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PERTH CASINO ROYAL COMMISSION

PUBLIC HEARING - DAY 50

09.58 AM WEDNESDAY, 27 OCTOBER 2021

COMMISSIONER NJ OWEN

COMMISSIONER CF JENKINS

COMMISSIONER C MURPHY

HEARING ROOM 3

**MR MICHAEL FEUTRILL SC and MS APARNA JAYASEKERA as Counsel
Assisting the Perth Casino Royal Commission**

**MR KEAHN SARDINHA as Counsel for the Department of Local Government, Sport
and Cultural Industries**

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

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

**MR JOSEPH GARAS SC and MS HEATHER MILLAR as Counsel for Crown Resorts
Ltd; Burswood Limited; Burswood Nominees Limited; Burswood Resort
(Management) Limited; Crown Sydney Gaming Pty Ltd; Southbank Investments Pty
Ltd; Riverbank Investments Pty Ltd and Crown Melbourne Limited**

MR ANTHONY POWER as Counsel for Ms Maryna Fewster

MS JENNY THORNTON as Counsel for Ms Anne Ward and Mr Nigel Morrison

09:58AM

COMMISSIONER OWEN: Please be seated. Good morning, Ms Ward. Good morning.

5 MS THORNTON: Commissioner, I appear for Ms Ward.

COMMISSIONER OWEN: Thank you. Do you wish to take an oath or affirm, Ms Ward?

10 MS WARD: I will take an oath, Commissioner.

ANNE WARD, SWORN

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COMMISSIONER OWEN: Ms Thornton.

EXAMINATION-IN-CHIEF BY MS THORNTON

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MS THORNTON: Ms Ward, you prepared a witness statement dated 20 October 2021 in response to the summons you received from the Commission dated 8 October 2021; is that correct?

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MS WARD: That's correct.

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

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MS WARD: I do.

MS THORNTON: Is that a document bearing document ID number CRW.998.002.0927?

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MS WARD: Yes, it is.

MS THORNTON: Is that your signature on page 16 of the document?

MS WARD: Yes, it is.

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MS THORNTON: And are the contents of your statement true and correct?

MS WARD: Yes, they are.

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MS THORNTON: Commissioners, I tender that statement with its annexure.

COMMISSIONER OWEN: Thank you. The witness statement of Anne Ward, dated 20 October 2021, and bearing the identifier number CRW.998.002.0927, with its

annexure, will be admitted into evidence as an exhibit. Thank you.

5 **EXHIBIT #CRW.998.002.0927 - WITNESS STATEMENT OF ANNE WARD,
DATED 20 OCTOBER 2021**

MS THORNTON: Thank you, Commissioner.

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Ms Ward, in the past four weeks since your appointment was announced and while you were awaiting regulatory approval, have you had an opportunity to consider in any detail the Crown remediation (inaudible) plan?

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MS WARD: Yes, I have. As of today, it is exactly four weeks since my appointment to the Crown Resorts' board was announced. I am not yet a director. I will become a director of Crown Resorts once the necessary regulatory approvals have been received and in the interim, I have been attending Crown Resorts' board and committee meetings as an observer. I think I have attended some nine of those
20 in that capacity, as well as the annual general meeting of shareholders and a number of formal induction sessions for new directors. In considering whether I might join --
- accept an invitation to join the Crown board, I set out to satisfy myself that the directors and senior executives have Crown not only acknowledged the need for a significant remediation and transformation program, but that they had commitment to
25 see that program through and had the capability, in my view, to do it, and I did satisfy myself as to those matters including, as I mentioned in my witness statement, by meeting with the directors, with the CEO, Steve McCann, and with most of his executive leadership team.

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MS THORNTON: And over those four weeks, have you had an opportunity to consider at a very high level the remediation plan itself?

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MS WARD: Yes, I have. I have read the remediation plan and I have received reports as to progress against the plan. I think it's a little too early in my time at Crown to say with confidence that I'm across all of the elements of the plan, but I can say, in my view, it is very extensive and it goes to the very core of Crown's governance, of its organisational structure, its risk management frameworks, financial crime, audit and assurance, culture and gaming operations.

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Sorry, I was going to say I have also formed the view that significant progress has been made against the plan so far, most notably by the almost complete refresh of the board and the senior executive, and I would expect that the plan, or the program of work would be ongoing for some time and would evolve as the program progresses.

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MS THORNTON: Thank you, Ms Ward. You've had substantial experience as a board director. Have you had experience in implementing a remediation program before?

MS WARD: Yes, I have some experience overseeing remediation programs in my roles at Colonial First State Investments, and National Australia Bank as referred to in my witness statement.

5

MS THORNTON: And what do you see is the board's role in implementing the Crown remediation program?

MS WARD: I believe the board should take an active role in remediation, particularly in setting and monitoring the cultural transformation underway. I think boards need to set the tone from the top. The Crown board should demonstrate the values and behaviours to which Crown aspires, and it should assist in building a culture which is ethical, compliant, risk aware, open, transparent, and should try to create an environment where Crown's people can make good decisions and do the right thing.

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MS THORNTON: Thank you, Ms Ward.

Commissioners, that's the evidence of Ms Ward in chief.

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COMMISSIONER OWEN: Thank you very much, Ms Thornton. Mr Feutrill?

CROSS-EXAMINATION BY MR FEUTRILL

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MR FEUTRILL: Ms Ward, my name is Michael Feutrill. I am one of the Counsel Assisting. Can you hear me clearly?

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MS WARD: Yes, I can, Mr Feutrill.

MR FEUTRILL: You have a copy, I believe, of --- a written copy of your statement in front of you, do you?

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MS WARD: Yes, I do.

MR FEUTRILL: That should make things a little easier for us. Can I start with your curriculum vitae which is attached to your statement. You've indicated that you've served as a non-executive director on 20 or so boards.

40

MS WARD: Yes.

MR FEUTRILL: I presume that makes Crown Resorts, when you eventually get there, number 21, does it?

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MS WARD: Yes, it does.

MR FEUTRILL: And you're currently chair of the board of directors of MFN group;

10:05AM

is that correct?

MS WARD: MNF Group.

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MR FEUTRILL: Sorry, MNF, yes.

MS WARD: Yes, I am.

10 MR FEUTRILL: And that's an ASX listed company?

MS WARD: Yes, it is.

MR FEUTRILL: And you're chair of the directors of Redbubble Ltd?

15

MS WARD: Yes, I am.

MR FEUTRILL: Again an ASX listed company, isn't it?

20 MS WARD: Yes, it is.

MR FEUTRILL: Do I understand you are also a member of the governing body of RMIT University in Victoria?

25 MS WARD: Yes, I am.

MR FEUTRILL: And a director of Foundation For Imaging Research?

MS WARD: Yes.

30

MR FEUTRILL: And that's a not-for-profit organisation of some kind, is it?

MS WARD: Yes, it is.

35 MR FEUTRILL: Do you have any other roles or employment as matters stand?

MS WARD: No.

40 MR FEUTRILL: Having regard to those existing commitments, approximately how much of your regular week is left available for Crown Resorts Ltd work?

MS WARD: Well, over the past four weeks, as I said earlier, I have already attended nine or more Crown board and committee meetings, as well as multiple briefing sessions. That is at a time when I'm fulfilling my commitments --- the time
45 commitments required of me to my other roles. I would expect over time that the time commitment to Crown reduces somewhat from present, because I am still in induction and learning mode, so before accepting the invitation to join the board of Crown, I carefully considered my workload and I feel that it is manageable and I

10:07AM

have sufficient time to devote to each of those responsibilities and commitments.

5 MR FEUTRILL: Okay. I was just trying to get a sense of how you're going to fit it all in. It's obviously quite a heavy workload, particularly now?

MS WARD: It's --- yes, it is, but I've had heavier work loads in the past.

10 MR FEUTRILL: All right. I think you in your evidence-in-chief and in your statement itself, you mentioned that you had a number of meetings before you agreed to accept your appointment as a non-executive director of Crown Resorts?

MS WARD: That's right.

15 MR FEUTRILL: And I think you said you mentioned, or you've mentioned you met with Mr McCann and other senior executives?

MS WARD: Yes, that's right.

20 MR FEUTRILL: Who were the other senior executives with whom you met?

MS WARD: So I met with Steve Blackburn, with Tony Weston, with Betty Ivanoff, with Nick Weeks, with Alan McGregor. I may have ---

25 MR FEUTRILL: Sorry, I cut you off. Keep going.

MS WARD: I was just saying I may have missed one or two, but my recollection certainly those.

30 MR FEUTRILL: Were those in group sessions or were they one-on-one with each of those people?

MS WARD: They were one-on-one.

35 MR FEUTRILL: I think you mention in your statement that meeting --- were those all meetings that took place before you accepted the appointment or have they taken place since?

40 MS WARD: No, they took place before I accepted the appointment. As I said earlier, I wanted to satisfy myself as to the capability and the character of the senior executive team, as well as the board.

45 MR FEUTRILL: I think you have said in your statement, it was part of your own due diligence in terms of ---

MS WARD: That's right.

MR FEUTRILL: Did you get an appreciation of --- or reach an understanding of

what you considered to be the necessary turnaround in culture during the course of those?

5 MS WARD: I did. I certainly asked each of them --- most of them had recently, you know, within the last 12 months, joined Crown and I asked them, you know, their perceptions of the culture both before and after they joined.

MR FEUTRILL: Sorry, I cut you off again.

10

MS WARD: I think there's a slight delay. I'll pause before answering, Mr Feutrill. During those meetings, I built up a picture, a composite picture, through their --- my discussions with them and, of course, since joining, or since agreeing to join the board, I have supplemented that view and will continue to do so for some time, I
15 imagine.

MR FEUTRILL: All right. What was your key takeaway from those meetings about what is required for a turnaround?

20 MS WARD: I guess my key take away was that there was quite a lot of work to do in ensuring that the Crown group had consistent and mature processes and systems so that it could properly manage the risks of the business of Crown.

MR FEUTRILL: What was it about the discussions you had that, I think you have
25 said in your statement, satisfied you that you had confidence in that executive team to lead the organisation to a meaningful turnaround?

MS WARD: It's a difficult question to answer, because it's my subjective opinion, having spoken to them, quizzed them on why they joined Crown and what they saw
30 as the challenges for Crown. I think I asked all of them what surprised them since they joined --- from before they joined to when they got here, and I formed a view, having asked them a number of questions, that they had the capability and depth of understanding and experience to lead the change that's required.

35 MR FEUTRILL: I think of all the people you mentioned, Mr McGregor perhaps is the only one who is a person who straddled both periods; is that right?

MS WARD: I don't know what you mean by "both periods".

40 MR FEUTRILL: As in, we'll call it, the pre-Bergin era and the post-Bergin era.

MS WARD: Yes. I think so, yes.

MR FEUTRILL: Did you form a view about the capability of Mr McGregor to carry
45 the financial side of the business through into the future?

MS WARD: I did.

MR FEUTRILL: Do you share the confidence ---

5 MS WARD: Yes, I feel Mr McGregor is a very impressive executive. He's across the detail of the financial arrangements of Crown and has a lot of knowledge of the past, as well as an understanding and appreciation of the change that we have been discussing that's required to remediate Crown and take it forward.

10 MR FEUTRILL: All right. You have mentioned also in your statement that as part of the induction you've undertaken, you've been involved in some online modules or training. I'm interested in only two of those for the purposes of today, one is the AML/CTF risk awareness training online?

15 MS WARD: Yes.

MR FEUTRILL: And what was the nature of that online training? Was it the same that all staff of Crown undertake or was it catered specifically to you as a director?

20 MS WARD: No. All of those modules are modules that are mandatory --- as I understand it, mandatory training for all commencing employees, and I think most of them --- there are refreshers annually or bi-annually, so they repeat those. So, no, they are for all Crown employees; they are not specifically focused on directors.

25 MR FEUTRILL: I see. And in terms of the AML/CTF online module, was that something you found useful to gain appreciation of the risks to the casino in that area?

30 MS WARD: Yes, I did, although I completed that training module only within the last week, I would say, and prior to completing that module, I had already had a one-on-one session with Mr Blackburn, which is part of the formal induction program for new directors and I had other briefing sessions on the AML program, et cetera. So I probably didn't learn myself a lot that was new in completing the online module, but it gave me an appreciation for the training that was being provided to employees.

35 MR FEUTRILL: I see. In terms of the --- I think you mentioned one-on-one. You had a more in-depth one-on-one session with Mr Blackburn, did you, about the financial crime program?

40 MS WARD: Yes, well, about AML and CTF programs, yes.

MR FEUTRILL: All right. Now, you've also mentioned there RSG, responsible service of gaming.

45 MS WARD: Yes.

MR FEUTRILL: RSG for short. What was the nature of that online training?

MS WARD: So that online training, like the other modules, was designed for commencing employees, so Crown staff, and I actually found that very instructive because it included real life scenarios and decisions that would need to be made by staff on a regular basis around observing signs or behaviours of patrons that might indicate they are at risk of gaming harm. So having not worked in a casino myself, I found it helpful.

MR FEUTRILL: As with AML and CTF, did you have any one-on-one sessions with any of the executives from Crown Resorts on the RSG component?

MS WARD: I have attended a briefing session on RSG which was conducted by lawyers for Crown, taking me through the framework and obligations.

MR FEUTRILL: I see. That was not undertaken by Mr Blackburn, then?

MS WARD: No, that was undertaken by others.

MR FEUTRILL: Okay. Turning to matters more local, for us over here that is, in Perth, have you had any briefing sessions relating specifically to the Crown Perth casino?

MS WARD: Yes, I have had a training session specifically focused on the corporate structure and governance arrangements in Perth, which are, I guess, specific session on those and I have had a meeting with the CEO of Perth, Lonnie Bossi.

MR FEUTRILL: The briefing session on the structure, no doubt, was that a legal briefing presumably, given the complexity of it?

MS WARD: Yes, it was delivered by external lawyers for Crown.

MR FEUTRILL: Were there any briefing sessions --- and I'm now talking specifically about Crown Perth here --- that related to AML/CTF risks of the Perth Casino environment?

MS WARD: Not specifically. You know, I certainly in my meeting with Mr Bossi, we talked about some of those issues as they related to Perth, but I don't recall a specific session on AML/CTF or RSG for Perth alone.

MR FEUTRILL: All right. You've pre-empted my question. I was going to ask about RSG. You're saying you had a general session that came up, but not specifically to do ---

MS WARD: A general session with some elements referring to Perth, and some elements referring to other locations.

MR FEUTRILL: I know you haven't been this particularly long, Ms Ward, but you've mentioned in your statement that you are committed to completing the

required organisational and industry-specific training.

MS WARD: Yes.

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MR FEUTRILL: I just have a question for you. This is in paragraph 28 of your statement. If you could just perhaps explain a little more fulsomely what you mean by organisational training?

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MS WARD: Well, learning as much as I can about the Crown group, the organisation, the different operations, and overlaying on that, I guess, the remediation change program that's underway.

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MR FEUTRILL: And likewise, can you just expand on what you mean by "specific required training"?

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MS WARD: Whatever specific required --- whatever specific training is required of me, either by Crown or by any of the regulators in the places Crown operates, I'm committed to doing what's necessary to be up to date.

MR FEUTRILL: I see. I'm just trying to get a sense, Ms Ward, as whether you have any specific training that, if you like, is on the program to undertake or are you simply expressing a willingness to undertake whatever training is necessary?

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MS WARD: I'm expressing a willingness knowing that there is some mandated training such as the online modules, the compliance training that is mandated for all Crown staff. So I'm not aware of any other specific industry required training, but if there is, I will do it.

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MR FEUTRILL: I want to ask you some general questions around the topic of governance, if I may. You have dealt with this to some extent, or to some degree in your statement. One of the things you've said is that you have a strong conviction that the tone and culture of any organisation should be set from the top. I think you may have repeated that in your evidence-in-chief this morning.

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MS WARD: Yes.

MR FEUTRILL: How, in your view, do you demonstrate, as a director, to the wider organisation that leadership and integrity and ethical decision-making you've referred to in paragraph 30 of your statement? How do you see that taking place?

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MS WARD: In a range of ways. I think firstly the directors need to be visible within the organisation, so that means being visible physically at the premises; it means being available appropriately to attend events, meeting. I referred there in that paragraph to Town Halls which may be curious for those not familiar with the term but it means where there may be, for instance, an all staff meeting with a panel of directors on a stage answering questions, taking questions from the floor. I have done that in a number of companies, particularly companies that are undergoing

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transformation and cultural change. I think that's quite helpful to humanise the board and for the board --- the directors to be able to demonstrate an engagement and understanding of the issues facing people in the organisation and give an insight into
5 how directors think about ethical decision-making around specific real-life questions that are asked. So there's a range of things --- formal and informal meetings with staff, and visibility within the organisation.

10 MR FEUTRILL: Do you envisage those kinds of activities taking place in the Crown Perth environment?

MS WARD: Absolutely. Absolutely.

15 MR FEUTRILL: Obviously things are a little difficult in the present state of affairs, but in the future?

MS WARD: Yes, absolutely.

20 MR FEUTRILL: I think you mentioned earlier you read the remediation plan. I'm not going to test you on it, Ms Ward, you'll be happy to know, but ---

MS WARD: Thank you.

25 MR FEUTRILL: --- there are some aspects of it that are of particular interest to this Commission, one of which is, you may have picked up, a reference to an implementation of a centralised governance structure?

MS WARD: Yes.

30 MR FEUTRILL: In the most recent version of the plan, there's a reference to being under reassessment --- this particular project being under reassessment. Do you have an appreciation or an understanding of what the centralisation process involves as matters stand?

35 MS WARD: No, I am not familiar with what is happening at Crown, what is being centralised or not centralised or what is being reassessed. I'm not aware. I have a general appreciation, or an understanding of what the term "centralised governance" might mean, but I'm not across the detail.

40 MR FEUTRILL: Okay. So in terms of the meetings that you have attended thus far as an observer, has there been any consideration given to whether a centralised governance structure is consistent with the obligations of Burswood Nominees, which is the licensee in Western Australia, under the regulatory framework here?

45 MS WARD: Yes, there has been consideration of what I would say are the --- well, the responsibilities of Burswood Limited, and the relationship between Burswood Limited and its ultimate parent Crown Resorts Ltd, including discussion around a draft charter for Burswood Limited.

MR FEUTRILL: All right. I want to come to that. I take it you've seen a draft charter, have you, for Burswood Limited.

5 MS WARD: Yes, I have.

MR FEUTRILL: Have you also seen in that context a draft amended constitution for Burswood Limited as well?

10 MS WARD: Yes.

MR FEUTRILL: I want to come back to those, because that may --- is that in answer, in part, to the question I asked about whether the centralised governance structure is under reassessment? Is this part of a reassessment of that or is it simply
15 giving effect to the centralised model?

MS WARD: Well, as I understand it, those changes to documents were more --- to be more explicit about the governance structure, if I can put it that way.

20 MR FEUTRILL: Okay.

MS WARD: And to --- in the example of the constitution, to correct what really is a document that's not fit for purpose for the reality today?

25 MS WARD: Can I take you to your statement, and this is pinpoint 0935, and it sets out the somewhat complicated structure in Western Australia for the Burswood casino?

MS WARD: Yes.
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MR FEUTRILL: I take it that you are aware that the licence --- the actual licensee, the holder of the licence in Western Australia, is a company called Burswood Nominees?

35 MS WARD: Yes.

MR FEUTRILL: And it holds that licence and other assets as trustee of a property trust?

40 MS WARD: Yes.

MR FEUTRILL: The role of Burswood Limited is it's the sole shareholder of Burswood Nominees and the only holder of any units in that unit trust?

45 MS WARD: Yes.

MR FEUTRILL: It holds the economic interest, if you like?

MS WARD: Beneficiary, yes.

5 MR FEUTRILL: Yes. Do you understand also that Burswood Nominees does not have any employees of its own?

MS WARD: Yes, I think the employees are in the other company, management.

