

Perth Casino Royal Commission

Amended Witness Statement of James Andrew Sullivan

9-4 August 2021

- 1 I am James Andrew Sullivan of c/- Crown Perth, Great Eastern Highway, Burswood 6100.
- 2 This statement is provided in response to the witness summons to give evidence dated 19 July 2021 and issued pursuant to section 9 of the *Royal Commissions Act 1968* (WA), which is directed to me by the Perth Casino Royal Commission.
- 3 In this witness statement, I set out matters of fact of which I have personal knowledge. This witness statement sets out only my personal knowledge and recollection.
- 4 For the purposes of preparing this statement, I have referred to the documents in the attached list marked "JAS-1".

MY ROLES WITH THE CROWN GROUP AND ITS PREDECESSOR BURSWOOD

(Questions 1 to 6)

- 5 I was first employed at the Burwood International Resort Casino (the predecessor to Crown Perth) in 2002 as a Business Analyst. I worked my way up through various roles until I was appointed to my current role of Gaming Product Manager – Perth in 2008.
- 6 My roles at the casino over time have been:
 - a) Business Analyst (from around April 2002 to around February 2004), which was a role within the Finance department providing support to both gaming and non-gaming functions;
 - b) Gaming Business Analyst (from around February 2004 to around October 2004);
 - c) Business Development Manager – Electronic Games (from around October 2004 to around August 2008); and
 - d) Gaming Product Manager – Perth (from around August 2008 to date).
- 7 Roles (b) to (d) above were all roles within the Gaming department.
- 8 The company that currently employs me is Burswood Resort (Management) Limited. I think that I have been employed by Burswood Resort (Management) Limited since joining Perth Casino.

Teams, committees and working groups

- 9 I am a member of the Business Operations team, which is made up of the executives and key senior management at Crown Perth. The team meets approximately every quarter or more

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frequently when the need arises. I have been on this team since around 2010. The Business Operations team does not have formal reporting lines, but is ultimately led by the Crown Perth Executive team.

- 10 I am also part of the Gaming Management group that usually meets weekly to discuss performance and general management issues associated with the Crown Perth gaming business. I believe I may have been part of this group since around 2005. In recent times, the group reported to the Crown Perth Chief Operating Officer – Gaming or Chief Operating Officer.
- 11 I was previously a member of the Executive Sub-Committee at Crown Perth for a 12 month period in around 2019-2020. That sub-committee is an initiative involving senior managers, including members of the business operations team. It has three main purposes: (1) it is a professional development tool for senior managers; (2) it improves collaboration between business units and (3) it provides management support to the Crown Perth Executive team by considering specific challenging business issues referred to it and reporting back to the Executive Team on those matters.
- 12 I was recently involved in several internal project teams operating with respect to a business improvement initiative called "Target 23". "Target 23" looks at initiatives that could contribute to business development and growth during the period leading up to the 2023 financial year. I believe each project had an individual member/sponsor from the Crown Perth Executive team, and ultimately these projects reported to the Crown Perth Executive team.
- 13 I was also recently part of:
 - a) the Digital Card Project Team that was meeting to evaluate the potential for the introduction of a digital loyalty card for the Crown Rewards Loyalty Club; I believe this team reported up to a Digital Card Steering Committee; and
 - b) the Cashless Project Team (Table Games Solution) that was looking at the introduction of cashless technology at table games. It ultimately resulted in EFTPOS functionality being introduced at Crown Perth table games. I believe this team reported up to a Cashless Project Team Steering Committee.
- 14 I was a part of the Crown Innovation Labs group for the period of its operation, commencing in around 2015. That group looked to identify and progress innovation opportunities identified by employees of the Crown Group. The group was led by the role of Chief Revenue Officer.

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Former roles

- 15 I cannot recall exactly, but I think that:
- a) in my role as a Business Analyst, I reported to the Finance Operations Manager role;
 - b) in my role as Gaming Business Analyst, I reported to the Head of Casino Operations role; and
 - c) in my role as Business Development Manager – Electronic Games, I reported to the General Manager – Electronic Gaming role.
- 16 From memory, I did not have any direct reports in either of my Analyst roles.
- 17 As Business Development Manager, I think that my direct reports were the Technical Operations and Compliance Manager, the Business Analyst - Electronic Gaming, and System Administrator.

My current role

- 18 In my current role, I report to the Group General Manager, Product Strategy and Innovation (currently Peter Herring).
- 19 Before the Group structure was put in place in around 2015-2016, I reported to Lonnie Bossi, then in the role of Chief Operating Officer – Crown Perth.
- 20 In my current role, my primary focus is electronic gaming machines (**EGM**), but I perform certain functions that span all aspects of Crown Perth gaming operations. Specifically, my team manages and performs gaming product moves and changes across all Crown Perth gaming operations, including Gaming Machines, Table Games and International Operations.
- 21 I manage the process of engaging with suppliers of gaming machine product as to what products Crown Perth wants to have approved and operated in the casino. I engage with the regulator in relation to the process of approval of new gaming machine products; the regulator being the Gaming and Wagering Commission (**GWC**) and the Department of Local Government, Sport and Cultural Industries and its predecessors (**Department**).
- 22 I also engage with the product supplier and the regulator in relation to matters relating to the operation of Crown Perth's casino management system, commonly known as the IGT Advantage System.
- 23 There are ongoing changes to the EGMs placed on the gaming floor. The employees within my team prepare the schedule for moves and changes to the EGM products on the gaming floor. As mentioned above, my team also manages the process of moves and changes for other products (i.e. table games, electronic table games, and International Operations games) on the gaming floor.

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- 24 I manage a team of around 10 employees. Three of them report directly to me ~~them~~; the remainder are indirect reports.
- 25 My direct reports are:
- a) a Technical Operations and Compliance Manager (currently Mark Kelly);
 - b) a Gaming Projects Manager (currently Richard Curtis); and
 - c) a Senior Analyst – Gaming Product (currently Deevs Sriyaratne).
- 26 The Senior Analyst – Gaming Product role provides EGM product performance and reporting support to assist my role in assessing what EGM product moves and changes may be beneficial to align to patron demands, and optimise business performance.
- 27 The Technical Operations and Compliance Manager role is responsible for managing the scheduling and performance of all gaming product related moves and changes on the gaming floor, and various regulatory compliance matters relating to gaming product operations. Most members of my team report to that role. That role attends the monthly Crown Perth Legal Compliance Meeting, which in recent times has been chaired by Claude Marais (General Manager - Legal & Compliance at Crown Perth).
- 28 My team engages an external sub-contractor (MAX, a subsidiary of Tabcorp) to supply Gaming Technicians for the physical and technical work associated with actually moving the gaming machines and commissioning the machines once in place. There are currently approximately 18 personnel in the MAX team. My team also engages other contractors as required to assist in completing various gaming product related projects and regular tasks.
- 29 My team sits structurally within the Gaming Strategy, Product & Innovation stream of Crown Perth's gaming business. There is a separate Crown Perth Gaming Machine Operations team with a different reporting structure. (I discuss this further later in my statement.)

QUALIFICATIONS, EXPERTISE AND TRAINING*(Questions 7 to 11)*

- 30 I have a Bachelor in Commerce, majoring in accounting and finance from the University of Western Australia. I completed my degree there between 1991 and 1994.
- 31 After graduating, I worked for a medium sized accounting firm in Perth for 4 years, during which time I qualified as a chartered accountant.
- 32 I then worked in London for a couple of years performing various business/finance/system analyst roles, before returning to Perth and joining Burswood Casino (the predecessor to Crown Perth) in 2002.

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- 33 I do not have any formal qualifications in casino operations or risk management. I am not aware of any Australian-based qualifications for casino management. My expertise and experience in relation to casino operations comes from my roles at Burswood / Crown Perth Casino.
- 34 My involvement in the "risk management" framework at Crown Perth is limited to the regular update and reviews of the Gaming Product Business Risk Register (which I discuss further below).
- 35 When I first started with Burswood Casino, I believe I attended a 2 day new staff member induction. From what I can recall, it was fairly general in nature in terms of explaining the breadth and scope of the business, the different areas operating across the business and the facilities. It may also have covered matters like responsible gaming and health and safety.
- 36 In recent years (and dating back perhaps between 5 and 10 years) all employees had to complete a range of compulsory online training courses on an ongoing basis (every year or so), covering topics such as responsible gaming, AML/CTF and health and safety.
- 37 I have undertaken general staff training on an ongoing basis on AML issues. There may have been briefings on AML issues as part of Business Operations Team meetings. Since approximately 2010 whenever a new game, gaming technology or gaming procedure involving my team is introduced at the Perth Casino, there is an internal form that my team has to complete with respect to AML considerations (which I discuss further below). I do not otherwise specifically have involvement in AML matters in my role.
- 38 I have undertaken the regular responsible gambling training that is provided to all staff on an ongoing basis. It is an online training module that gives background to the meaning of responsible gambling, how it applies to Crown Perth, examples of behaviours or 'observable signs' that are indicative of problem gambling, the role of all Crown staff within its responsible gambling framework and the processes that Crown staff should follow if they identify issues. I do walk the Casino floor for short periods from time to time during my work day (to have visibility over the work of my team regarding product moves and changes on the floor, and visibility over how products are generally operating). But being in a management role I am not one of the gaming staff who regularly work on the gaming floor, and would not generally have significant interaction with Crown Perth's gaming patrons.
- 39 I also completed a responsible gambling manager training course in July 2021. This was an hour long in person training course. It covered similar types of topics but in more detail. It covered more details of the programs within Crown Perth's responsible gaming framework.
- 40 In my early Business Analyst roles, I had some involvement in the international commission business area in terms of business performance reporting, and general analytical and financial support. But I did not have any involvement in relation to the operations of the international commission business. My only involvement in the international commission business now is

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through my team's role in performing moves and changes in relation to table games installed in the private gaming salons allocated to service Crown Perth's international gaming patrons.

41 I have never had any involvement in marketing in foreign countries.

42 The staff in my team have to complete the compulsory, ongoing online training courses (including those relating to responsible gaming and AML) at a minimum. Crown Perth offers its staff access to a broad range of other optional, in person training courses that members of my team have attended from time to time, including in relation to such matters as management development training, responsible gaming manager training, project management training and Excel user training.

MANAGEMENT STRUCTURE

(Questions 14 to 16, 18, 19, 21, 22 and 24)

43 I do not, in my mind and in my role, specifically distinguish between the different legal entities of Burswood Nominees Limited, Burswood Limited or Burswood Resort (Management) Limited. I see the role of myself and my team as performing functions to support the operations of them all as Crown Perth.

44 My general understanding of the management structure for the activities of Crown Perth is as follows:

45 My understanding was Barry Felstead, as CEO – Australian Resorts, was the most senior executive overseeing the operations of the Crown Perth business. My impression was Mr Felstead had reporting obligations to the Crown Perth board, was a regular attendee at board meetings held at Crown Perth, and may have been an executive member of the Crown Perth board. Following Mr Felstead's retirement from Crown Resorts, and his former role being made redundant, I understand Lonnie Bossi was promoted to the role of CEO – Crown Perth, and now performs many of the same functions previously performed by Mr Felstead, albeit Mr Bossi's role is limited to overseeing the operations of Crown Perth only.

46 I have a general impression that the Crown Perth Board meets regularly (possibly monthly), but I do not know whether that is the Board of Burswood Nominees Limited or Burswood Limited. I never attend Board meetings for any of these companies. I have provided commentary to Crown Perth executives from time to time that may have been reflected in Board reports, but I have never been the person actually preparing papers for presentation to the Board.

47 Below the Crown Perth Board is the Crown Perth Executive Team. The long term members of the Crown Perth Executive Team were:

- a) Barry Felstead (formerly CEO – Australian Resorts),
- b) Joshua Preston (formerly Chief Legal Officer – Australian Resorts),

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- c) Alan McGregor (formerly Chief Financial Officer – Australian Resorts, now Chief Financial Officer – Crown Resorts),
 - d) Lonnie Bossi (formerly COO - Crown Perth, now CEO- Crown Perth),
 - e) Andrew Hill (COO – Food, Beverage & Entertainment – Crown Perth),
 - f) Andrew Cairns (EGM Hotels – Crown Perth); and
 - g) Damir Kucan (EGM Human Resources – Crown Perth).
- 48 More recent members of the Crown Perth Executive Team included
- a) Nic Emery (Chief Marketing Officer – Crown Resorts),
 - b) Andre Ong (Chief Technology Officer – Crown Resorts), and
 - c) John Salomone (now Chief Financial Officer – Australian Resorts).
- 49 Barry Felstead and Joshua Preston originally held Crown Perth executive roles prior to being promoted into their more recent Group roles, but remained members of the Crown Perth Executive Team.
- 50 Following a series of recent resignations, I believe Lonnie Bossi, Andrew Hill, Andrew Cairns, Nic Emery and John Salomone remain member of the Crown Perth Executive Team, but other recent structural and personnel changes may have resulted in further changes to the composition of the Crown Perth Executive Team.
- 51 Below the Crown Perth Executive Team, there is the Crown Perth Business Operations Team (which I referred to above) consisting of members of senior management spanning all Crown Perth business units, and including individuals holding both Crown Perth and Crown Group roles (being those roles whose functions extend beyond the operations of Crown Perth, and encompass responsibilities spanning the broader Crown Group).
- 52 Below that, there are Business Unit Management Teams across all business units.
- 53 The main business units operating to Crown Perth are:
- a) Gaming Machines
 - b) Table Games;
 - c) International Gaming (albeit most of the management team are based at Crown Melbourne);
 - d) Cage & Count;
 - e) Security & Surveillance;
 - f) Food, Beverage and Entertainment;

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- g) Hotels;
- h) Legal & Compliance (including Responsible Gaming);
- i) Risk & Audit;
- j) Marketing;
- k) IT;
- l) Engineering;
- m) Finance; and
- n) Human Resources.

Recent departmental restructures have resulted in some modification to the business unit composition detailed above.

- 54 As to the extent persons within the management structure of Crown Perth were influenced, directed or accountable to Crown Resorts Limited or Crown Melbourne, there are a variety of Group roles within the Crown Perth management structure that due to the nature of their roles are inherently somewhat influenced, directed or accountable to Crown Resorts or Crown Melbourne. For example, as detailed earlier in this statement several former and current members of the Crown Perth Executive Team held or hold Group roles, reporting through to Crown Resorts Limited.
- 55 I currently report to a manager holding a Group role that is based at Crown Melbourne. There is direction in the performance of my role through my Manager, whose considerations I expect would necessarily need to contemplate Group considerations.

