MS SHEPARD: And from 2020 until 2021 the Group CEO was Mr Ken Barton, that is the case, isn't it?

MS COONAN: Yes.

25

MS SHEPARD: And it's never the case that Mr Felstead has ever occupied the role of Group CEO has he?

MS COONAN: Not that I'm aware of.

30

MS SHEPARD: No. Do you recall Ms Cahill took you to a CEO report from 2013 in the course of questioning?

MS COONAN: Yes.

35

MS SHEPARD: And do you recall you agreed that it was typical of the CEO reports presented to the Crown Resorts Board and that particular report you said had been authored by Mr Craigie; do you recall that evidence?

40 MS COONAN: I think so. I mean, I only had a bit of the document shown to me. So I think it was Mr Craigie.

MS SHEPARD: He was the group CEO at the time that that report was presented, wasn't he?

45

MS COONAN: Yes, I think that is correct. That's why I'm hesitating, I just didn't have the whole document and I thought it was Mr Craigie.

MS SHEPARD: That reflects the usual practice, doesn't it, that the Group CEO is the formal author of the CEO report that goes to the Crown Resorts Board at any point in time, doesn't it?

5

MS COONAN: Yes.

MS SHEPARD: And that is notwithstanding that management might also have input into that report?

10

MS COONAN: I think that is right and even give parts of reports.

MS SHEPARD: Certainly. Can I ask that the operator bring up to the counsel's screens the following document, CRL.506.007.7878. This is the Crown Resorts Board pack from 19 February 2019. Do you see that.

15

MS COONAN: Yes.

MS SHEPARD: Can I ask the operator to turn to page ending 7879. Do you see there the agenda, including item 4, is CEO's report?

20

MS COONAN: Yes.

MS SHEPARD: Can the operator please turn to 7907. And do you see there the document is headed "Crown Resorts Ltd, Chief Executive Officer's Report"; do you see that?

25

MS COONAN: Yes.

MS SHEPARD: That suggests the formal author is the CEO of the Crown Resorts Board; doesn't it?

30

MS COONAN: Yes, given under his authority, anyway.

MS SHEPARD: And at that time that was Mr John Alexander to your recollection?

35

MS COONAN: Yes, that's true.

MS SHEPARD: Can I ask that the operator please turn to page ending 7884. Do you see the draft minutes for the previous meeting being 11 December 2018?

40

MS COONAN: Yes.

MS SHEPARD: Do you see that you are an attendee?

45

MS COONAN: Yes.

MS SHEPARD: And also in attendance are Mr John Alexander and also Mr John

03:59PM

Poynton?

MS COONAN: Yes.

5

MS SHEPARD: And do you recall that they were directors also of Burswood Ltd at the time?

MS COONAN: I think that's right. I'm just not sure.

10

MS SHEPARD: And do you see there by invitation there is Mr Ken Barton, Mr Felstead and Mr Preston?

MS COONAN: Yes.

15

MS SHEPARD: Could I ask the operator to turn to page ending 7885. Do you see there is a trading update and speaking to the trading updates are Mr John Alexander and Mr Ken Barton as well as Mr Felstead; do you see that?

20

MS COONAN: Yes, I do.

MS SHEPARD: And specifically Mr Barton is speaking to the trading results for Crown Melbourne and Crown Perth; do you see that?

25

MS COONAN: Yes.

MS SHEPARD: Being the operating entities, or the operating businesses, of the subsidiaries?

30

MS COONAN: Yes.

MS SHEPARD: And Mr Felstead is also speaking to those matters but he's not speaking exclusively to those businesses is he?

35

MS COONAN: No. And he usually spoke --- no, no, that's right.

MS SHEPARD: And can I ask the operator now to turn to page ending 7887. Right at the bottom at about point eight of the page you will see an item headed "VCGLR Recommendations Update"?

40

MS COONAN: Yes.

MS SHEPARD: And Mr Preston is presenting on that particular item; isn't he?

45

MS COONAN: Yes.

MS SHEPARD: And that is a regulatory update specifically with relevance to Crown Melbourne; isn't it?

04:00PM

MS COONAN: Yes.

5 MS SHEPARD: And can I ask the operator to turn to page ending 7891. Do you see that draft minutes are tabled for the Risk Management Committee and also for the Responsible Gambling committees?

MS COONAN: Yes.

10 MS SHEPARD: And that was the usual practice, wasn't it, for Crown Resorts Board meetings?

MS COONAN: Yes.

15 MS SHEPARD: And the Risk Management Committee minutes reflected contributions from the ERCC in Crown Perth and the Audit and Risk Committee from the relevant properties; do you recall that?