10 MR FEUTRILL: That's right. And do you also understand that Burswood Nominees --- the directors of Burswood Nominees are, in fact, employees of the Crown group?

MS WARD: I'm not one hundred per cent sure on the directorships.

15 MR FEUTRILL: Okay. Do you understand --- again, I'm not trying to test you on your knowledge of the structure, Ms Ward --- do you understand if the licensee, Burswood Nominees, has any independent directors on its board?

MS WARD: I don't think it does. No, I don't think it does.

20 MR FEUTRILL: All right. Do you have an appreciation or an understanding that Burswood Nominees is, in fact, the company that has --- that owes the obligations under the regulatory structure in Western Australia?

25 MS WARD: Yes, it holds the casino licence. I think it is a party to the State agreement.

MR FEUTRILL: Yes. It is a party and as is Burswood Limited.

30 MS WARD: Burswood Limited, thank you.

MR FEUTRILL: I think you mentioned a little earlier ---

COMMISSIONER OWEN: In the State agreement, it's an approved company.

35 MR FEUTRILL: I stand corrected.

COMMISSIONER OWEN: I have been picked up on that, in this room.

40 MR FEUTRILL: I may have misled you, Ms Ward. Apparently, Burswood Nominees is not a party to the State agreement.

45 Having given you an overview of the entanglement, I want to take you back to a comment you made earlier. You said something about there had been reconsideration of Burswood Limited in the context of whether --- I think the words you used were something about fit for purpose, whether the existing ---

MS WARD: The constitution.

MR FEUTRILL: Correct.

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MS WARD: Yes.

MR FEUTRILL: In that framework has any consideration, to your knowledge, been given to the question of whether the existing or any proposed structure for Western Australia is appropriate or fit for purpose, having regard to the fact that Burswood Nominees is the licensee, that is to say the company with the obligations to the State?

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MS WARD: So, as I understand it, the structure dates back decades, to firstly a time when the trust was a public trust, so the unit holders of the trust were the public, and that was a fairly common, I think, 1980s/90s kind of structure. That then morphed into a corporatised structure where Burswood Limited came in and it was a public company. Its shareholders were the public but it became the one hundred per cent owner of the units in the trust. Later, Burswood Limited was taken over, so it became a wholly-owned subsidiary eventually of Crown.

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So I see the arrangements --- the constitution of Burswood Limited, when I looked at that, was what I would call a typical listed company constitution, which refers to chairs and ASX listing rules, et cetera, which clearly no longer apply to Burswood Limited as it is not a listed company. When I look at the trust and nominees structure, that dates back to a time when the public ownership was at the trust level. So I see that structure as somewhat historic. It could have been rationalised at the time when those changes were made. I don't know why it wasn't, but I don't --- I'm not sure that that trust structure is appropriate. I know that any changes to that structure would require the --- would require consultation and agreement with the Western Australian government. I think, you know, I viewed the structure as historic.

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MR FEUTRILL: I understand. I'm really focusing not so much on the legacy structure, but who within that structure has the responsibility as licensee under the Western Australian regulatory framework?

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MS WARD: Well, that would be Nominees as the licence holder, but Nominees would have fiduciary obligations as trustee for the trust to Burswood Limited.

MR FEUTRILL: Yes, I'm focusing here on the responsibility and obligations to the --

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MS WARD: To the government.

MR FEUTRILL: --- to the government. So my question is really whether any consideration has been given to the adequacy or fitness for purpose of the current governance structure, having regard to that observation that Burswood Nominees is, in fact, the company within that structure with the responsibility to the government of

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10:35AM

Western Australia?

MS WARD: Sorry, I'm not sure I'm following your question. Could you repeat?

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MR FEUTRILL: The question is whether there's been any consideration given to the appropriateness of the current structure, the way Crown Resorts has organised itself in terms of the composition of boards, charters and so forth, having regard to the fact that Burswood Nominees is the party that owes the duties to the Western Australian government?

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MS WARD: I don't know.

MR FEUTRILL: Can I ask you --- you mentioned this earlier and maybe mentioned this again, which is the proposal to introduce a charter for Burswood Limited, you may not have it in front of you, it's CRW.701.009.5375. You may not recognise it now; it has so much black on it, Ms Ward, but you may have seen this document in one of the meetings you attended?

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20 MS WARD: I may have, yes.

MR FEUTRILL: Perhaps if we scroll through the redactions to the document entitled "Burswood Limited Board Charter", it's attachment 1.

25 MS WARD: Yes, I see that.

MR FEUTRILL: I think you may have seen this before?

MS WARD: Yes, I'm not sure of the version, but I have seen recently a draft of the Burswood Limited board charter and that looks like it.

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MR FEUTRILL: I just want to draw your attention to clause 4.1, which is pinpoint 5381. If the proposal has changed at any point, please let me know. Can I just draw your attention to 4.1. As I read it and understand it, the proposal for the charter is that there must be at least one independent director, non-executive director, of Crown?

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MS WARD: That's the wrong clause blown up there, I think. Sorry, I think (e) says at least one of the directors must be an independent, non-executive director.

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MR FEUTRILL: There must be at least three?

MS WARD: Yes.

45 MR FEUTRILL: One must be from, I think, the Crown Resorts Ltd board, non-executive director?

MS WARD: Yes.

MR FEUTRILL: And (f) indicates that one director --- on the following page --- must be the CEO or managing director of Crown Resorts?

5 MS WARD: Yes.

MR FEUTRILL: There doesn't appear to be any requirement here for there to be any other number of independent directors on the Burswood Limited board; is that your understanding?

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MS WARD: That's my understanding.

MR FEUTRILL: Can I take you to attachment 2, because you mentioned the constitution which starts on pinpoint 5389. Again, this may not be the current version, but it's a version. As you have foreshadowed, most of the red lining in blue is tidying up the constitution to remove the provisions that would be required if Burswood Limited was a listed company, but there is one I want to draw your attention to on pinpoint 5415, which is the insertion of the clause 15.13. I think you said in your statement --- I'm trying not to ask you a question for a legal opinion --- 15.13 is the provision that has been inserted, or is proposed to be inserted. It deals with one of the provisions in the Corporations Act that deals with subsidiary companies.

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MS WARD: Yes.

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MR FEUTRILL: And it would allow the board of Burswood Limited to act in the best interests of Crown Resorts, and that ---

MS WARD: Yes.

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MR FEUTRILL: --- and in the best interests of Burswood Limited itself?

MS WARD: Yes, that's what it says.

MR FEUTRILL: Do you understand that to be a current proposal for the amendment to the constitution of Burswood Limited, to ---

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MS WARD: That's what you are showing me.

MR FEUTRILL: I understand I'm showing you, but did you have an appreciation of that as part of your observations in the meetings you've been attending?

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MS WARD: That element hasn't been discussed specifically in any of the meetings that I've been in, but that is a fairly standard arrangement under the Corporations Act, that a subsidiary company is authorised to act in the best interests of the holding company, in my understanding.

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MR FEUTRILL: Yes. But, again, just going back to the question I was asking you earlier about the appropriateness of the structure, given that Burswood Nominees is a licensee, the licensee in Western Australia, do you have any sense or view about
5 what might be regarded as the best interests of a company as a whole in that context?

MS WARD: Which company as a whole?

10 MR FEUTRILL: Burswood Nominees.

MS WARD: So I don't see any inconsistency in Burswood Limited acting in accordance with the obligations that it has within its operations, and acting in the best interests of its holding company. Is that what you are putting to me?

15 MR FEUTRILL: In part, yes, but really the question is whether you see --- and let's leave the names of the companies to one side because the structure can get in the way --- a corporation, that is the holder of a casino licence, do you see the question of what one regards as the interests of the company as a whole, what would your view be about the scope of that interest?

20 MS WARD: Well, in this context --- I'm sorry, I will put it in my words --- in this context, the obligations of the holder of the casino licence would be to do everything necessary to maintain that licence and comply with the conditions of that licence, and that would be entirely consistent with the interests of the holding company.

25 MR FEUTRILL: Yes. Perhaps I'm putting it in too abstract terms, Ms Ward. Typically, one would see the interests of the shareholders as part of the interest of the company as a whole, the members?

30 MS WARD: Yes.

MR FEUTRILL: Potentially, creditors?

35 MS WARD: Yes, to an extent.

MR FEUTRILL: Do you see there to be any aspect of company --- the concept of the company as a whole to include what one might call being a good corporate citizen or social responsibilities?

40 MS WARD: Yes, and that exists irrespective of whether the company is a licence holder.

MR FEUTRILL: All right. Do you see there to be any specific aspect of being a
45 casino licence holder that brings that concept into sharper focus?

MS WARD: Yes, I think that's a good term, "sharper focus", because there are community interests in the conduct of casinos that don't exist in relation to the operation of other businesses. So, yes, I would agree with you.

10:44AM

MR FEUTRILL: All right. Would you accept, though, in terms of the company that holds that responsibility for Western Australia is Burswood Nominees?

5 MS WARD: Well, Burswood Nominees and --- yes, I could --- I really couldn't comment on the division between Burswood Limited nominees and management.

MR FEUTRILL: All right. Perhaps I will put it to you slightly differently. Do you see there to be any distinction between Crown Resorts' obligations, broadly, to its
10 best interests and those of Burswood Nominees?

MS WARD: Well, Crown Resorts has other operating subsidiaries and other assets that don't impinge on the operations or the responsibilities of Burswood Limited and the Perth group. So Crown Resorts' responsibilities go broader, but what I think of
15 as the Perth group obligations and responsibilities are a subset of Crown Resorts.

MR FEUTRILL: Now, can I just take you back to your statement, then --- we may need to return to this topic, as abstract as it might be, in a moment --- in paragraph 44 of your statement, you have indicated who you understand to be the members or
20 directors of Burswood Limited?

MS WARD: That is my understanding of the current plan.

MR FEUTRILL: The current plan. I see. So I notice that Ms Bossi's name is not
25 mentioned there. Is that because Mr Bossi is not a feature of the current plan?

MS WARD: Yes.

MR FEUTRILL: And when --- your statement is dated 20 October. When did you
30 become aware of that component of the current plan?

MS WARD: Well, the current plan, as I have expressed it there in paragraph 44, was discussed at a Crown Resorts board meeting --- I can't recall the date, but perhaps
35 17 October. It was a Sunday.

MR FEUTRILL: I would like to put some things to you in terms of the particular Western Australian context for the structure, and I just want to see what your views are at the conclusion of this. I will just put some things to you first. In the present structure, in effect, Burswood Limited is accountable to Crown Resorts; would you
40 agree with that proposition?

MS WARD: Yes.

MR FEUTRILL: It doesn't in any sense operate independently of Crown Resorts?
45

MS WARD: I'm not sure that that's correct.

10:48AM

MR FEUTRILL: All right.

MS WARD: I don't know what you mean by "independently".

5

MR FEUTRILL: Well, Mr McCann is the CEO of Crown Resorts, and he's a director of Burswood Limited?

MS WARD: I think so. I'm not one hundred per cent sure who the current directors are. This paragraph is referring to what I understand to be the plan, which I don't think is yet implemented.

10

MR FEUTRILL: All right. Let's assume that the plan's limited. Mr Carter will be the chair, he's a director of Crown Resorts?

15

MS WARD: Crown Resorts, yes.

MR FEUTRILL: Mr McCann's the CEO of Crown Resorts?

20

MS WARD: Yes.

MR FEUTRILL: And Ms Fewster is an independent Perth-based director?

MS WARD: Yes.

25

MR FEUTRILL: In that context the lone, if you like, independent Western Australian voice on the board is Ms Fewster?

MS WARD: Yes.

30

MR FEUTRILL: I went over this with you earlier, but one of the considerations I want to put to you is that Burswood Nominees is the holder of the casino license --- we have been over that ground --- it has the statutory obligations for Western Australia?

35

MS WARD: Yes.

MR FEUTRILL: Second, it is the party to the State agreement in Western Australia?

40

MS WARD: Yes.

MR FEUTRILL: Now, Crown Resorts is not a party to that agreement, and the third consideration I want to put to you, which is mentioned and is dealt with partly in your statement, is the requirement in the constitution of Burswood Limited to have its head office in Western Australia?

45

MS WARD: Yes.

10:50AM

MR FEUTRILL: You will recall that's defined in a way that the head office means the place of business of a company where the central management and control are exercised?

5

MS WARD: Yes.

MR FEUTRILL: Now, just to pause on that part for a moment, there are three elements to that: one is it's central; the second is there is management; and the third is control. Now, having regard to those three considerations --- licensee, party to the State agreement and in the case of the intermediate parent company, Burswood Limited, are required to have its head office in Western Australia. Do you think in that context there's a case for constituting the board of Burswood Limited, or Burswood Nominees, to comprise of an independent board, a completely independent board, from Crown Resorts?

10
15

MS WARD: No.

MR FEUTRILL: Why do you say that?

20

MS WARD: I don't understand why it is thought that an independent board is required.

MR FEUTRILL: In the context of those three elements I have taken you to, you consider independence is not a factor?

25

MS WARD: Not necessarily.

MR FEUTRILL: All right. Now, have you had an opportunity to --- I know it's early days --- consider the recommendations that have come out of the Victorian Royal Commission?

30

MS WARD: Only in a very superficial manner.

MR FEUTRILL: Yes. I don't expect you to have had time to consider them in great detail. As I understand it, one of the recommendations that has come out of the Victorian Royal Commission is a recommendation for an independent board for Crown Melbourne?

35

MS WARD: When you say "independent board", you mean majority directors of that board independent of Crown Resorts?

40

MR FEUTRILL: Yes. Now, do you have any view about whether there are implications arising from the recommendations in the Victorian Royal Commission for the appropriate structure in Western Australia? I know it's early.

45

MS WARD: No, I haven't. I have not turned my mind to that. I'm barely across the recommendations themselves, let alone understanding the implications for Crown

Melbourne.

5 MR FEUTRILL: Okay. Can I come back just to the Burswood Limited constitution, if I may. You have dealt with this in your statement --- I just realised you have said that your --- you haven't been there long enough to really form a view on the extent to which that is been compliance with that part of constitution, so I will withdraw what I was about to ask you.

10 Just leaving to one side the question of whether there is currently compliance with article 3.12, do you have a view at all about the extent to which governance and responsibility for governance should be more properly reposed in the licensee --- that is to say, in Burswood Nominees?

15 MS WARD: I don't really have a view other than what I said earlier, that I think the legal structure, the separation of Nominees and Burswood Limited, is an artefact of history. It's a legacy issue. I kind of think, as I said, about Crown Perth being the group, so I have not thought deeply about the different obligations between those companies.

20 MR FEUTRILL: All right. Can I ask you now just questions about the interaction between Crown Melbourne and Crown Perth? You might recall we asked some questions --- some questions were asked of you relating to some provisions in the management agreement that is the State agreement in Victoria. Could I draw your
25 attention to paragraph 48 of your statement where you have indicated that you suspect the arrangements were put in place to ensure that Crown Melbourne remained the pre-eminent gaming facility in Australia. Do you understand in effect the object or purposes of the provisions of the management agreement in Victoria is to essentially entrench that position within the Crown group?

30 MS WARD: I think that's the intention of the clause.

MR FEUTRILL: Leaving aside whether or not it might be a practical possibility, it has the effect of preventing, doesn't it, any other casino facility that Crown may
35 operate from becoming the pre-eminent gaming facility in Australia?

MS WARD: It wouldn't prevent that, but if that was to occur or to be seen to occur by the Victorian government, I suspect there would be a claim that the clause had
40 been breached.

MR FEUTRILL: There may well be advantages to Crown Perth in the short or medium term, but it really guarantees that Crown Perth could never challenge Crown Melbourne for pre-eminence, doesn't it?

45 MS WARD: I think it's unlikely, whilst they were part of the same group, and whilst these provisions remain in place.

MR FEUTRILL: Other than the flagship element of the provision, there is another

aspect I want to ask you about which is it requires, in effect, or do you understand it requires, in effect, the conduct of the Crown Perth business is to be undertaken in a way that promotes tourism, employment and economic development generally in the state of Victoria?

MS WARD: Sorry, could you repeat that?

MR FEUTRILL: Do you understand the clause --- I'm referring here to the clause 21.1(r) --- to require that, in effect, Crown Perth's business is conducted in a manner that promotes tourism, employment and economic development generally in the State of Victoria?

MS WARD: No. Crown Perth?

MR FEUTRILL: The holding company group pursues anywhere in Australia a business similar to that of a company will use its best endeavours to ensure that such business is conducted in a manner which is beneficial to the business and which promotes tourism, et cetera, in Victoria?

MS WARD: Yes, sorry, I see --- I was looking at the wrong clause. Yes, I see that.

MR FEUTRILL: This is really a question of your understanding. Do you understand from that that business cannot be conducted in a manner that promotes tourism, employment and economic development in Western Australia alone?

MS WARD: Well, this clause says which is beneficial both to that business and to the company, which I take to be Crown Melbourne, and which promotes employment, economic development generally in the state of Victoria. So I would take that to be both.

MR FEUTRILL: It might be ---

MS WARD: Yes. It says both.

MR FEUTRILL: In paragraph 49, you have indicated that there is a significant benefit to Crown Perth in having a financially strong head company that promotes robust governance and consistent risk management across all venues.

MS WARD: Yes.

MR FEUTRILL: That doesn't necessarily require the head company be located in Melbourne, though, does it?

MS WARD: That the head company --- no, it doesn't.

MR FEUTRILL: Those benefits can flow wherever the head company is located?

MS WARD: Yes.

5 MR FEUTRILL: So do you consider these provisions to provide --- would you consider these provisions to provide any impediment to Crown Perth competing on a level playing field with Crown Melbourne for patronage?

MS WARD: I don't see how they prevent that.

10 MR FEUTRILL: Can I ask you now some questions about the --- if we turn to the remediation plan itself, and some aspects of that. In July, counsel for Crown indicated in opening to this Commission that Crown is responding to what were referred to as deficiencies, and those are matters that were aired in the Bergin Inquiry and subsequent other inquiries, and made reference to the remediation plan, to which
15 you have also referred earlier today. Have you a view about what aspects of what might be termed "the deficiencies" that are addressed in the plan are the most serious or acute?

MS WARD: Well, as I said in my earlier statements, the remediation plan is very
20 extensive and it goes to every level --- almost every level of Crown's operations, so leadership has almost completely changed at board and senior executive level, so I will leave those elements to one side. I think there have been clear deficiencies outlined in the financial crime programs, particularly AML and CTF programs. That's urgent to remediate and is well on the way --- well, progress has been made.

25 I think responsible service of gaming was another element that was requiring attention. I would say the most important change that's required is in the area of culture, and I think that addressing leadership and addressing the risk management framework deficiencies will contribute to driving the cultural change required.

30 MR FEUTRILL: So do I take it from your answer there that you would regard the, if you like, more serious or acute items, leadership, which has been addressed, AML and CTF, which has in training been addressed?

35 MS WARD: And culture.

MR FEUTRILL: And culture, and perhaps the first and the last are not necessarily mutually exclusive, but ---

40 MS WARD: They are all interlinked.

COMMISSIONER OWEN: Mr Feutrill, I think the witness also did mention responsible service of gaming?

45 MS WARD: Responsible service of gaming, yes.

MR FEUTRILL: Okay. Now, in amongst --- if I can stay with the leadership topic for a moment, in amongst the remediation plan items, there's an item for senior

management renewal. Do you understand that process to effectively now be complete, or is there any additional changes in view of which you are aware?

5 MS WARD: I'm aware that the process of board renewal will continue, and I think
Dr Switkowski has given evidence about the plans there to increase the size of the
board of Crown Resorts. I think in discussions with Mr McCann, he has some other
changes potentially under consideration in the executive team. Whether that is the
10 structure or the individuals in roles, I couldn't say, but I think he anticipates that the
executive team will be, I think, stabilised or --- yes, stabilised within a number of
months.

MR FEUTRILL: Do you understand whether any of the possible changes to
15 structure or personnel will affect Crown Perth?

MS WARD: I don't know.

MR FEUTRILL: In the context of remediation, obviously risk management forms a
20 part of that process?