REGULAR REPORTS TO SENIOR MANAGERS

(Question 12)

- 56 I do not prepare or receive any usual or regular reports that are distributed to directors of any Crown boards.
- 57 For the purpose of answering Question 12 in the list of questions annexed to the witness summons, I have prepared a document listing all the regular reports that I receive, prepare or generate which are distributed to senior managers at Crown Perth **[CRW.701.004.4043]**. The document includes a description as to:
- a) the purpose of the report;
 - b) how the report was generated and its distribution frequency;
 - c) the group that received the report; and

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- d) the data source for the report and the nature of the report data, for reports in relation to EGMs and/or gaming revenue.

RISK MANAGEMENT

(Questions 13, 17, 20 and 23)

- 58 There is a 'Risk & Audit' team (which historically formed part of the Legal & Compliance business unit) that manages the risk register review process at Crown Perth.
- 59 I am involved in the regular review of the Crown Perth Gaming Product Business Risk Register. I am aware that a separate risk register is maintained for the Crown Perth Gaming Machines Operations team, but I am not generally involved in the regular review of that risk register.
- 60 I believe the Gaming Product Business Risk Register is reviewed and revised on an annual basis. The annual risk register review process involves the Technical & Compliance Manager from my team and I meeting with a member of the Risk & Audit team. We review and update the risks that apply to the operations of the Crown Perth Gaming Product team. There is a risk rating applied to each identified business item. At the conclusion of the review process, a final risk position is established following discussion and agreement between all meeting attendees.
- 61 The latest version of the Gaming Product Business Risk Register is [\[CRW.701.004.4660 CRW.700.046.1349\]](#).
- 62 My understanding is that each Crown Perth business unit completes a similar annual risk register review process. I understand that the outcomes of all business unit risk register reviews flow up into a higher-level risk review document summarising the business risks existing across the breadth of Crown Perth's business operations, which is then ultimately reported up to Executive and Board level. I am aware of the existence of the Crown Perth Executive Risk Compliance Committee and I assume this committee performs an oversight role in relation to the business risks identified within the operations of the Crown Perth business, but I do not have involvement in the risk review process beyond reviewing and updating the Gaming Product Business Risk Register on an annual basis, in consultation with the Risk & Audit team.
- 63 Some examples of the types of risks that may be included in the Gaming Product Business Risk Register are the risk of breaching gaming product related regulations (such as operating a number of gaming products in excess of regulated limits), the risk of insufficient new gaming product development and approval, and the risk of reliance upon key suppliers (such as Max, Crown Perth's current gaming technical service provider). I do not believe that problem gambling or AML is specifically covered in the Gaming Product Business Risk Register, as I understand these matters are separately covered in a separate component of Crown Perth's risk register framework.

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- 64 I am aware that departmental risk registers existed at Perth Casino from as early as mid 2007, and I expect a process similar to the current annual 'risk register' review process may have existed since that time.
- 65 I cannot provide informed commentary on the approach to risk appetite and risk tolerance existing at the commencement of my employment at Perth Casino, as at that time I held a relatively junior role allowing me limited exposure to senior management from which to assess their approach to risk appetite/tolerance. My personal knowledge of the business and ability to independently assess such risk considerations would also have been limited at the time.
- 66 I cannot think of any directions or instructions that I have been given at Crown Perth that I would associate with attitudes to risk appetite or risk tolerance. I have never had any changes to policy or practice communicated to me in terms of Crown Perth's approach to risk appetite or tolerance. In terms of changes to risk attitude during my employment, I believe that the annual KPIs set for management roles within the business may have become more directed towards financial performance outcomes in around 2015. I do not believe I interpreted this as a change in risk appetite or tolerance at the time, as it was not communicated to me in those terms, but with hindsight this may have indicated a shift in risk tolerance.

AML / CTF*(Questions 25 to 30)*

- 67 My understanding is that the AML/CTF team reported through to Joshua Preston (Chief Legal Officer – Australian Resorts) prior to him ceasing employment with Crown. I did not have direct visibility of the AML/CTF team structure existing below him, as I did not have a lot of involvement in that business function. I understand the AML/CTF team now reports through to Steven Blackburn (Chief Compliance & Financial Crimes Officer).
- 68 I do not have any visibility as to the level of oversight exercised by any of the Crown Group Board directors with respect to AML.
- 69 Whenever the Crown Perth Gaming Product team proposes implementation of a new game, a new gaming technology or a new gaming procedure, we are required to complete an internal form (called the "New Games, Gaming Technologies or Gaming Procedures AML/CTF Approval" form). The form is sent to the AML/CTF team, who review and sign off on the new game, technology or procedure from an AML perspective, assuming no concerns are identified during the course of their review. I have had historical involvement in the preparation of these forms, but at present they are prepared by other managers within the Gaming Product team.
- 70 [CRW.701.004.4045] is an example of a completed "New Games, Gaming Technologies or Gaming Procedures AML/CTF Approval" form.

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- 71 As explained above, I undertake compulsory ongoing AML/CTF online training, but in the performance of my role I do not otherwise have a detailed working knowledge of Crown's AML/CTF policies.
- 72 I am aware of EGM operating parameters and controls that I expect would have implications for the control and management of AML risks. For example, the current revision of the Australian/New Zealand Gaming Machine National Standard ("National Standard") requires EGMs approved for operation at Crown Perth to incorporate a banknote acceptor limit of \$100, which limits how much money a patron can insert into an EGM. The current revision of the National Standard also requires EGMs approved for operation at Crown Perth to enter a lock-up mode, requiring attendance and intervention by a staff member, in order to facilitate a patron collecting an EGM win valued at equal to or greater than \$10,000.
- 73 Whilst having an awareness of the abovementioned EGM operating parameters and their potential impact on managing AML risks, I would not consider my role extends to possessing extensive knowledge and expertise in the field of AML/CTF risk management. Rather I would consider such expertise to primarily reside within Crown's AML/CTF team, who can then engage with and access the gaming product knowledge possessed by members of the Gaming Product to suitably inform the AML/CTF risk management strategies they implement in relation to Crown Perth gaming product operations
- 74 Consistent with the abovementioned approach to interaction and knowledge sharing between Crown's Gaming Product and AML/CTF teams, I recall myself, and the Technical & Compliance Manager from my team, meeting with Louise Lane (Group GM AML) during a visit she made to Crown Perth. I cannot recall when this meeting occurred, but I expect it may have been not long after Ms Lane commenced employment with Crown. During the meeting Ms Lane asked various questions to better understand how Crown Perth gaming products operate in terms of various AML related matters (e.g. fund insertion limits), and we provided responses to her queries reflecting our knowledge and expertise in the gaming product field.
- 75 Acknowledging my limited involvement in the area, I do not know or suspect that Crown Perth has failed to identify or manage any specific money laundering risk or activities in relation to money laundering through EGMs.
- 76 I have had no involvement with the bank accounts of Riverbank Investments Pty Ltd or with any China Union Pay cards (or similar credit or debit cards) that may have been used by international customers at any Crown Perth hotel. I do not know whether any such cards have been used at Crown Perth. I have no personal knowledge about the issues beyond what I have seen raised in the media on these topics.

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RESPONSE TO EGM TAMPERING AND ASSOCIATED ALLEGATIONS*(Questions 30 to 41)*

- 77 I recall that an issue arose with the Victorian regulator (VCGLR) in around 2017 or 2018 regarding Melbourne Casino “blanking buttons” on EGMs (i.e. placing physical caps over certain buttons on the machine so that those buttons cannot be selected). I recall that there was media attention surrounding the issue and other allegations may also have been raised regarding EGM operations at Crown Melbourne at this time.
- 78 I recall receiving a phone call from Joshua Preston around the time that the issues arose in Melbourne. I recall Mr Preston saying that he would email me the detail of the allegations and asked me to review the nature of the allegations and advise him whether I considered any of the allegations had ever occurred in relation to EGM operations at Crown Perth as far as I was aware.
- 79 My recollection is that Mr Preston then forwarded me a list of questions and requested that I provide responses to those questions with respect to EGM operations at Crown Perth. My recollection is that I advised Mr Preston I did not consider any of the identified issues had arisen in my time at Crown Perth or to my knowledge (except for my belief of some historical sightings of EGM buttons being operated in a manner enabling the repeated commencement of multiple game play sequences as detailed in my response to Mr Preston, as referred to below).
- 80 Prior to responding to Mr Preston, I believe I discussed the matters with the Technical & Compliance Manager (Mark Kelly) to confirm he was also of the view the matters in question had not occurred at Crown Perth. I believe Mr Kelly confirmed his understanding regarding these matters was consistent with mine.
- 81 In preparing this statement, I have located from my records the email chain of 19 October 2017 between Mr Preston and me on this topic [CRW.709.097.2316, email] and [CRW.709.097.2318, note]
- 82 During the course of discussions regarding the “button blanking” matter, I believe it was determined that despite the fact it was not considered such actions had ever occurred at Crown Perth, it would be prudent to conduct a review of all Crown Perth’s installed EGMs to specifically confirm no improper “button blanking” issues existed. I believe I discussed this matter with Mr Kelly and requested he direct members of the Gaming Product team to conduct this review. I believe my team subsequently conducted the review and confirmed that no improper “button blanking” issues were identified.
- 83 I did not have any personal involvement in the investigations as to what had occurred at the Melbourne Casino, but I recall meeting with members of Crown Perth’s Legal & Compliance team (Claude Marais and Paul Hulme from memory) and discussing various related EGM product matters, to assist them to better understand certain issues associated with the

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Melbourne Casino EGM “button blanking” incident. (I think this meeting happened after the correspondence with Joshua Preston that I discussed above.)

84 My recollection is that Crown Perth discussed or corresponded with the Department with respect to some of these issues and that the Department were satisfied with the responses provided by Crown Perth regarding these matters. It is possible that Department officers may have attended Crown Perth to conduct their own independent investigation regarding these matters, but I cannot now recall exactly what actions they may have taken.

85 In preparing this statement, I have reviewed a letter to the Chief Casino Officer from Joshua Preston dated 11 July 2018 regarding Electronic Gaming Machine Operations: [CRW.708.001.4165]. Based on my recollections, and the extent of my knowledge and involvement on the topics addressed in that letter, I believe that I was involved in gathering the information for and drafting the sections of the letter under the headings

- a) *“Are there still machines on the gaming floor that have a continuous play feature? Etc”;*
- b) *“That Crown Perth does not distribute or allow the use of any device to facilitate continuous play Etc”;* and
- c) *“If there are any other issues relating to this or related allegations the Commission should be made aware of”.*

86 In preparing this statement, I have located the following four documents that I prepared with assistance from my team, in order to establish the position regarding various matters referred to in the letter dated 11 July 2018. According to my usual document naming convention, these documents are dated between April 2018 and June 2018:

- a) Excel document titled “EGMs with Button Blanks Installed (May 18)” [CRW.700.051.0029];
- b) Excel document titled “EGM Button Operation Review (April 18) v 3 – CURRENT” [CRW.701.004.4044];
- c) Excel document titled “EGM Note Acceptor Limit – Old EGM Game Review (May 18)” [CRW.700.051.0031]; and
- d) Document titled “Regulator Letter - EGM Games Played - Clown & Carnival Keno (Jun 18) v2” [CRW.700.051.0049].

87 My observations as to whether I am now aware of or suspect that any of the alleged practices have occurred or are occurring at the Perth Casino are as follows:

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Allegation that staff were required to shave down buttons on electronic gaming machines to allow for continuous play by patrons wedging items into the buttons, and that 'picks' were provided by staff at the Casino to wedge into the buttons

88 To my knowledge, staff at Crown Perth have never been directed to shave down buttons to allow continuous play.

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Allegations that changes were made to electronic gaming machines so as to remove mid-level betting options so that only minimum and maximum betting options were available

93 When the button panel of a gaming machine is set up, there are some approved configurations that do internationally blank certain button positions. These buttons are not blanked at Crown Perth's discretion, but rather in accordance with the Accredited Test Facility (ATF) certification as to how the game is approved and intended to operate. I am not aware of EGM buttons ever being deliberately blanked at Crown Perth other than in this approved and intended way.

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94 Commonly there would be 5 "bet" button options on an EGM. My understanding is that, at Crown Melbourne, they conducted a trial where they removed (blanked) the 3 middle button options so that patrons could only choose the minimum and maximum bet options. I never gave any direction for a similar trial to occur at Crown Perth and, to my knowledge, there has never been any such trial conducted at Crown Perth.

95 As previously stated above, when this issue arose, my recollection is that I arranged for a member or members of my team to conduct a review of all EGMs installed on the gaming floor to confirm that none of them were operating with an EGM button configuration that was inconsistent with the intended operation of the installed EGM game, in case an installed EGM may have been incorrectly configured by a staff member or technician by mistake.

Allegation that staff were instructed to reset EGMs in VIP rooms so as to avoid play safe betting limits for person who had already bet large sums on EGMs in those rooms

96 I am not aware of any EGMs being reset at Crown Perth other than as required to maintain their ongoing and expected manner of operation. I do not suspect that this practice has occurred at Crown Perth.

97 While the implementation of Play Safe Limits at Crown Perth and Crown Melbourne is likely to incorporate many differences, based upon my understanding of the implementation of Play Safe Limits at Crown Perth, I do not believe the specified action of resetting the EGM would achieve the stated result of avoiding a patrons' Play Safe Limit being reached.

98 An EGM can be re-set through a RAM (random access memory) clear (which is sometimes also referred to as a RAM re-set). This process effectively results in aspects of the EGMs data storage being deleted, and causes the EGM to reboot (shutdown and then restart) at which point it would be hoped the EGM had returned to a normal operating state, and could then be reconfigured and returned to normal operation. A RAM clear is performed where an EGM encounters an operating fault that cannot be resolved in another way.

99 When a RAM clear occurs certain information forming part of the EGMs short-term data storage (such as details of recent EGM game outcomes stored on the EGM) are deleted, but key EGM performance data is not lost, as this data is regularly and continually being sent from each installed EGM to Crown Perth's casino management system (being the IGT Advantage system).

100 Any required RAM clears are performed by a Gaming Technician. The Gaming Technicians at Crown Perth are currently employees of a business named Max who (as I explained above) are contracted to provide gaming technical service to Crown Perth. I am responsible for the management of this contract between Crown Perth and Max, and as a result most of the management and direction provided to the Gaming Technicians comes from the Gaming Product team. While other Crown Perth staff (who are not members of the Gaming Product

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team) may also provide direction to, or request certain tasks be performed by a Gaming Technicians, if any unusual or inappropriate direction or request was to occur, I expect any such matter would ultimately be brought to my attention.