20 MS COONAN: Yes, that's right. I was never on that committee but that's my understanding.

MS SHEPARD: And certainly the Responsible Gambling Committee minutes reflected operations of Crown Melbourne and Crown Perth as they related to Responsible Gambling issues; do you agree with that?

25 MS COONAN: Yes, that's true.

MS SHEPARD: Can I ask the operator now to turn to paragraph 11 of your statement, which is at page ending 0181. If that can be highlighted. Can I ask you now to look at the first sentence of that paragraph.

30

MS COONAN: Yes.

MS SHEPARD: Ms Coonan, I suggest to you that that first paragraph is wrong, and it is wrong in two respects which I now invite you to reconsider. The first respect in which it is wrong is that Mr Felstead was not the Group CEO at any point in time; was he?

35

MS COONAN: That is absolutely right. That should be corrected.

40

MS SHEPARD: And the second aspect, which I invite you to reconsider, which is that reporting in relation to the subsidiary properties was not limited to the reports provided by Mr Felstead; was it?

45 MS COONAN: I'm sorry, you've lost me there. Could you just go again?

MS SHEPARD: You've said in the first sentence of that paragraph, which is

that reporting in relation to the subsidiary ---

5 MS COONAN: Yes, I've agreed with that. I've agreed with that. It was the next part of your question.

MS SHEPARD: No, you've agreed with the proposition that Mr Felstead was not the Group CEO.

10 MS COONAN: Yes, he was the Australian Resorts CEO.

MS SHEPARD: That's right. And any reporting given by Mr Felstead was not the only means by which you were informed about the subsidiary properties.

15 MS COONAN: That's true. That's true.

MS SHEPARD: So to the extent that you suggest that reporting in relation to the subsidiary properties was limited to reports given by Mr Felstead, this Commission should reject that evidence; shouldn't it?

20 MS COONAN: Well, I hope they will accept my sincere apologies to Mr Felstead and correct it in the way in which we've just done.

MS SHEPARD: Thank you, Ms Coonan. I appreciate that reconsideration.

25 Commissioners, there is no further questions.

COMMISSIONER OWEN: Thank you, Ms Shepard. Mr Dharmananda?

30 **CROSS-EXAMINATION BY MR DHARMANANDA**

MR DHARMANANDA: Yes, thank you.

35 Ms Coonan, it is late over there. I will try to be brief.

Mr Evans asked a few questions about the work done to the Pearl Room; do you recall that?

40 MS COONAN: Yes.

MR DHARMANANDA: You are also aware, aren't you, that there was an ASX release on 5 March concerning the phasing out of smoking in relation to the Crown Perth Casino?

MS COONAN: Yes. (Nods head).

MR DHARMANANDA: Is it the case that the changes to the Pearl Room are made to effect this change in policy?

5 MS COONAN: Yes. It was to provide some reconfiguration that will allow the anti-smoking policy to be implemented.

MR DHARMANANDA: Thank you.

10 Mr Evans also asked you about submissions made to the Finkelstein Royal Commission by Mr Borsky with respect to a position that was said to be open about Crown not being suitable; do you recall that?

MS COONAN: Yes, I do.

15

MR DHARMANANDA: And that was very much not the primary contention advanced by Crown in respect of the Crown Melbourne Royal Commission?

MS COONAN: That's right.

20

MR DHARMANANDA: You were asked some questions by Counsel Assisting about who was to replace Mr Stokes; do you recall that?

MS COONAN: Yes.

25

MR DHARMANANDA: If you return to paragraph 48a of your witness statement you will see there is a reference to a new department as well as a number of new persons that have been appointed to it. If you go over the page, please, operator. There is a reference there to Amina Antonio; you see that?

30

MS COONAN: Yes, that was the person's name I couldn't recall. Sorry.

MR DHARMANANDA: Not at all. Then there were some questions directed to the ERCC and its lines of reporting. Do you recall that, Ms Coonan?

35

MS COONAN: Yes.

MR DHARMANANDA: You explained how there were three lines of defence with respect to the structure concerning attending to risk matters within the Crown Group; you recall that?

40

MS COONAN: Yes, I do.

MR DHARMANANDA: And if I could take you to, please, CRW.516.009.6888. That is a representation of the lines of reporting and does that accord with your understanding as to how there is to be reporting insofar as the work of the ERCC is concerned, Ms Coonan?

45

MS COONAN: Yes, it's now been standardised across the properties. So that is in accordance with my understanding.