MS WARD: Yes.

MR FEUTRILL: And you have indicated you have experience in risk management
25 in your statement. Can I ask you just having regard to the experience you've had in
risk management whether you have a view about the adequacy or likely effectiveness
of the remediation plan in addressing risk management?

MS WARD: I really couldn't say because I have read the plan, but I don't have a full
30 understanding of the current status of the risk management function and the risk
management frameworks at Crown. It's too early for me to say.

MR FEUTRILL: Have you familiarised yourself with the risk management strategy
and framework documents?

35 MS WARD: I've read it --- I have read the documents, yes, some of them.

MR FEUTRILL: Perhaps if I could ask that we call up CRW.512.041.0055. I take it
you've seen this document previously?

40 MS WARD: Yes, I have.

MR FEUTRILL: Could we scroll to pinpoint 0067, please. I just want to draw your
attention to the heading "Risk Appetite". Have you considered this risk appetite
45 statement as part of your induction to Crown Resorts?

MS WARD: I have read this document superficially. I couldn't --- I hope you're not
going to test me on its contents. I haven't had any --- I haven't had any specific
induction training on risk appetite.

MR FEUTRILL: My question really was going to be having regard to your experiences there, whether you had a view about the nature of this risk appetite statement and whether it, in your view, captured adequately what you consider the risk appetite for Crown Resorts should be?

MS WARD: No, I haven't considered that.

MR FEUTRILL: I think you mentioned --- quite obviously money laundering and terrorism financing risk has been an important focus of the Crown Resorts remediation plan?

MS WARD: Yes.

MR FEUTRILL: Do you understand there to have been any aspect of that that focuses not so much on the specific risks of money laundering and terrorism financing, but criminal infiltration, the risk of criminal infiltration to casinos more broadly?

MS WARD: I think that is encapsulated there in the bullet point that's being shown now, that Crown does not have appetite to accept material risk related to any association with or influence from criminal elements. I have not been --- I can't recall being involved in discussions of that element in the past four weeks at any of the meetings I have attended, or observed.

MR FEUTRILL: I'm not actually referring to the document that's on the screen. I'm asking you a more general question about your understanding of the remediation plan and whether it, to your knowledge, is directed not only to addressing risks associated with money laundering and terrorism financing, but also risk of criminal infiltration of casinos more broadly?

MS WARD: Well, I know that the remediation plan addresses elements --- matters such as no longer dealing with Junkets and the like, because of the risk of influence or involvement from criminal elements. So there are parts of it that do address that.

MR FEUTRILL: Do you understand there to be an enterprise-wide risk assessment being undertaken to deal with money laundering and terrorism financing risks?

MS WARD: Yes, I do.

MR FEUTRILL: And do you understand it to be proposed to be completed and provided to the Crown Resorts board later this year?

MS WARD: That's my understanding.

MR FEUTRILL: All right. Do you have a view about the necessity and importance of that project from the perspective of the remediation plan?

MS WARD: I think it's very important to have an enterprise-wide assessment of risk.

5 MR FEUTRILL: Have you had an opportunity to form a view about the likely timeframe within which that risk process will be completed?

10 MS WARD: Well, my understanding is that the enterprise-wide risk assessment in relation to money laundering and financial crime will be presented to the board in the next month or two, but I haven't seen that, so I don't know what the next steps will be, whether that will be complete, whether it will be ready to be implemented. So I couldn't say.

15 MR FEUTRILL: It may mean you are not able to answer this question either, Ms Ward, but do you have any sense of the likely timeframe during which the controls or means of managing risk are likely to be implemented and fully operational within Crown Resorts?

20 MS WARD: Well, a number of controls in relation to financial crime, as I understand it, have already been implemented. Some of those controls I understand to be manual and requiring enhancement to become automated. I couldn't give you the detail of what's involved there, so there are some controls in place and there is a continuous improvement process of enhancing and automating those controls.

25 MR FEUTRILL: Do you have a view at all about the extent to which Mr Blackburn's continued employment and involvement in this process is critical to Crown Resorts delivering the outcomes of that project?

30 MS WARD: I think from what I have seen, his involvement has been absolutely crucial in the work that's been done to date. Whether his continued employment is essential in implementing the program that's been put in place, I would hope he remains employed.

35 MR FEUTRILL: The point of my question really is whether without him, do you think it can be done?

MS WARD: I think it can be done without him, but I hope we don't have to do it without him. If he was not there, then no doubt Crown would seek to employ another executive of his capability and experience.

40

MR FEUTRILL: I wonder if that might be a convenient time?

COMMISSIONER OWEN: Yes. Ms Ward, we take a break at this time in the morning. We will come back at 2.35 pm your time? Yes. We'll come back at 11.35.

45

MS WARD: Thank you.

11:16AM

ADJOURNED [11.16AM]

5 **RESUMED** [11.35AM]

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

10 MR FEUTRILL: May it please the Commission.

Ms Ward, if you have your statement in front of you, could I ask you to navigate your way to pinpoint 0940, and there's a heading there ---

15 MS WARD: Sorry, which?

MR FEUTRILL: It's the top right-hand corner, last four digits 0940, paragraphs 50 and 51, question 26.

20 MS WARD: Yes, I have that.

MR FEUTRILL: Can I just direct your attention to the paragraphs you have given under question 26 in answer to the question. From paragraphs 50 and 51, it's evident that you considered that the Crown group has obligations and duties to minimise gambling-related harm resulting from operations at the Perth Casino; correct?

25 MS WARD: Yes.

MR FEUTRILL: And you are not at this stage prepared to express a view on the limits of those obligations and duties because you don't consider you yet have a sufficient knowledge of the issue and the systems and processes that the Crown Perth has; is that a fair assessment of what you're saying?

30 MS WARD: Not only that I'm not in --- that I'm not prepared to express a view, I don't have a view at this point. I haven't formed my view.

MR FEUTRILL: Okay. I assume, however, you must have a view about what you would regard as the minimum obligations and duties to be in that regard?

40 MS WARD: Not really.

MR FEUTRILL: All right.

MS WARD: I know --- I guess what is being done at present, I would regard as the minimum, as I accept the suggestions that more needs to be done.

45 MR FEUTRILL: So acceptance of the suggestion that more needs to be done, do you understand that to be an indication that there's an acceptance that whatever is being

done is not in some way fully adequate?

5 MS WARD: Well, I couldn't express a view because I'm not completely across what is currently being done, but I think it is accepted that more needs to be done.

MR FEUTRILL: I just want to get a sense of your, if you like, orientation on this issue at a general level.

10 MS WARD: Sure.

MR FEUTRILL: Do you consider or would you agree that --- and I'm talking now about Crown Perth specifically, because that's the subject matter of this Commission --- Crown Perth has a responsibility to inform patrons of the risks associate with gambling-related harm?

MS WARD: Yes, I would.

20 MR FEUTRILL: Would you agree that Crown Perth has an obligation or a duty to provide assistance to a patron if a patron requests it in respect of gambling-related harm?

MS WARD: Yes.

25 MR FEUTRILL: Possibly a more difficult question is do you consider there is a responsibility of the licensee for controlling patrons' gambling and minimising harm to the patron?

30 MS WARD: Well, there are a few elements to that question. You said the licensee controlling --- I think the obligation --- whatever obligations arise under the licence, the licensee would have an obligation to ensure there are systems in place to comply with those obligations, not necessarily that it did it itself. That's the first part of my answer.

35 The second point is you used the word "control" and I don't fully understand what you mean by "control" patrons' gambling.

MR FEUTRILL: So what I'm trying to draw a distinction between is, if you like, one is education, and I think you agreed there is an obligation to educate?

40 MS WARD: Information and education.

MR FEUTRILL: Then secondly, if you like, when a patron recognises themselves they have a problem, then to provide assistance?

45 MS WARD: Yes.

MR FEUTRILL: So in those two areas. By the time a patron is at the point of

recognising they have a problem, in a sense, it's a little late, so really I'm focusing on whether you have a view about the responsibility or obligation to implement preventive measures; in other words, to prevent the problem arising in the first place?

5

MS WARD: So I'm not sure I agree with you that by the time a patron recognises they are at risk of harm, it's too late. I don't know enough about the topic to know whether that is correct, and I think that the casino operator has some duty to take steps to recognise indications that recognise behaviours that may indicate a patron is likely to experience harm, but I also understand that some patrons will not exhibit observable signs that they are likely to experience harm, and that's what I was referring to in the paragraph around technology, that there are some systems that a casino operator can use to detect unusual changes in a patron's --- the type of player or the frequency of play, where a patron may not recognise themselves that they are at risk of harm, but the casino operator may be able to identify those potential indicators of harm and if it did, then probably would have some obligation to intervene with the patron.

20

MR FEUTRILL: Okay.

MS WARD: I'm sorry, does that answer your question?

25

MR FEUTRILL: It does in part. I think, as I understand the answer, it's directing or focusing attention on detection either at an earlier point in time of a person who may be developing a pattern of behaviour that indicates potential harm.

30

So in terms of, if you like, what's within the control of the casino operator, and you mentioned systems, do you consider there to be any aspect of that responsibility to design the games that are offered to patrons in a way that mitigates the risk of harm to patrons?

35

MS WARD: Well, as I understand it, some of the games that are offered on the electronic gaming machines, for instance, Crown doesn't design. Those EGMs are purchased from other parties. To the extent that Crown is involved in designing games, yes, I think there would be some obligation to take into account, you know, elements of whether the design of the games is likely to lead to greater risk of harm.

40

MR FEUTRILL: Okay. There are other things that are within the control of Crown Perth, are there not? For instance, modifying or restricting how and when it offers the services, the gaming services?

MS WARD: Yes.

45

MR FEUTRILL: So you've indicated that you are aware of some of the steps that have been taken by the Crown group to improve its Responsible Gaming capabilities. Are you able to expand a bit on what those steps are?

MS WARD: Well, I'm aware of a number of things, and I'm sure I'm not aware of

5 everything that Crown is doing, but I am aware that there are steps being taken to improve the support and services that are provided at each of Crown's gaming facilities, so in Perth, for instance, I'm aware that the Responsible Gaming centre is currently under expansion and refurbishment, so the physical centre I understand is going to be about three times the size it had previously been and that the resourcing, the staffing, for that centre will be increased. I couldn't tell you by how much.

10 I'm also aware that more broadly, Crown has convened or established an independent advisory panel consisting of experts, academics, whose field of research is in this area, to help Crown improve overall its frameworks and tools and support systems for customers, and that's by way of understanding how, the cliché, global best practice, what is happening, how is thinking evolving in this area around the world and what can Crown do to improve its responsible service of gaming programs.

15 MR FEUTRILL: In the context of the money laundering, terrorism financing risk, there's an enterprise-wide risk assessment being undertaken. Do you know whether a similar kind of enterprise-wide risk assessment would be desirable in the area of Responsible Gaming?

20 MS WARD: I think it would.

25 MR FEUTRILL: Do you have a view on whether that should involve the gathering of and identification of specific risks associated with specific kinds of games?

MS WARD: I imagine it would, yes.

30 MR FEUTRILL: Would you agree, then, that part of such a process would allow the casino operator to identify more clearly what causes, or what the risk causes are and what controls could be put in place?

MS WARD: Well, I imagine that would be one of the objectives of an enterprise-wide risk assessment.

35 MR FEUTRILL: To your knowledge, is there such an enterprise-wide risk assessment being undertaken in the Responsible Gaming area?

MS WARD: I don't know.

40 MR FEUTRILL: I just want to ask a couple of more questions on this topic, because Mr Blackburn has responsibility at the executive level for gambling-related harm minimisation, if I can put it that way.

MS WARD: Yes.

45 MR FEUTRILL: Clearly, he has a very large degree of expertise in the financial crime area. Do you have a sense of the degree to which he has the same or a similar depth of knowledge in the harm minimisation area?

MS WARD: Well, I don't think he --- as I understand it, his previous roles were focused on financial crime and AML/CTF risk specifically rather than responsible service of gaming. So I don't think he has the same depth of experience in this area as in the financial crime elements.

MR FEUTRILL: Do you have a view about whether it's appropriate for someone to divide their time between both financial crime, given the amount of change that's taking place in that area, and Responsible Gaming simultaneously?

MS WARD: Well, he's not doing it all by himself; he has teams of people in both areas that are supporting him and he has, I understand it, recruited a number of experienced people in both parts of that portfolio. So with appropriate resources, I see no difficulty in one executive being accountable for both those areas.

MR FEUTRILL: Okay. Do you have a sense or are you able to give us an understanding of the extent to which you consider that an appropriate level of attention is being given at the senior management level to the responsible service of gaming area?

MS WARD: I think there is a great deal of attention being given. I would say it's a different type of attention, because the AML financial crime obligations are very expressly set out in the law and regulations, so there are a lot of well-trodden paths of programs and processes and systems and controls that need to be put into place. I don't think there is the same level of specificity in the law and regulation around responsible service of gaming. So it's a less technical area, if I can put it that way.

MR FEUTRILL: Thank you. You've answered my question. Can I ask you some questions now about something we started on a little earlier in the day on culture. You have indicated that given that you haven't been there that long, there are aspects that you can't give views on in any detail, but are you able to provide an insight into what your understanding is, leaving aside that you've already mentioned changing of the directors and senior managers, what do you understand the organisation reform that is necessary within the Crown group?

MS WARD: Well, I think there are a lot of things required. Culture is a very --- you know, in one sense, it's a very amorphous topic and in another sense, it's the practical day-to-day of how people behave and how we do things around here. So everything that we do in how an organisation sets up its people function from attracting and hiring people, the remuneration structure and philosophy, the setting and articulation of values and desired behaviours, the communication of those values, the setting of KPIs or KRAs for individuals, what they are going to be measured on, the performance management structure where people --- their performance is evaluated, the reward and recognition program, what gets celebrated. Where there is bad behaviour or poor culture displayed, what are the consequences for that? All of those things go to establish the culture.

That's a long way of saying, it touches very many things that an organisation does.

5 MR FEUTRILL: My question was really directed to whether you have an understanding of what reform was necessary, and you've mentioned a long list of aspects of culture. Are you suggesting you formed a view that every aspect of what you've described as culture is in need of reform?

10 MS WARD: No. I'm not describing those as aspects of culture; I'm describing those as the artefacts within the organisation that help to drive culture, and as I understand it, pretty much all of those are under review, under the leadership of Tony Weston, and I simply don't know the degree to which reform is required in any one of those elements. So I was answering more generically than specifically to Crown circumstances.

15 MR FEUTRILL: All right. But I'm just trying to get a sense of what's underway. So what it is, if I understand what you have said correctly, is essentially a wholesale reconsideration of the Crown culture?

20 MS WARD: Sorry, of what? You just cut out there.

MR FEUTRILL: A wholesale reconsideration and review of the Crown culture, and all of the aspects of it you've described?

25 MS WARD: Yes, yes.

MR FEUTRILL: You have indicated that if you have a view that you will be able to assist in the implementation of organisational reform. How do you see you participating in that implementation role?

30 MS WARD: Well, I will at some point become a director of Crown Resorts and what I do will be in that capacity. I will not be an executive, I will not be a full-time member, so whatever I do will be as part of the Crown board. Going back to the questions you were asking me earlier, what should be the role of directors in helping to build and drive a constructive culture. It goes to all of those things: being visible, demonstrating the behaviours and values that we want to see throughout Crown, being a role model for ethical decision-making. Pretty much everything that you do as a director can contribute to how you inform the culture, set the tone from the top.

40 MR FEUTRILL: You indicated you've read the Deloitte culture report, which you referred to in your statement.

MS WARD: Yes.

45 MR FEUTRILL: In other organisations you've been involved in, have you had the occasion to see a similar kind of review?

MS WARD: Yes, I have.

MR FEUTRILL: In other organisations, have the results been of a similar character or different?

5 MS WARD: You'd have to be more specific.

MR FEUTRILL: Well, you've indicated there might be a number of factors that have contributed to some of the results that Deloitte reported in the report, other interesting factors, but leaving to one side the extent to which there may have been
10 influencing factors, the report does contain some quite alarming conclusions about Crown Resorts' culture, does it not?

MS WARD: It does.

15 MR FEUTRILL: So really the question is in other organisations --- I'm trying to get perspective on whether we can cut, if you like, the influencing factor noise out and inform of you about the state of what you have referred to as other organisations you've been involved in?

20 MS WARD: So, the methodology that Deloitte adopted is a very familiar and common methodology that organisations adopt either through an external consultant like Deloitte or themselves. So typically, these kind of reviews, in my experience, are built upon asking staff to complete some form of questionnaire or survey, and then taking --- and provide comments, and then taking the results of those and
25 aggregating across properties or across types of employees, and coming up with conclusions. Inevitably, the result of the review is based upon an assessment at a point in time, so whenever a board that I am a part of has looked at the results of an engagement survey or a culture review of this nature, you would have cognisance of the external factors of what was happening in the company or in the industry or in
30 the world at large at the time when the survey was answered.

In the case of the Deloitte review, there were some fairly profound issues occurring at that time, as has been stated in the survey itself --- not just the regulatory inquiries and the media scrutiny, but the response to the pandemic in the various places where
35 Crown staff are employed, plus very significant changes in leadership of the organisation. So I would expect most employees who answered the survey or participated in the focus groups were feeling uncertain and were feeling concerned and were feeling perhaps demoralised. So that is a relevant factor to take into account in how you interpret the results.

40

MR FEUTRILL: That may be so, but in any case, it has a value, does it not, as a tool for identifying a culture at a point in time?

45 MS WARD: Absolutely. Yes, it has a great deal of value and having a review of this nature gives a very good baseline, I guess, from which to work, and it should give managers in the organisation important data to assist in implementing the cultural change that's required.

12:00PM

MR FEUTRILL: Do you have any sense of the depth of change that is necessary, or will be required?

5 MS WARD: When you say "the depth of change", what do you mean?

MR FEUTRILL: Well, you've said that, I think, change starts at the top, but would you agree that it need not only start at the top but needs to filter right the way down to the people involved in the day-to-day interactions.

10

MS WARD: Yes. It's top down and bottom up and everything in between.

MR FEUTRILL: So what appears to be reflected in this report --- you obviously read it --- is there is a level of management beneath the senior management that are mirroring, if you like, some of the cultural issues that we've seen reflected in the Bergin report, for example. So the findings that the majority of staff believe it's necessary to bend the rules and work around policies and procedures to get the job done, for example, that conclusion.

15 20 MS WARD: Mmm.

MR FEUTRILL: Would you agree with the proposition that if you are going to change the culture, you need to change it right the way through the organisation?

25 MS WARD: Yes. Although to that point, I would make the observation that I think it would be wrong to assume there is one culture throughout the organisation. The culture is by definition made up of a number of subcultures or micro cultures and I imagine there are different aspects or different observable features of culture as between Melbourne and Perth, for instance, depending on which business unit you are looking at or which function you are looking at. So culture is a multifaceted thing.

30 35 MR FEUTRILL: I'm sorry, Ms Ward, I'm not trying to suggest to you every aspect of Crown Resorts is bad, or anything like that. I'm suggesting if one is going to give effect to change, you have to give effect to change throughout the organisation. Do you agree with that proposition?

MS WARD: Yes, I would.

40 MR FEUTRILL: One of the conclusions that is identified in this report is that there are examples of poor behaviour from executives and general managers, including things such as bullying and favouritism and things of that nature, at a lower level of management than senior management. The question for you is really whether there is, to your knowledge, any aspect of the remediation plan and cultural reform that will seek to address those kinds of cultural issues at a lower level of management?

45

MS WARD: Yes, I understand there is.

MR FEUTRILL: What is your understanding of how that will be dealt with at the more granular level?

5 MS WARD: I couldn't give you the detail of that. I would be speculating.

MR FEUTRILL: All right. But do you understand there to be a recognition that all levels of management need to be considered ---

10 MS WARD: Yes.

MR FEUTRILL: --- as part of the cultural review?

MS WARD: Yes.