- 101 It would not be a simple process for someone other than a Gaming Technician to action an EGM RAM clear (or any other reset of an EGM) both in terms of possessing the technical knowledge required to appropriately perform the function, and the procedures and controls that exist in relation to such processes.
- 102 Specifically, a RAM clear can only be performed when the logic cage located within the EGM cabinet has been accessed (in accordance with regulations contained within the National Standard, and against which Crown Perth EGM product is independently certified to comply), and Crown Perth has procedures in place that require the EGM logic cage to be securely locked and a seal attached evidencing the point of last access. Crown Perth maintains records in relation to the seals attached to the logic cage of each installed EGM. The Crown Perth Casino Manual details various controls in relation to EGM access, and specifically requires that EGM malfunctions be referred to a Gaming Technician. The procedures and controls regarding access to the EGM logic cage are implemented to ensure the integrity of EGM software operation is continually maintained.
- 103 The installation and operation of surveillance cameras across the casino floor at Crown Perth enable the Surveillance Department to conduct ongoing monitoring of the actions taken by both Crown staff and Gaming Technicians in the performance of their duties. I expect the existence and awareness of the surveillance function at Crown Perth would act as a general deterrent to employees and contractors behaving in an inappropriate manner, and I expect the functions performed by the Surveillance Department would be designed to identify instances where inappropriate employee/contractor behaviour may actually occur. I also believe that the Surveillance team would have picked up if EGMs were being reset outside of scheduled resets.

Allegation that technicians were ordered to reset EGMs more often than required so that return to player rates decreased.

- 104 I do not believe that Gaming Technicians were ever ordered to reset EGMs at Crown Perth more often than required to decrease return to player (**RTP**) rates.
- 105 As I have already explained, the Gaming Technicians engaged to reset EGMs ultimately report through to me. For the reasons I have already explained, I do not believe that inappropriate resets of EGMs could have occurred at Crown Perth to any significant extent without it coming to the attention of myself, members of the Gaming Product Team, or other interested or involved parties.

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106 I do not believe the action of resetting an EGM has any impact on its RTP. The operation of an EGM game incorporates the functions of a random number generator (**RNG**) that operates to maintain the randomness of EGM game outcomes. Every individual EGM game played is a completely separate and independent event, the outcome of which bears no relationship to the outcome of any other (previously or subsequently) played EGM game. Accordingly, RAM clearing an EGM does not compromise the independence or randomness of the outcome of any individual EGM game. I understand the National Standard requires EGM game software to generate game outcomes based upon the use of a RNG, and fundamentally requires that the use of a RNG result in the production of game outcomes which are statistically independent. For this reason, I do not believe that RAM clearing an EGM has any effect on RTP.

107 The RTP for an EGM game when measured over a short period of time, or a limited number of game play sequences, may not reflect an outcome consistent with the certified theoretical RTP of the game. This is due to the fact the number of EGM game play sequences over which the actual RTP is being measured may not be sufficient to allow the statistical probabilities inherent within the mathematics of an EGM game to achieve a normal distribution. My understanding is that it is only when a sufficient number of EGM games have been played to produce a normal distribution of outcomes, that it can be expected the actual RTP of the game would reasonably approximate the theoretical RTP of the game. However, due to the independence of each EGM game outcome, the resetting of an EGMs RAM would not affect the RTP of the game.

Allegation that the odds available on EGMs were adjusted on weekends so as to provide a lesser payout, and then reset to better odds on weekdays when more committed gamblers were playing

108 I do not believe this practice has ever occurred during my time at Crown Perth. The amount of manual EGM configuration and re-configuration work that would be required to achieve such an outcome (on any material scale) would be very significant, and would require extensive involvement from members of the Gaming Product team that reports to me. Accordingly, I do not consider such an outcome could have been achieved (in any material way) without it coming to my attention, during the period I have managed the Gaming Product team.

Allegation that changes were made to some EGM so that they paid out less than the required return to player (RTP) rate.

109 I am not aware of this occurring during my time at Crown Perth, and I do not suspect that it has occurred, other than possibly one or two inadvertent instances that would have been corrected upon discovery.

110 The RTP of an EGM game is a parameter that is configured in the EGM game software at the time an EGM is installed on the gaming floor. It can only be changed to activate one of RTP options that has been ATF certified and regulator approved and is available for selection within

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the approved EGM game software. Many of the EGM games currently approved for operation at Crown Perth do not have RTP configuration options available that would enable the game's theoretical RTP to be set at a value below the regulated minimum RTP of 90% (as reflected in the WA Appendix to the National Standard).

- 111 Some EGM games approved for operation at Crown Perth do have RTP configuration options available that would enable the game's theoretical RTP to be set at a value below the regulated minimum RTP of 90%. However, it is clearly communicated by the GWC and Department, and understood by Crown Perth, that any sub-90% RTP option is only approved for use when Crown Perth is operating an additional, approved EGM jackpot above and beyond the EGM game itself, which results in the cumulative RTP of the EGM game and the additional jackpot achieving the regulated minimum RTP of 90%.
- 112 It is technically possible that EGM games with RTP configuration options of less than 90% could be configured to operate at a total RTP of less than the regulated minimum of 90%, but I do not believe or suspect that this practice has ever intentionally occurred at Crown Perth. There are regulatory controls that exist to assist in identifying any such regulatory breaches. These include:
- a) the requirement for Crown Perth to provide certification reporting of EGM 90% RTP to the GWC and Department on the actual RTP achieved by each game on a rolling 6 monthly basis. If a game does not meet the theoretical RTP in the reporting period, the GWC may request further explanation from Crown; and
 - b) the regular and ongoing conduct of EGM software audits by Government Inspectors employed by the Department who undertake a software verification process. Most recently approved EGM games incorporate software verification functionality, which is implemented via the use of the HMAC-SHA1 algorithm. This software verification process involves action being taken to produce a HMAC-SHA1 signature at the EGM, which can be matched to a corresponding signature detailed in the EGM games ATF certification report. If the two signatures match, this verifies the EGM is operating the correct ATF certified EGM software. A more manual version of this software verification process exists for older approved EGM games.
- 113 To my knowledge, neither the Department's EGM software auditing activities, nor the ongoing RTP certification reporting of Crown Perth's EGMs, has ever raised any material regulatory concerns regarding any practice of EGM games being improperly configured to operate below the minimum regulated 90% RTP.
- 114 There are also a range of controls and processes that would identify any person seeking to improperly change the configured RTP of an EGM game.

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Allegation that popular EGMs were moved to more hidden locations so patrons passed other machines in search of their favourites.

118 This is not an EGM product positioning approach or strategy I believe has ever been implemented during my time at Crown Perth. In my experience, Crown Perth's general EGM product positioning approach has been the exact opposite of the stated allegation. That is, in order to enhance customer service and satisfaction outcomes, our general approach would be to position popular EGM product in visible and accessible locations.

119 I would also note, I am not aware the GWC or Department has ever sought to regulate the approach Crown Perth may apply to the positioning of EGM products on the casino floor.

Allegation that patrons were given more than one loyalty card so that they could obtain points from multiple machines.

120 If I was not already aware previously, I become aware of this allegation on 27 April 2018 upon receipt of an email from Mr Connolly (then Deputy Director General – Regulation) requesting (amongst other things) advice regarding the relevance of the EGM allegations to the gaming environment at Crown Perth [CRW.709.092.7365].

121 This particular allegation was not allocated to me to investigate and provide a response regarding the Crown Perth position, as the operations of the Crown Rewards loyalty program

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are not within my area of responsibility. I believe this matter was allocated to members of the Gaming Machines Operations team for their investigation and response.

- 122 At the time of receiving Mr Connolly's email on 27 April 2018, I do not believe I would have been aware of the position at Crown Perth in relation to the stated allegation, due to the Crown Rewards loyalty program not being within my area of responsibility.
- 123 Due to my involvement in contributing to aspects of Crown Perth's response to Mr Connolly's email (Crown response letter dated 11 July 2018), I became aware of the details associated with this allegation, which are consistent with those provided to Mr Connolly in Crown's letter dated 11 July 2018.
- 124 Subsequent to Crown's letter to Mr Connolly dated 11 July 2018, I am not aware that practices the subject of, or similar to, the stated allegation have occurred or are occurring, but due to my lack of involvement in the operations of the Crown Rewards loyalty program this is not a matter in relation to which I can provide an informed response.

VCGLR SIXTH REVIEW REPORT

(Questions 42 to 43)

- 125 While I believe I may have been generally aware of its existence following its issuance, I do not believe I had received a copy or read the VCGLR Sixth Review Report, prior to the need to do so in order to respond to certain topics listed to be addressed in this witness statement to the Perth Royal Commission.
- 126 I am not aware of any action specifically being taken by any Crown Group entity in responding to the VCGLR Sixth Review Report, nor did I have any involvement in preparing such a response.

EGMS AT CROWN PERTH

(Questions 44 and 45)

- 127 Currently Crown Perth has approval from the GWC to operate a maximum of 2,500 EGMS.
- 128 When I joined in the early 2000's, Crown Perth had approval to operate a maximum of 1,250 EGMS. There have since been a number of progressive increases in the maximum approved over time by the regulator, as follows:
- a) increase to 1,318 EGMS, approved in 2001
 - b) increase to 1,355 EGMS, approved in 2002;
 - c) increase to 1,500 EGMS, approved in 2005,
 - d) increase to 1,750 EGMS, approved in 2006;

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- e) increase to 2,000 EGMs, approved in 2010;
 - f) 5 annual increases of 100 EGMs per year from 2013 to 2017, which were approved in 2012 as part of the Crown Towers hotel development approval.
- 129 I have looked at approval letters from the GWC to assist me in recalling the exact numbers and dates of these increases.
- 130 At present, the number of EGMs installed on the Crown Perth casino floor is approximately:
- a) Pearl Room (member area) – 280 (of which only 209 are currently active due to COVID operating restrictions);
 - b) Riverside Room (member area) – 460 (of which only 345 are currently active due to COVID operating restrictions); and
 - c) Main Gaming Floor (non-member area) – 1,760 (of which only 1,320 are currently active due to COVID operating restrictions).
- 131 There are regulations as to the maximum bet per game allowed to be placed on EGMs operating in various Crown Perth gaming areas, which are as follows:
- a) Pearl Room – \$100
 - b) Riverside Room – \$60
 - c) Main Gaming Floor – \$60
- 132 The actual average bet per game placed on EGMs operating in each of the various Crown Perth gaming areas is much lower than the regulated maximum bet allowed. Specifically, the actual EGM average bet is less than \$4 in the Pearl Room and less than \$2 in the Riverside Room and on the Main Gaming Floor.
- 133 There are broadly three different types of EGM games currently operating at the Perth Casino:
- a) Table Games (largely Draw Poker);
 - b) Keno Games – which have some similarity to lottery games; and
 - c) New Style Games - which have been specifically developed for operation at Crown Perth, and approved in compliance with the unique EGM regulations existing in Western Australia.
- 134 There are also a variety of Electronic Table Games (both semi and fully automated) currently operating at the Perth Casino. Electronic Table Games form part of Crown Perth's Table Games Department, while EGMs form part of Crown Perth's Gaming Machines Department. In relation to the limits imposed upon Crown Perth by the GWC regarding the maximum number of gaming devices/installations that it can operate, the installation of Electronic Table Games

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falls within the limits imposed in relation to Table Game operations, which is separate from the abovementioned limit imposed in relation to EGMs.

Management Responsibility for the Gaming Machine Department

- 135 The Gaming Machine Department has two operating streams.
- 136 *First*, there is the Gaming Product team (of which I am a part) which, as I have explained, is responsible for moves and changes of EGMs on the floor and the introduction of new gaming products. As I have said, my stream reports up to a Group role (reporting into Peter Herring).
- 137 *Second*, there is the Gaming Machines Operations team which reports to Melissa Smith (Director of Casino Operations - Gaming Machines) and Richard Smith (Director of Premium Gaming – Gaming Machines), who both report to Shannon Blake (GM – Gaming Machines & Commercial Strategy), who reports to Lonnie Bossi previously as COO and currently as CEO. The Gaming Machines Operations stream manages all staff members who interact with Crown Perth's EGM customers (including Gaming Machines - Shift Managers, Supervisors, and Attendants, and Premium Gaming Hosts operating in both the Pearl Room and Riverside Room gaming facilities).
- 138 While I formally report up to a Group role (Peter Herring), I also operationally report to senior management at Crown Perth.
- 139 As I have already explained, I am a member of the Crown Perth Gaming Management group that meets weekly to discuss various performance, strategic, operational and other general management issues associated with the Crown Perth gaming business. This group consists of a variety of senior managers whose roles include responsibilities that have a relationship with the operations of Crown Perth's gaming business. This meeting is generally chaired by Lonnie Bossi and attendees includes myself and my manager (Peter Herring), as well as other senior managers from areas including Gaming Machines, Table Games, Marketing and Security & Surveillance.
- 140 The EGM product strategy at Crown Perth is broadly developed and agreed by a group including Lonnie Bossi, Shannon Blake, Peter Herring and myself, and the execution of the strategy is then largely managed by Peter Herring and myself.
- 141 Peter Herring and I generally provide a Crown Perth EGM product strategy update on a quarterly or half yearly basis, with recent attendees including Lonnie Bossi, Shannon Blake and John Salomone (CFO - Australian Resorts). The EGM product strategy update meeting covers a range of matters including EGM game performance update, details of future EGM product approvals expected by supplier, update on capital expenditure position, and recent meetings have incorporated considerations associated with EGM regulations, COVID-19 impacts, and gaming signage installations.

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Financial and Business Model

- 142 I have a general understanding of the financial model operating in relation to Crown Perth's Gaming Machines business, and a detailed understanding of the businesses operations in relation to EGM product, systems and technical service.
- 143 My understanding of the key aspects of the financial and business model for the Crown Perth Gaming Machines business are that it:
- a) generates revenue from the operation of up to a maximum of 2,500 EGMs;
 - b) seeks to continually refresh, refine and update its EGM product offer to maximise alignment to customer preferences and demands;
 - c) enlists Crown Perth's overall food and beverage, hotel, entertainment, marketing/promotional and Crown Rewards loyalty program offerings to enhance the overall EGM customer offer; and
 - d) seeks to operate in compliance with its obligations spanning gaming regulation (the GWC and Department), responsible gambling, and AML/CTF.
- 144 My understanding is that the high level strategy and the key elements of the financial model for the Crown Perth Gaming Machines business are developed by senior management, who present it to the Crown Perth - Executive Team for review, and I believe relevant members of the Crown Perth – Executive Team would present key elements of the strategy to relevant Crown Resorts Executives, and to the Crown Perth board. Operationally, once approved the business strategy of them implemented by the management and operational teams within the Gaming Machine Department.
- 145 Crown Perth participates in an annual budgetary process (including both operational and capital budget components) which I understand forms part of a broader Crown Resorts budgetary process. Outside of the annual budgetary process Crown Perth also participates in ongoing forecasting on financial performance, which I understand forms part of a broader Crown Resorts forecasting process.
- 146 As part of this annual budgetary process, the Crown Perth Gaming Machines business produces an annual business plan. The business plan is a joint document (slide pack) prepared collectively by members of both the Gaming Product team and Gaming Machines Operations team. Peter Herring and I prepare the content in relation to Gaming Machines product, and consolidate it with content prepared by the Gaming Machines Operations team. Relevant senior managers then attend a meeting at which the business plan is presented to the Crown Perth Executive team. I expect relevant members of the Crown Perth Executive team then select relevant content for further presentation to the relevant Board or Boards.