5 MR DHARMANANDA: In the course of your evidence this morning you were asked questions about your intentions and whether you intended to take on any other role with the Crown Group; do you recall that, Ms Coonan?

MS COONAN: Yes, I do.

10

MR DHARMANANDA: It is clear, isn't it, that you do not intend at any stage to be on the board of Crown going into the future, whatever else you might be called upon to do?

15 MS COONAN: Yes. I have no intention of any role but certainly not on a board of Crown.

MR DHARMANANDA: Thank you.

20 With your imminent departure, can you comment succinctly for the benefit of the Commissioners the tasks that you saw as priority tasks in the intense period after the Bergin Inquiry report?

MS COONAN: Yes. After the Bergin Report the company was in turmoil and in
25 very short order we lost almost all the board. We lost our CEO, or our CEO stepped down, senior management left, and we were literally scrambling to be able to run the company in the light of the fact that we also had in very short order two Royal Commissions to be dealing with, we had regulatory issues to do with AUSTRAC, we had class actions, we had ASIC. On top of that, as well as trying to just run the
30 business and stabilise the business, it was necessary to set about repopulating the board and you could appreciate that in the circumstances it hasn't been an easy task to attract capable and qualified people to take up these positions. We have two very good directors and some more in prospect. We've got to a point where together with my directors I believe we've identified a very good chair to replace me, subject to
35 probity. Those discussions are well advanced. But also in very short order it was necessary to set about recruiting, vetting and onboarding a new CEO, that is a major, major task in a publicly listed company. We've had to comply with almost daily disclosure obligations in respect of market updates. It has been necessary to deal quite understandably with investors and other stakeholders and to have many, many
40 meetings. And then to deal particularly with the NSW regulator in terms of embedding the rectification program that we started last year but which has obviously escalated and is now populated with new management and people who can give effect to the major reforms that we've now introduced to the company. It is a different company with a different culture; a different risk appetite; very advanced I
45 think new AML capability; proper structural reform and capable people across the organisation to give effect to it if we are privileged enough to be able to operate our licences in each of our jurisdictions.

And, also, I do hope, although there may have been a few setbacks along the way, that we've had an opportunity to reset the relationship with each of the regulators. This is the way Crown intends to go on. I'm not so naive as to think that there won't
5 be setbacks here and there across various matters but we are a new open and transparent organisation, a clean and ethical operation and that's the way we intend to go on.

10 MR DHARMANANDA: Thank you, Ms Coonan.
Nothing further.

COMMISSIONER OWEN: Thank you. Are there any other applications? No.
Commissioner Murphy?

15 COMMISSIONER MURPHY: No.

COMMISSIONER OWEN: I have two short questions, both of them by way of clarification.
20

QUESTION BY THE COMMISSIONERS

25 In paragraph 49 of your statement you refer to the remediation --- you don't need to bring it up --- you refer to the Remediation Plan of 30 July this year.

MS COONAN: Yes.

30 COMMISSIONER OWEN: In item 5, which is on the fourth page, there is a heading "Governance Structure" and in answer to questions, it might have been from Mr Evans, I'm not sure, and you referred to that and said that advice was being sought from Herbert Smith Freehills on the governance structure and you referred within that to the corporate structure itself, the subsidiaries, and I took that to mean the
35 identity of companies within the group. And you said something to the effect that that hasn't progressed. I just wanted to know whether that was still part of the work and that part of the plan on which Herbert Smith Freehills are advising or whether that's gone away, that second aspect of it, the corporate structure.

40 MS COONAN: Yes. I think it has struck a few shoals if I could put it that way, Commissioner. It received an enthusiastic reception in NSW, less so in Victoria and WA. And I can say that it has been brought to my attention by both Commissioners in both WA and in Victoria that that's not looked upon favourably. It may require legislative changes anyway, what we had in mind, or other regulatory intervention to
45 enable it to happen. So I think the best way to describe it is it's got a placeholder and no present intention to proceed.

COMMISSIONER OWEN: Thank you.

And my other question is one just to return to something I asked you before. It is about paragraph 76 of your statement where you referred to soon-to-be Mr McCann.

5 MS COONAN: Yes.

COMMISSIONER OWEN: I just want to make sure that I understand this. In answer to a question --- in answer to that question you said that it was the intention to have Mr McCann, subject to probity checks, added to the board as managing
10 director; that is right, isn't it?

MS COONAN: Yes.

And in answer to a question from Mr Dharmananda you said that the selection of a
15 new chair of the board was also a matter that was under serious consideration subject to regulatory approvals.

MS COONAN: Yes.

20 COMMISSIONER OWEN: I just want to understand whether there is any present contemplation that Mr McCann might replace you as executive chairman?