15

MR FEUTRILL: I really only have one last bigger picture question for you, Ms Ward. Given the road that appears to be in front of you when you eventually get your approval to become a director, can I ask you why you've accepted the position as a director of Crown Resorts?

20

MS WARD: Yes, thank you for that question. I think Crown, as an iconic Australian company, has contributed significantly to the different places --- the economies of Victoria and Western Australia, but it's a company I think that has lost its way, and needed, and needs, an ongoing very significant transformation program, and as I said at the beginning, I would not have accepted the invitation to join the Crown Resorts board if I didn't have confidence that the leadership that's being put in place was capable of effecting that change and that Crown was capable of remediation. So I am attracted to the challenge of assisting that remediation and restoring Crown to the position that it should be in --- restoring the trust and confidence of its regulators and the communities in which it operates, and restoring the pride of people who work for Crown to be part of Crown.

30

MR FEUTRILL: Thank you, Ms Ward. I have no further questions.

35 COMMISSIONER OWEN: Thank you, Mr Feutrill.

Do we have any counsel that are not in the room? Are there any applications to ask questions of Ms Ward?

40 MR GARAS: I just have a couple questions.

COMMISSIONER OWEN: Yes, Mr Garas.

45 **CROSS-EXAMINATION BY MR GARAS**

MR GARAS: Ms Ward, my name is Joseph Garas. As you know, I act for the Crown companies. I just have a couple of questions for you.

5 MS WARD: Yes, Mr Garas.

MR GARAS: Thank you. Mr Feutrill asked you some questions about the Burswood Limited constitution and, in particular, he took you to clause 15.13. I will just remind you that that's the proposed amendment which provides that each director
10 is authorised to act in the best interests of Crown Resorts Ltd and in doing so will be taken to be acting in good faith and the best interests of Burswood Limited.

As I understood the question that was put to you, it was suggested that there may be a conflict between acting in the interests of Crown Resorts Ltd and Burswood
15 Nominees limited, the subsidiary of Burswood Limited. Would you agree with me that the casino licence held by Burswood Nominees Limited is its most valuable asset?

MS WARD: Well, there is the licence to operate the casino and then there is the
20 physical property. Are you distinguishing ---

MR GARAS: Let me rephrase. Would you agree that the licence is one of its most valuable assets?

25 MS WARD: Yes, I would.

MR GARAS: Would you agree with me that it would not be in the interests of either Burswood Limited or Crown Resorts Ltd to do anything that might jeopardise Burswood Nominees' licence?
30

MS WARD: Yes, I would agree.

MR GARAS: Thank you, Ms Ward. I have no further questions.

35 COMMISSIONER OWEN: Thank you, Mr Garas. Any other applications?

QUESTIONS BY THE COMMISSIONERS

40

COMMISSIONER JENKINS: Ms Ward, can I ask you about the board of Burswood Limited. Do you think that a majority of the board of Burswood Limited should be independent of shareholders and of CRL?

45 MS WARD: No, I don't think that's necessary.

COMMISSIONER JENKINS: Why is that?

MS WARD: Well, I don't understand why it is thought to be necessary.

5 COMMISSIONER JENKINS: You don't think that it's necessary for them to be free to exercise their judgment of what's in the best interests of Burswood Limited unconstrained by loyalties to other entities?

MS WARD: I'm not sure why that is thought to be required.

10 COMMISSIONER JENKINS: In indicating those opinions, are you, in effect, saying that you don't see any conflict between a board member's, say, loyalties to Burswood Limited and their loyalties to CRL?

15 MS WARD: Conflicts could potentially exist, but could also potentially be managed.

COMMISSIONER JENKINS: Do you think that it is appropriate for CRL to have to use its best endeavours to ensure that the Perth Casino is conducted in such a way as to promote tourism, employment and economic development generally in Victoria?

20

MS WARD: Sorry, could you repeat the beginning of your question?

COMMISSIONER JENKINS: Do you think that it is appropriate for CRL to have to use its best endeavours to ensure that the Perth Casino is conducted in such a way as to promote tourism, employment and economic development generally in Victoria?

25

MS WARD: I don't have a view as to whether it's appropriate or not, but that is what the document says. That is a term of the Victorian licence, I think.

30 COMMISSIONER JENKINS: Do you understand that residents of Western Australia might feel a bit affronted by the fact that it's provided a licence to a company which ultimately has to or is subject to such a requirement?

35 MS WARD: Well, the licence isn't provided to CRL; it's provided to the Burswood entity, and that licence, as I understand it, was extant at the time when the government of Western Australia approved the takeover of Burswood by what became Crown limited. So it's not new, is it?

40 COMMISSIONER JENKINS: So that's your view, that we shouldn't feel affronted because we have accepted it?

45 MS WARD: Well, I don't have a view as to whether anyone should feel affronted. I'm simply stating the fact that that condition has been in place for decades, and was in place at the time when the Western Australian government approved the change in ownership of Burswood, as I understand it.

COMMISSIONER JENKINS: Since you've been connected with CRL, has there been any discussion about whether that requirement should be deleted or retained?

MS WARD: No.

5 COMMISSIONER JENKINS: I gather from your answer is that you don't think that it should be deleted?

MS WARD: I haven't expressed a view on that. I don't have a view.

10 COMMISSIONER JENKINS: So it's not that you don't think it should be; it's just that you don't have a view?

MS WARD: I don't have a view.

15 COMMISSIONER JENKINS: In considering whether to become a director of CRL, did you give any consideration as to whether CRL being the ultimate holding company of the monopoly casino in Western Australia has any responsibilities or duties as that ultimate holding company of a monopoly casino licensee that are unique as compared to its responsibilities and duties in terms of governance of any other sort of service provider?

20

MS WARD: Sorry, I don't understand the question. Did I give consideration?

25 COMMISSIONER JENKINS: Yes. Did you give consideration to what the responsibilities and duties are of CRL as the ultimate holding company of a monopoly casino licensee that might be different to the responsibilities and duties of the ultimate holding company of any other sort of service provider?

30 MS WARD: When you say the "ultimate holding company of any other service provider", I don't understand what you mean. Perhaps I ---

COMMISSIONER JENKINS: When you considered whether you would become a director of CRL, did you consider the nature of the business of CRL?

35 MS WARD: Yes, I did.

COMMISSIONER JENKINS: Did you consider the duties and responsibilities of CRL in terms of the governance of its businesses?

40 MS WARD: Yes.

COMMISSIONER JENKINS: And did you consider its businesses, one of which is being the ultimate holding company of the Western Australian casino licensee, to have any particular duties and responsibilities that are different from being the ultimate holding company of any other sort of business?

45

MS WARD: Well, yes. The holder of a casino licence is a particular --- running a casino is a particular type of business that has different characteristics to many other types of businesses, yes. That is in the nature of Crown Resorts' business.

COMMISSIONER JENKINS: What are those peculiar duties and responsibilities that are owed or that might be owed to the Western Australian community?

5 MS WARD: Well, as you say, being the holder of a monopoly casino licence in that state would come with obligations to comply with the terms and conditions of that licence and to take into account in its --- in those operations, in its management of risks associated with that business, the context within which it operates.

10 COMMISSIONER JENKINS: That's as far as you thought about it?

MS WARD: Yes.

COMMISSIONER JENKINS: Thank you, Ms Ward.

15

COMMISSIONER OWEN: Ms Ward, I have a couple of questions. Can I start with the ground that's been covered about the proposed addition of an article 15.13. We don't need to go through it again, I think, but in answer to questions from Commissioner Jenkins, you acknowledged it is at least possible there might be
20 conflict between the boards of Burswood Limited and CRL on a particular issue, but that that conflict could be managed, do you remember saying that?

MS WARD: I was referring not to conflict in a general sense between the boards, but conflicts of interests or duties that were held by individual members of the
25 boards, which I thought was the question.

COMMISSIONER OWEN: That's what I was getting at. I certainly do not want to get into a legal debate here, but ---

30 MS WARD: Thank you.

COMMISSIONER OWEN: As I understand the position, under section 187 of the Corporations Act, that article reflects section 187 of the Corporations Act which says that if the company's constitution permits it, then a director may act in that way.

35

MS WARD: That's my understanding.

COMMISSIONER OWEN: The default position, then, if that article is not there, the default position is the general law relating to directors duties. Now, I acknowledge
40 that the general law about directors duties in company group situations is complex and not difficult either to understand or to apply, but given that there could be a conflict, could be a conflict of interest, which you say could be managed, what do you say to the proposition that the inclusion, the amendment of the constitution of Burswood Limited to include that is, in fact, looked at from the point of view of
45 Burswood Limited and its directors a backward step?

MS WARD: I don't know whether that's a backward step. I would need to take

some legal advice on the propositions you're putting to me.

5 COMMISSIONER OWEN: I won't take it any further. On a different topic, you're
awaiting probity approvals from the regulators before your appointment to the board
of CRL can be confirmed. Can I ask you, what's the process that is gone through ---
because you've just been through it in the last four weeks --- what is the process and
your involvement in the process by which you get approval? That's one question,
10 and I'm assuming that one of the applications for probity approval is to our Gaming
and Wagering Commission?

MS WARD: So the process is I was provided with assistance from the Crown
compliance team to assist me in figuring out what needed --- was needed to be done.
What was needed to be done was that I had to complete application forms, one of
15 which was to the Gaming and Wagering Commission in Western Australian, one was
to the ILGA --- I will get the name wrong --- the New South Wales regulator, and
one to the VCGLR seeking approval in Victoria. Each of those forms was different
and required different information to be provided by me, and I compiled the
information, completed the forms and lodged them with the relevant regulators.
20

COMMISSIONER OWEN: To your knowledge, has there been any response from
any of the regulators by way of a request for further information or anything of that
nature?

25 MS WARD: No. I have received confirmations from two of the regulators that they
have my application, because I was required to lodge those two electronically, and
they have told me that they will be in contact if further information is required.

COMMISSIONER OWEN: Which is the third of those regulators?

30 MS WARD: The third is the Western Australian regulator, but that --- that
application was required to be lodged by Crown, was my recollection, so there could
have been confirmation from the Gaming and Wagering Commission to Crown. I'm
not aware of any requests for information.

35 COMMISSIONER OWEN: At the moment, is the intention of your directorship to
be simply the main board of CRL? Has there been any discussion about you going
on any subsidiary of CRL?

40 MS WARD: There was preliminary discussion prior to me being invited to join, and
that was around my availability to join the Crown Melbourne board, and no doubt
there will be requests that I join some of the committees, but we haven't had those
conversations as yet. I'm not yet a director; I'm an observer and those conversations
also would be with Dr Switkowski, who is also not yet approved so he's not yet
45 chairman.

COMMISSIONER OWEN: Thank you very much. On a separate topic, going to
your witness statement, paragraph 6(e), this goes back to your role as general counsel

of National Australia Bank. You refer there to two specific, if I could say, crises. One was the collapse of Storm Financial and the other was the write-down of the synthetic collateralised debt obligation problem, which I think was more US-based, wasn't it?

MS WARD: Yes. The CDOs were --- the portfolios were US-based, is my recollection.

COMMISSIONER OWEN: They are two specific crises, and my question is to what extent did your involvement include what might be termed a root and branch or a root and cause analysis to try and identify systemic deficiencies which either caused or contributed to the particular issues?

MS WARD: So regarding the collateralised debt obligation portfolios, my role was not understanding the root cause of the issue; my role was in relation to overseeing the class action which was issued --- it was a shareholder class action resulting from the write-down in the value of those portfolios, so it was not the investigation of the -- how the matter came about.

In relation to Storm Financial, my role was much more deeply involved in investigation and remediation activities, and by that I mean understanding which customers of NAB may have been impacted one way or another by the collapse of Storm, and it involved questions of any remediation required, and in investigating those things, there was also an investigation of what NAB's role and obligation was to those customers. So that was a much more root cause analysis. My role --- at that time, I was general counsel for Australia and I was part of the steering committee that led the NAB response to the Storm collapse.

COMMISSIONER OWEN: As a general proposition, would you agree with the statement that where you get a crisis, it's an opportunity for the company concerned to learn to identify systemic deficiencies and to --- as a marker of how to remedy them?

MS WARD: Absolutely, and how to avoid or perhaps put in place preventive measures to try and avoid further crises of that nature, yes, I would.

COMMISSIONER OWEN: To that extent, the --- looking at something by way of a root and branch, or root and cause analysis, is an important part of the process?

MS WARD: Yes.

COMMISSIONER OWEN: All right. Thank you.

MS WARD: Yes, I agree.

MS THORNTON: No re-examination, thank you.

12:27PM

COMMISSIONER OWEN: Ms Ward, thank you very much for giving us your time. We appreciate it and we have been helped by your evidence. Because this is a fluid situation, we'll probably leave --- I think we should leave the summons in place. I
5 doubt that we would need to speak to you again, but just in case, we'll leave it there. You'll be advised in due course when the summons is discharged but, in the meantime, you are clearly free to go about your other endeavours and you have our gratitude. Thank you very much.

10 MS WARD: Thank you, Commissioner.

THE WITNESS STOOD DOWN

15 COMMISSIONER OWEN: We will now adjourn and we will come back at 2.00pm.

20 **ADJOURNED** [12.27PM]

RESUMED [2.00PM]

25 COMMISSIONER OWEN: Please be seated.

Ms Thornton, thank you very much.

30 MS THORNTON: I appear for Mr Morrison.

COMMISSIONER OWEN: Mr Morrison, do you wish to swear an oath?

MR MORRISON: Yes, please.

35 **NIGEL MORRISON, SWORN**

40 COMMISSIONER OWEN: Thank you very much, Mr Morrison.
Ms Thornton.

45 **EXAMINATION-IN-CHIEF BY MS THORNTON**

MS THORNTON: You prepared a witness statement dated 21 October 2021 in response to the summons you received from the commission dated 10 October 2021.

01:59PM

Is that correct.

MR MORRISON: That's correct.

5

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

MR MORRISON: I do.

10 MS THORNTON: That's a document bearing number CRW.998.002.0969?

MR MORRISON: That's correct.

MS THORNTON: Is that your signature on page 25 of the document?

15

MR MORRISON: Yes, it is.

MS THORNTON: Are the contents of your statement true and correct?

20 MR MORRISON: They are. There is probably one thing I would like to add, if I might, and that was after the resignation of Toni Korsanos at the AGM, I am now on the risk committee, risk subcommittee of the board.

MS THORNTON: Is there a reference to the committees in particular paragraph you
25 want to amend?

MR MORRISON: Let's see. Paragraph 22, I think:

30 I sit on the following Crown Resorts' limited board committees people and
remuneration (a), (b), audit and corporate governance (c), (d)

So probably we need to add (e), which would now be the risk committee.

35 MS THORNTON: Commissioners, we will add subparagraph (e) to paragraph 22 of
Mr Morrison's witness statement (audio distortion).

COMMISSIONER OWEN: Just to clarify, that says a member and not as chair of
the committee?

40 MR MORRISON: No, that's as a member.

COMMISSIONER OWEN: Thank you.

45 MS THORNTON: Commissioners, with that one amendment, I tender Mr
Morrison's statement.

**EXHIBIT #CRW.998.002.0969 - WITNESS STATEMENT OF NIGEL
MORRISON, DATED 21 OCTOBER 2021 WITH THE AMENDMENT TO**

PARAGRAPH 22

5 MS THORNTON: Thank you, Commissioner. Mr Morrison, you received regulatory approval and became a director of Crown in April this year; is that correct?

MR MORRISON: That's correct.

10 MS THORNTON: And as a director, you are aware of the Crown's remediation per annum?

MR MORRISON: I am.

15 MS THORNTON: Do you have any past experience of organisations going through a challenging period and implementing a remediation process?

MR MORRISON: I do.

20 MS THORNTON: And which organisations were they?

MR MORRISON: Well, there's probably a number that come to mind, but probably the one that's most relevant was when I joined SkyCity in 2008.

25 MS THORNTON: So how do you believe your past experience can assist you as a non-executive director of Crown to implement the remediation program?

MR MORRISON: I think when I reflect back on 2008, 1 March, when I joined SkyCity entertainment group as the CEO and managing director, SkyCity was not in
30 a dissimilar shape to what Crown has been in over the last few months, and there was an acting CEO, the former CEO, that had been set aside by the board. There had been a range of issues that the company was dealing with. There were accusations of loansharking. The cultural issues in the organisation were very significant. There was a lot of --- loss of confidence with the senior management throughout the
35 organisation, probably loss of confidence with the board.

There was a view the board didn't act in a timely enough manner to address the cultural issues, and basically the whole organisation, you know, really needed rebuilding and frameworks putting in place, establishing new values, new
40 remuneration systems.

And I think it's fair to say within the first three months of my tenure at SkyCity, we had changed about 80 per cent of the senior executive team, and together with the head of human resources, if you like, and the new general counsel --- both of those
45 were new as I was, together we set about a program of reforming SkyCity.

And I think, you know, that took some time and we worked our way through, but we made good progress and unified the organisation, and I think, you know, going

forward then, we were well in a position and we regained the trust of the regulators of government, particularly in South Australia --- SkyCity was not well liked in South Australia when I joined --- and we set in train a range of initiatives to enhance that, and I think we were successful there, so much so that we ended up negotiating a range of investment transactions and expanses of the properties in Adelaide, Darwin and Auckland, working with governments and regulators.

And I think by virtue of the fact I think they trusted us to deliver what we said we would deliver, and if they hadn't trusted us, we wouldn't have achieved that. So we put in place a range of systems, particularly in relation to culture surveys and things like that, setting bench marks and focusing on continuous improvement.

I think over a period of time, we significantly moved the culture of the organisation forward, and we, you know, measured that, and we could measure that down in some detail in the organisation, and we focused on remuneration being the subject of, not only financial parameters, but also non-financial parameters and various gatekeeper provisions as well to qualify for short-term incentives. So I think that was --- there were a range of things there not dissimilar to what Crown has been through, and I think that was a very relevant period of my career.

MS THORNTON: Thank you, Mr Morrison. No more questions in chief.

COMMISSIONER OWEN: Thank you, Mr. Feutrill.

CROSS-EXAMINATION BY MR FEUTRILL

MR FEUTRILL: I'm one of the Counsel Assisting. Are you able to hear me clearly?

MR MORRISON: I can hear you. I wouldn't say it's the best clarity, but I can hear you.

MR FEUTRILL: Is that any better?

MR MORRISON: Probably, yes.

MR FEUTRILL: Can I just start with the edit you made to your statement a moment ago. You referred in paragraph 22(e) to the risk committee. Am I right in thinking the full name of that committee is the risk management committee?

MR MORRISON: I think that's correct, yes.

MR FEUTRILL: Thank you. It's the same committee of which Ms Halton is the chair; is that correct?

MR MORRISON: That's correct.

MR FEUTRILL: Can I take you to your statement, to paragraph 5, and I think it makes a cross-reference to your --- a series of paragraphs that end up with your CV. I just note some of your experience in the casino operational area, and I think you just outlined in your evidence-in-chief some of the activities when you were the managing director and chief executive of the Sky Entertainment Group. You were in that role between March 2008 to April 2016; that's correct, isn't it?

MR MORRISON: That's correct.

MR FEUTRILL: And am I right in thinking that SkyCity is a New Zealand-based publicly listed company?

MR MORRISON: Its head office is in Auckland. It's New Zealand and Australia-based, I would say. It's listed on the ASX and on the NZX.

MR FEUTRILL: It operates casinos in New Zealand, the Northern Territory and South Australia?

MR MORRISON: It did when I was chief executive. It recently sold the Northern Territory casino.

MR FEUTRILL: Right. And before that, for about a year you were the chief financial officer of the Galaxy Entertainment Group?

MR MORRISON: That is correct.

MR FEUTRILL: And Galaxy is a publicly listed company based in Hong Kong?

MR MORRISON: That's correct.

MR FEUTRILL: It operates casinos?

MR MORRISON: Yes.

MR FEUTRILL: Those casinos include casinos in Macau; is that right?

MR MORRISON: Yes.

MR FEUTRILL: What are the other jurisdictions that Galaxy operates casinos in?