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- 147 Most of the content of the annual business plan presentation would not be new to members of the Crown Perth Executive Team (particularly Lonnie Bossi) due to the ongoing nature of various previously mentioned management meetings and presentations, including the weekly Crown Perth Gaming Management group meetings, the quarterly or half yearly EGM product strategy update presentations, and other ad-hoc management meetings that may occur throughout the course of the year.
- 148 The annual business plan includes the Gaming Machines department's operating budget (Business Contribution, or Profit) and capital budget requests to support delivery of the operating budget outcomes. Most of the capital budget for the Gaming Machines department is allocated to the purchase of new EGM product. The Gaming Machines department employs a Senior Management Accountant who performs a significant amount of the financial and accounting related functions of the department, and liaises with Crown Perth's Finance department in relation to various budgetary, forecasting, and other general financial matters.
- 149 I understand that the overall budget for the Crown Perth business is then prepared by the Crown Perth Finance department, and I expect flows into an overall budget prepared at Crown Resorts level, covering the operations of all Crown Resorts business.

Marketing

- 150 I am generally familiar with the variety of marketing activities conducted in relation to the operation of the Crown Perth Gaming Machines business (including various general customer and member specific offers and promotions), through the weekly Gaming Management meetings and because some marketing promotions operate through the IGT Advantage system (e.g. Crown jackpots and bonuses that are developed by the Marketing team, and then set up in the IGT Advantage system with involvement from members of the Gaming Product team). However, I do not have any direct responsibility for the development or management of these marketing activities.
- 151 The weekly Gaming Management meeting is attended by Crown Perth's GM Marketing (Kelly Townson) and Group GM Marketing Finance & Planning (Danielle Reynolds). Kelly Townson's role is primarily focused on the operational side of marketing function, and Danielle Reynold's role is primarily focused on the marketing finance, and analysis of customer data and related marketing opportunities.

Board overview

- 152 I have a general understanding of the existence of both a Crown Perth and Crown Resorts Board and the general responsibilities they have to oversee the operations of the Crown Perth

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business (including its Gaming Machines business), but I have limited direct visibility of the actual activities undertaken by Board directors in discharging their duties.

- 153 I have a general awareness of the conduct of ongoing Board meetings, and the existence of various Board reporting and committees as part of the process of ensuring Board members remain suitably informed regarding the operations of the Crown Perth business.

NATURE OF ELECTRONIC GAMING MACHINES

(Questions 46, 47 and 51)

Meaning of 'poker machine'

- 154 I understand the Casino Control Act makes reference to the term 'poker machines', but does not specifically define the meaning of that term.
- 155 I am aware that the WA Appendix to the Australian/New Zealand Gaming Machine National Standard (**WA Appendix**) includes clause WA4.2 "Determination of a Poker Machine", which details factors that may be used by the GWC in ensuring that games approved for operation at Perth Casino are not played on poker machines. I believe I have been aware of the WA Appendix since approximately 2004 or 2005.
- 156 While I have no direct knowledge regarding the matter, I assume the GWC established clause WA4.2 of the WA Appendix in response to the lack of a definition of the term 'poker machine', and the need to establish a basis upon which EGM games could be approved for operation at Perth Casino without breaching the requirements of the Casino Control Act.
- 157 Based upon the content of WA Appendix clause WA4.2, and my interactions with the GWC and Department officers during my time as an employee of Crown Perth, my understanding is the term 'poker machine' is intended to refer to a spinning reel gaming machine (**spinning reels**).

Difference between poker machine and EGM installed at Perth Casino

- 158 My understanding is that the differences between poker machines and the EGMs installed at Perth Casino are based upon the factors detailed in WA Appendix clause WA4.2, and any other factors the GWC may have determined to apply in approving EGM games for operation at Perth Casino.
- 159 To my mind, the WA Appendix has always been the defining document in relation to the factors to be considered in determining the difference between poker machines and Perth Casino EGMs.

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GWC policy on EGMs

- 160 I am aware of the GWC's Electronic Gaming Machines Policy (**EGM Policy**). I cannot recall when the document first came into existence, but I believe it was created subsequent to the WA Appendix.
- 161 I cannot recall when I first became aware of the GWC's EGM Policy. The earliest version of the policy in my records was dated September 2016 [CRW.700.051.0536], but I think I was aware of it before then.
- 162 There were historically two aspects of the GWC's EGM Policy that to my understanding were not reflective of matters already contained in the WA Appendix – they were:
- a) Winning Combinations
 - b) Symbols
- 163 I understand there to be some historical context in relation to both of these matters, in terms of Perth Casino's understanding of the approach or policy of the GWC in relation to the approval of EGM games.

Winning Combinations (or Pay Lines)

- 164 From around 2004 or 2005 onwards, I believe it was understood by Crown Perth, based upon feedback received from the GWC and potentially confirmed by Mr Sargeant individually, that the GWC did not consider it acceptable for EGM games approved for operation at Perth Casino to incorporate a combination or both linear and non-linear pay lines. My understanding is that this position was based upon the fact that many spinning reels incorporated a combination of both linear and non-linear pay lines. I believe Perth Casino had a clear understanding of the GWC's view in relation to this matter, despite the fact it was not reflected in the WA Appendix, and accordingly, when engaging with EGM suppliers in relation to the development of EGM games for Perth Casino, this requirement was well understood.
- 165 I would consider the historical inclusion in the GWC's EGM Policy of the section in relation to 'Winning Combinations' essentially outlined a position that had been informally understood prior to the creation of the policy. This requirement was removed from the GWC's EGM Policy in connection with the changes made to the WA Appendix in 2019 (which I discuss below).

Symbols

- 166 Spinning reels commonly incorporate a set of game symbols commonly known in the gaming industry as the 'Royal Symbols' or simply the 'Royals' – which consist primarily of symbols representing an Ace, King, Queen, and Jack, and occasionally also a 10, 9, and/or 8.

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- 167 From around 2004 or 2005 onwards, I believe it was understood by Crown Perth, based upon feedback from the GWC and potentially confirmed by Mr Sargeant individually, that the GWC did not consider it acceptable for EGM games approved for operation at Crown to incorporate use of the 'Royals'. My understanding is that this position was based upon the fact that many spinning reels incorporated the 'Royals'.
- 168 For this reason, I do not believe the 'Royals' have ~~ever~~ ~~never~~ been incorporated in any EGM game approved for operation at Crown Perth. As an alternative to the use of the 'Royals', Crown Perth worked with its EGM suppliers to develop a unique set of generic game symbols to be incorporated in Crown Perth EGM games. This process resulted in the development of, what I believe at the time was, a unique set of 'Card Suit' symbols, consisting of a spade, a club, a heart and a diamond symbol. The 'Card Suit' symbols were subsequently presented to, and approved by, the GWC, and have since been commonly used in many Crown Perth EGM games.
- 169 From around 2004 onwards, I believe Crown Perth EGM games started to incorporate a combination of the 'Card Suit' symbols, as well as a series of 'themed' game symbols, the theme of which was based upon the name and artwork of the game. For example, if an Egyptian themed EGM game was to be developed for Crown Perth it may incorporate the four 'Card Suit' symbols as well as a range of Egyptian themed symbols, reflecting images of such things as a Pyramid, a Pharaoh, a Sphinx, and a Scarab.
- 170 From memory, in the early days of my involvement in the EGM game approval process at Crown Perth (possibly around 2004 – 2006), the use of "themed" symbols may have been the focus of some attention by the GWC in their consideration of EGM games proposed for approval to operate at Crown Perth, but I do not recall matters relating to the use of 'themed' game symbols being a topic of discussion between the GWC and Crown Perth for a long time.
- 171 To my knowledge, Crown Perth has never advised its EGM suppliers that any 'themed' symbol that has previously been used in a spinning reel in other states of Australia cannot be used in a Crown Perth EGM game.
- 172 I have never understood the GWC's approach or policy in relation to EGM symbols to oppose the approval of an EGM game that uses 'themed' symbols that may have been used in other states in Australia. I have operated on the understanding that the GWC's policy was that the 'Royal' symbols used in spinning reels in other states in Australia could not be used in Crown Perth EGM games.
- 173 At a point in time (I am uncertain exactly when this occurred) I became aware that the GWC's EGM Policy made reference to "symbols that do not appear on poker machines in other states in Australia". Looking at this element of the policy now, it is not clear to me how this inclusion should be interpreted in light of the GWC's historical approval of EGM games incorporating

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'themed' symbols. I cannot specifically recall discussing this with others at Crown Perth, and I have been unable to locate any documents to assist in better understating the matter. If I had identified an issue, my usual practice would have been to raise the matter for broader discussion at Crown Perth. I also cannot recall what (if any) discussions may have occurred between Crown Perth and the regulator in relation to this matter.

GAMES INSTALLED AT CROWN PERTH AND CROWN MELBOURNE

(Question 48)

- 174 Question 48 in the list of topics scheduled to my witness summons asks about the number of EGMs (both by title and by number of units) installed at the Perth Casino which are copies or variants of EGMs that are also installed at the Melbourne Casino; and of the differences (if any) between the EGMs at each casino; and to provide particular emphasis to those EGMs which have been approved and installed since amendments to the WA Appendix in 2019.
- 175 I have prepared a spreadsheet for the purposes of the Royal Commission [CRW.700.063.0001] that:
- a) lists all the EGM games currently in operation at Crown Perth, as well as various EGM games recently approved for operation at Crown Perth, but which have not yet commenced operation;
 - b) identifies whether there is a game with the same name from the same manufacturer that has ever operated at Crown Melbourne;
 - c) identifies the number of EGMs with each stated EGM game name that are currently installed for operation at Crown Perth; and
 - d) to the extent that I can, seeks to identify the original (not subsequent, or updated) ATF certification date as an indication of when approval of each EGM game may have been sought from the GWC for operation at Crown Perth.
- 176 Beyond identifying games with the same name and manufacturer, I am not sure exactly how to identify and classify what would constitute "a copy or a variant" of another EGM game.
- 177 I do not know the level of similarity or difference between all of the games with the same name at Crown Perth and at Crown Melbourne. I do not generally have a detailed understanding of the implementation and operations of EGM games at Crown Melbourne. Based on my detailed understanding of most approved Crown Perth EGM games and a general understanding of some spinning reel games, I expect that the degree of similarity or difference between EGM games at Crown Perth and Crown Melbourne that have the same game name could vary materially from game to game, depending upon the specific nature and composition of each game.

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- 178 I have also highlighted (in blue) in the abovementioned spreadsheet two specific EGM games which have the same game name and supplier at both Crown Perth and Crown Melbourne, but I understand at both Crown properties these EGM games are draw poker games, not 'spinning reels'.

APPROVAL PROCESS FOR NEW EGM GAMES

(Questions 49 and 50)

- 179 I have been involved in aspects of the process of seeking approval for new EGM games at Perth Casino since approximately 2004. My involvement in this area has developed and expanded over time - with my initial involvement being limited to internal Perth Casino matters only, subsequently expanding to include interaction with Department officers, and eventually expanding further to include involvement in the presentation of EGM games to the GWC. I would estimate that I have been involved in presenting new EGM games to the GWC (generally in attendance with a member of the Crown Perth Executive team) for over 10 years, and in my current role as Gaming Product Manager, I have primary responsibility for management of this process.
- 180 I cannot recall the exact process for approval of new EGM games that was in place when I joined the Perth Casino, but I am aware that the process has evolved over time. For example, at the time of my early involvement in the process, Perth Casino utilised a physical EGM cabinet operating preliminary game software to present new EGM games to the GWC; whereas currently, new EGM games are presented to the GWC using a PowerPoint presentation and some related EGM game play videos (as I explain below). There is also now a formal process of obtaining in-principle approval for new EGM games from the GWC, whereas historically I believe this process involved less formal initial discussions regarding new EGM game concepts with Department officers, and subsequent presentations to the GWC (as I explain below).
- 181 There are currently two stages to the process for seeking approval for EGM games from the GWC:
- a) *First*, Crown Perth seeks in-principle approval from the GWC for a new EGM game; and
 - b) *Second*, Crown Perth lodges a full approval submission with the Department requesting formal approval from the GWC to operate the EGM game at Perth Casino.

Reason for the in-principal approval stage

- 182 The key challenge that Perth Casino faces in relation to the development of new EGM games is that such games need to be uniquely developed in order to comply with the regulatory requirements detailed in the WA Appendix. Neither Crown Perth, nor its EGM product suppliers

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are comfortable bearing the commercial risk of fully developing an EGM game for the Perth Casino if a significant risk exists that the game may not ultimately be approved by the GWC. For this reason, Crown Perth sought to establish (in consultation with the GWC and the Department) an in-principle approval process for new EGM games, enabling the GWC and the Department to assess and approve the key elements of the proposed EGM game, before it had been fully developed by the supplier.

In-principle approval stage

- 183 The preparation work in relation to presenting a new EGM game to the GWC for in-principle approval has at all times been largely managed by myself and members of my team, with direction from Mr Felstead or other Crown Perth Executives over time, where required.
- 184 During the period when Mr Felstead was COO – Gaming at Crown Perth, he and I would regularly meet with EGM suppliers to understand what EGM games they may be able to develop in accordance with the regulatory requirements existing in Western Australia. I currently attend these meetings with Peter Herring. These discussions result in certain EGM games being selected for presentation to the GWC for in-principle approval.
- 185 Once the broad concept of a new EGM game is agreed between Perth Casino and the supplier, the supplier produces a package of material for provision to Perth Casino that enables the new EGM game to be presented to the GWC for in-principle approval. The package of material consists of:
- a) a video showing approximately 4 or 5 game play sequences of the proposed EGM game;
 - b) screenshots of the proposed EGM game, enabling the key elements and features of the game to be suitably communicated to the GWC, such as those that are different to what the GWC has previously considered or that we considered may be of interest to the GWC; and
 - c) details of the rules and features in relation to the proposed EGM game.
- 186 Once the supplier provides Perth Casino with the material in relation to the proposed EGM game, a PowerPoint presentation is produced in relation to the game for internal review, and eventual presentation to the GWC for in-principle approval. I have generally been responsible for drafting the PowerPoint presentations in relation to new EGM games.
- 187 The specific content of the new EGM game presentations to the GWC has been refined somewhat over time, to allow for developing trends in EGM game composition, and in response to requests received from the GWC. For example, the GWC requested the addition of a slide to the PowerPoint presentation pack which provides information on the maximum bet

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configurable for the proposed EGM game, as well as the maximum bet profile for the current mix of installed EGM games at Perth Casino.