MS COONAN: No, that's not in contemplation. And the thinking of the board around my replacement is an entirely individually different person, someone of
25 significant experience in chairing publicly listed companies. So Mr McCann is not muted nor would he accept that, I don't think, role, nor we would he offered it.

COMMISSIONER OWEN: Thank you very much. Commissioner Jenkins?

30 COMMISSIONER JENKINS: Lastly, Ms Coonan.

MS COONAN: Commissioner Jenkins, I would have been disappointed if you hadn't had some questions!

35 COMMISSIONER JENKINS: That's what has motivated me.

No, look, on a more serious note, you've been examined today about a number of issues relating to the Burswood entities which of course is the focus of our inquiry. Those matters have raise --- have included matters such as the fact that the
40 composition of the boards of the Burswood Ltd entities is not stable at this time. You would agree with that?

MS COONAN: I would absolutely agree with that. I apologise that we just haven't been able to turn our mind to it to do that but it is certainly in prospect, I can assure
45 you of that.

COMMISSIONER JENKINS: That is really what I wanted to focus on and just let

me mention a few other matters. Would you agree you've also acknowledged the fact that the Burswood Ltd has no charter.

5 MS COONAN: Yes, that's correct.

COMMISSIONER JENKINS: It also has no subcommittees?

MS COONAN: Yes, that's right.

10

COMMISSIONER JENKINS: Ms Fewster has given evidence that she's not seen any KPIs that the board has set for either its own performance or, indeed, for the Perth Casino's performance.

15 MS COONAN: Yes.

COMMISSIONER JENKINS: Those are matters that you would expect Burswood Ltd overseeing the Perth Casino to attend to?

20 MS COONAN: Yes, I think it needs all of those matters need attention.

COMMISSIONER JENKINS: And those matters probably have not been attended to to date because of what you would see as the more pressing matters at the Crown Resorts level and also in terms of the management of the various properties?

25

MS COONAN: Yes, I think managing people in and out and getting people to populate positions has been critical together with responding to the Royal Commissions, quite appropriately. But there is some advance thinking around how that might be approached. So I wouldn't want to leave you, Commissioner, with the impression that it's just been put to one side, it's not important. It hasn't taken

30

number one priority for those reasons but it will deserve appropriate attention.

COMMISSIONER JENKINS: So those matters that I have mentioned what, do you see are the timeframe for those matters being attended to at the Burswood entity level?

35

MS COONAN: It is really difficult because it involves more people. As I explained, it is difficult to get people who are comfortable coming on to any of the board or subsidiaries of Crown at the moment, although there are people who are interested in the challenge. So there is a couple of people who are in prospect here. When I say "here", sorry, in Western Australia. So it's really a matter of doing all the due diligence and then them getting probity, which, as I say, can take some weeks unless regulators can expedite it.

40

45 COMMISSIONER JENKINS: Now I want to ask you a couple of questions about regulatory framework. You would be aware that in Victoria the Casino Control Act requires the Victorian regulator to undertake regulator investigations of the casino licence and operator (inaudible)?

MS COONAN: (Nods head).

5 COMMISSIONER JENKINS: And you would have been on the board of CRL for at least two of those inquiries?

MS COONAN: Yes, the Fifth and Sixth, I think.

10 COMMISSIONER JENKINS: Whereas in Western Australia no such reviews are required.

MS COONAN: No.

15 COMMISSIONER JENKINS: Do you have a view as to whether that requirement is beneficial for the proper regulation of a casino licence and its operation?

20 MS COONAN: Yes, I agree with that and I think that the fact that it doesn't exist in Western Australia really probably left the Government with little choice having regard to the Bergin matter other than to have a Royal Commission. It may --- in Victoria it was contemplated that the Seventh review would be brought forward instead of a Royal Commission and they were last to the table with a Royal Commission but I understand the position in WA was that wasn't an option available and I think it should be.

25 COMMISSIONER JENKINS: Ms Coonan, do you have other views about what is the appropriate statutory regulation for a casino in Australia and in particular Western Australia?

30 MS COONAN: I'm of the view, and this is probably not a popular view given how important it is to a State how a licence for a casino is regulated, but I do think that having some uniform regulation of casinos might not be a bad idea. But I haven't really formed a concluded view about it. That's just an off the top of my head thought.

35 COMMISSIONER JENKINS: It's just that you have been obviously a director of CRL now for a considerable period of time but you are soon to depart it seems. So if you had any particular views about that issue this might be your only opportunity to express them. Is there any other view you have about casino regulation that you wanted to express?