MR MORRISON: Only Macau.

MR FEUTRILL: Only Macau. And how many casinos does it have in Macau, or did have in Macau at the time?

MR MORRISON: When I was there, it had one operating casino, and it was

building what it called its Galaxy megaresort which --- my main area of focus was the corporate CFO. A major casino of, shall we say, Las Vegas standing in Cotai, a precinct of Macau. It also operated some small, what they called, city clubs, which
5 are what we call here pubs and clubs.

MR FEUTRILL: Okay. Prior to that, between 2001 and 2006, you were the CEO of the federation group?

10 MR MORRISON: The Federal Group.

MR FEUTRILL: Sorry, Federal Group. That's a private company based in Tasmania?

15 MR MORRISON: That's correct.

MR FEUTRILL: And it operating the wrest Point Casino in Hobart?

20 MR MORRISON: It does.

MR FEUTRILL: And something called the Condition Club in Launceston. Is that a casino as well?

25 MR MORRISON: That's a casino as well, yes.

MR FEUTRILL: Right.

MR MORRISON: It also operated a range of other businesses, tourism businesses, gaming businesses throughout the state of Tasmania.

30 MR FEUTRILL: Right. And prior to that, between 1997 and 2000, you were the COO of Crown Limited?

35 MR MORRISON: Yes.

MR FEUTRILL: And before that, the CFO between 1993 and 1997 of Crown Limited. At that time was Crown Limited operating only in Victoria; is that the case?

40 MR MORRISON: It was, yes.

MR FEUTRILL: So, in effect, you were the CFO and then the CEO of Crown Melbourne; is that the ---

45 MR MORRISON: Yes.

MR FEUTRILL: So you've had, it's fair to say, a fair degree of experience in managing casino operations in the Asia Pacific area?

MR MORRISON: I think so.

5 MR FEUTRILL: After you left SkyCity in 2006, what was your occupation between then and 2021?

MR MORRISON: Oh, I left executive life when I really was, I suppose I'd call it, semi-retired and just looking after my own affairs.

10 MR FEUTRILL: And other than the position you have on the Crown Resorts board, do you hold any other positions at the moment on company or other governing bodies?

15 MR MORRISON: Other than my personal companies, no.

MR FEUTRILL: Okay. So can I ask you some questions about the training you received on joining Crown Resorts earlier this year. You made mention in paragraph 34 of receiving some training in the area of RSG, which I take to mean Responsible Service of Gaming?

20 MR MORRISON: Yes.

25 MR FEUTRILL: What was the nature of the training you received on joining Crown Resorts?

MR MORRISON: I think it's fair to say it probably didn't happen when I joined Crown Resorts. When I joined Crown Resorts, the organisation was in somewhat of a state of flux. The CEO, Ken Barton, was moving on. The company secretary, Mary Manos, was moving on. So my induction wasn't as I would have liked it to be, but my training came about, not really on joining, but during my tenure on becoming a director and while an observer, some online training sessions, some sessions from various lawyers, from talking to and presentations from executives in certain areas, from a handover, if you like, with Dr John Horvath, who was the director and chair of Responsible Gaming committee, and also health and safety.

35 Then I have done --- yes, and then a number of sessions on AML and CTF, some with Steve Blackburn, some by Allens and those sort of things.

40 MR FEUTRILL: All right. I will just stick with the RSG for the moment. In your previous roles in, in particular, SkyCity Group, was there an RSG program with that organisation?

MR MORRISON: Yes.

45 MR FEUTRILL: Are you able to draw any conclusions from your experience in SkyCity and the observations about the RSG program with Crown Resorts to draw comparisons between the nature of those programs?

MR MORRISON: Yes, I think so.

MR FEUTRILL: What are your observations about the nature of the Crown Resorts
5 program compared to, say, the SkyCity program when you were there?

MR MORRISON: Well, I think with SkyCity, we were working on two major
transactions with the government in New Zealand and the regulators in New Zealand,
on the one hand, being the development of the New Zealand International
10 Convention Centre, in exchange for a range of, shall we say, gambling reforms and
increase in product and changes in the way the product worked. And we were doing
a not dissimilar transaction with the South Australian government in relation to
South Australia and building what is now the hotel that we built, the SkyCity hotel in
Adelaide.

15 I think, you know, New Zealand and South Australia, in particular, the regulators and
the government were very focused on making sure they had best practice harm
minimisation measures, the department of internal affairs in New Zealand and the
regulators in South Australia. So as part of those transactions, which took some
20 years though negotiate, I might add, we focused and worked together with the
regulators to make sure, I think, that we had very good, best-of-breed practices in
relation to harm minimisation, and recognising, I would say, that it's not a science,
but it does require a range of initiatives, and not all of it can be evidence-based.

25 We entered into commitments to trial some things with the New Zealand regulator
and agreed to other things with the South Australian regulator, and when I contrast
that to Crown, I think some years ago Crown was, I would say, best practice in
responsible service of gaming. But I think probably over time it has slipped from
that mantle, and there are some improvements that can be made to how Crown
30 manages its responsible service of gaming, which we are focusing on as an
organisation and keen to progress.

MR FEUTRILL: Is your sense that if SkyCity is operating at best practice, Crown
Resorts needs to lift its game somewhat to reach the same level as SkyCity was when
35 you were there?

MR MORRISON: Sorry, I missed the last clause.

MR FEUTRILL: Are you suggesting that your impression is that Crown Resorts
40 needs to lift its RSG program to the same level as SkyCity's, to reach ---

MR MORRISON: Yes, I think there are certain elements where that should be the
case.

45 MR FEUTRILL: Okay. Now, insofar as --- I take it you are familiar with the
remediation plan that's currently in place at Crown Resorts?

MR MORRISON: I am familiar with the 73-page document, I believe, yes, to some

extent.

5 MR FEUTRILL: As far as there has been --- this matter has been addressed at the board level, do you understand part of the remediation plan will cover RSG and bring it, I think you sense, the areas where improvement is required?

10 MR MORRISON: I think that's --- the remediation plan is a living document, and I think --- but I think the answer to your question is yes.

MR FEUTRILL: You mentioned you received some AML/CTF training. I presume from your previous positions, you would be familiar with the AML/CTF Act and framework, in any case?

15 MR MORRISON: That is correct. Having said that, I did leave SkyCity in 2016, and while the Act and what was in place was in place then, I think the perception of how they should be implemented and responded to the AML/CTF matters at that time are somewhat different to what they are today.

20 MR FEUTRILL: What was the nature of the AML and CTF training you received since you've joined Crown Resorts?

25 MR MORRISON: I can't remember specifically, but there were a number of presentations by Allens going through the forms of crime that might be committed through, you know, money laundering, and the various transactions that we needed to make sure we were alert to, and the way the Act worked in broad terms in terms of the levels have controls that needed to be in place, the monitoring of transactions, enterprise-wide risk management framework and those sort of things to make sure that we were compliant with the legislation in place.

30 MR FEUTRILL: Have you had any one-on-one sessions with Mr Blackburn in that period of time?

35 MR MORRISON: I'm just trying to reflect whether they were one-on-one. I've certainly met with him in small groups, maybe three on one. I have certainly met with him one-on-one but probably not specifically in relation to AML. Certainly small groups, and I should say we now only have three licensed board directors, but I have had a number of meetings with Mr Blackburn.

40 MR FEUTRILL: Specifically dealing with AML /CTF risk or more broadly?

MR MORRISON: He's made a number of presentations to smaller groups of us, specifically dealing with AML and CTF risk.

45 MR FEUTRILL: Now, in paragraph 35 of your statement, you have indicated an intention to undertake further professional development activities once time allows. Do you have any particular type of professional development in view, or is it a general statement you are making?

MR MORRISON: No, it's more a general statement. Nothing specifically comes to mind. The board of Crown Resorts, as I noted, is currently in the process of developing a professional development plan for directors. So I would imagine once that gets completed, then there will be a number of things that we should attend to.

MR FEUTRILL: Okay. Can I ask you some questions, broadly speaking, in the governance topic area, which is covered in your statement. The remediation plan suggests that there is an implementation of a centralised governance structure for the Crown Resorts group.

MR MORRISON: Yes.

MR FEUTRILL: Are you familiar with that?

MR MORRISON: Yes.

MR FEUTRILL: There is a suggestion in the current remediation plan that has been produced that there is some degree of reassessment taking place of the implementation of that centralised structure?

MR MORRISON: Right.

MR FEUTRILL: Okay. Are you familiar with any reassessment that is being undertaken of that centralised structure?

MR MORRISON: Not specifically, other than I would expect we would be waiting to see the outcomes, as we did yesterday, of the Victorian Royal Commission and of the Perth Royal Commission before we formalised the centralised or decentralised or a blending of the two structures to make sure we meet the requirements of and announcements of the various Commissions.

MR FEUTRILL: All right. Has to your knowledge any consideration been given at this stage to the question of whether a centralised structure is consistent with the regulatory framework in Western Australia?

MR MORRISON: The answer to that is yes, consideration has been given to that.

MR FEUTRILL: And what is your view about whether the current structure, in terms of the way in which the licensee is managed in Perth, is or is not consistent with that regulatory framework?

MR MORRISON: My personal view is it is consistent, and I think it makes sense to have --- you can call it a centralised structure, or you could call it a structure where there are some shared services across the group which allow for a better quality of service to be provided to the various arms. So I think it does make sense. I'm a supporter of a centralised function.

MR FEUTRILL: All right. Can I draw your attention to --- it's not a question so much as a statement --- topic 23, starts on pinpoint 0981 of your statement where you've reproduced the topic. It sets out in some length the somewhat complicated structure for the Perth Casino. You may need to refresh your memory because it is quite difficult to hold all of that in your head at the same time for the next series of questions I'm going to ask you.

MR MORRISON: Okay. Okay. Are you waiting for me?

MR FEUTRILL: If you can just try and remember that for a moment. In answer to a question that deals with that topic, following on from that topic in topic 25, there's a question around the extent to which there's been any influence exercised over the Crown Perth entities, which is that group of entities referred to in that topic, by either Crown Resorts or Crown Melbourne.

In paragraph 65, you have in part answered that, and you made reference there to some shared service functioning, such as human resources and shared policies across the group, which I think you may have referred to a moment ago in answer to one of my earlier questions. Are you intending by that answer to that question to say that's the extent to your understanding of the degree of influence exercised over the Crown Perth entities, that is to say, through the shared service functions of human resources and AML/CTF?

MR MORRISON: No. I think as I tried to say, in my view, the organisations work together.

MR FEUTRILL: In what way do you --- practically speaking, what do you mean by that?

MR MORRISON: So I confess I see it quite simply, perhaps incorrectly, but quite simply. Crown Resorts Limited is the holding company. I see Burswood Limited as a subsidiary company, as is Crown Melbourne, as is Crown Sydney. Burswood is a wholly owned subsidiary of Crown Resorts, one hundred per cent owned by Crown Resorts. From the point of view of shareholders, the ASX, the auditors, is regarded as a one hundred per cent controlled entity of Crown Resorts. It is consolidated into Crown Resorts. It's not equity accounted, suggesting that there may only be significant influence; it is consolidated one hundred per cent as a subsidiary.

So obviously Burswood has a range of obligations to the State. It has the privileged position of being a casino operator and has some fantastic assets. Burswood, as does Crown Resorts, needs to be mindful of those and make sure --- make sure that those responsibilities are dealt with in the best possible manner, and I think there is an alignment in the interests between Burswood and Crown Resorts.

So I think, you know, there is a strong degree of --- it's control and influence over Burswood, but recognising the agreement it has with the State of Western Australia,

its casino licence and other regulations and those things have to be properly considered and properly discharged and make sure we do the best of our ability in doing those things. It's not only on Burswood Limited; it's also a key criteria for Crown Resorts.

MR FEUTRILL: Can I just ask you, in the context of that answer in paragraph 65 of your statement where you've referred to specifically RSG and AML and CTF, if we take those as two examples, do you understand there to be any differences in either the RSG policies or the AML/CTF program, as it is applied to Crown Perth?

MR MORRISON: My expectation would be no. The AML/CTF is national legislation, so it applies equally to all operations in Australia, and RSG, I guess, may be different in terms of the specific requirements in relation to RSG in relation to various government agreements --- perhaps the State agreement or the licences or other Acts which determine now the various casinos are required to operate, but my expectation is that all states want casinos to operate at a high standard of responsible service of gaming and want all operators to be best of breed.

So I think, you know, we are trying to achieve that, and I think you should also view the requirements of any State-based legislation in relation to responsible service of gaming --- ideally it should be a foundational level and the organisation should strive to be above that. So I do think what I would like to see is Crown get to a position of best-of-breed, responsible service of gaming across all its gaming properties, and I would imagine there's a lot of commonality. There may be some modifications for specific State-based operations, but really think, by and large, they would be absolutely minimal.

MR FEUTRILL: In your conception of working together, do you understand there to be a mechanism or process by which Burswood Limited has the ability to change or adapt group policies to suit the operations of Crown Perth?

MR MORRISON: Certainly. If it still fits and it thought that needed to be done, then it should do that. I would imagine the board of Crown Resorts would have dialogue with the board of Burswood and seek to understand, and if they were right, then it would be accepted. There will be debate and consultation around that, and I think, you know, you would get a better outcome at the end of the day.

MR FEUTRILL: Do you have an example of that in your recent experience in Crown Resorts where that process has taken place, or are you now speaking of what your expectation would be?

MR MORRISON: I think probably it's what my expectation would be. I think, you know, the Burswood board, to be fair, is going through a restructure with recent appointments. I think what I can talk to you about is my experience with SkyCity and the head office in Auckland and SkyCity Adelaide. The executives on the --- the SkyCity board in Adelaide --- there was a board in Adelaide --- was populated by executives of the organisation. There were no independent directors. There were no

third parties, and to some extent it was a weakness at the time when I joined SkyCity that there wasn't an Adelaide board member on the SkyCity board. We sought to address that, and we appointed an Adelaide-based board member on the SkyCity holding company board.

So Adelaide had more of a voice, a local voice, at the holding company board. But I don't think there was ever any time and there was never any view of the South Australian government, or for that matter the Northern Territory government, that there should be independent boards populated by directors who had no association with the holding company board.

MR FEUTRILL: All right. Can we just come back and focus on Crown Resorts and Crown Perth, please. In paragraph 66 of your statement, you've referred to, I think the last sentence here:

Crown Resorts appoints the CEO of Burswood Limited with the consent of the *Burswood Limited board*. MR MORRISON: Yes.

MR FEUTRILL: Who are you describing there as the CEO of Burswood Limited?

MR MORRISON: Mr Lonnie Bossi.

MR FEUTRILL: So in other contexts, we've been referring to Mr Bossi as the CEO of Crown Perth.

MR MORRISON: Okay, yes.

MR FEUTRILL: All right. Do you know, from your own knowledge, when he was appointed as the CEO of Burswood Limited?

MR MORRISON: I don't think it was that long ago, because he was previously the chief operating officer --- I'm guessing maybe it was a year, maybe it was in 2020.

MR FEUTRILL: It wasn't during your time on the board, then, of Crown Resorts?

MR MORRISON: I --- my time on the board commenced in April. I think it was prior to that.

MR FEUTRILL: All right.

MR MORRISON: I could be wrong, I can't categorically answer that, but he'd certainly be the most senior executive in Perth since I've been associated with Crown.

MR FEUTRILL: Then the reference to:

..... with the consent of the Burswood Limited board Is that something from your own knowledge, or is it something that someone else has told you?

5 MR MORRISON: It's my understanding as to how the governance structure should work.

MR FEUTRILL: Well, should work or does work?

10 MR MORRISON: Well, I think going forward, the recent past, does work, but going back in the more distant past, probably should work.

MR FEUTRILL: All right. Can I ask that you look at topic 26, please. This question is directed to whether there is a degree of influence or direction within the Crown Perth entities has on the governance and operation on the other entities. So, in other words, the extent to which Burswood Limited, for example, may influence or (indiscernible) the operations of Burswood Nominees as licensee, as an example.

If you don't know, Mr Morrison, you don't need to answer the question, but in your answer to this particular topic, you haven't answered that question directly. So if I could just ask you ---

MR MORRISON: Yes. So, from my point of view, I mean, probably naively I would regard them --- I appreciate there are differences in what the companies do and how they work together, and in some sense I guess with the property trust structure and nominees holding the licence, and management being the employee, it goes back to a former time and is somewhat of a legacy structure, and it is a legacy structure even before Burswood Limited acquired the property trust. I'm not sure what year that was. It might have been in the '80s or '90s, but it was certainly before PBL acquired Burswood Limited. So the structure is a little bit of a legacy structure.

I think from the point --- from the time that PBL acquired Burswood Limited in, I think, around 2004, the view was Burswood Limited was the company and it had different entities underneath it which were the component parts of what you might regard as Crown Perth, you know, being somewhat of a legacy structure through the trust, et cetera. So my sense of it is that I don't know specifically the degree of influence a direction that those Crown Perth entities have on the operation of each other, but I treat them as a whole and I see them as part of the elements that make up Burswood Limited or Crown Perth.

MR FEUTRILL: Okay, thank you, Mr Morrison. I have a couple more questions about this structural arrangement. In paragraph 64, you've mentioned that the constitution of Burswood Limited is out-dated, there is no charter and you are aiming to rectify that. In paragraph 69, you return to a similar topic and made reference to some recent discussions and proposals. Could I ask that you be shown CRW.701.009.5375. I don't know if you can recognise this document, Mr Morrison.

MR MORRISON: Is it possible to blow up the top part? It's very, very small. That's better, thank you. Board charter and constitution, confidential and privileged. Thank you.

5

MR FEUTRILL: I don't know if this has been reviewed by you recently as part of some board papers or not, but it may be the topic to which you have made reference in your statement about the proposed changes.

10 If I take you to attachment 1, which starts on pinpoint 5378, there is a draft of a charter. Is that a document of the kind you are describing in your statement?

MR MORRISON: I think that's correct.

15 MR FEUTRILL: How, if you like, advanced are the discussions around the adoption of a charter for Burswood Limited?

MR MORRISON: There's been some work that's gone into it over the last, I would say, month, but I'd say it's still very much work in progress.

20

MR FEUTRILL: Have there been any discussions around composition of the --- or the ideal composition of the Burswood Limited board in terms of who should be members of that board?

25 MR MORRISON: Yes, of Burswood Limited?

MR FEUTRILL: Burswood Limited. So if we take --- if I just take you to pinpoint 5381 as an example, there is a heading "Composition of Board", and 4.1 refers to structure. As I read this draft, there must be at least three directors, consistently with
30 the constitution. In (e), at least one of those directors must be a non-executive director of Crown Resorts Limited, so at least one is both a director of Crown Resorts Limited and Burswood Limited, and over the page there's a reference to another director being essentially the chief executive officer of Crown Resorts.

35 At least in this draft what is contemplated is that at least two of three members of the board must be either a non-executive director of Crown Resorts or the chief executive of Crown Resorts. To your understanding, is there any proposal, or is it considered to be part of any proposal, there should be a mandated director that is independent of both Crown Resorts Limited board and/or the managerial or
40 executive of Crown Resorts?

MR MORRISON: I don't think so. I don't think that's the case, and I personally don't think there needs to be. As I say, Burswood is one hundred per cent owned subsidiary of Crown Resorts, and if I look at other models in South Australia and in
45 the Northern Territory, there did not need to be independent directors of subsidiary companies which weren't associated with the holding company.

It does say a minimum of three directors. As I am sure you are aware, Bruce Carter is awaiting probity, but I think will be the chairman of Burswood. Steve McCann is the CEO. So those two will be on the board, and Ms Marina Fewster is the third of those directors.

My personal view is that there should be --- I think Ziggy Switkowski indicated this. I think it makes sense to have, and as I mentioned in relation to Adelaide, a Perth-based director on the Crown Resorts board who also sits on the Burswood Limited board. I actually think that's quite important, but I do think they should be on the Crown Resorts board as well as the Burswood board. I think we did that in Adelaide, and I think that worked well.