- 188 As part of the GWC presentation, a video of a currently approved EGM game, as well as a video of the proposed EGM game, are provided in order to allow GWC members to compare the proposed EGM game to an EGM game that has been previously approved. I believe the inclusion of a video of a currently approved EGM game occurred in response to a request from the GWC, who indicated this comparative material would be helpful to them in their consideration of proposed EGM games. I cannot recall the exact circumstances associated with this request, but I think a GWC member may have made the request during the course of an EGM game presentation at a GWC meeting. I believe Crown Perth then accommodated the request for all subsequent EGM game presentations, and this approach remains part of the current presentation process.
- 189 Another recently introduced aspect of the EGM game presentation process is the presentation of the new EGM game material (PowerPoint presentation and EGM game play videos) to certain senior officers of the Department, in advance of the material being presented to the GWC. I cannot recall exactly when this aspect of the process commenced, but I believe it may have been 5 or more years ago. Initially, these presentations were delivered to Mr Connolly (and sometimes others), but more recently the presentations have been made to Ms Nicola Perry and Mr Peter Minchin. At the conclusion of the presentation, the Department attendees are provided with an opportunity to ask questions and provide feedback in relation to the presentation material and, assuming no significant issues are raised in relation to the presentation material, Perth Casino then requests the Department give consideration to including the matter on the agenda for a future meeting of the GWC. My recollection is the Department officers attending the presentation occasionally provide commentary in relation to the presentation, but do not generally have many queries.
- 190 If the Department officers are agreeable to the presentation material being included on the meeting agenda for a future GWC meeting, Perth Casino then provides the presentation material to the Department (via CD originally, and more recently via the use of electronic document sharing software). The Department then determines at which future GWC meeting the presentation will be included on the agenda, advises Perth Casino of the matter being included on the GWC agenda, and requests relevant representatives from Perth Casino attend the GWC meeting to deliver the presentation.
- 191 Crown Perth then attends the relevant GWC meeting to deliver the presentation as requested. For many years I have been an attendee at these GWC presentations, in addition to attendance by a member of a Crown Perth Executive, or other member of senior management. The attendee other than myself has changed over the years; but I believe was originally Mr Felstead (when in the role of Chief Operating Officer), then Mr Egan, and most recently Mr Bossi.

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- 192 In my experience Perth Casino management are only present at the GWC meeting during the time the EGM game presentation agenda item is being considered. The process generally involves Perth Casino management being requested to enter the GWC meeting room, Perth Casino management then delivers the EGM game presentation, questions from GWC members may occur and are responded to during the course of the presentation, and at the end of the presentation the GWC Chair generally queries if the GWC members have any final questions for Perth Casino management. Once all questions have been addressed, Perth Casino management will depart the GWC meeting room (unless there are subsequent GWC agenda items requiring input from them).
- 193 Perth Casino management is not advised of the outcome of the GWC's consideration of the EGM game presentation at the time of attending the GWC meeting. Perth Casino is generally advised of the outcome at the Department Operations Division Meeting between various attendees from each of Perth Casino and the Department (which I discuss below), which is generally scheduled to occur on the Thursday following each GWC meeting (which is generally scheduled on a Tuesday).
- 194 In the early stages of presenting new EGM games to the GWC or Department officers for their consideration, I believe Perth Casino initially had a very limited understanding of what types of EGM games the GWC may consider acceptable for approval and operation at Perth Casino. My recollection is that in these early stages of EGM game approvals (dating back as far as possibly 2004 or 2005) Perth Casino proposed a number of EGM game concepts that were not considered acceptable by the GWC. However, my impression is that over time Perth Casino developed a more informed understanding of GWC expectations in relation to Perth Casino EGM games and, as a result, the extent to which EGM games proposed for approval by Perth Casino were completely rejected or required further revision was somewhat reduced. However, even in recent years, there have been occasions where the GWC has requested aspects of proposed EGM games be amended to address any matter they consider would not allow them to approve a proposed EGM game.
- 195 The granting of in-principle approval by the GWC is conditional upon the fully developed EGM game being appropriately certified by an ATF to confirm compliance with both the National Standard and WA Appendix, which is subsequently assessed as part of the full approval of the EGM game.

Lodging formal submission for full approval

- 196 If an EGM game receives in-principle approval from the GWC, Perth Casino will then direct the EGM supplier to proceed to fully develop the EGM game for Crown Perth.

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- 197 Once a supplier has fully developed an EGM game, they will directly engage an ATF to evaluate the EGM game, so as to enable the ATF to certify the EGM game operates in accordance with the requirements of both the National Standard and the WA Appendix. Once an ATF has completed their evaluation of a Perth Casino EGM game, they produce an ATF certification or evaluation report, a copy of which is generally emailed to various parties including the EGM game supplier, and designated recipients from both the Department and Perth Casino (generally myself, and occasionally others).
- 198 Once Perth Casino receives a copy of an ATF certification report for an EGM game, a member of the Gaming Product team (who reports to me) prepares a full approval submission to be lodged with the Department to enable the EGM game to be considered by the GWC for full approval to operate at Perth Casino. The components of a Perth Casino full approval submission for an EGM game include:
- a) *A submission letter.*
 - b) *A draft copy of proposed authorised rules of the game.* Perth Casino drafts a series of proposed amendments to the currently approved Authorised Rules of a video (EGM) game, which it considers would appropriately allow for the inclusion of that game within the Authorised Rules. Perth Casino's submission includes copies of the proposed rules in both their tracked changes, and accepted changes forms.
 - c) *A copy of each of the on-screen game rules pages* that are incorporated within the proposed EGM game software, and which would be available for review by a player on the main game screen of an EGM operating the proposed EGM game software.
 - d) *The gaming information terminal* content that Perth Casino proposes be displayed on the gaming information terminals in relation to the proposed EGM game. A number of these terminals are installed on the casino floor at Perth Casino, and are accessible by patrons as an available source of information in relation to the various gaming products offered to patrons, including EGM games.
 - e) *The independent certification report(s)* for the game from the ATF.
 - f) *Deed of indemnity documentation for GWC execution.* This document is a tripartite deed between the GWC, Perth Casino, and the EGM product supplier, under which an indemnity exists from the supplier to Perth Casino, and from Perth Casino to the GWC.
 - g) *An Approval to Purchase letter* written by Perth Casino to the Department requesting that, if the proposed EGM game (and cabinet, in certain cases) is approved by the GWC, Perth Casino is then specifically approved to purchase the approved EGM game/cabinet from its supplier. I believe the reason for providing this letter is to satisfy

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a legislative or regulatory requirement, under which Perth Casino must obtain approval to purchase certain items of equipment associated with casino gaming operations.

- h) A *certification letter*, a copy of which is provided to both Perth Casino and the Department by a firm of legal practitioners who have reviewed the amendments drafted and proposed by Perth Casino in relation to the Authorised Rules of the relevant video (EGM) game, as referred to under paragraph 198(b) above. I understand the letter sent from the law firm to the Department states that in their view the proposed amendments to the Authorised Rules are in accordance with matters relevant to requirements of the *Casino Control Act*.

- 199 When an EGM game has been formally approved by the GWC for operation at Perth Casino, I believe a copy of the amended Authorised Rules, incorporating approval of the new EGM game, is formally served upon Perth Casino by an officer of the Department, and in certain cases (as the position in this regard may have varied at different points in time) a letter is also written and sent from the Department to Perth Casino advising that the proposed EGM game has been approved, and confirming Perth Casino is approved to purchase the relevant equipment associated with the operation of the newly approved EGM game(s).

AMENDMENTS TO WA APPENDIX AND GWC POLICY IN ABOUT 2019

(Questions 52 to 54)

- 200 In 2019, Crown Perth requested that the GWC give consideration to reviewing the factors (as detailed in the WA Appendix and the GWC's EGM Policy) that may be considered by the GWC in ensuring that EGM games approved for operation at Perth Casino are not poker machines.
- 201 I believe the concept of requesting the GWC review these matters had been under consideration at various level of senior management at Crown Perth for many years. I believe the matter was raised during general discussions between Mr Hulme, Mr Marais and myself, and it was determined there would be merit in raising it with Mr Bossi and Mr Preston, to seek their guidance as to whether Crown Perth wished to consider it further at this time. I believe we subsequently met with Mr Bossi and Mr Preston, to discuss the matter and they advised it was worthy of further consideration. Following this meeting I believe Mr Bossi or Mr Preston, or both, brought Mr Felstead into further discussions regarding the matter.
- 202 The proposal was ultimately put to the GWC in written submissions, and I recall that Crown Perth (Mr Felstead, Mr Preston, and myself) presented the proposal at a GWC meeting.
- 203 In its submissions, Crown Perth requested the GWC give consideration to four possible changes to the regulations:

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- a) *First*, Crown Perth proposed the removal of the requirements in the WA Appendix that the underlying mathematics of a Crown Perth EGM game must be distinctly different from a spinning reel, in terms of how game symbols outcomes are derived and determined. These requirements related purely to the underlying mathematics of an EGM game, and are not in any way visible to EGM players.
- b) The GWC ultimately determined to remove these restrictions from the WA Appendix. There is a separate 'visual' requirement in the WA Appendix that an EGM game shall not appear to be a spinning reel slot machine, in that it shall not use a spinning reel display.
- c) *Second*, Crown Perth proposed the removal of the restriction in relation to Winning Combinations (or Pay Lines) incorporated in EGM games. As previously explained above, this restriction was not detailed in the WA Appendix, but was reflected in the GWC's EGM Policy. The GWC ultimately agreed to remove this restriction from the EGM Policy.
- d) *Third*, Crown Perth proposed a change to the minimum speed of play for EGMs as detailed in the WA Appendix, from a requirement to exceed 5 seconds to a requirement to exceed 3 seconds. The GWC ultimately determined to modify the speed of play requirement, but not in the manner that had been proposed by Crown Perth. I discuss this matter further below.
- e) *Fourth*, Crown Perth proposed a change to the minimum RTP as detailed in the WA Appendix, for EGMs from 90% to 87.5%. The GWC ultimately determined not to modify the RTP requirement.

204 I considered the primary drivers behind Crown Perth seeking these changes were to (1) improve the quality and variety of the EGM product offering at Crown Perth; and (2) generate a range of commercial benefits that were expected to result from the proposed changes.

205 In combination, the regulations existing prior to the 2019 changes were very restrictive in terms of the EGM games suppliers could develop for Crown Perth. It was very challenging to maintain supplier engagement in developing EGM games for Crown Perth, and to ensure they remained motivated to produce the best quality products for our EGM patrons. History shows an EGM game developed for Crown Perth has little commercial value in any other gaming market in the world, which makes a supplier's decision to genuinely embrace the development of EGM product for Crown Perth very challenging commercially, when all other gaming markets globally operate a broadly similar style of EGM product.

206 There was certainly a financial outcome expected to result from implementing the proposed changes to the EGM regulations, but I believe it was considered within Crown Perth that these

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benefits were linked to the enhancement of Crown Perth's EGM product quality and patron experience.

- 207 A related consideration in requesting a review of, and potential change to, the EGM regulations was the fact the existing regulations had been in operation for a very long time, and the market environment in which Crown Perth operates continues to become increasingly more competitive. Crown Perth now faces significant ~~competition completion~~ from interstate and overseas casinos, and the ongoing emergence of market disrupters (in areas including online gaming and casino products, to online wagering, to eSports). Many of these current day competitors were non-existent when Perth Casino first opened in 1985, and when aspects of the existing EGM regulations may have originally been implemented.
- 208 At around the time that Crown Perth proposed the amendments to the WA Appendix to the GWC, I prepared an estimate of the financial impact that I considered may result from the various changes that Crown Perth had proposed to the WA Appendix.
- 209 I prepared this estimate in a spreadsheet titled 'EGM Parameter Changes – Commercial Implications (Mar 2019)' [CRW.708.002.1298]. The spreadsheet contained my estimates of the additional revenue and capital expenditure savings that could potentially result from each of the proposed EGM parameter changes. I consider these financial estimates to be indicative only, as there is little basis that I am aware of upon which to accurately estimate how such changes may impact the gaming behaviours of the large volume of EGM patrons who frequent Crown Perth.
- 210 In preparing this statement, I have reviewed:
- a) a letter from Mr Felstead to Duncan Ord dated 7 March 2019 regarding 'Amendment to the WA Appendix – Crown Perth' [CRW.709.145.4880];
 - b) a slide pack for a presentation to the GWC on 26 March 2019 regarding 'WA Appendix Amendments' [CRW.709.145.4892]; and
 - c) a letter from Mr Felstead to Mr Connolly dated 18 April 2019 regarding 'Amendment to the WA Appendix (Crown Perth Contribution)' [CRW.709.021.6125].
- 211 As best I can recall, and based on my role and knowledge with respect to the matters addressed in these documents, I believe that I had input into the preparation of these documents with respect to matters relating to EGM product and some of the related financial implications.
- 212 I recall around this time, my team analysed Crown Perth EGM 'rated play' data and confirmed that the average ~~rated~~ EGM paid game speed of play was approximately 9.5 seconds. I have located the Excel spreadsheet containing this analysis which is titled "EGM Game Speed Review - FINAL (Feb 19)" [CRW.709.110.3995].

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213 I recall around this time my team analysed Crown Perth EGM *rated* play data, and confirmed an average, *rated* EGM paid game speed of play of approximately 9.5 seconds. This result was 1.9x Crown Perth's regulated minimum EGM speed of play (then 5 seconds). If this 1.9x relatively was applied to the proposed EGM speed of play of 3 seconds, it produced an estimated speed of play of 5.7 seconds, exceeding Crown Perth's historical 5 second minimum EGM speed of play. Finally, as a further point of comparison Crown Melbourne's average, *rated* EGM paid game speed of play was calculated to be 5.3 seconds (based upon a minimum speed of play requirement in Victoria of less than 3 seconds), which further informed Crown Perth's view a 3 second minimum speed of play would likely result in an average, *rated* EGM paid game speed of play of greater than 5 seconds.