40

MS COONAN: I do endorse the views of Commissioner Bergin. I think that much greater cooperation between regulators and AUSTRAC, better flow of information is a very good thing. There are some real difficulties in observing the tipping off provisions and telling regulators certain information. I know that exercised some management during the course of my time on Crown Board, that was difficult but the actual, you know, structure of it, I mean, I think requiring the regulator to, for
45 example, to licence junkets is really not a good idea, not that they will. I think

junkets have gone to God. I think that that is probably the best thing in terms of risk management going forward.

- 5 COMMISSIONER JENKINS: Just finally, to clarify your answers, do I understand you to say that the CRL board would have permitted Mr Barton to remain with CRL if he had not himself wanted to leave and ILGA had not wanted him to leave?

- 10 MS COONAN: No, that's not what I meant. I meant that it was mutually agreed and the matters referred to in Bergin did have an impact and were relevant to Crown's decision. But in the context of the agreement with Mr Barton what I was seeking to do was to put it in a broader context in relation to ongoing need to be able to access Mr Barton.

- 15 COMMISSIONER JENKINS: What about in respect of Mr Felstead and Mr Preston. Do I understand, or misunderstand --- I'll put it in the positive. Do I understand you to say that the CRL board would have permitted them to stay if there had not been a restructure?

- 20 MS COONAN: No, the CRL board would not have. There was some disagreement on the board as to separating from Mr Barton and Mr Preston but ultimately there was a consensus that it was appropriate for them to be separated. So that was also I think a redundancy in form that Mr Barton then executed.

- 25 COMMISSIONER JENKINS: Thank you. Those were my questions.

COMMISSIONER OWEN: Anything arising?

30 **RE-EXAMINATION BY MS THORNTON**

- 35 MS THORNTON: Ms Coonan, you've had a long day. I want to take you back to the very first question that you were asked by Ms Cahill this morning, if you can think back that far, and it relates to a question from Commissioner Owen. If you can go to the witness statement at paragraph 7. This relates to your intention and your statement in paragraph 7 as to your (inaudible) in regard to your roles.

- 40 MS COONAN: Yes.

- 45 MS THORNTON: Counsel Assisting referred to the statement in the second last sentence that you expect to appoint the new leader, the new CEO, by 31 August 2021. And then the next sentence says, "in the interim I will continue to assist with the Crown reform programs to the best of my abilities."

When you said to Counsel Assisting, Ms Cahill, that you would be stepping down on 31 August 2021, is that only in your capacity as the executive chair?

MS COONAN: No, I will just clarify. Thank you for the question. There is no set date for me to go. The current thinking is that it will be by 31 August 2021. But currently there is no date. That is important that I think, first of all that we understand that. Secondly, the new leader is to be the chair, not the CEO. So there is a distinction there. And I won't be continuing to assist Crown's reform programs beyond when I leave some time this month.

MS THORNTON: And Commissioner Owen asked you about the new chair, is that also imminent?

MS COONAN: Yes, the announcement is eminent, but different from Mr McCann who has been announced and working since 1 June.

MS THORNTON: And you've said a lot today and answered many questions. Is there anything further you would like to tell the Commission or advise the Commission which may be of assistance to them on this inquiry?

MS COONAN: Well, I've had a long period of involvement with Crown and I'm deeply sorry that some of the matters that have emerged in relation to matters before this Commission and others have occurred. My role in continuing on the board since the Bergin Inquiry has been very much an interim one, always intended to be interim. And having given Commissioner Bergin an assurance that I would stay the course, at least in the short-term to steady the ship, so to speak, that's what I've done and I'm extremely proud of what we've been able to achieve in a very short time. There is certainly much more to go but I would like very much to thank the Commission for listening to me today and I'm sorry it's been such a long day for everybody, but I do hope that I've been of assistance.

MS THORNTON: Thank you, Commissioner.

COMMISSIONER OWEN: Ms Coonan, we're very conscious of the many calls on your time at the moment and are grateful to you for making yourself available and for your evidence, which has helped us. In case there is some tidying up to do, we will leave the summons in place but you are free to go and thank you very much.

MS COONAN: Thank you, Commissioners.

MR DHARMANANDA: Commissioners, I raise to ensure that, as required, we may be able to speak with Ms Coonan?

COMMISSIONER OWEN: Yes, that's appropriate. Someone will have to help me. When do I adjourn to?

COMMISSIONER MURPHY: Wednesday, 10 am.

COMMISSIONER OWEN: Thank you, all. We will adjourn and resume at 10 am next Wednesday. Thank you.

ADJOURNED

[4:29P.M.]

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