I think, as Mr Switkowski commented, we have recently gone from three directors in Crown Resorts and added on two more Melbourne-based directors to give Melbourne their critical mass, but they are not independent directors of the holding company. They are on the holding company board but will also sit on Crown Melbourne.

I think we need to replicate a similar structure with Crown Perth. They should be on Burswood but also on Crown Resorts Limited. I think that would lead to a very, very good governance structure, and add to the considerations of the Crown Resorts board with the input from a local Perth-based director. I think in times gone by, during my tenure, we have searched for a Perth-based director to join the Crown's board, but as you can probably imagine, with the Bergin Inquiry and two Royal Commissions, it's not as attractive as it once was. I would hope we will do that.

You know, I think we also need a new director in Sydney, and I would hope we do that as well. That would be on the Sydney board of Sydney but also on the Crown Resorts board, and that would take us, then, from a total of five to seven non-executive directors, plus Mr McCann.

MR FEUTRILL: Okay. Can I direct your attention to the next page. Sorry, two pages further on, pinpoint 5383, which is referring to the duties and responsibilities of the board members. I think you mentioned earlier in answer to one of my earlier questions a concept of working together, that is to say, Crown Resorts Limited board working together with the Burswood Limited board?

MR MORRISON: Yes.

MR FEUTRILL: I just want to draw your attention --- there's a paragraph which begins:

Subject always to the Company's overriding duty to act in the best interests of *the Company* MR MORRISON: *Could I ask for that to be blown up? Thank you.* Yes.

MR FEUTRILL: Is that ---

MR MORRISON: I have read that.

5 MR FEUTRILL: --- consistent with the view you expressed about the concept of working together?

MR MORRISON: Yes, I think so.

10 MR FEUTRILL: And, again, just to pick up this concept, 5.4, the second bullet point on that page:

..... in conjunction with management and in consultation with Crown Resorts Limited, establishing a vision and strategies for Crown Perth.

15 Again, is that what you are meaning by working together?

MR MORRISON: Yes, I think so, and I think, you know, working together, the Crown Resorts board --- and particularly if we go down to the structure of Burswood, where we have a number of directors on Crown Resorts that are on the Burswood
20 board, there should certainly be a commonality and opportunity for discussion and adding value together. So, yes, I think so.

MR FEUTRILL: I just want to take you to a draft of an amendment to the constitution, attachment 2, which starts on page pinpoint 5389. I don't know how
25 mature the discussions are, Mr Morrison, in respect of this, whether there's been some debate about what the contents of this document should be or it's just been presented at this stage as a draft.

MR MORRISON: I think it has been presented as a draft, but I think the view was
30 the document, as you would see reading, I think, the edits, it was by and large, again, a legacy document, that quite honestly should have been updated probably decades ago, because it referred to shares, to the ASX, to the listing rules, and dates back to when Burswood Limited was a listed public company, which, as you know, ceased almost 20 years ago. So I think my understanding is that was the main focus of the
35 proposed changes to the constitution to address those legacy issues.

I also understand there was no intention to address any --- to change any of the requirements under the State agreement, which might be embodied in that constitution.

40 MR FEUTRILL: Well, can I just draw your attention to pinpoint 5415 and a proposed new article 15.13. I think, again earlier in answer to one of my questions, you explained that your view that essentially as a wholly owned subsidiary of Crown Resorts, the whole report in consolidated way, act in essentially a consolidated way.
45 Is your understanding of this --- first of all, did you discuss this provision with the other directors, and what's your understanding of it, if you have?

MR MORRISON: I don't recall discussing that particular provision with the other directors. It was probably included in the draft that I saw.

5 At any time when the Company is a wholly owned subsidiary of another body corporate (*the Holding Company*), each Director is authorised to act in the best interest of the Holding Company and in doing so will be taken to be acting in good faith in the best interests of the Company. Sorry, what is your question?

10 MR FEUTRILL: Was there any discussion about it, and what's your understanding?

MR MORRISON: I don't recall any discussion about that clause.

MR FEUTRILL: Do you have an understanding of what it means?

15

MR MORRISON: I think I do, unless you want to tell me what my understanding is.

MR FEUTRILL: What's your understanding of it?

20 MR MORRISON: It is a little confusing. Each director is authorised to act in the best interests of the holding company, so basically it's saying the directors of the holding company act in the best interests of the holding company and, in doing so --- I think probably what it's trying to get to, and it may not say it as articulately as it probably should, again, the interests of Burswood Limited as the licence holder and,
25 as the property owner, should be aligned --- totally aligned with that of the holding company.

And I'm challenged to think of circumstances --- and there may be some, but I'm challenged to think of circumstances when something that's not in the best interests
30 of Burswood Limited, being the controlling entity of the Perth operations, if it's in the best interests of Perth, is not in the best interests of the holding company. So that's my view on that.

MR FEUTRILL: I want to come back to some structure things in a moment, Mr
35 Morrison. Before I do, can I take you to paragraph 71 of your statement, where you've indicated your current understanding of the who the directors of Burswood Limited are. Are there any proposals to change that composition, of which you are aware?

40 MR MORRISON: I have become aware in recent times that I think Mr Bossi will step down from the board and the three directors, once Mr Carter is approved, will be Mr Carter, Ms Fewster and Mr McCann.

MR FEUTRILL: Is that --- at what stage --- is that a proposal, or is it a decision that
45 has been made?

MR MORRISON: Well, I'm not a director of Burswood Limited, and it is a matter for the Burswood board, but I understand discussions have taken place, and I think that is going to unfold.

5

MR FEUTRILL: All right. So is it your understanding that the discussions have taken place at the Burswood Limited board level?

MR MORRISON: I don't know --- there have certainly been discussions, I believe, with Mr McCann and Mr Carter with Mr Bossi.

10

MR FEUTRILL: To your knowledge, did those discussions include Ms Fewster?

MR MORRISON: I do not know.

15

MR FEUTRILL: In the current structure, do you agree with me that, in effect, Burswood Limited is accountable to Crown Resorts Limited?

MR MORRISON: I do, being a wholly owned subsidiary.

20

MR FEUTRILL: Would you agree with the proposition that it is not functionally independent of Crown Resorts?

MR MORRISON: I think --- from a governance point of view, I think we are mindful of our obligations, and I think the two will work together and there will be certain functions and decisions that will need to be taken by Burswood appropriately in relation to certain matters. But, as I have indicated, I think there is alignment between Burswood Limited's interests and CRL's interests.

25

MR FEUTRILL: In terms of the composition of the board as it is about to be constituted, Mr Carter will be the chair, and he's a director of Crown Resorts Limited?

30

MR MORRISON: Yes.

35

MR FEUTRILL: Mr McCann will be a director, and he's the CEO of Crown Resorts Limited?

MR MORRISON: Yes.

40

MR FEUTRILL: And there will be Ms Fewster, who is the only one of those three who sits outside either Crown Resorts Limited board or management of Crown Resorts. So any decision involving Burswood Limited, the common director and the CEO can carry the day; would you agree with that proposition?

45

MR MORRISON: If it requires an ordinary resolution, yes. If it requires a special resolution of 75 per cent, it might be somewhat challenging.

MR FEUTRILL: But any ordinary resolution of a board will be carried by a simple majority of two over three; correct?

5 MR MORRISON: That would seem to be correct, yes.

MR FEUTRILL: So coming back to my question, functionally, as constituted, would you agree with the proposition that the Burswood Limited board is not independent of Crown Resorts Limited?

10

MR MORRISON: Is not independent --- I would agree with that, and I don't see why it needs to be independent of Crown Resorts Limited.

15 MR FEUTRILL: I understand that's your view, Mr Morrison. Can I put a few things to you, and just ask you for your view at the conclusion of these things, and whether these considerations have any influence on your view about the structure of the board.

20 The first consideration I put to you is that Burswood Nominees is the holder of the casino licence in Western Australia, so it is the company within the Crown Resorts structure that owes the obligations to the Western Australian government under the legislative framework in Western Australia. The second is that Burswood Nominees is a party to the State agreement with the state of Western Australian. So those obligations under the agreement, a contractual nature, are to the State of Western
25 Australian as well

30 And the third is, and this is mentioned in your statement, the current constitution of Burswood Limited that enshrines in it an obligation for it to have its head office in Western Australia, and that's defined by reference to where its central management and control is located.

35 So having regard to those three considerations, do you consider there may be a case for constituting a board either of Burswood Nominees as the licensee or its interim parent company Burswood Limited, with a completely independent board, or a majority of independent directors?

MR MORRISON: No.

40 MR FEUTRILL: Why do you say no in the context of those three considerations?

45 MR MORRISON: Well, Crown Resorts Limited or its predecessor purchased Burswood in 2004 for --- I think it was \$686 million. If the State at the time was concerned that Burswood was such a significant asset that it shouldn't become a wholly owned subsidiary of another company, it could have decided it was such a significant company and not allowed that transaction to proceed. It didn't. It was comfortable --- the government of the day was comfortable for Burswood to become a wholly owned subsidiary of another company, and presumably they considered these matters at the time in 2004.

I think the other part of that argument is that, at Crown Resorts, we are obviously mindful of the licence obligations of the WA government. Even though it is effectively the obligations of a wholly owned subsidiary, it doesn't make those obligations any less onerous on the board of Crown Resorts. So we take them equally seriously as would a board of Burswood Nominees.

And the same applies to the State, the State agreement. I think, you know, we take the commitments that Burswood has made to the State under the State agreement most seriously. Burswood and Crown Perth is a very, very significant asset to Crown Resorts, and it is important that we seek to act with integrity and manage that asset and manage the relationships with the regulators and the government and whoever oversees that asset and the licence and the properties in WA, that we manage that to the best of our ability at the CRL level.

The head office is in WA, and I think, you know, central management and control is in WA. But some governance oversight is provided by CRL together with Burswood. I think Burswood --- Burswood is the decision-maker as holder of the subsidiary company, Burswood Nominees and the property trust, et cetera, but I think our interests are totally aligned.

MR FEUTRILL: I know the report is quite new, and it was tabled yesterday in Parliament in Victoria, the report of the Royal Commission in Victoria.

MR MORRISON: Yes.

MR FEUTRILL: Have you had an opportunity to look at some of the recommendations of that report at this stage?

MR MORRISON: I have.

MR FEUTRILL: And are you aware that one of the recommendations is that the Casino Control Act in Victoria be amended to impose an obligation on the casino operator to have the majority of its board as independent directors, including independent of the ultimate holding company?

MR MORRISON: I am.

MR FEUTRILL: Do you have a view about whether a structure of a similar nature would be appropriate in Western Australia?

MR MORRISON: Well, I disagree with that structure in Melbourne, and, therefore, I disagree with that structure in Perth.

MR FEUTRILL: Is that for similar reasons to those you gave in answer to my earlier question about the three considerations I put to you and whether constituting a board with a majority of independent members would be an appropriate thing to do?

MR MORRISON: Sorry, could you repeat the question?

MR FEUTRILL: Do you disagree with the position in Victoria for the same reasons
5 you disagreed with my earlier question about constituting the board in WA?

MR MORRISON: Yes.

MR FEUTRILL: Can I ask you some questions around the conception of what you
10 regard as the directors' duties of a company that is a licensee of a casino licence in
Western Australia. You would be familiar with the normal conception that company
directors have an obligation to act in the best interests of the company as a whole, I
take it?

15 MR MORRISON: Mmm-hmm.

MR FEUTRILL: And in an orthodox setting that's usually considered to be the
shareholders' and members' interests?

20 MR MORRISON: Mmm-hmm.

MR FEUTRILL: It can take into account creditors or contingent creditor interests.
Do you have a view at all about whether the conception of the interests of the
company as a whole should or does take into account what might be regarded as
25 community interests or responsibilities of a good corporate citizen?

MR MORRISON: Yes, absolutely. They should. Casinos need a social licence to
operate, and we need to have good corporate governance, and that embraces the
community. Licences --- casino licences, exclusive casino licences are a privilege,
30 and we need to make sure that we look after those. They are our most valuable asset,
as we are finding in this year of 2021 with the various reports and what's happened to
Crown. Those licences are hugely --- are the only asset we have at the end of the
day.

35 There are some bricks and mortar, but those licences to operate are hugely important,
and we need to take care of those assets, and that means we need to develop the right
relationships with the regulators, with the governments, and make sure we are
upholding the standards to the highest level to earn our position to hold those
licences. I think that's what we need to do. I think that is --- I can assure you, that is
40 absolutely at the forefront of the directors of the Crown Resorts Limited, be it
Melbourne, be it Sydney, be it Perth.

MR FEUTRILL: All right. But if we put it in terms of responsibility, and we'll use
the community of Western Australia that comes with being a licensee of a casino
45 licence in this State, that rests with Burswood Nominees, does it not?

MR MORRISON: I believe so.

MR FEUTRILL: So the directors of Burswood Nominees are the ones who owe the duties to the company to discharge that particular obligation, are they not?

5 MR MORRISON: Well, I'm not sure about that legalistically. I think in practice and commercially, those obligations are hugely significant obligations, overseen by the holding company. Those obligations are the obligations of a wholly owned subsidiary company, and my understanding is the directors of that company are executive management, which I would put to you is not an unusual situation in any
10 jurisdiction around Australia, and I'd be surprised if Star in relation to Queensland has a different structure vis-à-vis the main Star entertainment hall. I know SkyCity didn't have. I'm not sure whether it does today, but I don't think it does.

15 It's quite usual and common practice for the boards of those entities probably to be populated executives of the organisation, but the governance oversight, if you like, to some extent is delegated up to Crown Resorts Limited, being the ultimate holding company, it would make sure that, you know, the management of the directors of Burswood Nominees bring matters to the attention --- I would imagine it would go
20 Burswood Nominees through to Burswood Limited and then there would be consultation between Burswood Limited and Crown and discussion, and Burswood Limited would make the ultimate decision.

MR FEUTRILL: In that answer, you are really directing attention to an indirectness in terms of the responsibility of the directors of Crown Resorts for the discharge of
25 the licensee's obligations in Western Australia?

MR MORRISON: Yes, that's correct.

MR FEUTRILL: There's no member of the Crown Resorts board who directly owes
30 those obligations to Burswood Nominees, is there?

MR MORRISON: No member of the Crown --- well, other than the fact that it's one of the most valuable licences we hold, and probably, as we sit here today, it probably the most valuable licence. So I think the Crown Resorts board takes its obligations
35 of all its subsidiary companies most seriously.

MR FEUTRILL: Just to try and capture what has been quite a few questions and answers, Mr Morrison, in a nutshell, are you expressing the view that you don't see
40 there to be any need for independence of the board of either the licensee director or the interim company that controls it, because, in your view, due to the nature of the asset --- that is to say, the casino licence --- the obligations owed by the licensee will be discharged through the corporate responsibilities of Crown Resorts as the holding company?

45 MR MORRISON: I think that's correct. I think the obligation on the directors of Crown Resorts is to make sure there is a framework to make sure that occurs, and I think, you know, if it needs to be considered at different levels of the organisation, it

will be.

5 As I said, I see --- I see Perth as a hugely valuable asset to Crown Resorts and
Burswood Limited, and I do see --- I would like to think in the new term we'll have a
Perth-based non-executive director on the Crown Resorts board who also sit on the
Burswood Limited board who would join Mr Carter, Mr McCann and Ms Fewster. I
think that would be a good model. I should say, that is my personal view, but I think
that would be a good model going forward.

10 MR FEUTRILL: In answer to one of my earlier questions you explained or
expressed a view along the lines of when Burswood Limited became a wholly owned
subsidiary of Crown Resorts, the structure was acceptable --- I'm putting words in
your mouth, but essentially I'm paraphrasing you --- to the State of Western Australia
15 at the time.

There was, however, a provision of the Burswood Limited constitution that became
enshrined in it as part of that process that is referred to in your statement, which is
article 3.12, and you have been asked a question about whether you consider that to
20 have been discharged.

MR MORRISON: Sorry, where is it in my statement?

25 MR FEUTRILL: This is at pinpoint 0985. There's a topic 31 and 32.

MR MORRISON: The head office.

MR FEUTRILL: You've indicated your understanding of that provision of the article
of the constitution and that you express a view that you think it's been discharged.

30 MR MORRISON: Yes.

MR FEUTRILL: In practical terms, with the governance structure essentially
centralised in Victoria, how do you consider that Burswood Limited is able to
35 comply with that provision of the constitution?

MR MORRISON: I think the day-to-day management and decision-making does
take place in Perth. The governance structure, as you say, centralised in Victoria, is
really, I think, to some extent the provision of shared services to assist.

40 I sort of view it as what I call a matrix and matrix management. The shared service
function is there to assist the management of Burswood or of Perth. It should be held
to account as such. And I think by having a shared service function, it provides those
shared services, if you like, in relation to money laundering and responsible gaming.

45 It allows us to get economies of scale to deliver a better quality solution going
forward, which can be devolved and offered to the operations of the three
independent companies, the three independent operations. They would then be well

tweaked to meet their specific criteria, if required, in their various jurisdictions.

5 So I think, you know, I think Lonnie Bossi, as the CEO of Burswood, is effectively running Burswood. He does report to Mr McCann. There is a Burswood board that he also reports to and collectively, they manage it. I think then, you know, that is based in Perth, and Burswood then --- if there are any significant issues that need to be considered or need to be considered at the Crown Resorts meeting, they are brought up at the Crown Resorts meeting and discussed and worked through.

10 But at the end of the day, the decision-making in relation to those issues would be taken by Burswood Limited, but there would be consultation with Crown Resorts.

15 MR FEUTRILL: In that answer you've mentioned management quite a few time. How do you see control being undertaken in Western Australia?

MR MORRISON: I see Mr Bossi as the CEO of Crown Perth effectively --- certainly in day-to-day control, but reporting through to Mr McCann in relation to, you know, being his CEO. When we meet as a Crown Resorts board, Mr Bossi gives presentations of the results of Burswood, raises a range of issues with Burswood for us to consider, to be informed about, and those things are discussed and the Crown board's kept abreast of those.

20 Also, I think now with Mr Carter being on the board of Burswood Nominees and Mr McCann being on the board of Burswood Limited, I think --- not only Mr Bossi, there will be the presence of Mr Carter and Mr McCann on the Crown Resorts board also. So I don't really see any issue or detriment as a result of this structure to the successful operation and continued operation of Burswood.

30 MR FEUTRILL: Mr Morrison, could I just move to a slightly different topic, but remaining in the area of governance, which is the Crown Melbourne Management Agreement. This is pinpoint 0986, the topic in 33 and 34. In paragraph 81 you've outlined your understanding of certain things in the acquisition of Burswood by PBL, but what's the source of the understanding you've expressed in that paragraph?

35 MR MORRISON: Well, I left Crown in 2000, and I was aware of the single purpose covenant that applied to Crown Melbourne, or Crown Limited, as it was then, and that various concessions needed to be --- I'm assuming needed to be negotiated to allow PBL to then purchase Burswood, and I think that's also covered in Mr Finkelstein's report in some more detail than my commentary here, as well. So that's my understanding.

40 MR FEUTRILL: If I understand the way in which you've responded to the questions that are asked here correctly, you have essentially expressed the view that there are a number of advantages to the Crown group in having multiple properties, and you've also expressed the view that there are certain advantages to Crown Perth itself in having capital spent by the Crown group on the Crown Perth site. Is that a fair summary of part of what you are saying in these paragraphs 79 through to 84?

MR MORRISON: That's certainly some of the points. Certainly having multiple properties, I think, is a key asset. I think in many ways sum of the parts --- you know, the whole is greater than sum of the parts. Certainly from a customer point of view, I think that applies, and it certainly does in relation to International Business.

Then there are certain economies of scale which come into effect as well in that regard, and then in relation to capital, if you look at, you know, Crown or PBL purchased Burswood, I think, for 686 million in 2004 and has spent probably 1.6 billion since on Perth. I'm sure you would agree with me that the Perth property is a very enviable asset today and is by far superior to the asset that it was back in 2004. Without Crown and its vision and its capital, you wouldn't have Crown Towers today in Perth. I'm sure you wouldn't have Nobu, and Crown Towers is a great asset for Perth. So I think, you know, all those sort of things come into play.