Change to the speed of play requirement

214 In relation to the proposed changes to the minimum speed of play, Crown Perth proposed that the GWC reduce the minimum speed of play for EGM games stipulated in the WA Appendix from a requirement to exceed 5 seconds to a requirement to exceed 3 seconds.

215 The GWC ultimately determined to modify the minimum speed of play to exceed:

- a) 3 seconds, where the game incorporates and unpaid game feature(s) (such as free games, or bonus/jackpot features, which are awarded to the player at no cost); or
- b) 5 seconds where the game incorporates no unpaid game feature(s).

216 At a point in time, I recall becoming aware the GWC had determined to amend the requirements of the WA Appendix, and the EGM Policy. However, I believe it was not until a subsequent point in time that I and others at Crown Perth became aware that the GWC had an additional requirement in relation to EGM speed of play, which I do not believe was, or is, reflected in the amended revision of the WA Appendix. Specifically, I believe it subsequently became apparent the GWC expected that any EGM game developed at a speed of play exceeding 3 seconds and therefore incorporating an unpaid game feature or features (as provided for within the amended WA Appendix) was in addition also required to achieve an actual average speed of play (allowing for the occurrence of any unpaid game features) exceeding 5 seconds.

217 I believe Crown Perth may have first become aware of this additional speed of play requirement when Mr Bossi and I subsequently attended a GWC meeting to present a new EGM game, and during the course of the presentation my recollection is commentary was made by a GWC member or members that alerted us to the potential existence of the additional speed of play requirement.

218 I recall that around this time (I am not sure exactly when) officers from the Department (I believe Mr Leigh Radis and Mr John Busby from memory) attended Perth Casino and met with myself,

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and members of my team, to discuss how they may approach establishing an audit program in relation to the recently amended EGM additional speed of play requirements.

- 219 As best as I can recall, in the course of those discussions, I advised that Crown Perth intended to provide the Department with 'carded', or 'rated', play data sourced from Crown Perth's IGT Advantage system as the basis for calculating actual, average EGM speed of play. I believe the Department officers queried if this data could potentially include time when the player was not actively playing the EGM. I advised that, due to the way carded play is tracked, it is likely the data would reflect breaks in play to some degree. I believe the Department officers expressed some concern regarding this data meeting their requirements, and that they would need to discuss the matter further with others at the Department who may be more familiar with the background to the matter.
- 220 'Carded' or 'rated' play data is a collection of all gaming activity that occurs on an electronic gaming device from the point in time that a player inserts their Crown Reward card ("card in"), to the point in time they remove their Crown Rewards card ("card out") from the device. An individual play session capturing a single associated card in and card out event is commonly referred to by Crown as a "rating".
- 221 The actual, average speed of play for a carded play session is then calculated by dividing the duration of the carded play session, in seconds (from 'card in' to 'card out' time) by the number of paid games played. This actual, average speed of play calculation does not reflect the fastest possible speed at which an EGM game can actually be played, but rather reflects the actual, average speed at which Crown Perth's rated EGM players actually play EGM games, inclusive of any breaks or variability in play speed that may occur between the time they insert and remove their Crown Rewards card from an EGM card reader.
- 222 There is ongoing correspondence between the GWC and Crown Perth to try to determine and agree an appropriate approach for testing and auditing compliance with the additional speed of play requirement, without using 'carded play' data [CRW.709.142.5388]; [CRW.708.002.7274] and [CRW.706.003.0002].

Average time between games for EGMs approved since the 2019 amendments to the WA Appendix

- 223 In around November 2020 (while awaiting for an ATF, named BMM, to develop a bespoke EGM speed of play testing methodology as requested by Crown Perth) Crown Perth performed some limited and preliminary testing to understand the potential fastest possible actual, average speed of play for six different EGM games that were operating under the approved 3 second minimum speed of play permitted since the 2019 amendments to the WA Appendix. The six EGM games were selected on the basis of testing a sample of one EGM game from each of Crown Perth's different EGM suppliers.

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- 224 The Excel spreadsheet titled "EGM – Speed of Play – Crown Game Testing Results (Nov 20)" shows the results of that limited and preliminary testing [CRW.700.060.1615].
- 225 The 'Test Period – 1 Hour' results provided a general indication that most of the EGM games tested had an average speed of play in the vicinity of 4.5 to 5.5 seconds. However, one of the games (a game called Royal Diamonds) had a somewhat lower average speed of play than the other games, at 3.7 seconds.
- 226 I believe this result caused Crown Perth to ask some further questions of EGM suppliers as to exactly how "pre-approval" speed of play testing was being conducted by the ATFs that they engaged for the purpose of producing ATF certification reports for EGM games. Based upon the responses received from these discussions with various EGM suppliers, Crown Perth became aware that different ATFs may be using different methodologies to measure minimum and/or average speed of play in relation to the production of ATF certification reports for EGM games. I do not believe that there is currently a specified procedure or standard detailed in the WA Appendix or National Standard outlining how this testing should be conducted by the ATFs.
- 227 My recollection is that Crown Perth advised the regulator that ATFs may be applying different methodologies when testing speed of play for ATF certification purposes. There is ongoing correspondence between Crown Perth and the regulator to try to agree an acceptable framework and approach to apply in relation to various aspects of EGM speed of play testing.
- 228 I understand that Crown Perth has temporarily committed in its most recent submission to the GWC to progressively having all new EGM games approved in accordance with the 3 second minimum speed of play requirement re-tested and re-submitted for approval by the GWC to address any outstanding matters in relation to EGM speed of play.

Comparison between average revenues at Perth Casino operating with a 5 second speed and 3 second speed of play

- 229 Crown Perth produces a weekly report called 'Crown Perth – New Regulation EGM Game Performance Report' to assess the performance of EGM products approved since the 2019 amendments to the WA Appendix (described in the report as "New Regulation Games").
- 230 These weekly reports compare the financial performance of the "New Regulation Games" against other EGM products currently installed in the same areas of the casino over the preceding 28 days.
- 231 The relative financial performance of the "New Regulation Games" may vary somewhat from week to week when considered by gaming area or by individual EGM game, but I expect the total figures in the report covering all gaming areas and all New Regulation Games would likely be somewhat more consistent.

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232 By way of example, the report for the time period 31 May 2021 to 27 June 2021 [CRW.700.060.1578] shows:

- a) The average theoretical win per machine (TWPM) for all New Regulation Games in that period was \$722. The TWPM is calculated as the daily turnover multiplied by the theoretical hold percentage on a per machine basis.
- b) The average TWPM for all other EGMs in that period was \$434.
- c) The New Regulation Games outperformed the other EGMs in that period by 66%.

233 In considering this report, it should be noted that the change in the minimum EGM speed of play is not the only factor that is likely to be contributing to the New Regulation Games outperforming the older EGM games. The other regulatory changes made in 2019 are also likely to be having an effect due to the expected, improved quality of EGM games since the removal of restrictions in relation to game mathematics, and winning combinations (pay lines). New EGM products will also generally out-perform older EGM products (often quite substantially) in circumstances where no regulatory change has occurred, both because EGM players generally enjoy the experience of playing new games, and because over time new EGM games are offering a generally higher quality play experience than those that may have been developed many years earlier.

EGM JACKPOT ESCROW ACCOUNT

(Questions 55 to 57)

234 I believe the EGM Jackpot Escrow account was established relatively early in my time at the casino (possibly around 2005, or shortly thereafter).

235 At that time the casino operated a number of linked jackpots in relation to various Keno EGM games that were won very infrequently because the probability of achieving the game outcome required to win the jackpot was very low, and in certain cases a specific bet selection was also required to be eligible to win the jackpot. The popularity of some of these Keno EGM games had also significantly declined over time, and as a result the number of games being played on these EGMs was relatively low. The combined effect of a very low probability of jackpot award and a relatively low number of games played, caused Crown Perth to form the view certain large accumulated linked jackpot prizes may simply never be won. There was also a commercial desire to remove certain of these Keno EGM games from operation due to their lack of popularity with patrons, which meant the revenue being generated from the EGMs was very low.

236 The nature of the linked jackpots operating in relation to these Keno EGM games was such that the value of the linked jackpot prize or prizes consisted of a jackpot start-out value (that was funded by the casino, and did not reflect any patron contribution), and a jackpot increment value

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(that was funded by patrons playing the EGM game when certain bet selections were made, as a set percentage of such bets specifically contribute to the incrementation of the linked jackpot prize value). Accordingly, the casino was conscious that, if an EGM linked jackpot containing any patron contribution was to be removed from operation, a position would need to be established regarding how the related patron contribution to the linked jackpot was to be dealt at the time the linked jackpot was removed from operation and, subsequently, how the accumulated patron contribution was ultimately to be returned to EGM players, who had collectively contributed the funds by placing certain EGM games over time.

- 237 From memory, there was one particular EGM game that had been identified for removal from operation that had accumulated patron contributions to its various jackpot prizes of between \$2 million and \$3 million dollars.
- 238 I believe Perth Casino made a submission to the regulator expressing its desire to remove one or more linked jackpot EGM games from operation, and made a proposal outlining how funds representing patron contributions to retired EGM jackpots could be managed between the time an EGM jackpot was retired from operation, and the time any patron contributions relating to a retired EGM jackpot were ultimately returned to EGM players.
- 239 I believe the GWC agreed to the establishment of a process whereby if Perth Casino completely removed an EGM jackpot from operation, and that jackpot removal incorporated any patron contribution to an EGM jackpot prize, the patron contribution to any retired EGM jackpot prize (i.e. the portion of the retired jackpot prize value reflecting jackpot incrementation over and above the jackpot start-out value) must be deposited into what was named, or became known as, the EGM Jackpot Escrow account. There are then methods (each of which was required to be approved by GWC) established that enabled Perth Casino to redistribute funds deposited into the EGM Jackpot Escrow account to EGM players.
- 240 As the operation of the EGM Jackpot Escrow account is closely related to Perth Casino's EGM product operations, I have generally been involved in regulatory matters in relation to the operation of this account, including the process of seeking the GWC's approval for potential methods of redistributing EGM Jackpot Escrow account funds to EGM players
- 241 Currently, I believe there are 6 approved methods for redistributing funds deposited into the EGM Jackpot Escrow account back to EGM players, which are detailed in the Perth Casino – Casino Manual. The internal management decision within Perth Casino regarding exactly which method of escrow fund redistribution may be applied would generally be a decision made by management of the Gaming Machines business, with potential input from the Marketing team in relation to certain potential redistribution methods.

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- 242 I believe Department officers have on occasion completed audit work in relation to Perth Casino's operation of the EGM Jackpot Escrow account, and I do not recall there being any adverse findings as a result of such regulatory reviews.
- 243 I believe EGM Jackpot Escrow account funds have always been redistributed to EGM players in the form of cash or non-cash jackpot prize awards. Some examples of non-cash jackpot prize awards that I believe may have been utilised to facilitate escrow fund redistribution are the awarding of home entertainment equipment, cars and third party gift card (e.g. Kitchen Warehouse). Crown Perth currently operates a linked EGM jackpot called Win This Car, which awards new cars as jackpot prizes, and the operation of this jackpot is currently funded from the EGM Jackpot Escrow account.
- 244 The escrow fund redistribution process is based upon redistributing funds to EGM players specifically (not Perth Casino patrons generally), due to the fact the accumulation of escrow funds is the result of EGM game play. I am not aware of escrow funds ever being distributed other than as prizes to EGM players.
- 245 Originally, escrow funds were accumulated and distributed from one holistic escrow account. In recent years, Crown Perth submitted a proposal to the GWC that (amongst other matters) moving forward it may be desirable, from a patron equity perspective, to maintain separate balances for escrow funds accumulated in each of Crown Perth's primary gaming areas (being Pearl Room, Riverside Room and Main Gaming Floor), and for escrow fund redistribution to also occur by gaming area. The GWC approved this proposal, and EGM Jackpot Escrow account accumulation and redistribution activity now operates on this basis.
- 246 Various products forming part of Crown Perth's IGT Advantage system (described below) form part of the list of GWC approved methods by which EGM Jackpot Escrow account funds can be redistributed to EGM players.
- 247 My understanding is the EGM jackpot escrow account was never set up as an actual bank account, but rather has always been maintained by Perth Casino as a ledger account. Crown Perth maintains ongoing records of deposits and withdrawals from the escrow account, such that the balance of the escrow account is continually maintained, and in recent times I believe the closing monthly balance of the escrow account has been reported to the Department.
- 248 In recent years, the GWC directed Crown Perth to maintain the balance of the EGM Jackpot Escrow account at a value not exceeding \$500,000, in order to ensure the balance of funds accumulated within the account did not exceed what they considered an appropriate value. I understand the maintenance of records relating to the EGM Jackpot Escrow account is contributed to by various parties within Crown Perth including members of the Gaming Machines department (being members of the Gaming Product team, and the Senior

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Management Accountant – Gaming Machines), and members of Crown Perth's Finance department.

- 249 I do not know the total value of jackpots transferred to the escrow account and the total value of funds that have been redistributed from the escrow account since its inception, as I believe the escrow account may have been in operation from as early as 2005. The documents "Memorandum dated 1 July 2021 re Gaming Machines End of Month Escrow Balance" [CRW.700.056.9358] and "Crown Perth – Electronic Gaming Escrow Account Balance – Closing Balance 30/06/2021" [CRW.700.047.0001] show the escrow account balance at the end of June 2021 was \$114,910.73.
- 250 Where the escrow funds are redistributed as a non-cash prize to an EGM player, the value of the non-cash prize is calculated and accounted for based on the pre-GST value on the invoice from the supplier of the relevant goods or services.
- 251 At Crown Perth, I believe all non-cash prize awards (in the form of goods and service) that relate to the redistribution of escrow fund have been sourced from third parties, and do not include internal Crown prizes.
- 252 Food and drinks are not approved methods for redistributing escrow funds, nor is "Crown" accommodation an approved method. If a holiday or stay package prize (including accommodation) or an event ticket prize was to be awarded as a redistribution from escrow funds, it would have to be from a third party and the cost would be valued and accounted for based on the pre-GST value of the third party invoice.

Non-cash prizes out of non-escrow funds

- 253 Non-cash prizes are also awarded as prizes on EGMs to EGM players out of non-escrow funds.
- 254 When a player is awarded a non-cash prize on an EGM, the appropriate non-cash prize value (being the pre-GST cost of the awarded prize, as per the third party suppliers invoice) is processed to the payment record maintained within IGT Advantage.
- 255 Crown Rewards (loyalty club) members may from time to time receive certain "Crown" rewards including such things as free food and beverage. However, I do not believe these types of loyalty-based awards have ever been processed at Crown Perth as jackpot or any other prize type relating to EGM game play. I understand that any such awards are costed to the relevant cost code in the Profit & Loss accounts of the Department benefitting from the award. Accordingly, I understand these rewards are costed outside the operation of the IGT Advantage system, and therefore do not impact the calculation of gaming revenue, upon which casino tax is based.

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RETIREMENT OF EGM GAMES AND RTP*(Questions 58 and 59)*

- 256 When jackpot prizes are awarded as part of the process of redistributing EGM Jackpot Escrow account funds to EGM players, any such award occurs over and above the minimum 90% theoretical RTP at which all Crown Perth EGMs are certified and approved to operate. In other words, an EGM player at Crown Perth will only ever be playing an EGM that is configured to achieve the regulated minimum 90% RTP over time, and any awards relating to the redistribution of EGM Jackpot Escrow account funds are offered in addition to the regulated minimum 90% RTP outcome.
- 257 It is possible that, on occasion, Crown Perth may have retired an EGM game that generated an actual RTP over the life of its operation that did not meet the minimum regulated requirement of 90%. This may have occurred on a few occasions in the past, but I do not have a clear understanding of the actual, lifetime RTP results of the EGM games that have ceased operating at Perth Casino over time, as this is not a matter that I believe has specifically been monitored or reported upon to date. EGM games generally cease operation at Crown Perth because they are no longer popular with patrons, or become difficult to maintain due to their age.
- 258 All EGM games developed for operation at Crown Perth are designed to produce a theoretical RTP of at least 90% when operated for an extended period of time. In accordance with the regulatory requirements, each EGM game is also independently tested and certified by an ATF (before the game is approved) to confirm the theoretical or expected RTP has been appropriately calculated, and a copy of such certification report is submitted to the regulator for their consideration as part of the process of fully approving each EGM game for operation at Crown Perth (as explained previously in this statement). But due to the random nature by which EGM game outcomes are required to be determined, it is not possible to provide certainty as to the actual RTP results that may be generated by the operation of any EGM game.
- 259 The actual RTP results generated by each EGM game operating at Crown Perth are also reported to the regulator on a 6 monthly basis. In recent years the actual RTP results reported to the regulator have included not only results covering the preceding 6 months, but also results covering a longer period of operation, to provide a greater understanding of longer term actual RTP results generated by each Crown Perth EGM game.

EGM USAGE AND PLAYER DATA*(Question 60)**EGM usage data*

- 260 EGM usage data has historically, and is presently, analysed by the Gaming Product team (which reports to me) to assess the financial performance of different EGM games operating at

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Crown Perth. The purpose of analysing this data is to determine the relative usage of currently installed EGM games, and determine whether changes to this EGM game mix would better align to current EGM usage.

261 I am aware that the data and aspects of such analysis was, and is, provided to certain members of senior management, but I am not aware what (if any) of this data or analysis was, or is, provided to the directors or the board of any company in the Crown Group.

262 I am unsure of the extent to which this EGM usage data and analysis was or relied upon for the purpose of tailored marketing to individuals (particularly Crown Rewards members), as my impression is that marketing of EGM games to patrons is generally focused on providing awareness of the introduction of new EGM games at the time they first become available. Accordingly, the decision to market a new EGM game will generally occur as a matter of course, rather than being reliant upon EGM usage analysis, which for a new EGM game would not exist at the time of its introduction.

EGM player data

263 I am aware EGM player data has historically, and is presently, analysed primarily by members of the Marketing team (who do not report to me). I am aware of some, but not all of the analysis performed by the Marketing team. The aspects I am aware of would generally be those aspects that have a relationship to EGM game performance. For example, I am aware that, on occasion, the Marketing team performs analysis of EGM player data which highlights the impact a certain EGM product change may have had upon a group or groups of players.

264 I am aware that aspects of such analysis was, and is, provided to certain members of senior management, but I am not aware what (if any) of this analysis was, or is, provided to the directors or the board of any company in the Crown Group.

265 I have a general belief that marketing to individuals (particularly Crown Rewards members) would be somewhat informed by analysis of EGM player data, but I do not have a clear understanding of how the Marketing team operates in this regard, and the extent to which the specified analysis was relied upon.

266 In relation to EGM player data, certain members of my team receive a report called the Top Players Report, which is produced and distributed on a monthly basis. The purpose of this report is to provide some visibility of what EGM games the top EGM players are playing, whether they are choosing to play newly introduced or older EGM games, and what variety or combination of different EGM games they may be choosing to play. This report is provided to certain members of senior management, but I am not aware of it being provided to the directors or the board of any company in the Crown Group. I do not expect it is used by the marketing

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team for the purposes of marketing to individuals, and I do not think it is distributed to the marketing team.

IGT ADVANTAGE SYSTEM

(Question 61)

- 267 The IGT Advantage system is the primary EGM management, monitoring, and reporting system at Crown Perth. All of the EGMs operating at Crown Perth are connected to and communicate with the IGT Advantage system, in accordance with the requirements of the WA Appendix.
- 268 The IGT Advantage system is a gaming monitoring system. IGT is the name of the company that supplies the system, and "Advantage" is the brand name of the system itself. It is amongst the most commonly operated casino management system both in Australia and around the world.
- 269 Every electronic gaming device (both EGMs and Electronic Table Games) operating at Crown Perth has IGT Advantage system hardware installed within it as part of the gaming device commissioning process. This in-device system hardware collects data in relation to the gaming activity that occurs at each electronic gaming device, and communicates it back to the IGT Advantage host system.
- 270 The key functions performed by the IGT Advantage system at Crown Perth include:
- a) *Events, alarms and alerts:* The system records and where necessary communicates various "events" "alarms" and "alerts" for the purposes of monitoring, servicing and supporting the ongoing operation of all electronic gaming devices. A wide variety of different device "events" are communicated to the IGT Advantage system. Crown can then determine which device "events" may require communication to and action by Crown Perth staff. For example, if a patron attempted to force open the main door of an EGM an "alarm" would be triggered and communicated to staff in the Surveillance department for further investigation and action. Similarly, if an EGM was to lock up due to the awarding of a jackpot prize, an "alert" would be triggered and paged to a Gaming Machine attendant, advising them that their attendance is required at the relevant gaming device location.
 - b) *Financial management and reporting:* The data collected by the system includes a variety of financial data, which can be accessed and used for a range of financial management, reporting and analytical purposes. Examples of collected financial data include turnover (value of all bets placed), revenue (money in minus money out), and average bet data (calculated by dividing turnover by the number of games played).
 - c) *Gaming ticket (TITO) management:* Historically, when a player wished to move from one EGM to another, they had to cash out of each EGM via the issuance of coins by

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the EGM, or via the receipt of a payment voucher issued by a Gaming Machine attendant and cashable at a Cage. Following the introduction of ticket-in-ticket-out (TITO) - a form of cashless gaming technology - when an EGM player wishes to leave an EGM, they can simply press the "collect" button on the EGM game screen or button panel and the EGM will print a gaming ticket for the value existing on the EGM credit meter at the time the "collect" request was actioned. The patron can then (i) insert the gaming ticket into another EGM and use the funds to facilitate further EGM game play; (ii) cash out the gaming ticket at the Cage; or (iii) cash out the gaming ticket at a gaming Ticket Redemption Termination (TRT). The issuance and redemption of these gaming tickets is managed within a module of the IGT Advantage system.

- d) *Coinless Transit System ("CTS") management:* Another form of cashless gaming technology which Crown Perth operates for EGMs installed in the Pearl Room only is CTS, which is a module of the IGT Advantage system.
- e) *"Crown jackpots" and bonuses:* The IGT Advantage system has the capability to operate a range of different jackpot and bonus products, and Crown Perth currently has regulatory approval to offer a number of the available products, including the Lucky Coin Jackpot and Linked Progressive Jackpot products.
- f) *Management of linked jackpots:* Some EGM games approved for operation at Crown Perth incorporate the operation of one or more linked progressive (incrementing) jackpot prizes. A linked progressive jackpot is one that operates in conjunction with multiple EGMs (as distinct from a single EGM), and is generally operated in relation to all EGMs operating the same approved EGM game. Crown Perth currently operates a variety of linked progressive jackpots, via both the Linked Progressive Jackpot product within the IGT Advantage system, and via other jackpot controllers (supplied by a company called Paltronics).
- g) *Management of bonuses:* The IGT Advantage system operates a module which functions in conjunction with the SYCO system (Crown's the patron information / loyalty data management system) to jointly manage processes associated with the issuance and redemption of non-cashable gaming credits (referred to at Crown Perth by the term "Extra Play").
- h) *Loyalty (carded play) management:* The IGT Advantage system collects data in relation to the gaming activity that occurs at each electronic gaming device when a Crown Rewards (loyalty club) membership card has been inserted into the card reader installed at each device. This gaming activity connected to a Crown Rewards card is commonly referred to by Crown as "carded play" or "rated play" activity.

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- i) *Play Safe Limit management:* Another module operating as part of Crown Perth's IGT Advantage system is named Responsible Gaming, and this module provides functionality enabling patrons to set spend and time limits in relation to their carded play activity. The Responsible Gaming module operates in relation to all gaming devices that Crown Perth enrolls in the module. At present, I believe all Crown Perth electronic gaming devices (both EGMs and Electronic Table Games) are enrolled in the IGT Advantage System Responsible Gaming module. I understand Crown Perth communicates the limit setting functionality offered by this module to patrons via the program name Play Safe Limits.
- j) *Interfaces with other Crown systems:* Certain data collected by the IGT Advantage System is extracted from the system, and imported into Crown's Corporate Data Warehouse ("CDW") for use related gaming analysis. The IGT Advantage system also interfaces and shares data with a variety of other Crown systems that perform associated functions, including:
 - (i) Gaming Ticket Redemption Terminals (which facilitate patron redemption of gaming tickets for cash);
 - (ii) Gaming Paging System (which pages certain electronic gaming device events to Crown staff in order to facilitate the provision of customer service at the gaming device); and
 - (iii) SYCO (the patron information / loyalty data management system).

271 I understand there is a module available for operation as part of the IGT Advantage system that provides functionality enabling real-time communication or messaging to be delivered to individual patrons or groups of patrons at enrolled electronic gaming devices. However, I do not believe this module has ever been operated at Crown Perth. In my experience, when a new module forming part of the IGT Advantage system has been considered for potential implementation at Crown Perth, the general practice has been to advise the regulator of such proposals, in order that consideration can be given to whether such implementations may require some form of regulatory approval.

272 Crown Perth does currently utilise the IGT Advantage system to provide more general communication or messaging to patrons playing electronic gaming devices. Specifically, the vast majority of Crown Perth EGMs operate Service Window technology, which enables visual content to be displayed on a section of the EGM main game screen. For EGMs incorporating Service Window operation, there is an icon located on the EGM main game screen enabling the player to open or close the Service Window as they wish. In addition, a small number of Crown Perth EGMs and all Electronic Table Games (all of which do not operate a Service Window) operate a Liquid Crystal Display (LCD) screen which is installed separately from, but generally in close proximity to, the main screen of the electronic gaming device, and is used to

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display similar messages to those displayed via a Service Window. I have prepared a video illustrating the basic operation of a Service Window, and reflecting some sample Crown Perth Service Window content, for the Royal Commission [CRW.700.062.1038].

PROBLEM GAMBLING RELATED TO EGMS

(Questions 62 to 71)

- 273 I do not have an informed understanding of the data or statistics produced regarding the extent to which EGM players at Perth Casino have problem gambling issues. I do not believe that such data or statistics are readily accessible by me or my team.
- 274 My knowledge of the nature and content of Crown's responsible gaming policies, procedures, and programs comes largely from completion of both online and in-person staff training sessions that I have attended in relation to responsible gaming during my time employed at Perth Casino.
- 275 I am aware there is a responsible gaming team working onsite at Perth Casino, which is currently led by Melanie Strelein Faulks, the General Manager Responsible Gaming - Crown Perth. Until recently, I believe management responsibility for the responsible gaming function at Crown reported up to Joshua Preston. Historically, from the time when the responsible gaming centre was first established at Crown Perth, and until his retirement in around 2013, I believe the responsible gaming team may have reported up to Michael Egan. I understand that one of the elements underpinning the operation of Crown Perth's responsible gaming framework is that all employees have a role to play in identifying, reporting, and generally supporting functions associated with responsible gaming, in order to ensure at all times Crown Perth offers gaming services in a responsible manner.
- 276 I have no visibility of the extent to which the Board directors of Crown companies have oversight of the responsible gaming policies in place at Perth Casino with respect to the risk of problem gambling. I have no visibility as to what problem gambling investigations or enquiries may have been undertaken by Board directors. I have already explained my understanding, generally, as to the Board's role and the general risk management structure in place at Crown Perth.
- 277 I am generally aware that experts in the field of responsible or problem gambling have been engaged by Crown Perth, but I do not directly deal with these experts in my role.

Responsible gaming and EGM games

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

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- 279 Each EGM game approved for operation at Crown Perth has for many years (since approximately 2002 I believe) been certified by an accredited testing facility ("ATF") to confirm compliance with the requirements of the National Standard. I am aware the current revision of the National Standard contains a section named Consumer Protection, which I believe contains both a general requirement and well as numerous specific requirements focused on minimising potential gambling harm in relation to EGM games. I am unsure of the history regarding when such inclusions may have first been included in the National Standard. My impression is that some of the inclusions in the WA Appendix may also have been informed by responsible gambling considerations – specifically, clause WA 4.2 incorporates factors in relation to Player Interaction, Fairness, and Misleading Features. The GWC currently requires newly approved Crown Perth EGM games operate in compliance with a banknote acceptor limit of \$100, and a maximum bet per game played limit of up to \$100. I believe these requirements may also have been informed by responsible gambling considerations.
- 280 I do recall one discussion with Michael Egan (which I believe may have occurred in around 2010 to 2012) in which he asked about responsible gaming considerations with respect to an EGM game. I believe the discussion likely occurred in the context of reviewing an in-principle approval presentation to be given to the GWC for a new EGM game. I recall that Mr Egan asked if I considered there was any aspect of an existing EGM game (the game of Pyramid Power from memory) that I considered may contribute to problem gambling issues. I believe that I indicated I personally did not identify anything in the game as being particularly concerning, but also suggested I was not sure I was qualified to advise on what a problem gambler may find concerning, as I do not experience such issues myself. I believe the responsible gambling team reported to Mr Egan at the time.
- 281 In recent months, I have attended a couple of meetings to discuss what EGM product parameters (with respect to EGM usage data) could potentially be applied to lists of patrons who had experienced problem gambling issues at Crown Perth, with a view to identifying if any responsible gambling trends may be apparent in relation to the identified EGM product parameters. I believe I suggested that some initial product parameters that may be worth applying to the patron list were game name, average bet value, and gaming area. I briefly reviewed some initial data based upon the abovementioned analysis (reflecting the suggested game name, and average bet parameters as well as some other factors from memory), but it did not appear to highlight any clear trends. Attendees at each meeting may have been different, but I believe collectively included Lonnie Bossi, Sasha Grist, Danielle Reynolds, Melanie Strelein Faulks and myself.
- 282 I am not otherwise aware of whether there has been any assessment of EGM games conducted after their introduction to Perth Casino to assess whether their usage indicates that the games contain features which might lead to addiction, or otherwise encourage problem gambling.