MR FEUTRILL: All right. Without dwelling on it, there may well be advantages to Crown Perth in the short or medium term to having membership of a larger group, but would you agree with me that --- leaving aside what views you might have about the prospects of this ever taking place, would you agree with me that the effect of clause 33(ra) is that it precludes operating the Crown group in a way whereby Crown Perth could ever challenge Crown Melbourne as a preeminent casino site in Australia?

MR MORRISON: Well, I'm turning to (ii):

..... indebted to maintain the Melbourne casino as a dominant *commission-based play casino in Australia* To my understanding, WA and Crown have agreed that Junkets will cease and have ceased, but I also understand that the gaming regulator in Perth has stated it doesn't want to entertain commission-based play in Perth. So if that's the case, and the --- and reading the Commissioner's report in Victoria, my take out of his report is that he is comfortable with commission-based play, given that Junket players cannot play commission-based --- as commission-based players. Then I think, you know, that is a decision the gambling regulator has made, or whoever has made it in Perth, so it's not an issue because effectively WA has opted out of that market. So I think that falls away.

The company must ensure that the holding company locates the headquarters *of its gaming business in Melbourne*.

Well, I think the issue here, and it relates to (ii), I guess, that the holding company maintains the Melbourne casino as the flagship. When PBL purchased Burswood, as I said, I think it was --- call it 680 to 700 million, at that time Crown Melbourne probably was worth 3 billion. So I think as has occurred, 1.6 billion has been spent on Burswood and invested into the Burswood asset, created what is now Crown Perth, which I'm sure you will agree is an amazing facility, has created that asset, and

yet --- and additional capital has been invested into Melbourne since that time, in the Metropol Hotel and other facilities.

5 I think, you know, also Melbourne obviously does have a bigger population than Perth. It is rightly or wrongly a greater gateway to international tourists --- probably not today with the COVID restrictions; it probably will be more domestic tourism. But I think --- you know, I don't think it's an issue. I think the capitalisation, the money that's being spent on Melbourne continues to be spent on Melbourne and is
10 significantly ahead of where Perth is at, that there is no impediment to Perth going forward.

If the population of Perth at some point out-grows the population of Melbourne, if Perth becomes the key international terminal, the key international entry point for
15 Australia, that at some point may become an issue. But, you know, I think unfortunately those things are probably unlikely, and I think Melbourne, a city of 5 million people, Crown will continue to invest in Melbourne, but that's not to the detriment of Perth. Crown will continue to invest in Perth and values that asset very highly.

20 But I think, you know, while that's the case, the differential in the value of those assets is so great that for the foreseeable future, Melbourne will remain as the flagship. Although on a per capita basis, perhaps you might argue that Perth is the flagship. But, in reality, I think the company is trying to discharge that obligation.

25 MR FEUTRILL: Let's take Perth out of the equation and hypothesise there was a proposition that for the Crown group as a whole it would be better to locate the headquarters in Sydney and to make the Sydney property the flagship, and that had greater benefits for Crown Perth than locating the headquarters and flagship in
30 Melbourne.

MR MORRISON: I'm not sure why they would have greater benefits for Crown Perth?

35 MR FEUTRILL: I'm just hypothesising. Would that not be a situation in which there is a potential conflict of interest between the interests of Crown Perth?

MR MORRISON: My personal view is that Melbourne will remain the flagship, for the same reason I just articulated regarding Perth, the size, scale, capital investment,
40 the diversity of the operation. Melbourne is a multi-faceted integrated resort. And Perth is but on a lesser scale but fitting in size for the community in which it operates.

Sydney has some elements of an integrated resort, but it is really a hotel, restaurant,
45 and unfortunately today it doesn't even offer gaming. Even so, its gaming is somewhat restricted. While it's a fantastic building and development, I don't think it is a truly integrated resort that would match the quality --- which would match the overall facility that Crown Melbourne offers. So I don't think Sydney would be

regarded as the flagship of the holding company.

5 MR FEUTRILL: I'm not really asking about the prospect of it taking place, Mr Morrison. I'm putting to you the proposition that are there not situations that one can conceive of in the future whereby it may be to the advantage of Crown Perth to upset the status quo in terms of having Crown Melbourne as the flagship and headquarters for the Crown group?

10 MR MORRISON: I can't conceptualise any.

MR FEUTRILL: One of the clause 21(r) that refers to the holding group:

15 If it pursues anywhere in Australia a business similar to that of the company

That is Crown Melbourne, so in other words, the Crown Perth business:

..... the holding company will use its best endeavours to ensure that such *business is conducted in a manner which is beneficial to that business*

20 On the one hand:

..... and to the company

25 Crown Melbourne on the other:

..... and which promotes tourism, employment and economic development *generally in the State of Victoria*.

30 Do you accept the proposition that the management agreement in Victoria requires effectively Crown Resorts to operate Crown Perth in a manner whereby it will use its best endeavours effectively to benefit the economy in Victoria?

35 MR MORRISON: I think that clause goes on to say "and which is not detrimental to the company's interest". I think that's an important clause and an overarching clause, and I think probably today a more significant clause. So if you were to do something --- acquire a company that was detrimental to Crown Melbourne, I think you would fall foul of that clause.

40 My understanding is that --- and I think this wording dates back some years, and I think there's been a number of revisions to, if you like, the purpose of casinos in more recent times, particularly in Victoria, and I think it's fair to say in some Acts and in some agreements, that particular clause subclause 1 has been diluted, that no longer today is it important to the regulators and the State Government of Victoria to
45 promote tourism, employment and economic development in the State of Victoria as it is to ensure that you have a casino free of crime and discharging all of its social and community obligations.

I can't take you to it, but if you look at the various agreements that have --- I think Finkelstein in his report, Commissioner Finkelstein, does actually take you through in that report how that has changed and the focus is more on meeting the standards that society expects today rather than, if I can put it candidly, purely promoting
5 tourism, employment and economic development. I think that dates back some time, but I think the "and" is very, very important.

To my knowledge, while Crown has continued to do everything that it has done,
10 Crown Resorts in relation to Perth, are not aware of the VCGLR, any regulator or anybody rapping Crown over the knuckles for developing Crown Perth or Crown Sydney, for that matter, and saying you've got this obligation under (r)(i) and that doesn't apply.

The point I tried to make earlier in my response to this is I think the whole, by having three facilities, three properties, having the whole is greater than sum of the parts. So the fact that we can offer Crown Towers to Perth and Nobu to Perth is a positive for Melbourne because, when your international tourists come to Perth and experience the standard and the branding and the positioning of Crown Towers and of Nobu,
20 they know what they are going to expect when they come to Melbourne and will stay in Crown Towers in Melbourne.

So I think --- I don't think that is an impediment. I think if it was detrimental, if we were doing something that was detrimental, that would be an issue. As I said, I think
25 there has been some amelioration or softening of (r)(i) in more recent times, and I'm not aware of anything that we have done in the past ever being regarded as a breach of that clause.

MR FEUTRILL: All right. But the clause exists, so there's an obligation of a
30 contractual nature that is owed by Crown Melbourne to the State of Victoria; correct?

MR MORRISON: I guess the clause exists, as you have got it here, yes.

MR FEUTRILL: Would you agree with this proposition, that it is conceivable ---
35 I'm just saying a possibility --- it's conceivable that the existence of a contractual obligation of this nature could bring the interests of Crown Perth and those of Crown Melbourne into conflict?

MR MORRISON: I don't think so. Only if what was being done was detrimental to
40 Melbourne.

MR FEUTRILL: All right, let's hypothesise a proposal to carry out some business in Perth at Crown Perth that for some reason would be detrimental to Crown Melbourne; there is then a potential for conflict, is there not, between carrying on
45 that business for the benefit of Crown Perth and potentially Crown Melbourne being in breach of its obligations under the management agreement?

MR MORRISON: If it was detrimental to Melbourne, I think that would be correct.

MR FEUTRILL: So that's a situation where I think you said earlier you couldn't conceive of there being any circumstance where the interests of Crown Resorts Limited and those of Burswood Limited may not be aligned?

5

MR MORRISON: Well, what would be something that would be --- if you read the thing in totality, if it pursues anywhere in Australia a similar business to that of the company, Crown Melbourne, will use its best endeavours to ensure --- so it already has acquired Crown Perth. That is a historical transaction. That has been done. I think this refers to other transactions. You might argue it relates to Sydney. If Crown was to go and acquire Star in Sydney, this clause may apply, but it does talk about:

10

..... it pursues anywhere in Australia a business

15

So "pursues", I'm interpreting as acquiring another entity, acquiring a similar entity to that of the company Crown Melbourne, and it has already acquired Crown Perth, and by virtue of the fact that's happened nearly 20 years ago, and I don't think anything untoward has been raised in relation to this clause. I'm assuming that history will continue to prevail.

20

MR FEUTRILL: Mr Morrison, the way you answered that question suggests to me that, so far as you're concerned, now that Crown Perth has been acquired, there cannot be any potential for this clause 2.1(r) to operate?

25

MR MORRISON: I think, as I said, I think this clause --- look, I should say I'm not a lawyer. My take out of this clause is this was brought into the agreement at the time when Crown wished to acquire Burswood. And my reading of it, if it pursues anywhere in Australia a business similar to that of the company, similar to that of Crown Melbourne, so if it pursues --- if it's going to acquire a business similar to Crown Melbourne, it will use its best endeavours to ensure such business is conducted in a manner which is both beneficial to the company and promotes tourism in Victoria and which is not detrimental to the company's interests.

30

So perhaps on a second reading, it does look like it does have some sort of continuity.

35

..... will use its best endeavours to ensure

I guess you could argue that does have continuity, but I think --- yes, I think that happens, but I think my interpretation of it is that it hasn't happened, nobody has objected to it in Victoria in 20 years, and, you know, we would be more concerned if it was detrimental to Crown Melbourne, but it is hard to envisage when something might be detrimental to Crown Melbourne.

40

MR FEUTRILL: I think I will move on, Commissioners.

Mr Morrison, can I move to a different topic of remediation. How familiar are you

with the remediation plan?

MR MORRISON: I've read it.

5

MR FEUTRILL: Would you agree with the proposition that it identifies responses to what one might term deficiencies that have been identified in either the Bergin Inquiry or this other inquiry to date --- deficiencies in Crown Resorts systems?

10

MR MORRISON: I think its origins were clearly out of the Bergin Inquiry, and working with ILGA in terms of seeking to become a suitable person to operate the Sydney casino. I'd say they were its origins. Since that time, other elements have been added to it, as the company has become aware of other deficiencies, be it through this Commission or through the Melbourne Royal Commission.

15

MR FEUTRILL: Of the elements of the remediation plan, are there any that you consider to be of critical importance?

20

MR MORRISON: I think they are all of significant importance. If they weren't important, they wouldn't be on there. I mean, some are obviously more important than others, and if you want to take me to some, I'm happy to give you my view on the criticality of the importance of the particular item.

25

What has been done, you know, in this remediation plan, and I think a lot of the big ones in terms of the changes of the board, departing directors, departing executive management, departing CEOs, a lot has been done, and they are obviously very, very critical initiatives on the road to remediation, and a lot of those have been done. But there's a lot to do, but it is being worked through.

30

MR FEUTRILL: I'm really asking for your view, Mr Morrison, your view of what you consider to be --- you've mentioned so far already changes to the management and directors of the company. Are there any others, in your view, that are of more significance than others and need to be done perhaps with more urgency?

35

MR MORRISON: Okay, all right. So the organisation needs to be settled down. Senior management need to be appointed. There needs to be a chief executive of Sydney. There needs to be a chief operating officer of Crown Melbourne appointed. The other gaps in the organisation structure are significant gaps, be they group general managers, group executive general managers need to be appointed, and that

40

It's very difficult to move organisations forward unless you've got your organisation structure set and you've got your key management in place. Obviously for the first half of this year, we struggled with that because we didn't have a chief executive. Steve McCann was only recently licensed. So he's now totally on board, which is fantastic.

45

But the key, I think one of the most important things, is to get the organisation

structure set and get it populated. Obviously we are working to do that, get all of those key positions done. They are very critical and very important.

5 From that, then, is the reassessment of the vision and values of the organisation, or, if
you like, the purpose of the values, and that has been done and worked through the
Deloitte culture survey, and management taking that on board and working through
that and coming up with a new set of values. Recognising the Deloitte culture survey
is probably now six months old, quite some time has past, but the new values have
10 been established and are being rolled out throughout the organisation.

So getting the organisational structure correct, and I should have mentioned making
sure we populate the board. Right now we only have three licensed board directors.
So you can imagine for an organisation like Crown, with only three licensed board
15 directors, there's an awful lot of work to do. We've had something like 10 meetings
in the last two weeks.

So there's a lot of work to do, so we do need to get --- and obviously it takes time to
get these people --- identify these people, recruit these people, at the board or
20 management level and get them to pass probity. But getting the board right and
fulfilling the board and getting the executive management right and fulfilling the
executive management is a huge critical task to be done.

Then cascading down and formulating the values and the purpose of the organisation,
25 and cascading that through the organisation is absolutely critical. And then at that
point, we can start to move culture. And communication is absolutely essential.

We also need to make sure that we get those risk areas where we have been deficient,
and a lot of the remediation plan is devoted to AML and CTF, and I do think we are
30 making good progress in that regard with the team there, with significant
enhancement to resources, the organisational structure under financial crime and
compliance and recruiting top people in that area. That is taking place. And there
are still a couple of empty boxes, but we need to get those done, and I think we are
making good progress with that.

35 We do need to recruit a new --- let me get this right --- group executive general
manager of Responsible Gaming. That position has been elevated in status, given, I
guess, what we would call the deficiencies that we've identified through a range of
feedback, and we do need to recruit them. But I understand we are not far away in
40 that appointment, and I think that is an absolutely critical appointment as well.

The next thing then that has to come is we have to get our remuneration structure
right. You asked me to tell you, and I'm telling you. We have to get our
remuneration structure right. We need to have our incentive compensation correct in
45 terms of its components. So a short-term incentive remuneration needs to be
structured properly, along with a longer-term incentive remuneration, and there need
to be gates there.

You would have heard Crown would have been perceived to have a purpose beyond profit --- sorry, a profit beyond purpose and put profit ahead of purpose, and we need to bring that back in, and we need to make sure from a culture point of view and
5 from an incentive compensation point of view, people are correctly remunerated in terms of their incentive compensation.

I think that means that there needs to be gatekeepers. You need to demonstrate that you have upheld the values of the organisation, the new values, that you live the
10 values, and that you then have a range of non-financial key performance objectives to meet, and unless you meet the values and get through those gatekeeper provisions, you're not eligible for short-term incentive remuneration and you may not be eligible for long-term incentive remuneration. So you need to get through those gates, and then you are eligible for incentive remuneration.

15 So I think all those things are critical, and I think that goes to culture; it goes to addressing AML and CTF; it goes to addressing Responsible Gaming, and it goes to populating the management team.

20 I'm a great believer in strategy, structure, staff. Let's set our strategy. We know what our strategy is now. The non-financial elements are so important to our social licence, much more important than our strategy going forward. So we need to get our strategy right.

25 That leads to our organisation structure. You've seen that with the elevation of such people, of the chief risk officer, of the internal audit --- executive manager of internal audit, of the chief financial --- chief compliance officer, financial crime and compliance officer, a splitting of functions between general counsel and company secretary. All those things have been done and elevated in status. I think, you know
30 --- and the new appointment of the chief people and culture officer. So getting that organisation structure structured to meet the new objectives of the new Crown is so important.

We are significantly there. Significantly down that process. I think that's hugely
35 important for the organisation. So I think all those things are critical, and I think if we can get that right, if we can get the teams in place, have the board in place, have the management team in place, have the right organisation structure, have the right culture driven by vision and by purpose and values, and then have the right incentive remuneration measures in place, I think we will go a long way to realising our vision
40 of getting Crown back on the right track.

MR FEUTRILL: Right. Mr Morrison, thank you for that answer. In amongst some of the things you've said, you mentioned the recruitment, I think you said, of an executive RSG manager or something like that, words to that effect, and that ---
45

MR MORRISON: Yes.

MR FEUTRILL: --- giving them the recognition, that you needed to elevate the

status of that. When was that decision made?

5 MR MORRISON: I think that was made probably, I'm guessing, a couple of months ago. Where are we now, September --- probably six weeks ago.

MR FEUTRILL: Was that a decision made at the Crown Resorts Limited board level, or was it a management decision?

10 MR MORRISON: It was a management decision.

MR FEUTRILL: And you became aware of it through what mechanism?

15 MR MORRISON: Through reporting back to the board in an update session, I guess, yes, of the CRL.

MR FEUTRILL: I see. I have got a couple of more questions for you on the remediation plan, Mr Morrison. I would ask if perhaps in answer to these ones you can try and confine your answers somewhat, and if we need more, I will ask you
20 more questions. Do you have any concerns about the scope or adequacy of the remediation plan?

MR MORRISON: I don't think so, other than it's a living document, and it will continue to be improved.
25

MR FEUTRILL: Do you have any concerns about the ability of the senior executive team to deliver the plan?

MR MORRISON: Well, as I think I mentioned in my slightly longer answer, we
30 need to get the organisation structure, certainly we need to populate it. We haven't populated all the positions yet, so we do need to do that. Then we will have an able senior executive team to fulfil all those functions.

MR FEUTRILL: I see. So I'm drawing a bit of a distinction, perhaps, between the
35 very top level executives and perhaps the next layer down. Are you suggesting that essentially the core team still needs to be completed?

MR MORRISON: Well, I think the top level is --- the top level reporting to the CEO is probably complete, but that next level down, which is very, very important, and
40 still very, very senior people, there are still some vacancies there that need to be populated.

MR FEUTRILL: I expect that the filling of those vacancies is in the area of responsibility of Mr McCann, I presume?
45

MR MORRISON: I would have thought so, yes. And through, if you like, probably Mr Blackburn in relation to those that report to him in terms of financial crime and compliance and in this case Responsible Gaming as well. But no doubt Mr McCann

will have oversight of those appointments.

5 MR FEUTRILL: I want to ask you just some general questions that arise out of some of the answers --- the paragraphs in your statement that address sort of process within the organisation. Really, what I'm interested in is understanding how information about risk, in your experience, has been brought to the attention of the Crown Resorts board.

10 So in paragraphs 36, 41, 42 and 43 of your statement, you have indicated effectively four things I'm going to put to you, and if I get them wrong, you'll no doubt correct me. In those paragraphs you indicate that significant business risks are reported to the Crown Resorts board through the risk management committee, and there is a reference to that in paragraph 36; you indicate that the risk management committee and the audit and governance committee are keys to effective oversight of risk
15 management, and you make reference to that in paragraph 41; you indicate that information is fed through the committees to the board, in paragraph 42; and you indicate that significant risks are escalated to the board in paragraph 43.

20 What I would like to do with each of those is ask you, in practical terms, how that reporting takes place. So, for example, are you able to give us a sense of what significant business risks have been identified since you've been on the board of Crown Resorts, identified by the risk management committee, and reported to the Crown Resorts board?

25 MR MORRISON: Can I give you one in relation to the audit and risk committee, audit and governance committee?

30 MR FEUTRILL: Yes.

MR MORRISON: So one that comes to mind would be the understanding of the --- I suppose there are a number of factors, but the fact that the going concern opinion of the auditor was going to be, if you like, to some extent qualified and there was significant uncertainty that related to the going concern of Crown Resorts by virtue
35 of the position the Crown found itself in, primarily in term of COVID-19 but also significant uncertainty arising out of the various inquiries, Bergin, et cetera. So that was raised at the audit and risk committee, and identified, there is a risk, and considered by the audit and risk committee.

40 Then it was elevated to the Crown board, and the audit and risk committee referred that to the Crown board. The board considered it and had discussions with the external auditor, KPMG, and understood what the issues were and why it was saying that. But that was one recent issue that comes to mind of how factors flow through the various boards and subcommittees of the board.