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Pre-commitment limits

- 283 I understand all EGMs operating at Crown Perth are currently enrolled in a pre-commitment module that exists within the operation of Crown Perth's IGT Advantage System (as I explain below). I believe this pre-commitment module commenced operation at Crown Perth at the time of, or shortly after, the introduction of the IGT Advantage System, which from memory occurred in approximately 2010.
- 284 I understand Crown Perth's pre-commitment system is communicated to patrons via the program name Play Safe Limits, and enables the following daily play limits to be set:
- a) Spend Limit – set a limit in relation to the amount of money you wish to spend gaming; and
 - b) Time limit – set a limit in relation to the amount of time you wish to spend gaming.
- 285 I believe the player receives a message at the gaming device when a set limit has been reached, which is displayed on the EGM's main game screen via the Service Window.
- 286 I believe all Electronic Table Games operating at Crown Perth are also currently enrolled in the pre-commitment module.
- 287 While I am not particularly familiar with the Victorian Your Play system referred to on pages 97 – 99 of the VCGLR Sixth Review Report, my brief review of the specified report content appears to indicate key elements of the two systems (being setting spend or time limits) may be broadly consistent.

Investigations by Board as to EGM tampering

- 288 I do not have any visibility as to whether there have been any investigations or enquiries undertaken by the Board directors as to whether there has been tampering or adjustment of EGMs at the Perth Casino to unfairly disadvantage patrons or to increase the risks of problem gambling associated with such machines.
- 289 I am not aware throughout my time employed at Perth Casino that there has been any issue with tampering of EGMs (except that I am aware that, several years ago, an investigation was undertaken by the Crown Perth after the Security & Surveillance department identified a Max Gaming Technician attempting to access and steal banknotes that had been inserted into an EGM operating at Crown Perth). As I explained earlier in my statement, if there had been any issue with tampering or adjustment of EGMs at Perth Casino outside of approved adjustments, I believe any such matter would have come to my attention.

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DEALINGS WITH THE REGULATOR*(Questions 72 to 80)*

- 290 My dealings with the GWC and the Department over time have mainly been through:
- a) being the subject matter expert in relation to EGM products; and
 - b) being the subject matter expert in relation to the operation of the IGT Advantage system, from a gaming operations perspective.
- 291 I have already explained the contact that occurs with the GWC and the Department in the process for applying for approval of EGM games, and my role in that process.
- 292 Crown Perth regularly makes written submissions, and provides reports in writing, to the GWC and the Department on a variety of other regulatory matters.
- 293 There are ongoing and regular (generally monthly) meetings between Crown Perth and representatives of the Department, which in my experience are generally referred to as "DLGSCI (or formerly DRGL) Operations Division Meetings". I believe I have attended these meetings for approximately 10 years or more. These meetings are held either at Perth Casino or at the Department's offices. Usually, the monthly meetings of the GWC are held on the third Tuesday of each calendar month (other than in January, when the GWC often does not meet), and the DLGSCI/DRGL Operations Division Meeting is held on the Thursday of the same week (shortly after the GWC meeting).
- 294 The regular attendees at DLGSCI/DRGL Operations Division Meetings on the Crown side historically included Michael Egan until he ceased employment with Crown in around 2013 and, in recent times included, Lonnie Bossi, Josh Preston (who generally chaired the meetings), Paul Hulme (until he ceased employment with Crown in around 2019), Claude Marais, Sasha Grist, Denise Vanderklau (Regulatory & Compliance Manager) and myself. On the Department's side, Mick Connelly has been a regular attendee for an extended period of time. Other regular attendees at different times have included Sandy del Prete, Lance Sgro, Nicola Perry and Peter Minchin. Occasional attendees at different times have included Mark Beacroft, Lance Sgro and Leigh Radis, and Fiona Roche has attended a small number of recent meeting.
- 295 The meeting usually covers: confirmation of minutes from the previous meeting; discussion of business/actions arising from previous meetings; an update from Crown in relation to any pending/current development projects at Crown Perth; an update from the Department in relation to the outcomes of the recently held GWC meeting (if any); an update from Crown in relation to other matters expected to be the subject of future submissions by Crown Perth for consideration by the regulator; discussion regarding general business/other matters; and discussion regarding next meeting.

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- 296 My impression is Government Inspectors from the Department are on-site at Perth Casino on a fairly regular and ongoing basis in relation to conducting various aspects of their audit and inspection work, and to attend related meetings. I believe members of my team, other gaming teams, and other gaming-related departments at Crown Perth have regular or ongoing contact with the Government Inspectors in relation to audit, inspection, and any other Crown Perth related work they may perform.
- 297 Generally, I do not directly initiate contact with the Department unless there is a specific action item allocated to me for action and response flowing from a meeting with the Department. In such cases, I would generally include or involve a member or members of the Legal & Compliance Department in the process for their visibility. Specifically, if I needed to meet with the Department, I would often raise the matter with someone within the Legal & Compliance Department (historically most often Mr Hulme, and more recently often Ms Grist or Ms Vanderklau), to allow for their involvement in the meeting as desired.
- 298 I am occasionally contacted by officers of the Department by email or phone in relation to Crown Perth submissions (as my name is often detailed in submission letters as a contact to assist with any related queries), outcomes of GWC meetings relating to my areas of responsibility, audit/inspection matters relating to my areas of responsibility, and general queries relating to my areas of responsibility. Historically, I estimate on average I may have been directly contacted by officers of the Department 3 or 4 times per month.
- 299 Outside of contact at monthly GWC meetings, or at occasional events held at Crown Perth at which attendance of GWC members may occur (e.g. events associated with Responsible Gaming Awareness Week at Crown Perth), I am not aware that employees of Crown Perth maintain any contact with members of the GWC. I believe certain members of the Crown Perth Executive Team (including Mr Felstead, Mr Preston, and/or Mr Bossi) may have ongoing contact with the Director-General of the Department, but I believe such contact relates to performance of that individual's departmental role, rather than their role as Chair of the GWC.

Gifts and hospitality

- 300 I am aware through historical media reporting of Crown paying for Barry Sargeant to travel to Macau.
- 301 I believe Crown Perth may have arranged for certain Department officers (possibly Mr Barry Sargeant, and Mr Mick Connolly) to travel to Crown Melbourne to view the operation of TITO, at or around the time when TITO was being considered for approval to operate at Crown Perth.
- 302 When the monthly DLGSCI/DRGL Operations Division Meetings are held at Crown Perth, basic hospitality is generally offered to the Department attendees (i.e. coffee, and sometimes limited food, such as biscuits).

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Relationships between Crown and regulator

- 303 I was aware that Mr Egan worked at the Department before commencing employment with Crown Perth. I believe I may have first become aware of his historical employment at the Department in or around 2005.
- 304 I was aware that Mr Hulme worked at the Department before commencing employment with Crown Perth, and during that time he had a working relation with Mick Connolly. I was aware of this from the time Mr Hulme commenced employment with Crown Perth. I believe I may have first became aware of social interactions (crayfishing outings and a skydiving outing) between Mr Hulme and Mr Connolly in around 2017 or 2018.
- 305 I believe I may have first became aware of social interaction between Mr Marais (Crown Perth) and Mr Connolly (the Department) in relation to crayfishing outings in around 2017 or 2018. I believe I later became aware of other fishing trips and the sale of a boat involving Mr Marais and Mr Connolly through media reports in 2019 or 2020.
- 306 I am aware that a former Government Inspector of the Department (Mr Gerry Dunne, who I understand has recently ceased employment with the Department) has a son who currently works at Crown Perth (Mr Matt Dunne – Senior Gaming Product Coordinator), who is a member of my team. I am unsure when Mr Gerry Dunne commenced working at the Department. I believe Matt Dunne has worked at Crown Perth for over 10 years. I am unsure when I first became aware of this family relationship, but I estimate it may have been up to 5 years ago.
- 307 I am aware that Crown currently has a Conflict of Interest Policy and a Whistleblower Policy each of which have relevance to integrity-related matters. All Crown policy documents are accessible to staff via Crown Perth's intranet site.

Whether Crown Perth is involved in changes to GWC's regulatory objectives

- 308 Crown Perth makes submissions to the regulator on an ongoing basis regarding matters associated with the regulation of casino operations at Perth Casino. Many of Crown's submissions may propose changes to how certain aspects of the regulations currently operate. I believe once Crown has lodged a submission with the Department, it is then a matter for the GWC (with relevant support from the Department) to consider the submission, make a determination regarding the matters proposed (being to approve or reject any proposal), and to advise Crown Perth of the outcome of their determination in relation to the submission.
- 309 In relation to the approval of proposed EGM games, for example, I am aware there have been numerous occasions when the GWC (either directly or via the Department) has advised Perth Casino that a proposed EGM game does not meet their requirements for approval to operate in Western Australia, or requires further modification in order to meet such requirements. Some examples I can recall are: (1) a game "Cats Hats & Bats" was originally proposed to incorporate

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a new symbol reveal mechanism, which was not approved by the GWC and had to be changed to enable subsequent approval of the game; (2) a game "Pot of Gold" was proposed to incorporate a new symbol reveal mechanism, which was not approved by the GWC and the game was never subsequently approved; and (3) a game "Bubble Blast Link" was originally proposed to incorporate symbols being revealed in a certain sequence, which was not approved by the GWC and had to be changed to enable subsequent approval of the game.

Particular regulatory changes and communications with the regulator

- 310 I have already addressed my knowledge with respect to Crown Perth's engagement with the regulator with respect to the amendments to the WA Appendix in 2019.
- 311 I have also already addressed my knowledge with respect to Crown Perth's engagement with the regulator on topics related to the EGM tampering allegations raised by Mr Wilkie and in media reports in 2017 and 2018, and the disciplinary action taken by the Victorian regulator in 2018 for unapproved button blanking at Crown Melbourne.
- 312 I do not have any recollection of the circumstances leading to the approval of Arishinko or Video Bingo as authorised games in or about 2002 and 2004, respectively. Based upon my personal memories, I do not believe I was involved in the original approval of the Arishinko or Video Bingo game rules. I do not believe I became involved in EGM game approvals until after commencing in the role of Gaming Business Analyst (in February 2004). These timings also appear to indicate I would not have been involved in the approval of Arishinko in 2002, and it is unclear whether I may have been involved in the approval of Video Bingo in 2004.
- 313 However, from my general role and involvement in the approval of EGM games in Perth, I have a general understanding that the rules of the authorised game Arishinko were originally approved to provide for the approval of an EGM game also named Arishinko, and other similar EGM games approved at a similar or subsequent point in time. I also have a general understanding that the rules of the authorised game Video Bingo were originally approved to provide for the approval of the EGM game of Fireball Bingo.
- 314 I have a general awareness that changes have been made over time to the manner in which casino taxes and licence fees are calculated, but I cannot recall specifically what occurred in the period between 2013 and 2015. I am not generally involved in submissions to the regulator in relation to matters associated with casino taxes and licence fees.
- 315 I am aware that there was a change in the level of on-site supervision by Government Inspectors at one point. I am aware there was also a major re-structure of the Table Games team (which I expect includes Table Game Inspectors) at one point. However, I do not believe I had any involvement in either change, or in any communications with the regulator regarding these matters.

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- 316 With respect to problem gambling, I believe I become aware at some point (possibly within the last 3 to 5 years) that Crown Perth was providing some form of ongoing reporting to the regulator in relation to problem gambling. However, I am not involved in this reporting process, and have no further knowledge in relation to this matter.
- 317 With respect to EGM revenue, I believe Perth Casino's casino tax is payable on a monthly basis, and that Perth Casino reports all casino revenue (including EGM revenue) to the Department on a monthly basis. I believe the information provided by Perth Casino to the Department in relation to casino revenue and casino tax is prepared and submitted by Perth Casino's Finance department. I understand that currently Perth Casino reports monthly EGM revenue to the Department by producing and submitting a report generated from the IGT Advantage system, which is titled "Crown Perth Metered Slot Win by Day".
- 318 In recent months, as a result of media reporting in relation to the Victorian Royal Commission into the Casino Operator and Licence, I am aware that Nicola Perry (the Chief Casino Officer) wrote to Mr Bossi affording the opportunity to provide confirmation whether certain practices, as advised to the Victorian Royal Commission (being deducting the cost of free accommodation, meals, and loyalty scheme points in calculating the revenue earned from EGMs) were occurring at Crown Perth. I was one of a group of Crown Perth staff that met to consider this matter, and prepare a response to the Department. A component of the response provided to the Department provided a summary of the current Crown Perth EGM revenue calculation, which forms the basis upon which casino tax relating to EGMs is determined.
- 319 I have no direct knowledge or understanding of changes to the regulation of junkets or credit arrangements. I have no direct knowledge or understanding of communications with the regulator on these topics, or on the allegations made in the Four Corners program in 2014, the China arrests in 2016, the VCGLR Sixth Review Report, the allegations in the 60 Minutes program in 2019, or the Bergin Inquiry.

VIDEOS DEMONSTRATING OPERATION OF EGMS


- 320 As requested by the Royal Commission, I have prepared (with the Crown Perth audio-visual team) videos demonstrating the operation of the following EGM games:
- a) 'Arishinko' [CRW.700.062.1032];
 - b) 'The Flintstones – Cape Fortune' [CRW.700.062.1033];
 - c) 'Cats Hats & More Bats – Lock it Link' [CRW.700.062.1036];
 - d) 'Fireball Bingo' [CRW.700.062.1030];
 - e) '5 Dragons' [CRW.700.062.1035];
 - f) 'Ghostbusters' [CRW.700.062.1034];

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- g) *'Stacks of Magic – Quick Strike Triple'* [CRW.700.062.1031]; and
- h) *'All Aboard – Dynamite Dollars'* [CRW.700.062.1037].

321 In addition, I have also prepared the following videos:

- a) a recreation of my presentation delivered to the GWC in October 2018 regarding win sequences in the game *'Stacks of Magic – Quick Strike Triple'* [CRW.700.062.1039]; and
- b) the service window panel on some Crown Perth EGMs [CRW.700.062.1038].


JAMES ANDREW SULLIVAN

Dated: 9 4 August 2021