45 MR FEUTRILL: The mechanism for bringing it to the board's attention from the audit and governance committee, what was the mechanism? Is that a paper delivered by the chair, or how would it come to their attention?

MR MORRISON: Yes. There would be papers. There would be papers presented to the audit and risk committee. There would be minutes of the audit and risk committee, and if the audit and risk committee considered the matter to be of
5 sufficient note, those committee papers would be available to members of the Crown Resorts board, and then those papers would be represented to the Crown Resorts board and a similar discussion would take place with the opportunity for the Crown Resorts directors to raise the issue and discuss the issue with the personnel who raised it to the audit and risk committee.

10

MR FEUTRILL: Okay. Now, can I direct your attention to paragraph 43. Are you, in that paragraph, giving an explanation of examples where risks of the kind described in paragraphs (a) through to (k) have in fact been brought to the board's attention, or are you describing the ideal, as in what you would expect to take place?

15

MR MORRISON: Let me just review them, but I think they are instances. (A) is real; (b) is real; (c) is real; (d) is real; (e) is deal; health and safety issues are real; COVID-19's real; remuneration policies and organisation structure is real; material litigation is unfortunately real; divestment of assets is real, applicable to --- they're all real.

20

MR FEUTRILL: What I noticed doesn't appear on that list is RSG?

MR MORRISON: Yes, that's probably my oversight.

25

MR FEUTRILL: Have there been examples of responsible service of gaming risks that have been brought to the attention of the board during your tenure?

MR MORRISON: Absolutely, and one example would be moving to the 12-hour play periods. It went to the responsible service of gaming subcommittee, and it went to the board.

30

MR FEUTRILL: Indeed, when you were describing AML/CTF risks, is that a shorthand for something bigger, or are you just referring there to money laundering and terrorism financing risks?

35

MR MORRISON: There's a generic comment to all things that are embraced in that. It could be the union pay; it could be progress we are making with ILGA; it could be progress we are making with, you know, system enhancements; it could be progress with our risk management approach, and we have got quite an ambitious plan to address AML and CTF issues at Crown, and reporting back as to meeting the time frames and time lines is very important. So in that sense it was a generic thing.

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MR FEUTRILL: Thank you, Mr Morrison. Commissioners, would you think this might be a time to give the transcribers a break?

45

COMMISSIONER OWEN: I believe that's appropriate. Mr Morrison, for the

03:58PM

benefit of our transcribers, we need to take a break, so we will break for 10 minutes. Are you in --- I presume you are in Melbourne or Sydney, just for the time?

5 MR MORRISON: Yes, I'm in Melbourne. It's 7 o'clock.

COMMISSIONER OWEN: We'll come back at 10 past 7 your time, 10 past 4 real time.

10 MR MORRISON: Thank you, Commissioner.

ADJOURNED

[3.58PM]

15

RESUMED

[4.10PM]

COMMISSIONER OWEN: Please be seated. Thank you, Mr Morrison. Mr Feutrill.

20

MR FEUTRILL: May it please the Commissioner. Mr Morrison, do you still have your statement somewhere on the table in front of you?

MR MORRISON: I do.

25

MR FEUTRILL: Can I ask you to find topic 37, and the pinpoint is 0989, and there is a heading "Culture". You've dealt with this in a number of paragraphs. The first, in 88, you mention that the corporate culture of the Crown group is very good, but it reflects substantial recent changes. Then in paragraph 89 you make reference to it being appropriate and satisfactory for its operations. What do you mean, putting those two together --- is it good and satisfactory or is it --- they may mean different things?

30

MR MORRISON: Yes. I guess to some extent, my view on the culture is mirrored by the interactions I've had recently with executive members of the team. I think the --- I do think the culture at Crown is very good, I have got to say, and I do think it is satisfactory and appropriate for its operations.

35

But I think it can be improved, and as we drill down into it, there will be pockets in the organisation that need to be focused on and need to be improved, and the surveys that we have done and will continue to do will help us identify those areas that need to be improved, identify the issues in those areas, and we will remeasure them and make sure we do improve them and address changes that need to be made in those pockets of the organisation.

40

45

I must say, I have been very impressed with the changes that have taken place in Melbourne with the acting chief operating officer there, Peter Crinis, and the

executive team that reports to him and have met with him, and I think the caliber of those people --- that's in this pocket of Crown Melbourne --- I think they are very, very good, and I'm comforted by that.

5

And I think as I look around the property in Melbourne, and unfortunately, I haven't been able to go to Perth, but I meet the people and I'm walking around the property in Melbourne --- and I think, you know --- I think Crown has always had an outstanding focus on customer service. That is something that is actually very hard to train, but that is instilled in the organisation, but perhaps a little bit maybe to its detriment. We just need to rebalance and centre it. But I think by and large the corporate culture in the organisation is very good.

MR FEUTRILL: The view that you've expressed about the corporate culture --- have you read the Deloitte culture report?

15

MR MORRISON: Yes, I have.

MR FEUTRILL: Has your view ---

20

MR MORRISON: In fact, I have a copy of it, if you wouldn't mind.

MR FEUTRILL: The number in the top right-hand corner should be CRW.701.004.9441. I just want to understand whether your views you express about the culture is any way influenced by anything in that particular report or the surveys in that report?

25

MR MORRISON: I think it's --- it is to some extent. I'd like to draw your attention to the context in which that report was done and the time at which it was done. If you turn to dot point 9447, it refers to the context. It says that this review has been undertaken during a particularly volatile time for Crown, influenced by COVID-19, including shutdowns and labour shortages, public scrutiny involving inquiries and Royal Commissions, change in leadership at the board and executive levels, and potential takeover bids by other organisations, and that these factors may have influenced employees' perceptions of the organisational culture and thus the findings of this review.

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35

To be honest with you, that's the second paragraph of this report, effectively. And my personal view is they have certainly impacted this review. If you look at the time when the survey was taking place, it was effectively on average the end of April, and that today is now some six months old. And back then it was right in the hiatus of the media storm, right in the hiatus of COVID and the uncertainty; JobKeeper, what was happening with that; properties being closed.

40

And I met with a number of staff and management around that time, and potential takeover bid was a huge issue for people. You know, that's a very scary proposition about job security. So I think this provides some very helpful information, and it's a starting point.

45

My experience with these customer surveys --- sorry, staff surveys and culture reviews is a line in the sand and you hope to improve from them. I haven't seen the information that is drilled down from this report into individual pockets in the organisation, but I would expect that that will help management team work out where the weaknesses are and how they need to be addressed and what the real issues are that cause people to have those views.

MR FEUTRILL: When you've said in paragraph 92 of your statement that you generally agree with the observations set out in the review, if I understand what you take from this, the context that is described there may in part explain the overarching findings to a degree, but the overarching findings, would you not agree with me, overall are quite alarming in terms of the culture of Crown Resorts?

MR MORRISON: I think they are challenging, but I think you have to take it with that context. I think more work needs to be done on driving down to individual pockets. You know, I would say to you, casino businesses are not like your normal office job. They are not 9 to 5 jobs. They are 365 days a year usually, seven days a week, 24 hours a day, and people work on rotational shifts, and it's very challenging. There's a whole range of other impediments to organisations like casinos that cause people to be disenfranchised with their roles and with their jobs.

It is very hard for, if you like, dealers who have been with an organisation many years and are being remunerated and continue to receive such high levels of pay, but they actually may not enjoy their job. They are paid relatively so highly that they can't go working anywhere else because they have to take such a high pay cut. There are a whole range of factors.

As I said, I think it's a line in the sand, a great start and benchmark, but I also say the findings were six months old. My views are more current. I think since this was taken there's been the appointment of a CEO; there's been the population of an organisation chart with a lot of senior people trying and doing a lot of work very well. You've had the new board; you've had changes to the board in that time; you've had the identification of the chairman elect, and, you know, a range of things are happening. I think the takeover bids have fallen away, and there is now a roadmap out of COVID.

So I think a lot of things have changed. Some are within our control, and some not within our control, but I think we are heading in the right direction. I think if you did this survey today, which is six months from when it was done previously, I would hope the results are better. But when we come to do it probably at a 12-month timeframe, I would certainly expect the results to be better.

MR FEUTRILL: You're not suggesting, though, that things have been turned around in six months, are you?

MR MORRISON: Absolutely, I think big steps can be made. Six months is a long

period of time. A lot of work. And we won't know, to be honest with you, until this is done. If you think of what's happened in six months, a lot has happened in six months. An inordinate amount has happened in six months. I would be surprised if we haven't made good progress.

I think the communication the organisation is doing now to its manage and staff is far superior than a year ago. Steve McCann is recording videos and speaking to people. If it wasn't for COVID, he would be here in Melbourne. He would be there in Perth. A lot of people are making an effort to communicate with staff. The feedback from staff is communication is much better; directors have more of a presence with the management of the organisation, with the senior managers. We met informally with the management of the organisation.

So I think a lot has been achieved, and I think the findings, the culture today would be better than it was when this survey was done. Look, to be honest with you, that's my experience. You can move culture, and if you do the right things, you can move it --- you can move it in a good period of time.

MR FEUTRILL: You indicated that --- this is reflected in paragraph 93 of your statement --- that culture has already changed, and you indicate that culture is dealt with from the top.

MR MORRISON: Yes.

MR FEUTRILL: Would you agree with the proposition that, for cultural change to take place, it's necessary that it to occur at all levels in the organisation?

MR MORRISON: It has to start at the top, and it has to be driven from the top, and it needs continual reinforcement from the top. By the "top", I mean the top of the organisation, the board, the CEO, the direct reports to the CEO and certainly the next level down. They are very, very important people. The communication to staff, it's very, very important that the top actually get out and talk to the staff and talk to staff members at the coalface, at the customer face. So it does --- I think that changes culture.

MR FEUTRILL: To your knowledge, is there any part of the remediation plan of which you are aware that will include a component of renewal or refreshment of middle management?

MR MORRISON: I don't --- to my knowledge, not as a holistic initiative. I don't think we need to have a line that says --- I don't think it's there, that says to refresh middle management. I think we have to look at it on a case-by-case basis, and I think the survey report by Deloitte will be very good for identifying search weaknesses in some of our managers which we will need to address. I'm sure Steve McCann and Tony Weston will work through that, work out how we improve and get them up to standard.

I think the key point there is, you know, the management of this organisation, if you go back a year ago or two years ago, when the core issues were prevalent, that management is gone, and what you have is, I think, by and large, an appropriately motivated team looking for leadership and looking for the right leadership. We changed that message from the top, and I think those people will embrace the new message. There will be some that won't and some that we will need to make change with, but by and large, I don't think there's a holistic initiative to replace half of middle management.

10

MR FEUTRILL: I'm not suggesting that perhaps they all need to be replaced, Mr Morrison, but if you've read the culture report carefully --- you read page 9477, for example?

15

MR MORRISON: 9477. Respectfully, yes, what would you like to ---

MR FEUTRILL: Deeper insights. The left-hand column, last paragraph, examples of poor behaviour from executives and general manager include:

20

..... lack of consultation, being ignored on their job, rudeness, bullying and *favouritism, others cited a lack of visibility of senior management and fluctuating moods and felt that senior management did not care about staff members' opinions.*

The top of the next column:

25

Middle and senior management were also perceived to have low engagement *with employees and/or negative apathetic approaches to frontline staff*

And so forth.

30

MR MORRISON: The question is?

MR FEUTRILL: Well, you've indicated that you think that there's already been cultural change. Are you suggesting there's been a cultural change of this nature?

35

MR MORRISON: In part. We are not there. We are clearly not there, and Tony Weston has his cultural change program that he's rolling out. I take your point, poor executives and general managers and lack of consultation. You know, I think culture, in many ways, is a mirror, and you tend to behave in a manner not dissimilar to the way you are treated. So if that's happening at the top, and cascading down on to executives and general managers, then they are more than likely to behave in the same manner.

40

So what we have tried to do and are doing is changing it at the top, and we are making it clear to those executives and general managers that we would expect them to address these issues, that they should be more consultative so they are not being ignored on the job, so they are not rude, not bullying, definitely not bullying --- we

45

have no tolerance for bullying --- and favouritism is removed.

5 As I say, when we distill those things and find out where they are actually occurring,
we can actually manage those things, but I think if we --- you know, they are
probably sentiments that those executives and general managers perhaps felt they
were the subject of, as well, and replicated that behaviour. So we fixed that
behaviour at the top, and I would hope that that would cascade through the
10 organisation. I can tell you from my dealings with the senior executive team and the
executive team in Crown Melbourne, I think we have a good core group of people
who I think embody good values.

MR FEUTRILL: You have referred in paragraph --- I just need to find it, 90 --- you
15 express some confidence in Mr Bossi and that he will establish a diligent, appropriate
and positive culture within his team. There you are referring to Crown Perth, I take
it?

MR MORRISON: That's correct.

20 MR FEUTRILL: What is it about your interactions with Mr Bossi that have
provided you with that level of confidence?

MR MORRISON: Well, I have known him intermittently over many years. When I
25 was the chief operating officer of Crown in Melbourne, he joined the --- I believe the
gaming machines division, reporting to Rowen Craigie, and as you know, he went on
to be the CEO of Crown Melbourne. Lonnie was always identified back then in my
time as a young executive with outstanding capability, and I think, you know, he's
gone on to demonstrate that.

30 He spent some time in the USA working on major transactions in the USA and got
some international expertise over there. He was respected enough to be sent over to
the USA to do that. He came back, and he's now running Perth. I know when I was
at SkyCity, the managing director of SkyCity, I tried a couple of times to poach
Lonnie to join SkyCity, but he was very, very happy at Crown and with his career
35 and enjoyed working for Crown. I couldn't persuade him to leave. So I have a lot of
respect for Lonnie. I think he is an excellent caliber person.

MR FEUTRILL: Have you had any more recent experience with Mr Bossi that you
40 are basing your views on, or is this from a previous time?

MR MORRISON: I've had a number of discussions with Mr Bossi. He presents to
the Crown Limited board when he's talking about Crown Perth matters, and I have
probably seen him present probably three or four times to the Crown Limited board
on the results of Perth, on initiatives that he wants to take in Crown Perth, on the
45 development of the Responsible Gaming centre in Crown Perth.

I had a number of phone calls with him personally, getting updates on a range of
issues. I know Mr Carter has had quite a good dialogue with him in recent times in

his visits to Crown Perth.

MR FEUTRILL: I have no further questions.

5

COMMISSIONER OWEN: Thank you, Mr Feutrill. Do we have anyone online? No. Are there any applications from the room?

MR POWER: If I may, Commissioner.

10

CROSS-EXAMINATION BY MR POWER

15 MR POWER: Mr Morrison, I appear for Maryna Fewster. I have a few questions for you about your statement, which I think you still have in front of you?

MR MORRISON: Yes.

20 MR POWER: Your first official board meeting, as you described it, at the Crown Resorts board was on 15 April this year?

MR MORRISON: If that's what it says, that would be correct.

25 MR POWER: It does say that in paragraph 20.

MR MORRISON: Paragraph --- yes, thank you.

30 MR POWER: Would you look at paragraph 48 for me, please, that's on page 11 of the statement. The pinpoint reference is CRW.998.002.0979. Just take a moment to read that, if you wish.

MR MORRISON: Yes.

35 MR POWER: There you speak about the Crown Resorts board meeting with extreme frequency. So since 15 April this year, how many times has that board met to deal with the issues which you describe in paragraph 47?

MR MORRISON: Which I describe in paragraph?

40

MR POWER: 47, immediately preceding.

MR MORRISON: 47.

45 MR POWER: Yes.

MR MORRISON: I couldn't tell you the answer to that. I could tell you in the last two weeks we've probably had 10 meetings --- 10 meetings of various sorts. I would

expect we certainly would probably meet at least twice a week --- for a while there we were meeting every Sunday afternoon with receiving papers on a Saturday. It has been a very challenging time, particularly now, you know, with a small group of directors and dealing with all of the issues that we have been dealing with.

MR POWER: Have you found your attendance at those meetings have, first of all, been informative for you?

10 MR MORRISON: Yes.

MR POWER: And helpful?

15 MR MORRISON: Yes.

MR POWER: And are you aware that in this year, the Burswood Limited board has met just three times --- in April, June and August?

20 MR MORRISON: I wasn't --- I probably should have known that, but it doesn't come to mind.

MR POWER: Do you know the next scheduled meeting of the Burswood Limited board is set for 10 December this year?

25 MR MORRISON: Right.

MR POWER: Did you know that?

30 MR MORRISON: I could --- if you'd have asked me that question, I couldn't have given you that date.

MR POWER: Do you think it would have been helpful for the Burswood Limited board to have met, if not as frequently as the board of Crown Resorts to discuss the issues that you refer to in paragraph number 47, to at least have met more than three times this year so that Ms Fewster would be better informed?

MR MORRISON: I would think that's a reasonable proposition, yes.

40 MR POWER: I have no further questions.

COMMISSIONER OWEN: Thank you, Mr Power. Any other applications? No.

45 **QUESTIONS BY THE COMMISSIONERS**

COMMISSIONER JENKINS: I only have one, that is in respect of the senior management of Perth Casino. In your opinion, should they report to and take

instructions from the Burswood Limited board or ultimately through the CRL or group managers to the CRL board?

5 MR MORRISON: So I would have thought the Burswood Limited management should take instructions from the CEO of Burswood, being Lonnie Bossi.

COMMISSIONER JENKINS: He should be answerable to Burswood Limited board or to ---

10

MR MORRISON: I think both.

COMMISSIONER JENKINS: --- the CRL?

15 MR MORRISON: Both.

COMMISSIONER JENKINS: So in respect to Commissioner Finkelstein's recommendation that the senior members of the Melbourne casino executive should only be answerable to the Melbourne casino board, you would disagree with that recommendation?

20

MR MORRISON: I would.

COMMISSIONER JENKINS: For the same reasons that you've given when answering questions about his recommendation that the board of Melbourne casino should be entirely independent from CRL?

25

MR MORRISON: Yes.

30 COMMISSIONER JENKINS: Thank you, Mr Morrison.

COMMISSIONER OWEN: Thank you. Mr Morrison, I also have only one question, and I want to take you back to your time at SkyCity. You were the CEO of SkyCity Entertainment Group Limited. You said there was a subsidiary in Adelaide, but I thought I heard you say there was a group in Adelaide. Is that right? Was there more than one company in the SkyCity Adelaide subgroup?

35

MR MORRISON: I would expect there almost certainly would be, Commissioner, but I can't recall. But just as I guess we think of Perth as Perth or Burswood, we thought of Adelaide as Adelaide. I would be --- I'm sure there would be a number of companies there as well.

40

COMMISSIONER OWEN: You probably can't answer my next question, which is that if you regard the Burswood subgroup --- that you have Burswood Limited as the most important company, in governance terms, so in operational governance terms, but you've got a separate company, Burswood Nominees, holding the licence, are you able to tell me whether that was the same situation in the SkyCity group in Adelaide at the time?

45

04:35PM

MR MORRISON: I'm sorry, I can't. I can't.

COMMISSIONER OWEN: Thank you.

5

Ms Thornton?

MS THORNTON: No questions in re-examination, thank you.

10 COMMISSIONER OWEN: Thank you. Mr Morrison, thank you very much for
making yourself available to us and for your evidence. It has been of assistance, and
we are very grateful to you. Because the situation is evolving, I think we will leave
the summons in place. I won't discharge it, but I doubt that we need to speak to you
again, but just in case, I'll leave the summons in place. You will be advised as soon
15 as we can when the summons is discharged, but, again, thank you very much and ---

MR MORRISON: Thank you, Commissioner.

20 COMMISSIONER OWEN: --- you can resume your more normal activities. We
will now adjourn until Friday, 19 October, at 6.30am Perth time. Thank you.

THE WITNESS STOOD DOWN

25

**HEARING ADJOURNED AT 4.38PM TO FRIDAY, 29 OCTOBER 2021 AT
6.30AM**

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